Grace Life-tech Holdings Limited
恩典生命科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Joint Provisional Liquidators appointed)
(For restructuring purposes only)
(Stock Code: 02112)

2026
INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Khing Yeu *(Chairman)*
Ms. Li Xiaolan
Mr. Wang Er

Independent Non-Executive Directors

Mr. Dong Jie
Dr. Wang Ling
Mr. Leung Yiu Cho

AUDIT COMMITTEE

Mr. Leung Yiu Cho *(Chairman)*
Dr. Wang Ling
Mr. Dong Jie

REMUNERATION COMMITTEE

Dr. Wang Ling *(Chairman)*
Mr. Dong Jie
Ms. Li Xiaolan

NOMINATION COMMITTEE

Ms. Li Xiaolan *(Chairman)*
Dr. Wang Ling
Mr. Dong Jie

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUTHORISED REPRESENTATIVES

Ms. Li Xiaolan
Mr. Chen Kun

COMPANY SECRETARY

Mr. Chen Kun (Solicitor of HKSAR)

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Lot 22, D&E
Level 22, Menara
Zenith, Putra Square
MSC Kuantan, 25200
Kuantan, Pahang
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1101, Tower 1,
Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road,
Lai Chi Kok, Kowloon,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY WEBSITE

https://www.gracelife.hk

STOCK CODE

02112

HIGHLIGHTS

- The Group's revenue was approximately USD4.1 million for the six months ended 30 June 2026 (the "**Period**" or "**2026 H1**") as compared to approximately USD8.4 million recorded for the six months ended 30 June 2025 (the "**Prior Period**" or "**2025 H1**").

- The gross profit recorded for the Period was approximately USD0.9 million as compared to approximately USD1.1 million for the Prior Period.

- The Group recorded a loss of approximately USD11.9 million for the Period as compared to a profit of approximately USD0.2 million for the Prior Period.

- The Board does not recommend the payment of an interim dividend for the Period (for the Prior Period: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors ("**Board**") of the Company is pleased to present the interim results of the Group for the six months ended 30 June 2026.

OVERVIEW OF BUSINESS DEVELOPMENT

The Company acts as an investment holding Company, and its principal business activities are: (1) the research, development, and application of plant stem cell technology, providing holistic health solutions and product sales; (2) iron ore exploration, mining, crushing and beneficiation as well as sale of iron ore products; and (3) investment holding. During the six months ended 30 June 2026 (the "**Period**"), the Group continued to explore business opportunities related to the big health, mineral resources and new energy resources. The primary mining asset of the Group is the iron-ore reserves in Ibam Mine, which is located in the State of Pahang, Malaysia.

Deepening of Channels and Potential Cooperation in the Plant Stem Cell Business

During the first half of 2026, the Group continued to grow its plant stem cell business by developing and expanding the sales channels. As disclosed in the Company's announcement dated 2 April 2026, the Group acquired 2 new customers during the three months ended 31 March 2026, and continued to explore opportunities to make strategic investments in suppliers, to further strengthen the cooperative relations and enhance supply chain synergies.

Although sales revenue from health products and other products decreased during the Period as compared with the corresponding period of the previous year due to the impact of customers' procurement schedules and order confirmation timing, the Group made further efforts to optimise its product portfolio, channel management and customer services, laying the foundation for the recovery of business growth.

In addition, in January 2026, the Company entered into a memorandum of understanding with a company principally engaged in biotechnology, big health and high-end beauty-related businesses. The said company is an integrated enterprise with R&D, production, brand operation and sales capabilities, and its products and businesses cover areas including biotechnology, nutritional and health supplements, and high-end beauty products, and has independent R&D and production base. The said company's business direction and industry chain layout are highly aligned with the Group's existing plant stem cell, health supplements and big health businesses. The Company and the said company are in preliminary discussions regarding potential cooperation and restructuring participation arrangements. If such arrangements are finalised, it is expected that synergies may be generated in areas including product R&D, production and supply, brand operation and sales channels, further enhancing the Group's business presence in the big health industry and supporting the Group's business expansion and overall restructuring efforts. To date, the said company is conducting due diligence on the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Prudent Adjustment and New Resource Opportunities of Mineral Ore Business

During the Period, the Group's iron ore business remained suspended as the market price of iron ore remained below the mining and processing costs. Additionally during the Period, the Group continued to advance upgrades and improvements to the relevant environmental protection equipment and supporting facilities to comply with the local requirements of the Malaysian government and relevant regulatory authorities regarding environmental protection for mines, equipment and ancillary facilities. Accordingly, the Group did not conduct any iron ore production or sales during the Period and did not record any related sales revenue. During the suspension of production, the Group continued to review and optimise the resource development plan for the Ibam Mine. In order to improve the overall economic viability of the project and create conditions for the resumption of production in the future, the Group continued to advance further exploration and geological research activities in the relevant mining areas to gain a better understanding of the ore body distribution, and grade and mining conditions, with a focus on identifying higher-grade ore body areas with greater economic mining value.

On top of the exploration and evaluation efforts, the Group continued to study and optimise the subsequent mining plans, processing arrangements and related operational processes, taking into account various factors including equipment configuration, environmental protection requirements, transportation costs, downstream customer demand and market prices, with a view to enhancing the economic viability and feasibility of resource development at the Ibam Mine.

The management will continue to closely monitor international iron ore market prices and changes in industry supply and demand and prudently assess the appropriate timing for the resumption of production based on the results of further exploration of the mine, the improvement of relevant facilities and the overall economic feasibility of resuming production. The Board believes that the continued enhancement of the geological data, mining plans and related infrastructure of the Ibam Mine will help preserve and enhance the long-term development value of the Group's existing mineral resources and lay a solid foundation for the future resumption of operations of the iron ore business.

Measures to Improve Financial Position and Cost Control

During the Period, the Group continued to engage in internal preparations to formulate a comprehensive debt restructuring proposal, and maintained communication with creditors, financial institutions and potential investors to explore feasible debt settlements, debt-to-equity conversion and financing arrangements. The Group will prudently advance the relevant proposal while taking into account the interests of creditors, safeguarding its ability to continue as a going concern and protecting the overall interests of the shareholders.

The Group also continued to implement stringent administrative cost control measures, including optimising work processes, strengthening budget management and improving the efficiency of human resources allocation. The management will further review the cost structure and capital utilisation arrangements and direct resources to support core businesses and development projects with higher return potential.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuous Advancement of Diversification Development Strategy

Looking ahead, the Group will remain committed to its diversification development strategy, and fully leverage its accumulated resources in plant stem cells, big health products and sales channels, while exploring opportunities in the mineral resources and new energy resources businesses on a risk-controlled basis. Through product and channel optimisation, supply chain integration, cost control and financial restructuring, the Group will enhance its overall operational resilience in a way that strives to create long-term and sustainable value for shareholders, customers and business partners.

MARKET REVIEW AND OUTLOOK

The Big Health Industry

In the first half of 2026, Chinese residents' income and consumption expenditure maintained growth. According to the National Bureau of Statistics of China, the per capita disposable income of national residents amounted to RMB22,981, representing a year-on-year nominal increase of 5.2%; and the per capita consumption expenditure of national residents amounted to RMB14,836, representing a year-on-year nominal increase of 3.7%. Among them, per capita expenditure on healthcare consumption amounted to RMB1,330, representing a year-on-year increase of 1.2% and accounting for 9.0% of per capita consumption expenditure. The growth in residents' income, population ageing, increasing health management awareness and rising demand for preventive healthcare support long-term demands for healthcare products and services.

During the same period, the national total retail sales of consumer goods amounted to approximately RMB24.9 trillion, representing a year-on-year increase of 1.3%; and the national online retail sales of goods and services amounted to approximately RMB10.1 trillion, representing a year-on-year increase of 5.2%. Online consumption growth outpacing the broader consumer market indicates the continued development of digital channels, content-driven retail and online health service scenarios. For big health-related enterprises, omni-channel customer reach, product education and professional service capabilities will become important factors in enhancing market conversion and customer retention.

As policies relating to the "Healthy China 2030" initiative continue to be implemented, the big health industry is gradually expanding from single-product consumption to an integrated service model covering health management, nutritional care, medical services and technology applications. Growing consumer demands for product safety, efficacy evidence, brand reputation and supply chain transparency create development opportunities for enterprises with R&D capabilities, stable supply and compliant operating capabilities.

