



New Ray Medicine International Holding Limited
新銳醫藥國際控股有限公司

(Incorporated in Bermuda with limited liability)

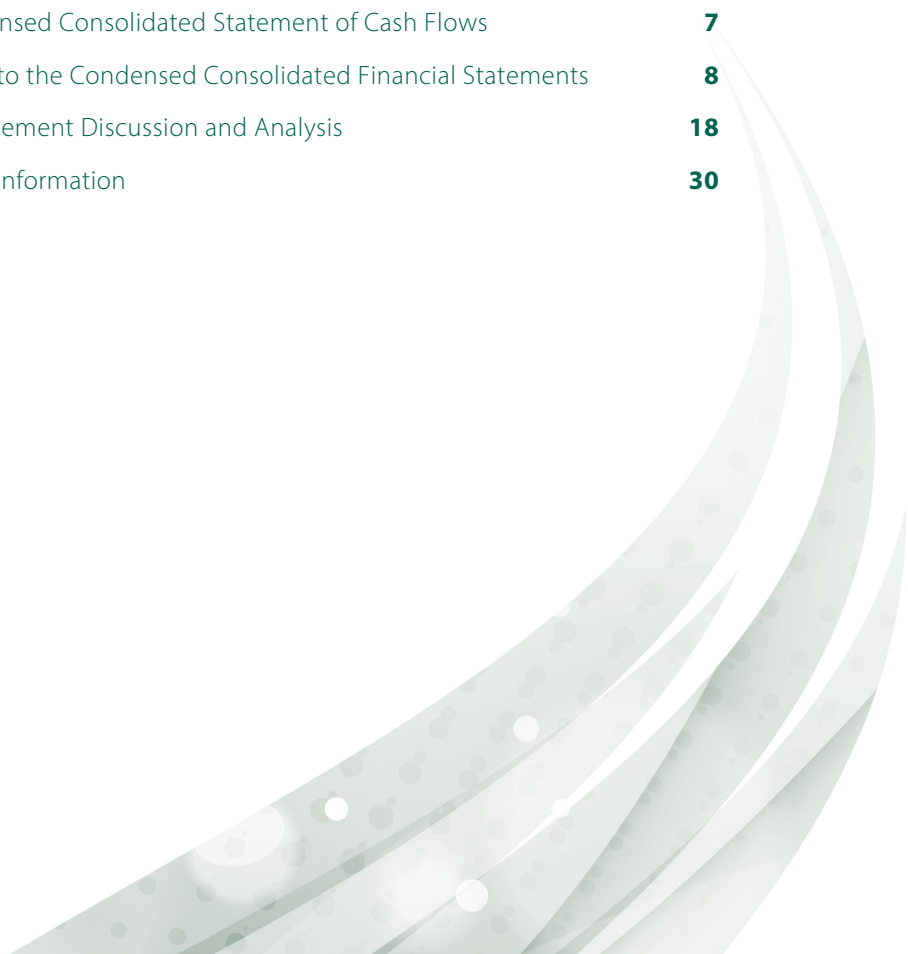
Stock Code : 6108

2025
INTERIM REPORT



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Wang Qiuqin (*Chairman and
Chief Executive Officer*)

Mr. Chu Xueping

Ms. Zhou Wan

Independent Non-executive Directors

Mr. Leung Chi Kin

Ms. Li Sin Ming, Ivy

Mr. Sy Lai Yin, Sunny

Board Committees

Audit Committee

Ms. Li Sin Ming, Ivy (*Chairman*)

Mr. Leung Chi Kin

Mr. Sy Lai Yin, Sunny

Remuneration Committee

Mr. Leung Chi Kin (*Chairman*)

Ms. Li Sin Ming, Ivy

Mr. Sy Lai Yin, Sunny

Nomination Committee

Mr. Leung Chi Kin (*Chairman*)

Ms. Li Sin Ming, Ivy

Mr. Sy Lai Yin, Sunny

Corporate Governance Committee

Ms. Wang Qiuqin (*Chairman*)

Mr. Sy Lai Yin, Sunny

Ms. Zhou Wan

Company Secretary

Mr. Ng Yat Sing, *HKICPA*

Auditor

Moore CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

Stock Code

6108

Registered Office

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Hamilton HM 11

Bermuda

Headquarters

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Hangzhou, the People's Republic of China

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Kowloon, Hong Kong

Principal Banker

Agricultural Bank of China

Principal Share Registrar and Transfer Office

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Tricor Investor Services Limited

