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China Health Group Limited
中國衛生集團有限公司

(Carrying on business in Hong Kong as CHG HS Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 673)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

The board (the "Board") of directors (the "Directors") of China Health Group Limited (the "Company") would like to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2025 (the "Period"). These unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2025

		Six months ended 30 September	
		2025	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	Notes		
REVENUE	5	19,610	18,680
Cost of good sold/services rendered		<u>(17,763)</u>	<u>(16,687)</u>
GROSS PROFIT		1,847	1,993
Other income	6	344	535
Other gain/(losses), net	6	371	(4,272)
Selling and distribution expenses		(1,875)	(3,141)
Administrative expenses		(10,904)	(12,638)
Finance costs	7	<u>(672)</u>	<u>(84)</u>
LOSS BEFORE TAX		(10,889)	(17,607)
Income tax credit/(expense)	8	<u>50</u>	<u>(17)</u>
LOSS FOR THE PERIOD	9	<u>(10,839)</u>	<u>(17,624)</u>
Other comprehensive income/(loss) after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences reclassified to profit or loss on disposal of subsidiaries		410	–
Exchange differences on translating foreign operations		<u>(219)</u>	<u>(506)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>191</u>	<u>(506)</u>
Total comprehensive loss for the period		<u>(10,648)</u>	<u>(18,130)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 September 2025

	Six months ended 30 September	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Loss for the period attributable to:		
Owners of the Company	(10,363)	(17,387)
Non-controlling interests	(476)	(237)
	<u>(10,839)</u>	<u>(17,624)</u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	(10,222)	(17,893)
Non-controlling interests	(426)	(237)
	<u>(10,648)</u>	<u>(18,130)</u>
Loss per share attributable to owners of the Company		
Basic and diluted (HK cents)	(2.11)	(3.59)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

		30 September 2025 <i>Notes</i> HK\$'000 (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		17,178	17,396
Right-of-use assets		1,419	1,522
Intangible assets		–	249
Goodwill		13,561	13,561
Total non-current assets		32,158	32,728
CURRENT ASSETS			
Inventories		11,435	13,536
Trade receivables	11	21,295	21,230
Prepayments, deposits and other receivables		39,030	44,388
Loan and interest receivables	12	34,527	34,345
Restricted cash		–	73
Cash and bank balances		63,021	1,048
Total current assets		169,308	114,620
CURRENT LIABILITIES			
Trade payables	13	37,169	24,386
Other payables and accruals	14	154,336	88,471
Contract Liabilities		2,874	3,923
Lease liabilities		364	659
Income tax payable		–	531
Amount due to directors		11,542	8,577
Bank borrowing		5,477	5,418
Total current liabilities		211,762	131,965

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 September 2025

	Notes	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
NET CURRENT LIABILITIES		(42,454)	(17,345)
TOTAL ASSETS LESS CURRENT LIABILITIES		(10,296)	15,383
NON-CURRENT LIABILITIES			
Contingent consideration		–	14,863
Lease liabilities		207	425
Total non-current liabilities		207	15,288
NET (LIABILITIES)/ASSETS		(10,503)	95
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	49,164	49,164
Reserves		(66,999)	(56,827)
		(17,835)	(7,663)
Non-controlling interests		7,332	7,758
TOTAL (DEFICIT)/EQUITY		(10,503)	95

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2025

	Six months ended 30 September	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
NET CASH FLOWS GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	2,397	(11,538)
NET CASH FLOWS (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(190)	220
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	<u>59,682</u>	<u>9,768</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	61,889	(1,550)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	11	(54)
CASH AND CASH EQUIVALENTS AT 1 APRIL	<u>1,121</u>	<u>4,013</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u>63,021</u>	<u>2,409</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2025

	Attributable to owners of the Company									
	Share capital	Share premium*	Contributed surplus*	Foreign currency translation reserve*	Share options reserve*	Other reserve*	Accumulated losses*	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2024 (Audited)	47,899	8,208	57,124	(11,433)	6,308	(10,304)	(45,765)	52,037	7,716	59,753
Loss for the period	-	-	-	-	-	-	(17,387)	(17,387)	(237)	(17,624)
Other comprehensive loss for the period										
Exchange differences related to foreign operations	-	-	-	(506)	-	-	-	(506)	-	(506)
Total comprehensive loss for the period, net of tax	-	-	-	(506)	-	-	(17,387)	(17,893)	(237)	(18,130)
Subscription of shares	1,265	8,531	-	-	-	-	-	9,796	-	9,796
At 30 September 2024 (Unaudited)	49,164	16,739	57,124	(11,939)	6,308	(10,304)	(63,152)	43,940	7,479	51,419
At 1 April 2025 (Audited)	49,164	16,849	57,124	(13,249)	6,308	(10,304)	(113,555)	(7,663)	7,758	95
Loss for the period	-	-	-	-	-	-	(10,363)	(10,363)	(476)	(10,839)
Other comprehensive loss for the period										
Disposal of subsidiaries (Note 16)	-	-	-	410	-	-	-	410	-	410
Exchange differences related to foreign operations	-	-	-	(219)	-	-	-	(219)	50	(169)
Total comprehensive income/(loss) for the period	-	-	-	191	-	-	(10,363)	(10,172)	(426)	(10,598)
At 30 September 2025 (Unaudited)	49,164	16,849	57,124	(13,058)	6,308	(10,304)	(123,918)	(17,835)	7,332	(10,503)

* These reserve amounts comprise the consolidated surplus in reserves of approximately HK\$66,999,000 (31 March 2025: consolidated deficiency of approximately HK\$56,827,000) in the consolidated statement of financial position.

NOTE TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and principal place of business is located at Unit 801, 8/F., China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong.

2. BASIS OF PREPARATION

There unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The accounting policies and the basis of preparation adopted in the preparation of these interim condensed consolidated financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 March 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except for when otherwise indicated.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2025. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

4. OPERATING SEGMENT INFORMATION

The Group's operating segments, based on information reported to the Directors being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focus on types of goods or services delivered or rendered.

For management purposes, the Group is organized into business units based on their products and services and has two reportable operatable operating segments as follows:

- (i) Distribution and service in medical equipment and consumables; and
- (ii) Hospital operation and management services.

The following is an analysis of the Group's revenue and results by operating segment for the six months ended 30 September 2025 and 2024.

	Distribution and service in medical equipment and consumables		Hospital operation and management services		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue						
Revenue from external customers	<u>15,551</u>	<u>13,209</u>	<u>4,059</u>	<u>5,471</u>	<u>19,610</u>	<u>18,680</u>
Segment results	<u>(1,257)</u>	<u>(667)</u>	<u>(3,264)</u>	<u>(3,218)</u>	<u>(4,521)</u>	<u>(3,885)</u>
Reconciliation:						
Interest income and unallocated gains					140	26,733
Corporate and other unallocated expenses					<u>(6,508)</u>	<u>(40,455)</u>
Loss before tax					<u>(10,889)</u>	<u>(17,607)</u>

4. OPERATING SEGMENT INFORMATION (Continued)

The following tables are an analysis of the Group's assets as at 30 September 2025 and 31 March 2025:

	Distribution and service in medical equipment and consumables		Hospital operation and management services		Total	
	30	31	30	31	30	31
	September	March	September	March	September	March
	2025	2025	2025	2025	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
SEGMENT ASSETS	54,298	58,974	24,215	24,475	78,513	83,449
Corporate and other unallocated assets					122,953	63,899
Total assets					201,466	147,348
SEGMENT LIABILITIES	26,704	29,219	26,408	24,911	53,112	54,130
Corporate and other unallocated liabilities					158,857	93,123
Total liabilities					211,969	147,253

Segment assets excluded other corporate assets as these assets are managed on a group basis.