In July 2026, the State Council issued the "National Health 15th Five-Year Plan", which emphasizes a health-centered approach to promote comprehensive and full-cycle health services, while encouraging the development of health foods and other nutritional health products. Looking ahead to the second half of the year, policy support, health consumption demand and the application of digital technologies will continue to drive industrial development. Meanwhile, enterprises will also need to strengthen quality control, efficacy evaluation and supply chain management to address increasingly stringent market regulatory requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

Health Supplements Market

In the first half of 2026, China's health supplements market continued its growth trend driven by health awareness, demographics, and consumption upgrading. Consumer demand further segmented into functional sectors such as immune support, sleep management, intestinal health, bone and joint care, anti-aging, and personalized nutrition. The integration of online retail, content marketing, and offline health management scenarios has also diversified the channels for product accessibility.

The State Administration for Market Regulation included "assisting in maintaining bone and joint health" into the directory of health functions allowed for health food claims, and concurrently clarified the requirements for evaluation tests and determination of results. This newly added functional category reflects the segmented demands brought about by population ageing, sports and fitness, and chronic health management, and also provides room for product innovation to enterprises with capabilities in research and development, impact evaluation and registration.

On the other hand, consumers are placing greater emphasis on product ingredients, efficacy verification, and brand credibility, while industry competition is gradually shifting from pure sales volume and price competition to competition in research and development, quality, supply chain, and service capabilities. The Group will continue to pay close attention to changes in regulatory policies and consumer demand, and prudently promote the channel expansion and offering portfolio optimization of plant stem cell related products.

Concurrently, the compliance regulation on online food and live streaming e-commerce continues to strengthen, with regulatory focus covering aspects such as health impact claims, advertising review, product traceability, and platform primary responsibility. The industry is expected to further develop towards standardization and branding, and enterprises with stable raw material supply, full process quality management, and compliant marketing capabilities will enjoy a greater competitive advantage. In line with the new customer and channel layout, the Group will continuously improve product information, the supply chain, and customer service procedures.

Iron Ore Market

In the first half of 2026, global iron ore supply increased, while the demand side exhibited a pattern of weak recovery in external demand and pressure on domestic demand. Public market data showed that in the first half of the year, global iron ore shipments increased by approximately 34.2 million tonnes year-on-year, with Australia, Brazil, and non-mainstream mines recording increments in supply. China's pig iron production was approximately 427 million tonnes, representing a year-on-year decrease of 0.5%; the average daily molten iron production of sample steel mills was approximately 2.347 million tonnes, lower than approximately 2.361 million tonnes for the same period last year, reflecting that domestic demand remained weak.

In the first half of the year, iron ore prices fluctuated repeatedly due to factors such as increased supply, weak domestic steel demand, and changes in port inventories as well as energy and transportation costs, and once fell back to a level of approximately USD90 per tonne. Looking forward to the second half of 2026, with the release of new supply and limited room for demand growth, iron ore prices may still face downward pressure. The management will continue to closely monitor prices, transportation costs, and the profitability of resuming production, and will re-evaluate the production arrangements of Project Ibam when there is a reasonable profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS & OPERATIONS REVIEW

Health Products Trade Segment

The Company recorded revenue of US$4,034,000 in the health products trade segment, representing approximately 97.3% of the total revenue during 2026 H1, while the Company recorded revenue of US$8,288,000 in the health products trade segment, representing 98.5% of the total revenue during 2025 H1. The decrease in the segment revenue was due to customers' procurement pacing and the recognition timing of orders.

Operation update of Project Ibam

The Group's principal mining site is Project Ibam. Based on the "Independent Technical Report" (see Appendix IV of the prospectus of the Company date 20 June 2013 (the "**Prospectus**") for full report), there is approximately 151 Mt of ore resource altogether in the Project Ibam at a grade higher than or equal to 35%, with an average grade of 46.5% total iron, and it has a mine life expected to be more than 26 years as of 31 December 2012. The Group uses the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low cost process which includes ball-milling, magnetic separation process and dewatering. The processing method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced.

During the Period, the production volume was 0 Kt (six months ended 30 June 2025: 0 Kt). As the market price of iron ore was still below the Company's mining and processing costs, the Company continued to suspend all iron ore related production and sales activities during 2026 H1.

Operating Results

During the Period, the Group recorded revenue of USD4.1 million (2025 H1: approximately USD8.4 million). The sales volume of iron ore products was 0 Kt on dry basis (2025 H1: 0 Kt).

REVENUE, COST OF SALES AND GROSS PROFIT

Revenue

During the Period, sales revenue of health products and other products recorded by the Group amounted to approximately USD4.1 million (Prior Period: approximately USD8.4 million), representing a year-on-year decrease of approximately 51.2%. The decrease in revenue during the Period was affected by customers' procurement pacing and the recognition timing of orders.

Cost of Sales

During the Period, the Group's cost of sales reached approximately USD3.3 million as compared to approximately USD7.3 million recorded in Prior Period. The cost of sales is mainly comprised of the costs of raw materials, nutritional healthcare products and other commodities for sales activities. The decrease in cost of sales was mainly in line with the decrease in revenue scale and changes in product sales portfolio.

Gross profit

A gross profit of approximately USD0.9 million was recorded for the Period, as compared to approximately USD1.1 million recorded in Prior Period. The gross profit margin for the Period was approximately 20.7% (Prior Period: approximately 13.4%), which reflects the change of product sales portfolio and purchasing cost.

ADMINISTRATIVE AND OTHER EXPENSES

During the Period, the Group's administrative and other expenses reached approximately USD1.8 million, about 63.6% higher than that recorded in the Prior Period at approximately USD1.1 million. The increase was primarily due to the management remuneration, professional service fees and other administrative expenses.

FINANCE COSTS

During the Period, the Group's finance costs reached approximately USD11.5 million, about 21.1% higher than that recorded in the Prior Period at approximately USD9.5 million. The increase was mainly due to the increase in interest expense incurred on the notes and other finance arrangements of the Company.

INCOME TAX EXPENSE

The Group recorded USD0.002 million income tax expense during the Period (Prior Period: USD0.02 million).

(LOSS) PROFIT FOR THE PERIOD

As a result of the foregoing, the Group recorded a loss of approximately USD11.9 million during the Period as compared to a profit of approximately USD0.2 million recorded in the Prior Period. The reversal is mainly due to the entering into of the interest waiver agreement in the Prior Period, resulting in the recognition of revenue of approximately USD9.9 million in the Prior Period, while similar one-off revenue was not recorded during the Period.

BORROWINGS

As at 30 June 2026, the Group's borrowings consisted mainly of: (i) a borrowing of approximately USD36.5 million due to a commercial bank; (ii) other borrowings of approximately USD23.4 million; and (iii) notes totaling approximately USD101.4 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

The capital deficiencies of the Group as at 30 June 2026 was approximately USD193.6 million (31 December 2025: capital deficiencies of approximately USD181.6 million). The Group generally finances its operations with internally generated cash flows, interest-bearing bank and other borrowings, and interest-free and security-free shareholder loans from Cosmo Field. Primary uses of the funds during the Period included the payment of operating expenses and finance costs.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2026, current assets of approximately USD57.6 million (31 December 2025: approximately USD55.4 million) primarily comprised approximately USD52.3 million of trade receivables (net of provisions), approximately USD0.3 million of inventories, approximately USD0.1 million of cash and cash equivalents, and approximately USD5.0 million of deposits, prepayments and other receivables. Current liabilities of approximately USD262.4 million (31 December 2025: approximately USD252.8 million) mainly comprised approximately USD6.7 million of trade payables, approximately USD97.5 million of other payables and accruals, approximately USD54.8 million of current bank and other borrowings, approximately USD101.4 million of notes.

Current ratio, being total current assets to total current liabilities was approximately 0.2 as at 30 June 2026 (31 December 2025: approximately 0.2).

As at 30 June 2026, the Group had bank and other borrowings of approximately USD59.9 million in total (31 December 2025: approximately USD55.5 million). The bank and other borrowings were mainly used to finance the issuance of letter of credit and working capital of the Group.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank and other borrowings, notes and an amount due to Cosmo Field, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the equity shareholders of the Company and non-controlling interest.

As at 30 June 2026, the Group had a negative equity and thus its gearing ratio was incalculable. As at 31 December 2025, the Group also had a negative equity and thus its gearing ratio was incalculable.

The Group continued to conduct its operational business mainly in USD. The Group did not arrange any forward currency contracts for hedging purposes.