17/F

Far East Finance Centre

16 Harcourt Road

Hong Kong

Website

www.newraymedicine.com

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2025:

- The Group recorded a revenue of approximately HK\$44,701,000 for the six months ended 30 June 2025, which has increased by approximately 167.4% when compared to the revenue of approximately HK\$16,718,000 for the corresponding period in 2024.
- Net loss attributable to owners of the Company for the six months ended 30 June 2025 was approximately HK\$7,454,000, which has increased by approximately 82.3% when compared to the net loss attributable to owners of the Company of approximately HK\$4,088,000 for the corresponding period in 2024.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: nil).

As at 30 June 2025:

- The Group had a gearing ratio (defined as total bank and other borrowings divided by total equity) of zero as at 30 June 2025 (31 December 2024: zero).

The board (“**Board**”) of directors (“**Directors**”) of New Ray Medicine International Holding Limited (“**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (“**Period**”) together with the comparative unaudited figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue	4	44,701	16,718
Cost of sales		(41,065)	(10,492)
Other income, gains and losses	5	3,636	6,226
Selling and distribution expenses		(709)	735
Administrative expenses		(4,977)	(4,876)
Finance costs		(6,003)	(5,867)
Impairment loss on trade and other receivables		(83)	(3)
Fair value gain (loss) on financial assets at fair value through profit or loss (“ FVTPL ”)	7	–	(31)
		682	(267)
Loss before taxation		(7,454)	(4,083)
Income tax expense	6	–	(5)
Loss for the period attributable to owners of the Company	7	(7,454)	(4,088)
Other comprehensive income (expense) for the period:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of functional currency to presentation currency – Subsidiaries		7,177	(6,734)
Fair value loss on equity instruments at fair value through other comprehensive income (“ FVTOCI ”)		(46,300)	(4,230)
Other comprehensive expense for the period		(39,123)	(10,964)
Total comprehensive expense for the period		(46,577)	(15,052)
Loss for the period attributable to owners of the Company		(7,454)	(4,088)
Total comprehensive expense for the period attributable to owners of the Company		(46,577)	(15,052)
Loss per Share			
– Basic and diluted (<i>HK cents</i>)	9	(0.45)	(0.24)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	10	9,991	10,639
Right-of-use assets	10	19,550	20,171
Equity instruments at fair value through other comprehensive income	11	53,428	102,367
Financial assets at fair value through profit or loss	11	44,821	44,138
		127,790	177,315
Current assets			
Inventories	12	15,602	20,104
Trade and other receivables	13	249,319	241,456
Prepayment for a distribution right		403	2,105
Bank balances and cash		54,153	64,255
		319,477	327,920
Current liabilities			
Trade and other payables	14	15,942	26,167
Lease liabilities	10	756	1,145
		16,698	27,312
Net current assets		302,779	300,608
Total assets less current liabilities		430,569	477,923
Non-current liabilities			
Lease liabilities	10	1,627	2,404
Deferred tax liabilities		4,563	4,563
		6,190	6,967
		424,379	470,956
Capital and reserves			
Share capital	15	83,592	83,592
Share premium and reserves		340,787	387,364
Equity attributable to owners of the Company		424,379	470,956

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (note a)	PRC statutory reserve HK\$'000 (note b)	Fair value through other comprehensive income ("FVTOCI") (non-recycling reserve) HK\$'000 (note c)	Share options reserve HK\$'000	Translation reserve HK\$'000 (note d)	Retained profits HK\$'000	Total HK\$'000
At 1 January 2025	83,592	607,614	50,167	23,729	(155,186)	9,304	(30,370)	(117,894)	470,956
Loss for the Period	-	-	-	-	-	-	-	(7,454)	(7,454)
Other comprehensive expense for the Period	-	-	-	-	(46,300)	-	7,177	-	(39,123)
Total comprehensive expense for the Period	-	-	-	-	(46,300)	-	7,177	(7,454)	(46,577)
Disposal of equity instruments at FVTOCI	-	-	-	-	(984)	-	-	984	-
At 30 June 2025 (unaudited)	83,592	607,614	50,167	23,729	(202,470)	9,304	(23,193)	(124,364)	424,379
At 1 January 2024	83,592	607,614	50,167	23,729	(185,086)	9,304	(18,716)	(86,881)	483,723
Loss for the Period	-	-	-	-	-	-	-	(4,088)	(4,088)
Other comprehensive expense for the Period	-	-	-	-	(4,230)	-	(6,734)	-	(10,964)
Total comprehensive expense for the Period	-	-	-	-	(4,230)	-	(6,734)	(4,088)	(15,052)
At 30 June 2024 (unaudited)	83,592	607,614	50,167	23,729	(189,316)	9,304	(25,450)	(90,969)	468,671