Segment liabilities excluded corporate liabilities as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue from external customers presented by geographical location as below:

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
People's Republic of China ("PRC")	19,610	18,680

5. REVENUE

Revenue from the Group's principal activities, which is also the Group's revenue, represented the net invoiced value of goods sold and services rendered, net of allowances for returns, trade discounts and value-added tax. An analysis of the Group's revenue as follows:

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue:		
Income from distribution and service in medical equipment and consumables	15,551	13,209
Income from provision of hospital operation and management services	4,059	5,471
	19,610	18,680

6. OTHER INCOME AND OTHER GAIN/(LOSSES), NET

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(i) Other Income		
Other interest income	140	535
Sundry income	204	—
	<u>344</u>	<u>535</u>
(ii) Other gain/(losses), net		
Provision for other payable	—	(31,120)
Gain on reversal of certain other payables and accrued expenses	—	26,733
Loss on disposal of subsidiaries (Note 16)	(2,419)	—
Change in fair value of contingent consideration	2,863	—
Sundry (loss)/gain	(73)	115
	<u>371</u>	<u>(4,272)</u>

7. FINANCE COSTS

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	36	3
Interest on borrowing	636	81
	<u>672</u>	<u>84</u>

8. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 September	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Current Mainland China corporate income tax		
Provision for the year	–	17
Over-provision in prior year	(50)	–
	<u>(50)</u>	<u>17</u>

No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated interim financial statements as the Group did not generate any assessable profits arising from Hong Kong for both periods.

According to the Corporate Income Tax Law of the People's Republic of China, the income tax rate for Mainland China subsidiaries is 25% (2024: 25%).

9. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the following:

	Six months ended 30 September	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Depreciation of right-of-use assets	120	388
Depreciation of property, plant and equipment	588	556
Provision for other payable	–	31,120
Gain on reversal of certain other payables and accrued expenses	–	(26,733)
Interest income	(140)	(535)
	<u>(140)</u>	<u>(535)</u>

10. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company, used in the basic loss per share calculation	10,363	17,387
Number of shares:	'000	'000
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	491,645	491,645

For the period ended 30 September 2025 and 30 September 2024, the outstanding share options had an anti-dilutive effect on the basic loss per share and were ignored in the calculation of diluted loss per share.

11. TRADE RECEIVABLES

	30 September 2025	31 March 2025
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables arising from contracts with customers	21,845	21,779
Less: Allowance for credit loss	(550)	(549)
	21,295	21,230

11. TRADE RECEIVABLES (Continued)

The Group's normally provided credit period to its customers maximum up to 180 days.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Within 90 days	7,032	6,206
91 – 180 days	1,458	1,230
over 180 days	12,805	13,794
	21,295	21,230

Aging of trade receivables which are past due but not impaired:

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Within 90 days	2,345	3,417
91 – 180 days	6,146	2,789
over 180 days	12,804	15,024
	21,295	21,230

Trade receivables that were past due but not impaired were related to the customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. LOAN AND INTEREST RECEIVABLES

	30 September 2025 <i>HK\$'000</i> (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
Loan receivables – unsecured	34,527	34,345

The Group's loan and interest receivables are recoverable as follows:

	30 September 2025 <i>HK\$'000</i> (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
Within one year or matured	34,527	34,345

The above loan and interest receivables are denominated in Renminbi ("RMB") and subject to the fulfilment of covenants specified in the related loan agreements. If the counterparties were to breach the covenants, the loan and interest receivables would become repayable on demand. As 30 September 2025 and 31 March 2025, none of the covenants were breached.

Movement of loan and interest receivables are as follows:

	30 September 2025 <i>HK\$'000</i> (Unaudited)	31 March 2025 <i>HK\$'000</i> (Audited)
Beginning of the period	34,345	46,243
Additions	140	–
Repayment	(327)	–
Impairment charged for the year, net	–	(11,688)
Exchange realignment	369	210
End of the period	34,527	34,345

12. LOAN AND INTEREST RECEIVABLES (Continued)

The following table shows effective interest rate of various loan receivables of the Group:

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Fixed rate:	7%	7%
Loan receivables	<u>34,527</u>	<u>34,345</u>

13. TRADE PAYABLES

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Trade payables	<u>37,169</u>	<u>24,386</u>

The aging analysis of the trade payables as at the balance sheet date, based on the date of receipt of consumables or goods purchased, is as follows:

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Within one month	1,806	409
One to three months	1,578	1,757
Over three months but within 1 year	14,799	2,615
Over 1 year	<u>18,986</u>	<u>19,604</u>
	<u>37,169</u>	<u>24,386</u>

14. OTHER PAYABLES AND ACCRUALS

	30 September 2025 HK\$'000 (Unaudited)	31 March 2025 HK\$'000 (Audited)
Dividend payable on redeemable convertible cumulative preference shares (<i>Note i</i>)	31,120	31,120
Advance in relation to subscriptions of new shares under specific mandate	60,000	–
Other payables	40,560	31,791
Accrued expenses	22,656	25,560
	154,336	88,471

Note (i):

As at 30 September 2025, US\$4,000,000 (equivalent to approximately HK\$31,120,000) were a dividend payable on redeemable convertible cumulative preference shares which is in dispute as detailed below.

On 12 September 2016, the Company received a statutory demand (the “Statutory Demand”) from Li Hong Holdings Limited (“Li Hong”) in respect of repayment of dividend payable on redeemable convertible cumulative preference shares in the sum of US\$4.0 million (equivalent to approximately HK\$31.1 million) (the “Alleged Outstanding Sum”). Such amount has been included in other payables and accrued expenses in the Company’s consolidated statement of financial position. An originating summons (the “Originating Summons”) under action number HCMP2593/2016 has been issued by the Company (as plaintiff) against Li Hong (defendant) on 27 September 2016. Pursuant to the Originating Summons, the Company sought, amongst others, the following reliefs against Li Hong: (1) an order that Li Hong be restrained from presenting any petition for the winding-up of the Company based on the Alleged Outstanding Sum; and (2) costs.

A hearing took place on 30 September 2016 at the High Court of Hong Kong (the “Court”), during which Li Hong has undertaken not to file a winding-up petition against the Company based on the Alleged Outstanding Sum and the Company has undertaken (i) to pay the sum of US\$4 million or its equivalent into the Court within 21 days from the date of the hearing, which was so paid on 19 October 2016; and (ii) to comply with any order the Court may make if the Court later finds that Li Hong’s undertaking has caused loss to Li Hong or any other party and decides that Li Hong or that other party should be compensated for that loss.

On 8 February 2017, another Court hearing took place and it was ordered, among other things, that (i) Li Hong be restrained from presenting any petition for the winding up of the Company based on the Alleged Outstanding Sum; and (ii) the sum of US\$4 million or its equivalent paid into the Court be released to the Company.