LEGAL PROCEEDINGS

The Company and/or its controlling shareholders (being Cosmo Field and Mr. Li Yang) are subject to a number of legal proceedings. For details, please refer to page 14 of the 2025 annual report.

One of the above legal proceedings against the Company is the claim by Industrial Bank Co., Limited ("**Industrial Bank**") against Cosmo Field (as borrower) regarding outstanding bank loan and the relevant arrangement regarding the assignment of Cosmo Field's rights under the shareholder loan (owed by Company to Cosmo Field) to Industrial Bank. During the Period, the High Court of Hong Kong, Court of First Instance, handed down a judgment and order in respect of the legal action (Action No.: HCA 163/2025), ordering the Company to pay Industrial Bank the amounts of USD40.0 million and USD20.0 million, together with interest on the aforesaid amounts from the date of judgment up to the date of full payment at the judgment interest rate; in addition, the Company shall pay the costs of the proceeding, which, together with counsel's fees, were assessed at HKD339,000.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON ASSETS

Except for the assets pledged for bank and other borrowings as disclosed in note 17 to the unaudited interim condensed consolidated financial statement, the Group did not have any other material pledges on its assets as at 30 June 2026.

EMPLOYEES AND REMUNERATION POLICIES

The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. As at 30 June 2026, the Group had 46 employees (31 December 2025: 49 employees). During the Period, total staff costs included directors' emoluments amounting to approximately USD0.9 million (Prior Period: approximately USD0.6 million).

The Group's remuneration policies are in line with prevailing market practices and are determined on the basis of the performance and experience of the individual. The Group has constantly been reviewing the staff remuneration package to ensure it is competitive as compared to other peers in the industry.

EVENTS AFTER REPORTING PERIOD

There are no other significant event after the Period.

OTHER INFORMATION

RESOURCE AND RESERVES OF IBAM MINE UNDER JORC CODE AS AT 30 JUNE 2026

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 30 June 2026 (Note):

Classification	Quantity (million tonnes)	Fe Grade (%)
Measured	102	46.7
Indicated	–	–
Inferred	42	46.6
Total	144	46.6

Ore reserves of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 30 June 2026:

Classification	Quantity (million tonnes)	Fe Grade (%)
Proved	–	–
Probable	102	44.6

Note: The figures were calculated by the resource and reserves as at 31 December 2013 under the JORC Code (confirmed by Geos Mining Minerals Consultants, Australia which is a specialist independent geological and mineral exploration consultant) less the mining volume since then.

All assumptions and technical parameters set out in the technical report of Geos Mining (the "**Independent Technical Adviser**") which is prepared under JORC Code as shown in the prospectus of the Company dated 20 June 2013 with respect to the Ibam Mine have not been materially changed and continued to apply to the above disclosed data.

MINING PRODUCTION ACTIVITIES

During the Period, mining volume and production volume of 0 tonne were recorded (Prior Period: 0 tonne).

CAPITAL EXPENDITURE

During the Period, the Company did not incur any material capital expenditure for the purchase or upgrade of property, plant and equipment and payments in advance (Prior Period: nil).

SIGNIFICANT ACQUISITIONS, DISPOSALS AND INVESTMENTS

The Company does not have any significant acquisition, disposal and investment during the Period.

OTHER INFORMATION

RELATED PARTY TRANSACTIONS

For the details of related party transactions of the Group during the Period, please refer to note 20 of notes to unaudited interim condensed financial statements of this interim report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (the "**CG Code**") during the Period.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific queries to the Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Period.

BOARD COMMITTEES

Audit Committee

The primary duties of the audit committee of the Board (the "**Audit Committee**") are to review and supervise the financial reporting process, internal control and risk management system of the Group, and to make proposals to the Board as to the appointment, renewal and resignation of the Company's independent auditors and the related remuneration and appointment terms. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including the review of the unaudited interim results for the Period.

Remuneration Committee

The Company established a remuneration committee of the Board (the "**Remuneration Committee**") pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing. The Remuneration Committee comprises two independent non-executive Directors, namely, Dr. Wang Ling (chairman of the Remuneration Committee), Mr. Dong Jie and one executive Director, namely Ms. Li Xiaolan.

The duties of the Remuneration Committee mainly include making recommendations on and approving the remuneration policy and structure and remuneration packages of all Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee would make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee has held one meeting during the Period to review and discuss the remuneration packages of management and directors to promote better managerial quality of the Group.

Nomination Committee

The Company established a nomination committee of the Board (the "**Nomination Committee**") pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing.

The Nomination Committee comprises one executive Director, namely, Ms. Li Xiaolan (chairman of the Nomination Committee), and two independent non-executive Directors, namely Dr. Wang Ling and Mr. Dong Jie. The primary duties of the Nomination Committee include identifying suitable candidates for the Directors and making recommendations to the Board, assessing the structure and composition of the Board, preparing, making recommendations to and supervising the execution of the nominating policy of the Company.

The Nomination Committee has held one meeting during the Period. Meanwhile, the Company has received from each of the independent non-executive Directors a confirmation of their independence as required under Rule 3.13 of the Listing Rules.

The Company considered all the independent non-executive Directors to be independent.

Mr. Dong Jie was appointed as independent non-executive Director on 17 January 2024. The following disclosures were made in addition to the disclosure in the announcement dated 17 January 2024. As set out in the announcement dated 23 June 2025, Mr. Dong Jie, has confirmed (a) his independence with reference to the factors set out in Rule 3.13(1) to (8) of the Listing Rules; (b) that he has no financial or other business relationships with the Company or its subsidiaries, nor any connection with any of the Company's core connected person (as defined in the Listing Rules); and (c) that at the time of his appointment, there are no other factors which may affect his independence. In addition, Mr. Dong Jie obtained legal advice relating to directors' duties and responsibilities under applicable laws and regulations before his appointment from a law firm qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules, and confirmed that he understood his obligations as an independent non-executive Director of the Company.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

During the six months ended 30 June 2026 and up to the date of this interim report, Mr. Ng Khing Yeu (a director of Company), through Grace Generation Group Company Limited, disposed of 58,532,000 shares and 54,295,000 shares on 7 January 2026 and 14 May 2026 respectively. As at 30 June 2026, none of the Directors and the Chief Executive Officer of the Company had any interests and short positions in the Shares, underlying Shares or the debentures of the Company or any of its associated corporations within the meaning of part XV of the SFO, which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2026, so far as it is known to the Directors, the persons (other than the Directors or Chief Executive Officer of the Company) with interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group were as follows:

Substantial Shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholdings
Cosmo Field (notes 2, 3, 8)	Beneficial owner	752,750,000 (L)	50.18%
Li Yang ("**Mr. Li**")	Interest in controlled corporation	752,750,000 (L)	50.18%
Ample Professional Limited (note 5)	Security interest in shares	752,000,000 (L)	50.13%
華融華僑資產管理股份有限公司 (note 5)	Interest in controlled corporation	752,000,000 (L)	50.13%
Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司) (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Haitong International Holdings Limited (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Haitong International Finance Company Limited (note 6)	Security interest in shares	74,720,000 (L)	4.98%
Haitong International Securities Group Limited (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Haitong Securities Co., Ltd. (note 6)	Interest in controlled corporation	74,720,000 (L)	4.98%
Hua Heng (note 4)	Beneficial owner	100,575,000 (L)	6.71%
Yang Jun (note 4)	Interest in controlled corporation	100,575,000 (L)	6.71%
Tang Lingyan (note 4)	Interest of a Substantial Shareholder's child under 18 or spouse	100,575,000 (L)	6.71%
Sichuan Liquor Group International Trade Co., Ltd. ("**Sichuan Liquor**") (note 7)	Beneficial owner	91,000,000 (L)	6.07%

Note:

1. The letter "L" denotes the Shareholder's long position in the share capital while the letter "S" denotes the Shareholder's short position.

2. Mr. Li beneficially owns the entire issued share capital of Cosmo Field Holdings Limited ("**Cosmo Field**"). Therefore, Mr. Li is deemed, or taken to be, interested in all the shares of the Company held by Cosmo Field for the purpose of the SFO. Mr. Li is the sole director of Cosmo Field.

3. The Company has been notified that Cosmo Field have charged certain shares in favour of third parties as at the Latest Practicable Date:

   (a) The Company has been notified that 711,000,000 shares ("**Shares**") of the Company and 41,000,000 Shares which were previously charged by Cosmo Field in favour of Cheer Hope Holdings Limited, have been released on 23 September 2016 and 26 September 2016 respectively. The Company has also been notified that, Cosmo Field has charged 711,000,000 Shares and 41,000,000 Shares (collectively "**Charged Shares**") in favour of an independent third party institution on 23 September 2016 and 27 September 2016 respectively. The Charged Shares represent approximately 50.13% of the issued share capital of the Company as at the Latest Practicable Date.