Notes:

- The contributed surplus represents the difference arising from share swap pursuant to the Group's reorganisation during the year ended 31 December 2013 (which amounted to HK\$70,167,000) and netted off against the dividend declared of an amount of HK\$20,000,000 during the year ended 31 December 2014.
- For the Company's subsidiaries, 浙江新銳醫藥有限公司 (in English, for identification purpose only, Zhejiang Xin Rui Pharmaceutical Co. Ltd.) ("Zhejiang Xin Rui") and 浙江泓銳貿易有限公司 (in English, for identification purpose only, Zhejiang Hong Rui Trading Co. Ltd.) ("Hong Rui Trading"), as stipulated by the relevant laws and regulations in the People's Republic of China ("PRC"), they are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out on 10% of the net profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries in accordance with relevant laws and regulations applicable to PRC enterprises. The statutory surplus reserve fund can be used to make up prior years' losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The statutory surplus reserve can be released to the retained profits upon the dissolution or winding up of the entity.

For 泓銳 (杭州) 生物醫藥科技有限公司 (in English, for identification purpose only, Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd.) ("Hong Rui Bio-medical"), another subsidiary of the Company, as it is a wholly foreign-owned enterprise, appropriation to statutory surplus reserve fund is based on the management's discretion.

- Any cumulative gains or losses arising from the revaluation of the Group's equity instruments at fair value through other comprehensive income ("FVTOCI") have been recognised in the FVTOCI (non-recycling reserve) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained profits.
- Translation reserve represents exchange differences relating to the translation of the net assets of the Group from their functional currencies to presentation currency of the Group (i.e. Hong Kong dollar) which are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve will not be reclassified subsequently to profit or loss of the Group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Net cash outflow from operating activities	(16,838)	(192)
Net cash inflow (outflow) from investing activities	3,570	(14,820)
Net cash outflow from financing activities	(1,367)	(719)
Net decrease in cash and cash equivalents	(14,635)	(15,731)
Cash and cash equivalents at the beginning of the period	64,255	103,954
Effect of foreign exchange rate changes	4,533	(745)
Cash and cash equivalents at the end of the period		
Represented by bank balances and cash	54,153	87,478

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

New Ray Medicine International Holding Limited was incorporated on 9 August 2012 and registered as an exempted company with limited liability in Bermuda.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The addresses of the registered office and the principal place of business in Hong Kong of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 911B, 9th Floor, Tower 1, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. Its major operating subsidiaries are principally engaged in the distribution and trading of pharmaceutical and related products and the provision of marketing and promotion services in the PRC.

The Company's functional currency is Renminbi ("**RMB**"). However, the condensed consolidated financial statements are presented in Hong Kong dollars ("**HK\$**") for the convenience of shareholders as it is listed in the Hong Kong Special Administrative Region ("**Hong Kong**") of the People's Republic of China.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as the applicable disclosure requirements of Appendix D2 to the Listing Rules.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the principal accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

Application of amendments to HKFRSs

In the Period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of these condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

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

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the distribution and trading of pharmaceutical products and the provision of marketing and promotion services in the PRC. Information was reported to the chief operating decision maker (“**CODM**”), being the Executive Directors, for the purposes of resources allocation and assessment of segment performance of the types of business activities.

During the Period, the Group’s reportable and operating segments are as follows:

- (i) Distribution and trading of pharmaceutical and related products – distribution and trading of drugs and chemical reagents for pharmaceutical; and
- (ii) Provision of marketing and promotion services – provision of marketing and promotion services of drugs.

Segment profit represents the gross profit attributable to each segment after deducting impairment loss on trade and other receivables attributable to each segment. This is the information reported to the CODM for the purposes of resources allocation and assessment of segment performance.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information about these reportable and operating segments is presented below.