14. OTHER PAYABLES AND ACCRUALS (Continued)

Note (i): (Continued)

Pursuant to the reasons for judgment handed down by the Court dated 29 March 2017, it was concluded that the Company has shown that there is bona fide dispute of the Alleged Outstanding Sum on substantial grounds and the presentation of a winding-up petition by Li Hong would be an abuse of process. The Court further commented that new information filed for the Company lend credence to the Company's case that the loan note dated 1 August 2015 to Li Hong (the "Loan Note") was in fact issued by the Company pursuant to a backdoor arrangement made or participated in by Mr. Li Zhong Yuan ("Mr. Li", a former executive Director and chairman of the Company) for his benefit, though not necessarily for his sole or exclusive benefit, and that Li Hong was a nominee for the purpose of receiving the Loan Note. As stated in the judgment, it follows that it must at least be open to serious argument that the Loan Note is not enforceable by Li Hong against the Company, because the issue of the Loan Note by the Company to Mr. Li's nominee (i.e. Li Hong) would involve a breach of fiduciary duty on Mr. Li's part of which Li Hong had knowledge. It was also mentioned in the judgment that Li Hong clearly does not have a valid cause of action against the Company based on a letter dated 31 July 2015 issued by Capital Foresight Limited ("Capital Foresight") and/or an agreement dated 23 November 2012 between the Company and Capital Foresight (the "Capital Foresight Agreement") being alleged evidence for the Statutory Demand as Li Hong is not a party to either of those documents and neither of those documents give rise to any contract or claim enforceable by Li Hong against the Company. Details of the above have been set out in the announcements of the Company dated 143 28 September 2016, 3 October 2016 and 30 March 2017 (the "Litigation Announcements").

Further to the Statutory Demand and upon internal investigation, the Company believes that the US\$4 million as set out in the Litigation Announcements belongs to the Company on the grounds including: (1) that the Capital Foresight Agreement executed by Mr. Li was purportedly entered into in breach of Mr. Li's fiduciary duties and without authority, and Capital Foresight was knowingly complicit in this arrangement; (2) the Loan Note issued by the Company (under its former name China Healthcare Holdings Limited), executed by Mr. Li purportedly on behalf of the Company in favour of Li Hong was purportedly entered into in breach of Mr. Li's fiduciary duties, without authority and inconsistent with the Company's articles of association; and (3) the Capital Foresight Agreement and the Loan Note were and are void or voidable and unenforceable. On this basis, on 7 November 2017, a writ of summons under action number HCA2549/2017 has been issued in the Court by the Company against Mr. Li as 1st defendant, Capital Foresight as 2nd defendant and Li Hong as 3rd defendant (together, the "Defendants"). Following that announcement, acknowledgments of service and a statement of claim were filed in December 2017.

On 24 November 2017 and in connection with the Statutory Demand, the Company received a writ of summons issued by Capital Foresight Limited under action number HCA2569/2017 dated 9 November 2017 claiming for an order directing the Company to forthwith issue in favour of Capital Foresight or its nominee a promissory note of US\$4 million pursuant to the Capital Foresight Agreement, or alternatively US\$4 million, with interest and costs. Pursuant to a Court order dated 19 January 2018, this action HCA2569/2017 has been consolidated with the action HCA2549/2017 (the "2549 & 2569 Action").

14. OTHER PAYABLES AND ACCRUALS (Continued)

Note (i): (Continued)

In connection with the 2549 & 2569 Action, the parties have filed their respective pleadings with the Court. On 25 January 2022, leave was granted to the Company to set the case down for a Trial. The Trial commenced on 5 June 2023 before the Honourable Mr. Justice Harris and was completed on 29 June 2023. The judgment for the 2549 & 2569 Action will be handed down by the Judge by 27 December 2023.

Based on the judgment for the 2549 & 2569 Action recently handed down by the Court on 20 December 2023, Capital Foresight's claim against the Company for the US\$4 million Loan Note is dismissed by the Court. In dismissing Capital Foresight's claim in HCA 2569/2017 for the US\$4 million Loan Note, the Court accepted that a maturity date was not agreed and the absence of any agreement as to the maturity date of the Loan Note to be issued is a flaw. In relation to the Company's claim in HCA 2549/2017, the Court considered that the Company failed to prove facts and matters which justify the Court drawing inferences that the Capital Foresight Agreement, the Loan Note and the subsequent negotiation of agreements between the Company and Capital Foresight and Capital Foresight and the sole shareholder of Li Hong evidence the backdoor arrangement and the Court rejected the claims against all three Defendants.

Capital Foresight has lodged an appeal in the Court of Appeal against the judgment and the appeal will be heard by the Court of Appeal on 27 August 2024.

As a result of the judgment issued by the Court and with reference to the legal opinion obtained by the Company, the Company has no obligation to repay US\$4 million Loan Note to Capital Foresight and the US\$4 million (equivalent to HK\$31,120,000) Loan Note was recognised to profit or loss during the year 31 March 2025.

Subsequently, Capital Foresight lodged an appeal in the Court of Appeal against the judgment. On 18 October 2024, the Court of Appeal delivered its judgment (the "Appeal Judgment"), ruling against the Company and ordering the payment of US\$4 million without interest.

Following consultations with legal counsel, the Board decided not to appeal against the Appeal Judgment. As a result, a provision for other payables amounting to US\$4 million (equivalent to HK\$31,120,000) was recognized as profit or loss for the year ended 31 March 2025.

15. SHARE CAPITAL

	Number of issued shares '000	Number of fully paid shares '000	Amount HK\$'000
At 31 March 2025 (Audited)			
1 April 2025, and			
30 September 2025 (unaudited)	100,000,000	491,645	49,164

16. DISPOSAL OF SUBSIDIARIES

On 3 July 2025, a settlement deed is entered into among the Company, Long Heng Investments Limited ("Long Heng"), the vendor involved in the acquisition of Jinmei Group and Ms. Ma Xiaoming (as the guarantor who owns entire equity interest in the vendor). Pursuant to the settlement deed, subject to fulfilment of condition precedent, (i) the vendor shall return the original copy of the related promissory note to the Company, and the Company shall cancel the related promissory note immediately upon receipt; (ii) Long Heng shall effect the transfer of the entire equity interest in Jinmei to the vendor for a nominal consideration of HK\$1; and (iii) Long Heng shall pay the vendor in the sum of HK\$12 million which shall be settled by way of the settlement note issued by the Company which shall not carry any interest and mature on 30 June 2026.

Consideration transferred:

	HK\$'000
Cash consideration received	—

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Intangible asset	216
Inventories	38
Prepayment, deposit and other receivables	2,780
Bank balances and cash	18
Other payables and accrued expenses	(223)
Net assets disposed of	2,829

16. DISPOSAL OF SUBSIDIARIES (Continued)

Loss on disposal of subsidiaries

HK\$'000

Cash consideration received	–
Less: Net assets disposed of	(2,829)
Add: Release of foreign currency translation reserve	410
Loss on disposal	(2,419)

Net cash outflow arising on disposal

HK\$'000

Consideration received	–
Less: cash and bank balances disposed of	(18)
Net cash outflow	(18)

17. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company's subscriptions of shares and rights issue were completed on 6 October 2025, raising net proceeds of approximately HK\$80.9 million. The net proceeds are intended primarily for the settlement of the Group's payables, including an adjudicated debt, loans, overdue staff salaries and Directors' remuneration, with the balance applied to repay a settlement note and for general working capital purposes.

18. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 November 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

For the six months ended 30 September 2025 (the “Period”), the Group reported revenue of approximately HK\$19.6 million, representing an increase as compared to approximately HK\$18.7 million for the previous period. The revenue comprises (a) income from distribution and service in medical equipment and consumables of approximately HK\$15.6 million (2024: HK\$13.2 million); and (b) income from hospital operation and management services of approximately HK\$4.1 million (2024: HK\$5.5 million). The Group reported gross profit of approximately HK\$1.8 million as compared to approximately HK\$2.0 million for the previous period.

The Group’s loss attributable to shareholders for the Period was approximately HK\$10.4 million as compared to approximately HK\$17.4 million for the previous financial period. Basic loss per share for the Period was HK\$2.11 cents (2024: HK\$3.59 cents).

REVIEW OF BUSINESS OPERATIONS

Over the past decade, the Group’s long-term objective has been to develop into a holistic medical and healthcare group in the People’s Republic of China (the “PRC”) by integrating its capabilities across (i) hospital management and operations supported by information technology; (ii) procurement, marketing and distribution of high-quality medical devices and consumables to hospitals and clinics; (iii) research, development and manufacturing of healthcare and wellness products; and (iv) provision of a broad range of medical-related services.

Throughout the years, the Group’s business strategy has been formulated with careful regard to various factors relevant to the PRC medical and healthcare market including but not limited to, (i) the ongoing opening up and reform of the medical and health systems; (ii) the rising public awareness of importance of healthcare and wellness; (iii) the development trend of the medical insurance system; (iv) the aging demographic profile of population; (v) rapid advancement of medical and healthcare related technology; (vi) the growth in GDP and the wealth of the population on average; and (vii) rapid urbanisation across the PRC.

For the Period, the business operations of the Group comprise (a) medical equipment and consumables distribution and service business; and (b) hospital operation and management services business.

(a) Medical equipment and consumables distribution and service business

The Group operated the medical equipment and consumables distribution and service business mainly through its subsidiary, namely 北京佑康健業醫療器械有限公司 (Beijing Youkang Jianye Medical Equipment Co., Ltd., “Beijing Youkang”) based in Beijing, the PRC. Beijing Youkang focuses on the cardiovascular and coronary medical fields, reflecting both (i) China’s ageing population prone to cardiovascular and coronary diseases; and (ii) the growing prevalence of heart disease among China’s younger population. Beijing Youkang serves hospitals and clinical customers primarily in Beijing and surrounding regions. It sources products from multinational medical-device manufacturers as well as reputable domestic importers and producers. Its core product portfolio covers a wide range of surgical, cardiac and vascular, electrophysiology consumables and equipment.

In 2022, the second wave of national medical and healthcare reforms in the PRC has significantly reshaped the operating environment for the medical industry. The reforms aimed to improve the cost-efficiency and transparency in the national healthcare insurance system by (i) implementing centralised procurement of medicines and medical consumables; (ii) standardising treatment and reimbursement ceilings; and (iii) discouraging excessive medical procedures and profit-driven practices.

Under the continued impact of the nationwide centralised procurement policy (集採) and tightened hospital budget, the Group has decided strategically to scale down sales of emergency surgery equipment which experienced reduced unit selling prices and lower margins. While this policy enhanced transparency and reduced procurement costs for hospitals, it also intensified competition among distributors and restricted pricing flexibility, particularly for imported and high-end medical products, and therefore decreased the revenue and profitability of the business.

Nevertheless, the Group considers that imported premium medical consumables continue to possess a competitive advantage over domestic alternatives in terms of quality, reliability and safety, and are expected to maintain steady demand among major hospitals, albeit at lower margins, as they are essential consumable items used in surgeries, as compared to medical devices which have a longer replacement life-cycle. Moreover, under the second wave of national medical healthcare reforms in the PRC, as mentioned above, (i) centralised procurement has significantly lowered the prices of many medical consumables; and (ii) hospitals are subject to standardised treatment plans which, among other things, limits the range of their pricing, the overall cost of surgical procedures have become more affordable to patients. The Group expects this affordability may increase procedure volumes, leading to increased overall consumption of medical consumables, particularly in affluent markets such as Beijing and among top-tier hospitals, which will attract more patients given their more advanced facilities and overall affordability, as discussed above, creating new opportunities for sales growth in the medium to long term.

In light of the foregoing, the Group strategically realigned its product portfolio, focusing on (i) diversification into new surgical fields; (ii) reinforcing the sales of existing products with more favourable margins; and (iii) leveraging its established strength in cardiovascular product distribution. In March 2025, the Group commenced the distribution of cryoablation needles used in tumour surgery, representing its first entry into the oncology-related surgical segment. The Group also plans to launch cardiac pacemaker and other new cardiovascular products in the second half of the year ending 31 March 2026. The product mix has shifted toward wider surgical applications and high-turnover consumables required by the hospitals.

The planned new cardiovascular products, including the cardiac pacemaker, are products which are listed for centralised procurement under the national centralized procurement policies. However, these new products have higher margins in comparison to other centrally procured products. Together with the cryoablation needles used in tumour surgery, which are not products listed for centralised procurement under the current policies, the introduction of these new products are expected to improve the overall profitability of the Group's product mix.

To further broaden its product portfolio, the Group has been in discussions with two leading cardiovascular hospitals in Beijing regarding the introduction of new cardiovascular products. The proposed cooperation with one hospital involves the distribution of foreign-branded cardiac pacemaker products, while the potential cooperation with the other hospital focuses on domestic-branded cardiovascular products. These partnerships are expected to commence in the second half of the year ending 31 March 2026 and are anticipated to enhance the revenue streams of the Group, further strengthening Beijing Youkang's presence in the high-value cardiovascular segment and deepening its long-term relationships with top-tier medical institutions in Beijing and surrounding areas.

While the Beijing market remains highly regulated and competitive, characterised by stringent hospital-access requirements and a landscape dominated by large state-owned authorised hospital procurement platforms with strong financial institution backing, Beijing Youkang's long-standing presence, extensive hospital network, and established reputation for service quality provide it with a competitive edge over other distributors.

The Group recorded revenue of approximately HK\$15.6 million (2024: HK\$13.2 million), representing an increase of 18% as compared with the previous financial period. The loss was approximately HK\$1.3 million (2024: HK\$0.7 million) during the Period.

(b) Hospital operation and management services business

安平康融醫院 ("Anping Hospital") is private profit-making Class II general hospital located in Anping County, Hebei Province, the PRC. The total gross floor area of the hospital is approximately 6,123 square metres, of which approximately 3,000 square metres are for treatment and diagnosis use, offering up to 130 beds. The hospital provides services covering clinical medicine, pediatrics, surgery, gynecology, traditional Chinese medicine and otolaryngology through outpatient services, hospitalization and general medical services including health examinations and diagnosis.

Since 2022, the second wave of national medical and healthcare reforms in the PRC has also significantly reshaped the operating environment for private hospitals. While these policies have strengthened system integrity, they have also compressed operating margins and intensified competition.