   (b) The Company has been notified that, a deed of release has been executed on 4 January 2018 with respect to the Charged Shares which were previously charged by Cosmo Field in favour of the second priority lender (as set out in the announcement dated 29 December 2016). Cosmo Field has charged the Shares in favour of another secondary priority lender on 4 January 2018.

4. Tang Lingyan is the spouse of Mr. Yang Jun. Mr. Yang Jun beneficially owns the entire issued share capital of Hua Heng. Therefore, Tang Lingyan is deemed, or taken to be, interested in all the Shares of the Company held by Hua Heng for the purpose of the SFO. Mr. Yang Jun is the sole director of Hua Heng.

5. 華融華僑資產管理股份有限公司 is deemed, or taken to be, interested in all the interest held by Ample Professional Limited in the shares of the Company for the purpose of the SFO.

6. Each of Guotai Junan Securities Co., Ltd., Haitong Securities Company Limited, Haitong International Holdings Limited, and Haitong International Securities Group Limited are deemed, or taken to be, interested in all the interest held by Haitong International Finance Company Limited in the shares of the Company for the purpose of the SFO.

7. Based on the disclosure of interest notices given by Mr. Li and Cosmo, Cosmo entered into a pledge document dated 12 September 2019 (the "**Pledge Document**") with Sichuan Liquor, under which Cosmo pledged 91,000,000 Shares (the "**Pledged Shares**") to Sichuan Liquor as a pledge guarantee in favour of Sichuan Liquor in respect to outstanding sum (the "**Outstanding Sum**") owed to Sichuan Liquor by certain third parties. For clarification, the interest of Sichuan Liquor as stated above is based on the notices given by Mr. Li and Cosmo.

   On 20 January 2020, 91,000,000 Pledged Shares were transferred from Cosmo to third party nominated by Sichuan Liquor pursuant to the Pledge Document. According to Cosmo, the above-mentioned Outstanding Sum and Pledge Document are not connected with the Company in any way. For clarification, the interest of Sichuan Liquor as stated above is based on the notices given by Mr. Li and Cosmo.

   To the Directors' knowledge and belief, Sichuan Liquor holds shares through its nominated third party(ies).

OTHER INFORMATION

Save as disclosed above, as at 30 June 2026, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

INTERIM DIVIDEND

The Board of Directors resolved not to distribute any interim dividend for the Period (2025 H1: nil).

REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The audit committee of the Board of the Company has discussed with the Company's management and reviewed the interim results of the Group for the six months ended 30 June 2026. The financial information in the condensed consolidated financial statements of the interim report have not been audited or reviewed by the auditors of the Company.

By order of the Board
Grace Life-tech Holdings Limited
(Joint Provisional Liquidators appointed)
(For restructuring purposes only)
Ng Khing Yeu
Director

Hong Kong, 31 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	**2026** **US$'000** **(Unaudited)**	2025 US$'000 (Unaudited)
Revenue	5	**4,144**	8,417
Cost of sales		**(3,288)**	(7,285)
Gross profit		**856**	1,132
Other income and gains		**162**	9,882
Selling and distribution expenses		**(97)**	(242)
Administrative and other expenses		**(1,829)**	(1,080)
Impairment loss on financial assets reversed (recognised)		**477**	(28)
Finance costs	7	**(11,454)**	(9,496)
(Loss) profit before income tax		**(11,885)**	168
Income tax expense	8	**(2)**	(17)
(Loss) profit for the period	9	**(11,887)**	151
Attribute to:			
Owner of the parent		**(11,876)**	211
Non-controlling interests		**(11)**	(60)
		(11,887)	151
Other comprehensive (expense) income for the period			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**(141)**	677
Total comprehensive (expense) income for the period		**(12,028)**	828
Attribute to:			
Owner of the parents		**(12,017)**	888
Non-controlling interests		**(11)**	(60)
		(12,028)	828
(Loss) earning per share	11		
Basic and diluted (US cents)		**(0.79)**	0.01

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	Notes	2026 US$'000 (Unaudited)	2025 US$'000 (Audited)
Non-current assets			
Property, plant and equipment		**394**	406
Intangible assets		**12,886**	12,968
Goodwill		**6,730**	6,773
Total non-current assets		**20,010**	20,147
Current assets			
Inventories		**269**	528
Trade receivables	12	**52,254**	52,255
Deposits, prepayments and other receivables	13	**4,951**	2,222
Cash and cash equivalents		**130**	359
Total current assets		**57,604**	55,364
Current liabilities			
Trade payables	14	**6,656**	6,968
Other payables and accruals	15	**97,532**	35,134
Contract liabilities	16	**627**	1,576
Amount due to ultimate holding company		**–**	60,000
Bank and other borrowings	17	**54,750**	54,809
Notes	18	**101,374**	92,830
Income tax payable		**1,489**	1,489
Total current liabilities		**262,428**	252,806
Net current liabilities		**(204,824)**	(197,442)
Total assets less current liabilities		**(184,814)**	(177,295)
Non-current liabilities			
Bank and other borrowings	17	**5,158**	653
Provision for rehabilitation		**762**	738
Deferred tax liabilities		**2,915**	2,935
Total non-current liabilities		**8,835**	4,326
Net liabilities		**(193,649)**	(181,621)
Capital and reserves			
Share capital	19	**1,934**	1,934
Reserves		**(195,393)**	(183,376)
Equity attributable to owners of the Company		**(193,459)**	(181,442)
Non-controlling interests		**(190)**	(179)
Capital deficiencies		**(193,649)**	(181,621)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Share capital US$'000 (note 19)	Share premium US$'000 (note (i))	Capital reserve US$'000 (note (ii))	Contributed surplus US$'000 (note (iii))	Other reserve US$'000 (note (v))	Exchange fluctuation reserve US$'000	Statutory reserve US$'000 (note (vi))	Accumulated losses US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2025 (audited)	1,934	47,541	14,956	50	28,002	(4,520)	190	(255,549)	(167,396)	(94)	(167,490)
Profit (loss) for the period	–	–	–	–	–	–	–	211	211	(60)	151
Other comprehensive income for the period:											
Exchange differences arising on translation of financial statements from functional currency to presentation currency	–	–	–	–	–	677	–	–	677	–	677
Total comprehensive income for the period	–	–	–	–	–	677	–	211	888	(60)	828
Transfer to statutory reserve	–	–	–	–	–	–	30	(30)	–	–	–
At 30 June 2025 (unaudited)	1,934	47,541	14,956	50	28,002	(3,843)	220	(255,368)	(166,508)	(154)	(166,662)
At 1 January 2026 (audited)	**1,934**	**47,541**	**14,956**	**50**	**28,002**	**(3,129)**	**208**	**(271,004)**	**(181,442)**	**(179)**	**(181,621)**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,876)**	**(11,876)**	**(11)**	**(11,887)**
Other comprehensive expense for the period:											
Exchange differences arising on translation of financial statements from functional currency to presentation currency	**–**	**–**	**–**	**–**	**–**	**(141)**	**–**	**–**	**(141)**	**–**	**(141)**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**(141)**	**–**	**(11,876)**	**(12,017)**	**(11)**	**(12,028)**
Transfer to statutory reserve	**–**	**–**	**–**	**–**	**–**	**–**	**37**	**(37)**	**–**	**–**	**–**
At 30 June 2026 (unaudited)	**1,934**	**47,541**	**14,956**	**50**	**28,002**	**(3,270)**	**245**	**(282,917)**	**(193,459)**	**(190)**	**(193,649)**

Notes:

The amounts of the Group's reserves and the movements therein for the current and prior period are presented in the interim condensed consolidated statement of changes in equity in the interim condensed consolidated financial statements.

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(ii) Capital reserve

Capital reserve represented: (i) differences arising from acquisition of non-controlling interests and reserve arising from the waiver of debts by the former shareholders of the Company in prior years of USD13,825,000; (ii) the difference between the nominal amount of USD15,000,000 and the fair value of USD13,869,000 of the interest-free loan granted by the ultimate holding company during the year ended 31 December 2015. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loan nominal amount and the present value of USD1,131,000 is treated as equity contribution from the ultimate holding company and credited to the capital reserve account.