Six months ended 30 June 2025 (unaudited)

	Distribution and trading of pharmaceutical and related products HK\$'000	Provision of marketing and promotion services HK\$'000	Total HK\$'000
REVENUE			
External sales and segment revenue	43,058	1,643	44,701
RESULT			
Segment profit	2,118	1,518	3,636
Other income, gains and losses			(709)
Selling and distribution expenses			(4,799)
Administrative expenses			(6,003)
Finance costs			(83)
Fair value gain on financial assets at FVTPL			682
Loss before taxation			(7,454)
Included in arriving at segment profit			
Impairment loss on trade and other receivables	–	–	–

Six months ended 30 June 2024 (unaudited)

	Distribution and trading of pharmaceutical and related products HK\$'000	Provision of marketing and promotion services HK\$'000	Total HK\$'000
REVENUE			
External sales and segment revenue	12,116	4,602	16,718
RESULT			
Segment profit	1,779	4,416	6,195
Other income, gains and losses			735
Selling and distribution expenses			(4,876)
Administrative expenses			(5,867)
Finance costs			(3)
Fair value loss on financial assets at FVTPL			(267)
Loss before taxation			(4,083)
Included in arriving at segment profit			
Impairment loss on trade and other receivables	(31)	–	(31)

4. REVENUE AND SEGMENT INFORMATION (Continued)

Information of assets and liabilities for reportable and operating segments is not provided to CODM for their review. Therefore, no analysis of the Group's assets and liabilities by reportable and operating segments is presented.

Geographical information

The Group's operations are located in the PRC (country of domicile). The geographical location of the Group's non-current asset is substantially situated in the PRC.

All of the Group's revenue from external customers is attributed to the Group entities' country of domicile (i.e. the PRC).

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Bank interest income	396	1,315
Dividend income from equity instruments at FVTOCI	1	420
Net exchange loss	(1,107)	(1,184)
Gain on disposal of property, plant and equipment	–	143
Others	1	41
	(709)	735

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Current tax:		
PRC Enterprise Income Tax	–	–
Deferred Tax	–	5
Total tax expense for the period	–	5

Under the Laws of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% for both periods. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profits in Hong Kong for both periods

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	1,302	1,129
Depreciation of right-of-use assets	815	700
Amortisation of prepayment for a distribution right	1,741	1,423
Fair value gain (loss) on financial assets at FVTPL	682	(267)
Cost of inventories recognised as an expense	40,940	10,306

8. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the Period (six months ended 30 June 2024: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(7,454)	(4,088)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,671,846,657	1,671,846,657

Note: The computation of diluted loss per share for the six months ended 30 June 2025 does not assume the conversion of the Company's outstanding share options as at 30 June 2025 since their assumed exercise would result in a decrease in loss per share. The basic and diluted loss per share for the six months ended 30 June 2024 were the same as there were no potential dilutive shares.

10. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

During the Period, the Group acquired property, plant and equipment of approximately HK\$78,000 (six months ended 30 June 2024: approximately HK\$567,000).

During the Period, the Group did not have any new lease agreement (six months ended 30 June 2024: one new lease agreement with a lease term of 2 years). On lease commencement, the Group recognised no right-of-use asset (six months ended 30 June 2024: approximately HK\$834,000) and no lease liability (six months ended 30 June 2024: approximately HK\$834,000).

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Equity instruments at FVTOCI comprise:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Listed investments:		
– Equity securities listed in Hong Kong	40,321	89,460
Unlisted investments:		
– Equity securities	13,107	12,907
Total	53,428	102,367
Analysed for reporting purposes as:		
Non-current assets	53,428	102,367

Financial assets at FVTPL comprises:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Unlisted investments		
Total	44,821	44,138
Analysed for reporting purposes as:		
Non-current assets	44,821	44,138

Details of the fair value of equity instruments at FVTOCI and FVTPL are disclosed in note 16 to the condensed consolidated financial statements.

12. INVENTORIES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Finished goods	15,602	20,104

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade receivables	104,246	104,704
Less: allowance for credit loss	(44,996)	(44,311)
Trade receivables (net of allowance for credit loss)	59,250	60,393
Other prepayments	1,942	1,600
Other deposits	139	247
Prepayments to suppliers	50,441	42,547
Deposits paid to suppliers (net of allowance for credit loss)	133,083	131,391
Value-added tax recoverable	4,210	5,143
Others	254	135
	249,319	241,456
Current portion	249,319	241,456