With the introduction of standardised treatment under the 2022 medical and healthcare reforms, which, among other things, limits the pricing of services, larger Class II and Class III hospitals with advanced diagnostic and surgical facilities have become more affordable and attractive to patients who previously could only afford to seek care at smaller Class II hospitals, such as Anping Hospital, or Class I hospitals. The 2022 medical and healthcare reforms also reduced demand for non-essential inpatient and outpatient treatments and operations. Consequently, inpatient admissions and surgical volumes of Anping Hospital declined. Outpatient services also weakened, reflecting reductions in both patient visits and average fees per case.

In light of these structural changes, the Group has refined its operational strategy to ensure continuous development of the hospital operation. The strategy is twofold:

1. Strategic repositioning – transforming Anping Hospital from a conventional treatment-oriented general hospital into an integrated rehabilitation, nursing-care and health-management platform, focusing on service areas supported by recurring demand and national policy priorities; and
2. Business revitalisation – restoring revenue growth and achieving operating breakeven through the development of post-treatment rehabilitation, elderly care and preventive health programmes, which leverage existing facilities and human resources without significant capital expenditure.

This refined direction represents a pragmatic response to the evolving dynamics of the PRC healthcare industry. Given the increasing competition from larger Class II and Class III hospitals and the hospital's limitations in advanced medical equipment, Anping Hospital is shifting its focus away from capital-intensive surgical operations toward service areas that better utilise its existing resources. By repurposing inpatient beds for rehabilitation and nursing-care services, the hospital aims to enhance asset efficiency while aligning its operations with national healthcare policies promoting “medical-nursing integration” (醫養結合) and community-based eldercare development.

To align with its refined strategic direction, the Group plans to broaden Anping Hospital's service scope from a treatment-based model to an integrated rehabilitation, nursing-care and health-management platform. The hospital will strengthen and expand service lines such as health examination, traditional Chinese medicine, pain treatment, physiotherapy and rehabilitation, with the goal of providing continuous, community-based health-management services. These initiatives aim to capture growing demand for preventive and rehabilitative care driven by China's ageing population and evolving healthcare policies.

Building upon its existing core departments including internal medicine, gynaecology, paediatrics and laboratory diagnostics, Anping Hospital is launching a health-management programme initially focused on four key areas:

1. Patient self-paid physical check-up packages and the establishment of personal health records;
2. Chronic-disease medication management and improvement of metabolic indicators for patients with hypertension and diabetes;
3. Weight-control and healthy-diet programmes; and
4. Sleep-quality improvement and lifestyle-coaching services.

These programmes are designed to generate recurring service income, expand outpatient traffic, and align with national public-health and preventive-care policies.

The hospital's repositioning began in October 2025, with foundational work underway, including business planning, departmental restructuring, staff redeployment and professional training. In respect of the repositioning, the Group (i) will repurpose underutilised inpatient beds for rehabilitation and nursing-care services; and (ii) has arranged/will arrange training for existing staff and will hire additional qualified staff to provide the new services.

Anping Hospital has also entered into nine cooperation agreements with elderly nursing homes in Anping County and is in negotiation with three additional institutions. Such cooperation forms part of Anping Hospital's community outreach and marketing activities for its medical and healthcare services, through forming referral and service networks with nursing homes, it aims to broaden the patient base, strengthen community presence and enhance the reputation of the hospital. Under these agreements, Anping Hospital will provide free services to the residents of the elderly nursing homes including:

1. streamlined registration, consultation, examination and admission procedures for elderly patients, supported by designated guidance nurses;
2. regular clinics providing consultations and promoting Anping Hospital's healthcare services;

3. regular lectures, consultations and medical guidance on health and chronic disease management;
4. seasonal rehabilitation, nursing and health-education programmes, along with training for nursing-home staff; and
5. assistance to partner nursing homes to establish standard protocols for rehabilitation, geriatric nursing and home-care services.

To ensure effective implementation of the repositioning, a new hospital president was appointed in early October 2025. He brings extensive experience in hospital management and in developing integrated rehabilitation and elderly-care services, and is overseeing the hospital's transition toward a health-management-centred model. The Group is also seeking to hire additional qualified medical personnel to bolster its existing departments and services.

Anping Hospital has also introduced a comprehensive cost-based and performance-based review system that links staff remuneration to measurable outcomes such as departmental efficiency, service quality and revenue contribution. This system enhances motivation, accountability and proactive patient acquisition, fostering a more efficient and results-oriented management culture.

Going forward, the integration of these initiatives is expected to improve operating efficiency, diversify revenue sources, and position Anping Hospital to achieve operational turnaround and growth within the reformed healthcare environment.

The Group recorded revenue from hospital operation of approximately HK\$4.1 million (2024: HK\$5.5 million) and loss of approximately HK\$3.3 million (2024: HK\$3.2 million) during the Period.

ACTIONS TAKEN TO RECOVER THE LOAN AND INTEREST RECEIVABLES

During the Period, the Group has taken actions to recover certain loan and interest receivables of the Group as detailed below:

(a) Shuangluan Hospital

On 30 April 2021, the Group, 承德市雙灤區人民醫院暨承德市精神病醫院 (Shuangluan District, Chengde City Hospital (Chengde City Psychiatric Hospital)) (“Shuangluan Hospital”) and the People’s Government of Shuangluan District, Chengde City (“the Shuangluan Government”) entered into a settlement agreement (the “Settlement Agreement”), inter alia, in relation to (i) the cessation of the Group’s management right over Shuangluan Hospital; and (ii) the settlement plan of the outstanding principal and unpaid management fees in aggregate of approximately RMB85.4 million (equivalent to approximately HK\$102.5 million).

On 12 September 2024, a writ (the “Writ”) dated 1 August 2024 filed by the Company (as the plaintiff) against the Shuangluan Government and Shuangluan Hospital (as the defendants) in respect of claims for outstanding balance and interest thereon under the Settlement Agreement was accepted by the Intermediate People’s Court of Chengde City, Hebei Province (the “Chengde Court”). According to the Writ, the Company’s claims including the outstanding principal amount and interest is approximately RMB59.1 million (equivalent to approximately HK\$64.8 million). Such litigation has been accepted and registered at the Chengde Court on 21 May 2025. As at date of this announcement, the litigation remains ongoing.

Concurrent with the above litigation, the Group also continued to contact the Shuangluan Government to discuss possible repayment plans. According to the government representative, the Shuangluan Government is currently awaiting approval of funds to be used for settlement of its debts, which may possibly include settlement of the loan. The Group will continue to proactively engage with the Shuangluan Government regarding the recovery of the loan.

Further details of the above have been disclosed in the announcements of the Company dated 30 April 2021 and 13 September 2024. As at 30 September 2025, the outstanding balance from Shuangluan Hospital is RMB46.5 million (equivalent to approximately HK\$50.9 million) (31 March 2025: RMB46.5 million, equivalent to approximately HK\$50.3 million). Further announcement(s) will be made by the Company for the material developments in relation to the above.

(b) Wuhan Mingcheng Wangda Pharmaceutical Co., Ltd.