(iii) Contributed surplus

Contributed surplus represented the difference between the nominal value of shares of the subsidiary acquired pursuant to the Group's reorganisation in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited and the previous nominal value of the Company's shares issued in exchange therefor.

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of FVTOCI at the end of the reporting period and is dealt with in accordance with the accounting policies stated in the Group's annual consolidated financial statements for the period ended 31 December 2025.

(v) Other reserve

On 14 December 2018, the Group disposed of 9.12% of its interest in Pacific Mining Resources Sdn. Bhd. ("**Pacific Mining**") for the Group's subscription of 33.33% issued shares of Pembinaan Sponge Iron Sdn. Bhd. ("**Pembinaan Sponge Iron**"). The difference approximately of US$48,287,000 between the amount of the adjustment to non-controlling interests and the consideration received arising from the disposal of the 9.12% of the issued shares of a subsidiary of the Group which did not result in loss of control of that subsidiary.

On 13 July 2020, the Group disposed of 33.33% of its interest in Pembinaan Sponge Iron in returned 9.12% interest in Pacific Mining. The difference between the consideration of approximately of US$21,975,000 and the relevant share of the carrying amount of the net assets of Pacific Mining approximately of US$1,690,000, being approximately US$20,285,000 was debited to other reserve.

(vi) Statutory reserve

In accordance with the articles of association of the subsidiaries established in the People's Republic of China (the "**PRC**") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after tax, which is determined in accordance with the PRC accounting rules and regulations, to a statutory reserve (including the general reserve fund and enterprise expansion fund, where appropriate). Transfer to this statutory reserve is subject to the approval of the respective board of directors, and is discretionary when the balance of such fund has reached 50% of the registered capital of the respective company. Statutory reserve can only be used to offset accumulated losses or to increase capital of the relevant subsidiaries.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	2026 **US$'000** **(Unaudited)**	2025 US$'000 (Unaudited)
OPERATING ACTIVITIES		
Cash used in operations	**(4,154)**	(74)
Tax paid	**(2)**	(2)
NET CASH USED IN OPERATING ACTIVITY	**(4,156)**	(76)
FINANCING ACTIVITIES		
Proceed from other borrowings	**3,989**	–
Repayment of bank borrowings	**(59)**	(69)
Interests paid	**(2)**	(13)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**3,928**	(82)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(228)**	(158)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**359**	248
Effect of foreign exchange rate changes	**(1)**	1
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**130**	91

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. GENERAL INFORMATION

Grace Life-tech Holdings Limited (the "**Company**") was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 April 2012 and its shares are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 July 2013.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Unit 1101, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Cosmo Field Holdings Limited ("**Cosmo Field**"), which was incorporated in the British Virgin Islands.

The Company is an investing holding company. Its major operating subsidiaries are mainly engaged in the mining, ore processing, sales of iron ore products, commercial products, health products and other products.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are United States dollars ("**US$**") while that of the subsidiaries established in the People's Republic of China, Malaysia and Singapore are Renminbi ("**RMB**"), Malaysia Ringgit ("**MYR**") and Singapore Dollar ("**SGD**") respectively. For the purpose of presenting the interim condensed consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") adopted US$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**") and with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**").

During the period ended 30 June 2026, the Group incurred a net loss attributable to the owners of the Company of approximately US$11,876,000. As at the same date, the Group recorded net current liabilities of approximately US$204,824,000, net liabilities of approximately US$193,649,000, total bank and other borrowings amounted to approximately US$59,908,000, out of which US$54,750,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amount to approximately US$130,000.

As at 30 June 2026, the Group was in default on certain liabilities of approximately US$114,750,000 (the "**In Default Borrowing**") comprising bank and other borrowings of approximately US$54,750,000 and the default in repayment of the certain borrower of approximately US$60,000,000. In addition, the Group breached terms and conditions of In Default borrowings during the period ended 30 June 2026. The aforementioned borrowings would be immediately repayable if requested by the lenders.

As set out in the announcement by the Company dated 20 January 2020, Mr. Li Yang ("**Mr. Li**"), the controlling shareholder of the Company, received a writ of summons taken out by Oversea-Chinese Banking Corporation Limited ("**OCBC**") at the High Court of Hong Kong ("**High Court Action 2**") in relation to the OCBC loan, in which Mr. Li failed to fulfil his obligation as a guarantor to settle the amount of HK$308,758,494. The Group has also breached the repayment obligations under the OCBC loan (the "**Breach**"), and the Breach will trigger cross defaults of other borrowings and loans of the Group. On 8 January 2021, the High Court of Hong Kong adjudged that Mr. Li shall be obliged to pay OCBC outstanding amount, the accrued interests until the date of payment and other costs related to OCBC.

2. BASIS OF PREPARATION (Continued)

On 15 May 2020, Mr. Li, the controlling shareholder of the Company and Cosmo Field, the ultimate holding company of the Company, received a writ of summons taken out by Industrial Bank Co., Limited ("**Industrial Bank**") at the High Court of Hong Kong ("**High Court Action 1**") in relation to a loan advanced by Industrial Bank to Cosmo field (the "**Industrial Bank Loan**"), for which Mr. Li was the guarantor. Pursuant to the High Court Action 1, Industrial Bank brought claim against Cosmo Field and Mr. Li with respect to the default in repayment of the Industrial Bank Loan in the amount of US$45,059,154 (the "**Default on Industrial Bank Loan**"). The Default on Industrial Bank Loan will trigger cross-defaults of other borrowings and loans of the Group. Cosmo Field has pledged 752,000,000 shares (representing 50.13% of all issued shares of the Company) in favour of Industrial Bank as security for the Industrial Bank Loan. Cosmo Field has lent the principal amount of the Industrial Bank Loan being US$40,000,000 (i.e. Shareholder's Loan) to the Company as an interest-free loan, and Industrial Bank is entitled to claim against the Company for the repayment of the Shareholder Loan pursuant to the assignment of loan as part of security arrangement for the Industrial Bank Loan whereby Cosmo Field has assigned the rights under the Shareholder Loan to Industrial Bank. In 2025, the Industrial Bank (as the plaintiff) claimed against the Company for principal amount of US$60,000,000 and other ancillary damages (case no.: HCA163/2025). During the Period, the High Court of Hong Kong, Court of First Instance, handed down a judgment and order in respect of the case, ordering the Company to pay Industrial Bank the amounts of US$40,000,000 and US$20,000,000, together with interest on the aforesaid amounts from the date of judgment up to the date of full payment at the judgment interest rate.

On 4 June 2021, the Company filed a petition with the Grand Court of the Cayman Islands for an order that the Company be wound up and a summons for the appointment of joint provisional liquidators on a light touch basis for restructuring purposes only on the grounds that the Company was unable to pay its debts and it intended to present a compromise or arrangement to its creditors.

The Company has been notified that a statutory demand (the "**Statutory Demand**") dated 5 December 2022 had allegedly been served on the Company from the solicitors acting on behalf of a creditor pursuant to Sections 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32), demanding the Company to pay the total amount of RMB250,974,633.21, being an alleged outstanding debts due and owing from the Company to the creditor in respect of the Company's obligations pursuant to an alleged guarantee agreement (the "**Alleged Debt**"). The Statutory Demand requested the Company to repay the Alleged Debt within three weeks from the date of service of the Statutory Demand, failing which the creditor may present a winding-up petition against the Company.

The Company has not made any such alleged commitment and has no business dealings with the creditor. The Company have seeking legal advice to properly handle the Statutory Demand to safeguard the interests of the shareholders and the Company.

2. BASIS OF PREPARATION (Continued)

The Group is in active negotiations with all the lenders in respect of the In Default Borrowings for renewal and extension of the relevant borrowings and the Directors are confident that agreements will be reached in due course.