The Group allows a credit period ranging from 0 to 365 days to its customers. The following is an ageing analysis of trade receivables net of allowance for credit losses presented based on the dates of goods delivery notes, which approximated the respective revenue recognition dates, at the end of the reporting periods:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade receivables:		
0–30 days	22,943	24,550
31–60 days	141	7,253
61–90 days	1,950	1,474
91–180 days	10,371	1,274
181–365 days	145	4,200
Over 365 days	23,700	21,642
	59,250	60,393

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by such customer. Credit limits attributed to customers are reviewed periodically. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

Prepayments and deposits paid to suppliers represent the prepayments and deposits paid for purchase of pharmaceutical products. The Group is required to make prepayments and trade deposits to certain suppliers to secure regular supply of products. The amount of prepayments to suppliers varies with the terms of supplier contracts entered into with different suppliers, which is determined based on the amount of goods purchased from the suppliers. The amounts of trade deposits required vary on a case by case basis. The deposits paid will be refunded upon expiry of contracts.

The Group's deposits paid to suppliers balance with aggregate carrying amount of approximately HK\$133,083,000 (31 December 2024: approximately HK\$131,391,000) and the Group has provided for impairment loss on the Group's deposits paid to suppliers balance of approximately HK\$8,605,000 (31 December 2024: approximately HK\$8,474,000) as at 30 June 2025.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade payables	12,366	21,613
Deposits received from customers	1,305	637
Contract liabilities	31	30
Accruals	2,240	3,887
	15,942	26,167

The following is an ageing analysis of trade payables presented based on the invoice dates at the end of the reporting periods:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
0–30 days	4,177	10,286
31–60 days	–	4,114
61–90 days	–	5,431
Over 90 days	8,189	1,782

The credit period on purchase of goods ranges from 30 to 60 days. For certain suppliers, the Group is required to make prepayments and/or pay deposits to the suppliers based on the supplier agreements for purchase of goods. Details of the amounts of prepayments to suppliers and deposits paid to suppliers are set out in note 13 to the condensed consolidated financial statements.

15. SHARE CAPITAL

The movements of share capital of the Company are as follows:

Ordinary shares

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 January 2024, 30 June 2024, 31 December 2024 and 30 June 2025	3,000,000	150,000
Issued and fully paid:		
At 1 January 2024, 30 June 2024, 31 December 2024 and 30 June 2025	1,671,847	83,592

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

a. Fair value of financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- ii. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- iii. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range (weighted average)	Relationship of unobservable inputs for fair value
	30 June 2025 HK\$'000	31 December 2024 HK\$'000					
Equity instruments at FVTOCI listed in Hong Kong	40,321	89,460	Level 1	Quoted bid prices in an active market	N/A	N/A	N/A
Equity instrument at FVTOCI for unlisted investment	–	–	Level 3	Discounted cash flow method	Discount rate	12.11% (2024: 12.11%)	note (a)(i)
					Terminal growth rate	2.31% (2024: 2.31%)	note (a)(i)
					Discount for lack of marketability	15.80% (2024: 15.80%)	note (a)(i)
Equity instrument at FVTOCI for unlisted investment	13,107	12,907	Level 3	Market-based valuation technique	*P/S ratio	2.81	note (a)(ii)
					Discount for lack of marketability	58%	note (a)(ii)
Financial asset at FVTPL for unlisted investment	30,336	29,874	Level 3	Discounted cash flow method	Discount rate	14.68% (2024: 14.68%)	note (a)(iii)
					Discount for lack of marketability	15% (2024: 15%)	note (a)(iii)
Financial assets at FVTPL for unlisted investment	14,485	14,264	Level 3	Adjusted net asset value	The fair value of net assets of the investee	N/A	note (a)(iv)

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

a. Fair value of financial assets that are measured at fair value on a recurring basis (Continued)

Notes:

- (i) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the equity instruments at FVTOCI for unlisted investment and vice versa. A 10% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the equity instruments at FVTOCI for unlisted investment by nil/nil (31 December 2024: nil/nil).

A decrease in the terminal growth rate used in isolation would result in a decrease in the fair value measurement of the equity instruments at FVTOCI for unlisted investment and vice versa. A 10% increase/decrease in the terminal growth rate holding all other variables constant would increase/decrease the carrying amount of the equity instruments at FVTOCI for unlisted investment by nil/nil (31 December 2024: nil/nil).

An increase in the discounts for lack of marketability used in isolation would result in a decrease in the fair value measurement of the equity instruments at FVTOCI for unlisted investment and vice versa. A 10% increase/decrease in the discounts for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the equity instruments at FVTOCI for unlisted investment by nil/nil (31 December 2024: nil/nil).