On 16 June 2023, the Group completed the acquisition of 51% equity interest in Golden Alliance Limited (“Golden Alliance”) which is principally engaged in distribution and marketing of pharmaceutical products in the PRC through its indirectly wholly owned subsidiary 武漢明誠旺達醫藥有限公司 (Wuhan Mingcheng Wangda Pharmaceutical Co., Ltd., “Mingcheng Wangda”) (the “Golden Alliance Acquisition”). Golden Alliance and its subsidiaries including Mingcheng Wangda were disposed by the Group subsequently on 23 April 2024.

On 5 December 2022, the Group provided the initial loan (the “Initial Loan”) of RMB4.0 million (equivalent to approximately HK\$4.4 million) to Mingcheng Wangda. On 5 March, 9 May, 23 May and 1 June 2023, the Group provided the additional loans (the “Additional Loans”) to Mingcheng Wangda in the aggregate amount of RMB4.7 million (equivalent to approximately HK\$5.2 million). Between 16 June 2023 and 1 August 2023, the Group made further shareholder’s loans (the “Shareholder’s Loans”) to Mingcheng Wangda in the aggregate amount of RMB3.6 million (equivalent to approximately HK\$3.9 million).

Further details of the above has been disclosed in the announcements of the Company dated 6 February 2023, 26 April 2023, 31 May 2023, 16 June 2023, 23 April 2024 and 4 March 2025.

As at 30 September 2025, all the loans (the “Loans”), including the Initial Loan, the Additional Loans and the Shareholder’s Loans, are due and payable in an aggregate amount of RMB12.3 million (equivalent to approximately HK\$13.5 million) (31 March 2025: RMB12.3 million, equivalent to approximately HK\$13.3 million). On 5 September 2025, the Group initiated legal proceedings against Mingcheng Wangda at the People’s Court of Nanshan District, Shenzhen City, the PRC (the “Nanshan Court”) for the recovery of the Loans. The litigation was accepted and registered at the Nanshan Court on 9 September 2025. As at date of this announcement, the litigation remains ongoing.

(c) Beijing Jimuyun Health Technology Company Limited

北京極目雲健康科技有限公司(Beijing Jimuyun Health Technology Company Limited, “Jimuyun”) is a developer of hospital management system which was supplied to Shuangluan Hospital and Anping Hospital. The Group granted loans of RMB4 million to Jimuyun in 2017. Jimuyun has made several repayments and the loan is currently extended to 31 March 2026. As at 30 September 2025, the loan with principal amount of approximately RMB3.6 million (equivalent to approximately HK\$3.9 million) (31 March 2025: RMB3.9 million, equivalent to approximately HK\$4.2 million) and accrued interest of approximately RMB1.4 million (equivalent to approximately HK\$1.5 million) (31 March 2025: RMB1.3 million, equivalent to approximately HK\$1.4 million) remained outstanding.

The Group has been maintaining close communications with the relevant parties in monitoring the recovery process. In August 2025, the management of the Company met with one of representative of one of Jimuyun's shareholders to discuss the repayment plan for the loan. The Group was informed that Jimuyun was in the process of engaging a qualified independent valuer to conduct a valuation of its hospital management system which may be acquired by a leading enterprise in the development of medical information system for hospitals in the PRC. It is anticipated that the possible acquisition will provide a pathway for Jimuyun to settle the loan. The Group will continue to liaise with the relevant parties on the repayment plan for the loan.

Further details of the actions taken to recover the above loan and interest receivables have been disclosed in the announcement of the Company dated 28 November 2025.

UPDATE ON INTERNAL CONTROL REVIEW

As also disclosed in the announcement of the Company dated 4 March 2025, there were mistaken classifications of the Golden Alliance Acquisition and provision of the Initial Loan and the Additional Loans caused by an inadvertent oversight of the application of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") by the Group. In order to avoid the recurrence of similar events in the future, the remedial measures, including engagement of professional consultants (the "IC Consultant") to review its internal controls in respect of compliance with the Listing Rules, have been taken by the Group to ensure that the Listing Rules are strictly complied with.

The internal control review ("IC Review") has been completed by the IC Consultant on 26 May 2025. The findings of the IC Review have been disclosed in the announcement of the Company dated 26 May 2025. The Group has implemented all of the remedial actions, which it considers to be sufficient to address the key findings in the Group's internal control system in respect of compliance with Listing Rules identified in the IC Review. On 21 July 2025, the IC Consultant completed its follow-up review to assess the implementation of the remedial actions. The key findings of the follow-up review have been disclosed in the announcement of the Company dated 21 July 2025. The IC Consultant has confirmed that, based on their follow-up review, nothing has come to their attention that causes them to believe the Company do not have in place adequate internal control systems, policies and procedures to ensure compliance with the Listing Rules.

The Board is of the view that the enhanced internal control measures implemented based on the IC Consultant's recommendations are adequate and sufficient to address the key findings of the IC Review. The Group will continue to implement these enhanced internal control measures on an ongoing basis to further strengthen its internal control system and ensure continued compliance with the Listing Rules.

MANAGEMENT'S RESPONSE TO THE DISCLAIMER AUDIT OPINION AND MEASURES TAKEN

As disclosed in the annual report of the Company for the year ended 31 March 2025, the auditor of the Company issued a disclaimer of opinion on multiple uncertainties related to going concern on the consolidated financial statements of the Group for the year ended 31 March 2025.

To address the liquidity pressure of the Group, the Directors have been actively implementing several plans and measures. These include:

- (i) entering into subscription agreements to raise estimated gross proceeds of approximately HK\$70 million on 30 April 2025;
- (ii) proposing a rights issue to raise estimated gross proceeds of approximately HK\$15 million on 30 April 2025;
- (iii) negotiating with the Group's existing lender for renewal and/or extension of settlement arrangement of bank borrowing; and
- (iv) seeking potential new funding through various channels.

The subscriptions and rights issue, as mentioned in (i) and (ii) above and section headed "Fund Raising Activities", were completed on 6 October 2025 and raised aggregate net proceeds of approximately HK\$80.9 million. In respect of (iii) above, the Board plans to finalise the negotiations with the bank and confirm the renewal of the Group's bank borrowing by the end of the first quarter of 2026. In respect of (iv) above, the Board is continually assessing the Group's operational and funding needs and consider seeking additional financing through various channels, as and when necessary. Further announcement(s) will be made by the Company for the developments in relation to the above.

MATERIAL ACQUISITIONS AND DISPOSALS

(1) Disposal of Jinmei Developments Limited

On 16 November 2023, the Group completed acquisition of 100% equity interest in Jinmei Developments Limited (“Jinmei”) at the consideration of HK\$146 million which were satisfied by the issue of the promissory note of HK\$146 million (the “Promissory Note”). Jinmei and its subsidiaries (the “Jinmei Group”) are principally engaged in the research and development and sale of functional foods for the prevention of cardiovascular and cerebrovascular diseases through its wholly owned subsidiary, 深圳市偉航奕寧生物科技有限公司 (Shenzhen Weihang Yining Biotechnology Co., Ltd).