Because of the aforementioned actions taken, management is confident that the lenders of the borrowings in respect of which there were delays in principal and interest repayments will not enforce their rights of requesting for immediate repayment.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company (the "Directors") have carefully considered the Group's future liquidity position, operating performance and available financing channels when assessing the Group's ability to continue as a going concern and the adequacy of financial resources. To effectively alleviate the Group's liquidity pressure, improve its overall cash flow position and safeguard the Group's ability to continue as a going concern, the Directors have implemented and are undertaking the following improvement measures:

(i) Cosmo Field, the ultimate holding company of the Group, has actively assisted and cooperated with the Group in progressing matters relating to the Industrial Bank loan, thereby helping the Group in stabilizing its existing financing arrangements;

(ii) The Group has actively introduced debt restructuring parties and is preparing to optimize its debt structure, with a view to strengthening the Group's capital position, enhancing its capital base and supporting the Group's long-term stability;

(iii) The Group continues to review and explore diversified financing solutions and actively expands different financing channels to ensure that the Group has sufficient working capital in the foreseeable future to meet its daily operating expenses and due financial obligations;

(iv) The Group has strengthened its accounts receivable management mechanism, and actively followed up on and accelerated the collection of outstanding trade debts to enhanced collection efficiency and improve operating cash inflows;

(v) The Group has implemented comprehensive cost control measures, to strictly control overall operating costs and reduce pressure on cash outflows through various initiatives, including optimizing human resources allocation, adjusting the remuneration structure of management, exercising prudent control over and reducing unnecessary capital expenditures;

(vi) The Group continues to deepen its development of the plant stem cell business, expand its market presence through a business-to-business (B2B) model, and improve its multi-channel layout and market expansion in a way that further enhances the Group's overall operating revenue, profitability and operating cash flows, thereby strengthening the cash-generating capability of its principal business.

2. BASIS OF PREPARATION (Continued)

(vii) During the Reporting Period, the Company entered into a memorandum of understanding with a Shanghai-based company principally engaged in biotechnology, big health and high-end beauty-related businesses, to explore potential business cooperation, investment and participation in restructuring arrangements. The said company possesses R&D, production, brand operation and sales capabilities, and its business direction and industry chain layout have synergy potential with the Group's existing plant stem cell, health products and big health businesses.

During the Reporting Period, the Company completed its preliminary due diligence on the potential strategic partner. Currently, the Company is awaiting the potential strategic partner, as a potential participant in the proposed restructuring, to appoint its legal and financial advisers to conduct further verification and confirmation in respect of the Group's debt position, relevant legal matters and the proposed restructuring arrangements. The relevant negotiations, assessments and verification work are still ongoing.

As at the date of this interim report, both parties had not entered into any legally binding definitive agreement in respect of any acquisition, investment or participation in restructuring arrangements. The Directors are of the view that, once finalised, the relevant arrangements would enable the Group to introduce industry and financial resources that are synergistic with its existing businesses, and support the Group's future business development, financing and overall debt restructuring arrangements; and

(viii) The Company will consider, subject to the outcome of negotiations with the relevant creditors and the advice of its legal advisers, to lodge a quasi-joint application to the Grand Court of the Cayman Islands to withdraw the petition for an order that the Company be wound up in due course after certain progress has been made in the debt restructuring,

Assuming the success of the above refinancing measures, the Directors are of the opinion that it is appropriate to prepare the interim financial report on a going concern basis. The interim financial report does not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to operate as a going concern.

3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025.

4. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior period and/or on the disclosures set out in these interim condensed consolidated financial statements.

5. REVENUE

Revenue represents revenue arising on sales of health and other products. An analysis of the Group's revenue for the period is as follows:

	For the six months ended 30 June	
	2026	2025
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of health products	**4,034**	8,288
– Sales of other products	**110**	129
	4,144	8,417

5. REVENUE (Continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers by timing of recognition and geographical markets, arising from different reporting segments:

For the six months ended 30 June 2026

	Health products trade US$'000 (Unaudited)	Others US$'000 (Unaudited)	Total US$'000 (Unaudited)
Revenue from goods:			
– Sales of health products	**4,034**	**–**	**4,034**
– Sales of other products	**–**	**110**	**110**
	4,034	**110**	**4,144**
Timing of revenue recognition:			
– At a point in time	**4,034**	**110**	**4,144**
Geographical markets:			
– People's Republic of China ("**PRC**")	**4,034**	**110**	**4,144**

For the six months ended 30 June 2025

	Health products trade US$'000 (Unaudited)	Others US$'000 (Unaudited)	Total US$'000 (Unaudited)
Revenue from goods:			
– Sales of health products	8,288	–	8,288
– Sales of other products	–	129	129
	8,288	129	8,417
Timing of revenue recognition:			
– At a point in time	8,288	129	8,417
Geographical markets:			
– People's Republic of China ("**PRC**")	8,288	129	8,417

6. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. No operating segments identified by the CODM has been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- Iron ore mining and processing operation – mining and sales of iron ore;
- Commercial trade – trading of commercial products;
- Health products trade – trading of health products; and
- Others – trading of electronic devices products and other products.

Segment revenues and result

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the six months ended 30 June 2026

	Iron ore mining and processing operation US$'000 (Unaudited)	Commercial trade US$'000 (Unaudited)	Health products trade US$'000 (Unaudited)	Others US$'000 (Unaudited)	Total US$'000 (Unaudited)
Segment revenue	–	–	4,034	110	4,144
Segment loss	(38)	(1,744)	(219)	(46)	(2,047)
Unallocated income					162
Unallocated corporate expenses					(784)
Unallocated finance costs					(9,693)
Impairment loss on financial assets reversed					477
Loss before income tax					(11,885)

6. SEGMENT INFORMATION (Continued)

Segment revenues and result (Continued)

For the six months ended 30 June 2025

	Iron ore mining and processing operation US$'000 (Unaudited)	Commercial trade US$'000 (Unaudited)	Health products trade US$'000 (Unaudited)	Others US$'000 (Unaudited)	Total US$'000 (Unaudited)
Segment revenue	–	–	8,288	129	8,417
Segment (loss) profit	(9)	(1,734)	235	11	(1,497)
Unallocated income					9,881
Unallocated corporate expenses					(441)
Unallocated finance costs					(7,747)
Impairment loss on financial assets recognised					(28)
Profit before income tax					168

Segment profit (loss) represents the profit (loss) of each segment without allocation of central and other operating expenses, other income, finance costs, impairment loss on other receivables reversed (recognised). This is the measure reported to the CODM with respect to the resource allocation and performance assessment.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Iron ore mining and processing operation	13,032	13,421
Commercial trade	51,501	51,458
Health products trade	1,527	2,688
Others	163	163
Total segment assets	66,223	67,730
Corporate and other assets	11,391	7,781
Total assets	77,614	75,511

Segment liabilities

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Iron ore mining and processing operation	733	738
Commercial trade	206,349	194,146
Health products trade	7,544	8,601
Others	74	2
Total segment liabilities	214,700	203,487
Corporate and other liabilities	56,563	53,645
Total liabilities	271,263	257,132

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

– All assets are allocated to operating segment, other than unallocated property, plant and equipment, goodwill, unallocated deposits, prepayments and other receivables, cash and cash equivalent, other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

– All liabilities are allocated to operating segments, other than unallocated other payables and accruals, other borrowings, unallocated notes, unallocated income tax payables, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

7. FINANCE COSTS

	For the six months ended 30 June	
	2026	2025
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interests on:		
– bank borrowings	**1,737**	1,733
– other borrowings	**516**	259
– notes	**9,177**	7,504
– unwinding of discount on provision	**24**	–
	11,454	9,496

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2026	2025
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	**2**	17

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No provision for Hong Kong profits tax has been provided as the Company's subsidiaries located in Hong Kong had no assessable profits derived or earned in Hong Kong for the six months ended 30 June 2026 and 2025.

(iii) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

(iv) Pursuant to the income tax rules and regulations in Malaysia, the subsidiaries located in Malaysia are liable to Malaysia corporate income tax at a rate of 24% (2025: 24%) on the assessable profits generated for the six months ended 30 June 2026 and 2025.

9. (LOSS) PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2026	2025
	US$'000	US$'000
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Staff costs (including Directors' and chief executive's remuneration)	**846**	618
Depreciation of property, plant and equipment	**11**	12
Impairment loss on trade receivables (reversed) recognised	**(479)**	9
Impairment loss on other receivables, net of reversal	**2**	19
Lease rentals for office premises (note i)	**60**	126
Amount of inventories recognised as an expense	**3,288**	7,285
Gain on wavier of interest payable (note ii)	**–**	(9,881)
Net exchange gain	**(67)**	(16)

Note:

(i) The amounts represent lease rentals relating to short-term leases under IFRS 16.

(ii) This item is included in "Other income and gains" in the condensed consolidated statement of profit or loss and other comprehensive income.

10. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2026 and 2025, nor has any dividend been proposed since the end of the reporting period.