- (ii) An increase in P/S ratio used in isolation would result in an increase in the fair value measurement of the equity instruments at FVTOCI for unlisted investment and vice versa. A 5% increase/decrease in the P/S ratio holding all other variables constant would increase/decrease the carrying amount of the equity instruments at FVTOCI for unlisted investment by HK\$655,000/HK\$655,000 (31 December 2024: HK\$645,000/HK\$645,000).

An increase in discounts for lack of marketability used in isolation would result in an increase in the fair value measurement of the equity instruments at FVTOCI for unlisted investment and vice versa. A 5% increase/decrease in the discounts for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the equity instruments at FVTOCI for unlisted investment by HK\$896,000/HK\$896,000 (31 December 2024: HK\$882,000/HK\$882,000).

- (iii) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the financial assets at FVTPL for unlisted investment and vice versa. A 10% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the financial assets at FVTPL for unlisted investment by HK\$217,000/HK\$227,000 (31 December 2024: HK\$214,000/HK\$224,000).

An increase in the discounts for lack of marketability used in isolation would result in a decrease in the fair value measurement of the financial assets at FVTPL for unlisted investment and vice versa. A 10% increase/decrease in the discounts for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the financial assets at FVTPL for unlisted investment by HK\$535,000/HK\$535,000 (31 December 2024: HK\$527,000/HK\$527,000).

- (iv) An increase in the fair value of net assets would result in increase in the fair value measurement of the financial asset at FVTPL for unlisted investment and vice versa. A 1% increase/decrease in the fair value of net assets would increase/decrease the fair value of the financial asset at FVTPL for unlisted investment by HK\$145,000/HK\$145,000 (31 December 2024: HK\$143,000/HK\$143,000).

The quantitative information of significant unobservable inputs used in arriving at the level 3 fair value measurement are set out above.

During the Period, there were no transfers between level 1 and level 2. There is no transfers of Level 3 fair value measurements.

b. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the condensed consolidated financial statements are approximate at their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is an established pharmaceutical distributor originated from Zhejiang province and headquartered in Hangzhou, Zhejiang province in the People's Republic of China ("**PRC**"). The Group is principally engaged in the distribution and trading of pharmaceutical and related products and the provision of marketing and promotion services in the PRC. The Group procures pharmaceutical and related products throughout the PRC and sells the pharmaceutical and related products; and provides marketing and promotion services through a network of customers spreading over different regions in the PRC, including Zhejiang province, Jiangsu province, Hainan province, Hunan province and Guangdong province.

Overview

For the Period, the total revenue of the Group was approximately HK\$44,701,000, representing an increase of approximately 167.4% as compared to that for the corresponding period in 2024. The increase in revenue was mainly attributable to the increase in the sales of the Group's pharmaceutical products.

In the first half of 2025, the trading activities and business operations of the Group have increased primarily due to (i) the Group having launched new pharmaceutical products ("**New Products**") in the PRC since second half year of 2024 and (ii) partially offset by the decrease in the demand for the Group's major product under the second generation of Cephalosporins (二代頭孢產品) (1.0g) ("**Product**") during the Period due to the continuously adverse impact from the further strengthened policy on the adoption of stratified and categorised management of antibacterial drugs in various regions in mainland China. As a result, the revenue of the Group has increased during the Period.

Notwithstanding the increase in revenue during the Period, the Group recorded a net loss of approximately HK\$7,454,000 for the Period (six months ended 30 June 2024: HK\$4,088,000), the increase in net loss was primarily due to (i) the decrease in gross profit of the Group for the Period as a result of the relatively lower gross profit generated by the New Products as the New Products are in their initial phase of launching; and (ii) the decrease in sales volume of the Product when compared to the corresponding period in 2024.

Business review

During the Period, the revenue of the Group was contributed by (i) the distribution and trading of pharmaceutical and related products; and (ii) the provision of marketing and promotion services, in the PRC. The major category of the pharmaceutical products distributed by the Group is injection drugs.

Revenue and segment information

The table below sets out the revenue of the Group (by business segment) for the six months ended 30 June 2025 and 2024 respectively.