On 19 November 2024, Long Heng Investments Limited (a direct and wholly owned subsidiary of the Company as the purchaser of Jinmei Developments, “Long Heng”) and the Company received a letter from the legal representatives of the vendor of Jinmei Developments, Ever True Ventures Limited (“Ever True”), claiming its rights under the agreement in respect of acquisition of 100% equity interest in Jinmei Developments (the “Jinmei Agreement”) and the Promissory Note (i.e. the consideration) on the basis that the cross-default clause (the “Cross-Default Clause”) has been triggered as a result of a statutory demand of US\$4 million from Capital Foresight Limited received by the Company following the Appeal Judgment (as detailed in note 14 of these financial statements).

Pursuant to the Cross-Default Clause, in the event that a cross-default event occurs, Ever True and Long Heng shall jointly appoint an independent valuer for valuation of Jinmei Group, and the consideration shall be revised to the amount of such valuation or HK\$146 million, whichever is lower. The revised consideration shall be payable at a time to be agreed between the parties but in any event no later than the maturity date under the Jinmei Agreement. The Company and Ever True engaged in negotiations regarding the appointment of an independent valuer to determine the revised consideration under the Jinmei Agreement. However, no consensus was reached. Ever True indicated that the revised consideration should be no less than the unaudited fair value of the promissory note of approximately HK\$20.3 million as disclosed in the interim report for the six months ended 30 September 2024. Ever True also expressed concern that, the Company shall make reasonable efforts to promote the Jinmei Group’s business, and that the ongoing disputes had delayed execution of the Jinmei Group’s business plan.

To resolve the disputes and as part of the Group's restructuring efforts to restore long-term financial stability, on 3 July 2025, a settlement deed (the "Settlement Deed") is entered into among the Company, Long Heng, Ever True and Ms. Ma Xiaoming (as the guarantor who owns entire equity interest in Ever True). Pursuant to the Settlement Deed, subject to fulfilment of condition precedent,

- (i) Ever True shall return the original copy of the Promissory Note to the Company, and the Company shall cancel the Promissory Note immediately upon receipt;
- (ii) Long Heng shall effect the transfer of the entire equity interest in Jinmei to Ever True for a nominal consideration of HK\$1 (the "Transfer"); and
- (iii) Long Heng shall pay Ever True in the sum of HK\$12 million which shall be settled by way of the settlement note (the "Settlement Note") issued by the Company which shall not carry any interest and mature on 30 June 2026 in full and final settlement of the disputes.

The above transactions under the Settlement Deed, i.e. cancellation of the Promissory Note, the Transfer and issue of the Settlement Note took place on 18 July 2025. Jinmei has been disposed and Jinmei Group ceased to be subsidiaries of the Company upon the completion of the Transfer. Further details of the above have been disclosed in the announcements of the Company dated 20 November 2024, 3 July 2025 and 18 July 2025.

(2) Termination of 100% equity interest in ProteinT (Tianjin) Diagnostic, Co., Ltd

On 5 July 2024, Zhongwei Health, the Company, 譜天（天津）生物科技有限公司 (ProteinT (Tianjin) Biotechnology Co., Ltd.) as the vendor, Friendly Act Limited (as the "Vendor Nominee") and Mr. Li Jie (as the guarantor) entered into the agreement in respect of acquisition of 100% equity interest in 譜天福信（天津）分子診斷技術有限公司 (ProteinT (Tianjin) Diagnostic, Co., Ltd, "ProteinT Diagnostic"), at the initial consideration of HK\$46,666,667, which shall be satisfied by the allotment and issue of the 58,333,333 shares at the issue price of HK\$0.80 per share by the Company to the Vendor Nominee. In the event that the condition for the additional consideration subject to earnout condition and mechanism is fulfilled, the vendor will be entitled to an additional consideration of HK\$9,333,333 which shall be satisfied by the allotment and issue of 11,666,667 shares at the issue price of HK\$0.80 per share by the Company to the Vendor Nominee. The total consideration for the acquisition of ProteinT Diagnostic would be HK\$56,000,000 accordingly.

ProteinT Diagnostic is principally engaged in sale and distribution of molecular diagnostics technology related equipments and reagents, and provision of ancillary services such as technical support and maintenance services in the PRC.

On 31 October 2024, all parties to the agreement entered into a supplemental agreement to extend the long stop date (the "Long Stop Date") of the transaction from 31 October 2024 to 28 February 2025. On 28 February 2025, the Long Stop Date has been further extended to 30 June 2025. As no agreement was reached by the parties to further extend the Long Stop Date, the agreement shall terminate.

Further details of the above has been disclosed in the announcements of the Company dated 7 July 2024, 21 August 2024, 30 September 2024, 31 October 2024, 28 February 2025 and 30 June 2025.

Save as the above, there were no other material acquisitions and disposals during the Period.

SIGNIFICANT INVESTMENT

The Group had no significant investment of carrying value of 5% or more of the total assets as at 30 September 2025 (31 March 2025: nil).

FUND RAISING ACTIVITIES

On 13 November 2024, the Company and Ample Colour Limited (“Ample Colour”), which is wholly owned by Mr. Ying Wei, who is a former non-executive Director during the period from June 2016 to May 2018 and is re-appointed as non-executive Director on 31 October 2025, entered into a non-legally binding letter of intent for subscription of shares in an aggregate amount of not less than HK\$50 million.

On 30 April 2025, the Company entered into the subscription agreements (the “Subscription Agreements”) with Ample Colour, Perfect Link Group Limited which is wholly owned by Ms. Ying Rensi (who is the daughter of Mr. Ying Wei and is appointed as executive Director on 31 October 2025) and Ms. Wu Linling in relation to the issue and subscription of a total of 700,000,000 new shares at the subscription price of HK\$0.1 per subscription share. Pursuant to the Subscription Agreements, the subscription shares shall be allotted and issued simultaneously with that of the new share(s) to be allotted and issued under the Rights Issue (as defined below). For the avoidance of doubt, the subscription shares will not be entitled to the Rights Issue.

The Company also proposed to implement the rights issue (the “Rights Issue”) on the basis of three (3) rights shares for every ten (10) shares at the issue price of HK\$0.1 per rights share to raise a gross amount of in the range of between approximately HK\$14.7 million and approximately HK\$15.0 million. The minimum and maximum number of rights shares to be issued pursuant to the Rights Issue are 147,493,428 and 149,848,428 rights shares respectively.

Each of Mr. Zhang Fan (the former Chairman of the Company resigned on 31 October 2025) and Treasure Wagon Limited (the “Underwriter”, a company wholly owned by Mr. Zhang and being the underwriter of the Rights Issue as detailed below) has unconditionally and irrevocably undertaken to the Company that each of them will take up the 392,220 rights shares and the 40,797,600 rights shares, respectively pursuant to the deed of covenants and undertaking dated 30 April 2025 executed among the Company, Mr. Zhang and the Underwriter (the “Deed of Covenants and Undertaking”).

On 30 April 2025, the Company and the Great Bay Securities Limited as the placing agent (the "Placing Agent") entered into the placing agent agreement (the "Placing Agent Agreement") for subscription for the unsubscribed rights shares on a best effort basis. The placing price of the unsubscribed rights shares shall be not less than the subscription price of HK\$0.1 per subscription share. The final price determination will be determined based on the demand for and market conditions of the unsubscribed rights shares during the placing.

On 30 April 2025, the Company also entered into the underwriting agreement (the "Underwriting Agreement") with Treasure Wagon Limited in respect of the Rights Issue for subscription of untaken rights shares, being all the unsubscribed rights shares that are not successfully placed by the Placing Agent (up to 108,658,608 rights shares).