11. (LOSS) EARNING PER SHARE

	For the six months ended 30 June	
	2026	2025
	US$'000	US$'000
	(Unaudited)	(Unaudited)
(Loss) profit		
(Loss) profit for the purpose of basic and diluted (loss) earning per share	**(11,876)**	211
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earning per share ('000 shares)	**1,500,000**	1,500,000

The dilutive (loss) earning per share is equal to the basic (loss) earning per share as there were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2026 and 2025.

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12. TRADE RECEIVABLES

The Group normally allows a credit period of not more than 120 days to its customers, although an extension of the credit period is not uncommon for customers who have a long term relationship with the Group.

The following is an aged analysis of trade receivables, net of loss allowance for trade receivables, presented based on the invoice date, which approximates revenue recognition date at the end of each reporting period.

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Within 30 days	**113**	169
31 – 60 days	**54**	58
61 – 120 days	**460**	105
121 – 365 days	**360**	587
Over 365 days	**51,267**	51,336
	52,254	52,255

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Deposits	**5**	6
Prepayments	**358**	1,354
Other receivables	**4,650**	922
	5,013	2,282
Less: loss allowance	**(62)**	(60)
	4,951	2,222

14. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Within 90 days	**228**	30
91 to 365 days	**569**	525
Over 365 days	**5,859**	6,413
	6,656	6,968

The average credit period granted by its suppliers ranging from 30 to 60 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

15. OTHER PAYABLES AND ACCRUALS

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Other payables (note)	**61,715**	1,688
Interest payables	**33,742**	31,374
Staff salaries payables	**1,542**	1,435
Accruals	**533**	637
	97,532	35,134

Note:

During the period ended 30 June 2026, amount due to ultimate holding company amount of US$60,000,000 have been reclassified to other payables.

On 27 September 2018, the Company and Cosmo Field Holdings Limited entered a shareholder loan agreement ("**Shareholder Loan 1**") with an outstanding amount of US$20,000,000 to agree to extend the repayment date of Shareholder Loan 1 to 27 September 2019. The shareholder Loan 1 is unsecured and interest-free.

15. OTHER PAYABLES AND ACCRUALS (Continued)

Note: (Continued)

On 27 September 2018, the Company and Cosmo Field entered a shareholder loan agreement ("**Shareholder Loan 2**") with an outstanding amount of US$40,000,000 to agree to extend the repayment date of Shareholder Loan 2 to 27 September 2019. The Shareholder Loan 2 is unsecured and interest-free.

On 15 May 2020, Mr. Li and Cosmo Field, the ultimate holding company of the Company, received a writ of summons taken out by Industrial Bank at the High Court of Hong Kong in relation to the Industrial Bank Loan, for which Mr. Li was the guarantor. Pursuant to the High Court Action 1, Industrial Bank brought claim against Cosmo Field and Mr. Li with respect to the Default on the repayment of the Industrial Bank Loan. Cosmo Field has pledged 752,000,000 shares of the Company (representing 50.13% of all issued shares of the Company) in favour of Industrial Bank as security for the Industrial Bank Loan. Cosmo Field has lent the principal amount of the Industrial Bank Loan being US$40,000,000 (i.e. Shareholder Loan 2 as mentioned above) to the Company as an interest-free loan, and Industrial Bank is entitled to claim against the Company for the repayment of the Shareholder Loan 2 pursuant to the assignment of loan as part of security arrangement for the Industrial Bank Loan whereby Cosmo Field has assigned the rights under the Shareholder Loan 2 to Industrial Bank. The Group believes that the Default on Industrial Bank Loan will trigger cross-defaults of other borrowings and loans of the Group.

During the Period, the High Court of Hong Kong, Court of First Instance, handed down a judgment and order in respect of the case, ordering the Company to pay Industrial Bank the amounts of US$60,000,000, together with interest on the aforesaid amounts from the date of judgment up to the date of full payment at the judgment interest rate.

16. CONTRACT LIABILITIES

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Current liabilities	**627**	1,576

Contract liabilities are recognised when the Company receives an amount from customers before goods are delivered, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received. The Company typically receives a deposit range from 20% to 50% of total consideration from certain customers when they enter into the contracts with the Company.

17. BANK AND OTHER BORROWINGS

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Bank borrowings	**36,533**	36,592
Other borrowings	**23,375**	18,870
	59,908	55,462
Analysed into:		
Within one year or on demand	**54,750**	54,809
More than one year	**5,158**	653
	59,908	55,462
Less: Amounts due within the year shown current liabilities	**(54,750)**	(54,809)
Amounts shown under non-current liabilities	**5,158**	653

Set out below is the information relating to the Group's bank and other borrowings as at 30 June 2026:

(a) As at 30 June 2026, bank borrowings of approximately US$36,533,000 (31 December 2025: US$36,592,000) is variable-rate borrowings. The variable-rate borrowings carry effective interest rate ranging from 9.37% to 9.50% per annum (31 December 2025: 9.37% to 18% per annum).

(b) As at 30 June 2026, certain of the Group's bank borrowings amounting to US$36,533,000 (31 December 2025: US$36,533,000) were secured by certain of the Group's trade receivables of an aggregate carrying value of approximately US$36,533,000 (31 December 2025: US$36,533,000) and were guaranteed by the Company and a director of the Company. Furthermore, bank borrowings amounting to US$Nil (31 December 2025: US$59,000 (equivalent to approximately RMB418,000)) were unsecured and guaranteed by the subsidiary and its director.

17. BANK AND OTHER BORROWINGS (Continued)

(c) On 10 December 2018, the Group's and the lender renegotiated the terms of the bank borrowings with aggregate carrying amount at the end of the reporting period of US$40,946,000 and agreed a repayment schedule pursuant to which the above bank borrowings plus interest are to be settled by six installments with the first installment repayable in November 2019.

As set out in the announcement by the Company dated 20 January 2020, Mr. Li, the controlling shareholder of the Company, received a writ of summons taken out by OCBC against Mr. Li at the High Court of Hong Kong (the "**High Court**") for the failing to fulfil his obligation as guarantor to settle the amount of HK$308,758,494 (the "**OCBC outstanding amount**"). The Group has also breached the repayment obligations under the OCBC Loan, and the Breach will trigger cross-defaults of certain other borrowings of the Group. On 8 January 2021, the High Court adjudged that Mr. Li shall be obliged to pay OCBC outstanding amount, the accrued interests until the date of payment and other costs related to OCBC.

As at 30 June 2026, the carrying amount repayable of the above bank borrowings were of approximately US$36,533,000 (31 December 2025: US$36,533,000).

(d) As at 31 December 2019, certain the Group's other borrowing represented a borrowing advanced to the Company with aggregate principal amount of approximately US$18,150,000 (equivalent to HK$141,800,000) and secured by a guarantee provided by Mr. Li. The other borrowing carried fixed interest rate of 3% per month and repayable on 9 July 2019. After that date, it accrued default interest rate of 5% per month.

On 15 June 2020, the lender of the other borrowings the Company and an independent assignee signed a deed of assignment for the borrowing. As at that day, the total outstanding principal amount of borrowings approximately HK$141,800,000 (equivalent to US$18,150,000) and total interest accrued and other payable under the loan agreement but unpaid amount approximately to HK$62,392,000 (equivalent to US$7,986,000) were assigned to an independent assignee. After 15 June 2020, the amount of other borrowing of approximately US$18,500,000 is unsecured, carried fixed interest rate of 5% per month and repayable on demand.

On 1 September 2021, the Company and the independent lender entered into supplemental agreement pursuant to which the independent lender agreed to adjust the interest rate from 3% per month to 5% per annum starting from 26 September 2019 and the default interest rate adjusted from 5% per month to 0% per annum starting from 26 September 2019.

On 8 April 2025, the Company entered into an interest waiver agreement with the relevant lender, pursuant to which approximately US$9,881,000 of accrued interest was waived. The agreement was effective as of the date of signing, no further interest will accrue from 8 April 2025 under the terms of the interest waiver agreement. For the period ended 30 June 2025, the Group recognised the amount of waived interest payable of US$9,881,000 as other income and gains in the condensed consolidated statement of profit or loss and comprehensive income.

17. BANK AND OTHER BORROWINGS (Continued)

(e) As at 30 June 2026, bank borrowings of approximately US$36,533,000 and US$Nil (31 December 2025: US$36,533,000 and US$59,000) were denominated in US$ and RMB respectively. As at 30 June 2026, other borrowings of approximately US$23,375,000 (31 December 2025: US$18,870,000) was denominated in HK$.