Revenue contributed by each business segment for the six months ended 30 June				
	2025 (Unaudited)		2024 (Unaudited)	
	HK\$'000	%	HK\$'000	%
(1) Distribution and trading of pharmaceutical and related products	43,058	96.3	12,116	72.5
(2) Provision of marketing and promotion services	1,643	3.7	4,602	27.5
Total	44,701	100.0	16,718	100.0

(1) Distribution and trading of pharmaceutical and related products

This segment generated a revenue of approximately HK\$43,058,000 for the Period (six months ended 30 June 2024: approximately HK\$12,116,000), representing an increase of approximately 255.4% as compared to that for the corresponding period in 2024. The increase in revenue was primarily attributable to (i) the Group having launched the New Products in the PRC since second half year of 2024 and (ii) partially offset by the decrease in the demand for the Product during the Period due to the continuously adverse impact from the further strengthened policy on the adoption of stratified and categorised management of antibacterial drugs in various regions in mainland China. As a result, the revenue of the Group has increased during the Period.

(2) Provision of marketing and promotion services

This segment generated a revenue of approximately HK\$1,643,000 for the Period (six months ended 30 June 2024: approximately HK\$4,602,000), representing a decrease of approximately 64.3% as compared to that for the corresponding period in 2024. Under the implementation of the "Two-Invoice" System (兩票制) in the PRC since 2017, the Group started to develop its business of the provision of marketing and promotion services in respect of pharmaceutical products in the PRC. The Group's marketing and promotion model involves formulating marketing and promotion strategies and conducting academic promotion programs of the Group's products in return for service income from the suppliers. The revenue generated by this segment was decreased for the Period as compared to that for the corresponding period in 2024.

Outlook

The PRC pharmaceutical industry faces multiple challenges following a series of policies by the Chinese government to reform its healthcare system, notably the volume-based procurement (帶量採購), which was officially initiated in 11 cities in the PRC in 2018, and the expansion of the volume-based procurement nationwide since 2019. The first, second and third batches of the national volume-based procurement were successfully implemented during the years 2019 to 2020. The fourth, fifth, sixth, seventh, eighth and ninth batches were completed in February 2021, June 2021, November 2021, July 2022, March 2023 and November 2023, respectively. The fourth batch of the volume-based procurement covered 45 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 52% as compared to the average original bidding prices, with the biggest price reduction of one variety being approximately 96% as compared to its original bidding price. The fifth batch of the volume-based procurement involved 62 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 56% as compared to the average original bidding prices, with the biggest price reduction of one variety being approximately 98% as compared to its original bidding price. The sixth batch of the volume-based procurement involved 42 varieties of insulin products, and the average price of the shortlisted varieties was reduced by approximately 49% as compared to the average original bidding prices, with the biggest price reduction of one variety being approximately 74% as compared to its original bidding price. The seventh batch of the volume-based procurement involved 60 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 48% as compared to the average original bidding prices. The eighth batch of the volume-base procurement (**"8th Batch"**) was completed in March 2023. The 8th Batch involved 39 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 56% as compared to the average original bidding prices. The ninth batch of the volume-base procurement (**"9th Batch"**) was completed in November 2023. The 9th Batch involved 41 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 58% as compared to the average original bidding prices.

The renewal batch of the volume-based procurement for insulin products was completed in April 2024. This renewal batch involved 6 varieties of insulin products, with the average price being 3.8% lower than that of the sixth batch of the volume-base procurement for insulin products. Moreover, the tenth batch of the volume-base procurement (**"10th Batch"**) was completed in December 2024. The 10th Batch involved 385 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced over 60% as compared to the average original bidding prices. Moreover, details of the eleventh batch of the volume-based procurement for pharmaceutical products are expected to be released in the second half of 2025.

It is expected that the national volume-based procurement will continue in the future, and the scope of drugs under such procurement scheme will become wider and the downward pressure of the price of drugs is anticipated. These policies may pose significant challenges for pharmaceutical distribution and trading enterprises in the PRC, including the Group, potentially affecting their future profitability.

Continue to diversify the existing product portfolio

The Group will seek to acquire distribution rights of new products to enhance its product portfolio. Looking ahead to the second half of 2025, the Group will continue to enhance its product portfolio, distribution channels and marketing and promotion strategy in order to achieve a better and sustainable long-term development of the Group.

Continue to enhance and expand the sales and marketing capabilities

In order to strengthen the competitive advantages over the Group's competitors in the PRC, the Group will continue to enhance its local distribution network and sales and marketing capabilities in the future. In addition, the Group has been exploring different opportunities to enhance its distribution capabilities.