At the special general meeting of the Company held on 20 August 2025, the relevant resolutions approving the Subscription Agreements, the special deals (the "Special Deals", i.e. the Underwriting Agreement and the Placing Agent Agreement) and the transactions contemplated thereunder as well as the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code were duly passed. Besides, the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (SFC) had granted the Whitewash Waiver to Ample Colour and consent for the Special Deals on 19 August 2025.

The total number of rights shares offered under the Rights Issue is 147,493,428. A total of 10 valid acceptances for a total of 119,689,791 rights shares had been received, representing approximately 81.1% of all the rights shares. Accordingly, the Rights Issue was undersubscribed by 27,803,637 rights shares, representing approximately 18.9% of all the rights shares. Pursuant to the Deed of Covenants and Undertaking, Mr. Zhang and the Underwriter subscribed for 392,220 and 40,797,600 rights shares respectively.

On 25 September 2025, all the unsubscribed rights shares had been successfully placed out by the Placing Agent at the price of HK\$0.10 per share to four independent placees.

700,000,000 subscription shares and 147,493,428 rights shares were issued upon completion of the subscriptions of shares and the Rights Issue on 6 October 2025. The gross proceeds and net proceeds from the subscriptions and the Rights Issue were approximately HK\$84.7 million and HK\$80.9 million, respectively. The net subscription price and issue price are both at approximately HK\$0.095 per subscription share and rights share. The Company intends to apply the net proceeds: (a) as to approximately HK\$65.3 million for settlement of payables of the Group; (b) as to approximately HK\$12 million for repayment of principal of the Settlement Note to be issued under the Settlement Deed; and (c) as to approximately HK\$3.6 million as working capital of the Group.

Further details of the above have been disclosed in the announcements of the Company dated 22 May 2025, 12 June 2025, 11 July 2025, 20 August 2025, 22 September 2025, 24 September 2025, 3 October 2025 and 6 October 2025, the circular of the Company dated 31 July 2025 and the prospectus of the Company dated 3 September 2025.

Save as disclosed above, there was no unutilised proceed brought forward from any issue of equity securities made in previous years.

LIQUIDITY AND CAPITAL RESOURCES

The Group mainly financed its day to day operations by internally generated cash flow and the above fund raising activities during the Period.

As at 30 September 2025, the Group's cash and cash equivalents amounted to approximately HK\$63 million (31 March 2025: HK\$1.0 million). As at 30 September 2025, the current assets and net current liabilities of the Group are approximately HK\$169.3 million (31 March 2025: HK\$114.6 million) and HK\$42.5 million (31 March 2025: HK\$17.3 million) respectively, representing a current ratio of 0.80 (31 March 2025: 0.88).

As at 30 September 2025, the Group has certain bank loans, which were denominated in Renminbi, amounting to approximately RMB5 million (equivalent to HK\$5.5 million) (31 March 2025: RMB5 million, equivalent to HK\$5.4 million). The loans carried interest ranging from loan prime rate (LPR) minus 50 basis points (0.01% per basis point) and repayable on demand.

As at 30 September 2025 and 31 March 2025, a provision for other payable of US\$4 million (equivalent to approximately HK\$31.1 million) (31 March 2025, US\$4 million, equivalent to approximately HK\$31.2 million) in respect of the Appeal Judgment as disclosed in note 14 of these financial statements was included in other payables and accrued expenses.

As at 30 September 2025, the gearing ratio was 0.18 (31 March 2025: 0.25), calculated by the mentioned other payable of HK\$31.1 million (31 March 2025: HK\$31.2 million) and bank borrowings of approximately HK\$5.5 million (31 March 2025: HK\$5.4 million) (representing debts owed by the Company) by total assets of the Company of approximately HK\$201.5 million (31 March 2025: HK\$147.3 million).

The Group conducted its continuing operational business transactions mainly in Renminbi and Hong Kong dollars. The Group did not arrange any forward currency contracts for hedging purposes.

CONTINGENT LIABILITIES

As at 30 September 2025, there were no material contingent liabilities of the Group (31 March 2025: nil).

CHARGE ON GROUP'S ASSETS

As at 30 September 2025, there were no charge on the Group's assets (31 March 2025: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2025, the Group employed 127 employees (31 March 2025: 148). The total staff cost including Directors' emoluments was approximately HK\$8.2 million as compared to approximately HK\$6.8 million for the previous period. The Group continues to review remuneration packages of employees with reference to the level and composition of pay, the general market condition and individual performance. Staff benefits include contributions to the defined contribution retirement plans and a discretionary bonus payment which is linked to the profit performance of the Group and individual performance. Share option schemes have also been established for employees of the Group. No share options were granted, lapsed or cancelled during the Period. There were 19,050,000 outstanding share options as at 30 September 2025.

FUTURE PROSPECTS

In the first half of the year, the Chinese economy achieved expected growth, supported by structural reforms and policies from the central government. The emergence of new quality productive forces and the revitalization of the capital market have helped reignite investor confidence and solidified Hong Kong's position as a leading international financial center. These developments have laid a solid foundation for a new round of economic and social progress. With continued urbanization and an aging population, the healthcare industry is expected to remain a critical pillar of future development, presenting significant opportunities for the expansion of the Group's business.

As of the date of this announcement, the Company's existing shareholders have completed a rights issue, and new controlling shareholders have been successfully introduced. The funds raised have been used to repay part of the debt and strengthen the capital base, fundamentally improving the Group's financial condition. The Company's board of Directors has been restructured, and the new board believes that, through the implementation of various proactive measures, the issue of going concern can be resolved within this year, enabling the Group to return to a stable track.

In the second half of the year, the Group will further strengthen its existing businesses, enhance the management team, and strive to achieve an improvement in the full-year operating performance compared to the same period last year. At the same time, the Group will actively explore new business development opportunities. Under the leadership of the new board of Directors, the Group is confident that it will rejuvenate, achieve substantial growth, and deliver satisfactory returns to shareholders.

DIVIDEND

The Directors do not recommend the payment of any interim dividend to shareholders (2024: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the Corporate Governance Code (the “Code”) as set out in Appendix C1 of the Listing Rules throughout the Period except for certain deviation disclosed herein:

Under paragraph C.1.8 of the Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company was unable to find any insurance company to provide insurance cover during the year. In June 2025, the Company has bought the Directors’ and officers’ liability insurance and therefore has complied with C1.8 of the Code accordingly.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS (THE “MODEL CODE”)

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by directors. Having made specific enquiry of all Directors, all Directors declared that they have complied with the Model Code during the Period.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including review of the unaudited interim financial statements for the six months ended 30 September 2025.

On behalf of the Board
China Health Group Limited
Cao Xu

Chairman of the Board and Executive Director

Hong Kong, 28 November 2025

As of the date of this announcement, the Board comprises three executive Directors, namely, Mr. Cao Xu (Chairman), Mr. Chung Ho and Ms. Ying Rensi; two non-executive Directors, namely, Mr. Ying Wei and Mr. Huang Lianhai; and three independent non-executive Directors, namely, Mr. Li Hongyi, Mr. Wu Hui and Ms. Yang Huimin.