(f) As at 30 June 2026, the accrued interests for the bank borrowings are recorded in interest payable (note 15) was approximately US$24,518,000 (31 December 2025: US$22,784,000).

18. NOTES

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Notes		
– Note 1 (note a)	**83,374**	74,830
– Note 2 (note b)	**18,000**	18,000
	101,374	92,830

	30 June 2026 US$'000 (Unaudited)	31 December 2025 US$'000 (Audited)
Analysed as:		
Current liabilities	**101,374**	92,830

Notes:

(a) On 20 September 2016, the Company entered into a subscription agreement with an independent third party institution (the "**Noteholder 1**") pursuant to which the Company issued the senior guaranteed notes (the "**Note 1**") in the principal amount of HK$164,865,750 (equivalent to approximately US$21,270,000) with a final redemption date falling 18 months after the date of issue. The net proceeds amounted to approximately US$20,000,000 as at the issue date. The interest rate for the Note 1 was 12% per annum (the "**Original Interest Rate**") and shall be payable quarterly.

18. NOTES (Continued)

(a) (Continued)

The terms and conditions of the Note 1 are summarised as follows:

(1) The event of defaults under the Note 1 include, among other things:

- the Company or wholly-owned subsidiaries of the Company does not remain the direct or indirect beneficial owner of not less than 100% of the issued share capital of (a) China Bright HK; and (b) Pacific Mining, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party;

- the ratio of the total liabilities of the Company to the total assets of the Company exceeds a specified ratio;

- Mr. Li fails to remain as the controlling shareholder (as defined in the Listing Rules) of the Company, or Mr. Li ceases to be the chairman of the Company; and

- trading in the Company's shares on the Stock Exchange is suspended for more than five consecutive trading days or twenty trading days in any period of twelve months or the closing price per share of the Company shall be less than a specified price during five consecutive trading days.

Upon the occurrence of the event of defaults, the Noteholder 1 may give notice to the Company that one or more of the Note 1 shall become immediately due and repayable with all accrued interest.

(2) Redemption option

The Company may not redeem the Note 1 prior to the final redemption date without the prior written consent of the holders of the Note 1.

(3) Guarantee

The Note 1 prior to the final redemption date without the prior written consent of the holders of the Note 1.

18. NOTES (Continued)

(a) (Continued)

(3) Guarantee (Continued)

According to the relevant subscription agreement, the original final redemption date of the Note 1 falls on 19 March 2018 and on that date, the Company entered into a letter agreement (the "**Letter Agreement**") with the Noteholder 1 pursuant to which the Noteholder 1 has agreed to extend the final redemption date of the Note 1 from 19 March 2018 to 19 May 2018, with an agreed interest to be accrued on the principal balance of the Note 1 from (and including) 20 March 2018 to (and including) the actual date of redemption of the Note 1 in full. According to the Letter Agreement, the Company shall make a payment of US$2,000,000 to the Noteholder 1 on or before 29 March 2018 to be applied first to interest accrued due as at the date of such payment and thereafter to reduce the principal balance of the Note 1.

On 19 May 2018, the Noteholder 1 agreed to further extend the final redemption date of the Note 1 from 19 May 2018 to 31 December 2018. Both the Noteholder 1 and the Company agreed that the Company shall make payment to the Noteholder 1 of an amount of US$500,000 on the last day of each month during the calendar year of 2018, commencing 31 May 2018, save that the amount payable on 31 December 2018 shall be an amount equal to all remaining indebtedness due on or in respect of the Note 1 outstanding at such time, and each payment shall apply first in payment of interest and any other amounts due on or in respect of the Note 1 and thereafter in redemption of the balance of the principal outstanding on the Note 1.

Around and upon maturity, the Company and the Noteholder 1 renegotiated the terms of the Note 1 and entered into another Letter Agreement ("**New Letter Agreement**") with the Noteholder 1 to further extend the final redemption date from 31 December 2018 to 30 June 2019 on the condition that, among others, the Company shall make payment to the Noteholder 1 of an amount of US$3,000,000 on or before 29 March 2019 and thereafter in an amount of US$500,000 on the last day of each succeeding month commencing on 31 March 2019 save that the amount payable on 30 June 2019 shall be an amount equal to all remaining indebtedness due on or in respect of the Note 1 outstanding at such time, and each payment shall apply first in payment of interest and any other amounts due on or in respect of the Note 1 and thereafter in redemption of the balance of the principal outstanding on the Note 1. According to the New Letter Agreement, interest shall continue to accrue on the principal balance of the Note 1 at a rate of 10% on top of the Original interest rate per annum.

As referred to note (a)(1) above, one of the events of default under the Note 1 is that the ratio of the total liabilities of the Company to the total assets of the Company (the "**Debt Ratio**") exceeds a specified ratio. As at 31 December 2017, the Debt Ratio had exceeded the specified ratio under the terms of the Note 1. According to the Letter Agreement, the Noteholder 1 had agreed to waive the condition regarding the Debt Ratio with respect to the Company's audited financial statements for the year ended 31 December 2017. On 19 May 2018, the Noteholder 1 further agreed to waive the condition regarding the Debt Ratio with respect to the Group's unaudited interim financial information for the six months ended 30 June 2018.

18. NOTES (Continued)

(a) (Continued)

(3) Guarantee (Continued)

During the year ended 31 December 2018, 9.12% of the issued shares of Pacific Mining was issued to an independent third party. According to the New Letter Agreement, the Noteholder 1 had agreed to extend its consent to the covenant with respect to the disposal of the 9.12% the issued shares of Pacific Mining.

(b) On 19 October 2017, the Company entered into a subscription agreement with an independent third party institution (the "**Noteholder 2**") pursuant to which the Company issued the 7% fixed coupon guaranteed notes (the "**Note 2**") in the principal amount of US$20,000,000 with a maturity date of two years from the date of issue. The net proceeds amounted to approximately US$19,800,000 as at the issue date. The interest rate shall be payable by semi-annually.

The terms and conditions of the Note 2 are summarised as follows:

(1) The event of defaults under the Note 2 include, among other things:

- Declare, make or pay dividend or other distribution without the prior written consent of the Noteholder 2;
- Any event occurs which has effect of change of control (within the meaning of the Codes on Takeovers and Mergers and Share Buy-backs issued by the Hong Kong Securities and Futures Commission) of the Company, its subsidiaries or Cosmo Field;
- Mr. Li disposes or encumbers any of the Company's shares held by him, ceases to be the single largest shareholder of the Company, or ceases to hold, directly or indirectly, such number of the Company's shares, representing 55% of the entire issued share capital of the Company; and
- There is suspension of trading of the Company's shares on the Stock Exchange is suspended for five consecutive trading days or more for any reason or cessation of trading of the Company's shares on the Stock Exchange for any reason.

Upon and at any time after the occurrence of the event of defaults, the Noteholder 2 may give notice to the Company that all or any part of the Note 2 shall become immediately due and repayable with all accrued interest.

18. NOTES (Continued)

(b) (Continued)

(2) Redemption option

The Company may not redeem the Note 2 prior to the final redemption date without the prior written consent of the holders of the Note 2.

(3) Guarantees and securities

The Note 2 were guaranteed by Cosmo Field and Mr. Li and secured by an aggregate of 172,352,000 shares of the Company.

As at 30 June 2026, the accrued interests for Note 2 are recorded in interest payable (note 15) was approximately US$9,177,000 (31 December 2025: US$8,543,000).

19. SHARE CAPITAL

	Number of shares	**Share capital**
	'000	US$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	3,000,000	3,867
Issued and fully paid:		
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	1,500,000	1,934

20. RELATED PARTY TRANSACTIONS

(a) Banking facilities

For the periods ended 30 June 2026 and 30 June 2025, Mr. Li provided guarantee for the grant of banking facilities to the Group.

For the periods ended 30 June 2026 and 30 June 2025, Mr. Li, Mr. Li's family member and Cosmo field, the ultimate holding company provided guarantee for the issued 12% senior guaranteed note of the Group.

For the periods ended 30 June 2026 and 30 June 2025, Mr. Li and Cosmo field provided guarantee for the issued 7% fixed coupon guaranteed note of the Group.

For the periods ended 30 June 2026 and 30 June 2025, Cosmo Field has pledged 752,000,000 shares (representing 50.13% of all issued shares of the Company) in favour of Industrial Bank as security for the Industrial Bank Loan.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the period was as follows:

	For the six months ended 30 June	
	2026	2025
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Short-term benefits	**70**	44
Post-employment benefits	**1**	–
	71	44