To focus on our core businesses

As a long-term business strategy, the Group intends to focus on its businesses of the distribution and trading of pharmaceutical products and the provision of marketing and promotion services in respect of pharmaceutical products in the PRC through reallocating its resources to the future development of the core businesses. Besides, the Group will continue to seek potential merger and acquisition opportunities to bring higher return for its shareholders.

Financial review

Revenue

The total revenue for the Period was approximately HK\$44,701,000, representing an increase of approximately 167.4% from approximately HK\$16,718,000 for the six months ended 30 June 2024. The increase in revenue from (i) the Group having launched the New Products in the PRC since second half year of 2024 and (ii) partially offset by the decrease in the demand for the Product during the Period due to the continuously adverse impact from the further strengthened policy on the adoption of stratified and categorised management of antibacterial drugs in various regions in mainland China.

Cost of sales

The cost of sales for the Period was approximately HK\$41,065,000 representing an increase of approximately 291.4% from approximately HK\$10,492,000 for the six months ended 30 June 2024. The increase in cost of sales was mainly due to the increase in sales of the New Products during the Period.

Gross profit and gross profit margin

Gross profit decreased by approximately HK\$2,590,000, or approximately 41.6%, from approximately HK\$6,226,000 for the six months ended 30 June 2024 to approximately HK\$3,636,000 for the Period mainly because of (i) the Group having launched the New Products in the PRC since second half year of 2024; and (ii) the decrease in sales volume of the Product when compared to the corresponding period in 2024. However, as a result of the relatively lower profit margin generated by the New Products which are still in their initial phase of launch, the Group's gross profit margin for the Period was only approximately 8.13%, which has decreased by 29.1 percentage points when compared to the corresponding period in 2024.

Other income, gains and losses

The net other losses for the Period were approximately HK\$709,000 (six months ended 30 June 2024: gains of approximately HK\$735,000). Such change was primarily attributable to the decrease in bank interest income to approximately HK\$396,000 for the Period (six months ended 30 June 2024: approximately HK\$1,315,000) and the dividend income from equity instruments at FVTOCI of approximately HK\$1,000 recorded for the Period (six months ended 30 June 2024: approximately HK\$420,000).

Selling and distribution expenses

Selling and distribution expenses for the Period were approximately HK\$4,977,000, representing a slight increase of approximately 2.1% from approximately HK\$4,876,000 for the six months ended 30 June 2024.

Administrative expenses

Administrative expenses for the Period were approximately HK\$6,003,000, representing a slight increase of approximately 2.3% from approximately HK\$5,867,000 for the six months ended 30 June 2024.

Income tax expense

Income tax expense for the Period was zero (six months ended 30 June 2024: 5,000). The Group had no taxable profit for tax provision.

Loss for the Period

Loss for the Period was approximately HK\$7,454,000, as compared to a loss of approximately HK\$4,088,000 for the corresponding period in 2024.

The Group recorded a net loss of the Group of approximately HK\$7,454,000 for the Period (six months ended 30 June 2024: HK\$4,088,000), the increase in net loss was primarily due to (i) the recognition of the bank interest of approximately HK\$0.4 million for the Period as compared to the income of approximately HK\$1.3 million for the six months ended 30 June 2024; and (ii) a result of the relatively lower profit margin generated by the New Products which are still in their initial phase of launch and the decrease in demand for the Product during the Period, the Group's gross profit and gross profit margin decreased significantly for the Period.

Liquidity and financial resources

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group maintained a healthy liquidity position during the Period. During the Period, the operations of the Group were principally financed by internal resources.

As at 30 June 2025, the Group had net cash and cash equivalents amounting to approximately HK\$54,153,000 (31 December 2024: approximately HK\$64,255,000), among which approximately 9.0% (31 December 2024: approximately 13.6%) were denominated in Hong Kong dollars and approximately 91.0% (31 December 2024: approximately 86.4%) were denominated in Renminbi. The Group did not have any bank loan as at 30 June 2025 (31 December 2024: nil). The Group had a gearing ratio (defined as total bank and other borrowings divided by total equity) of zero as at 30 June 2025 (31 December 2024: zero) as the Group did not have any bank loan and other borrowings as at the reporting date.

Contingent liabilities

As at 30 June 2025, the Group had no material contingent liability.

Significant investments and material acquisitions and disposals

Signing of the Cooperation Agreement and the establishment of the Target Company

On 12 August 2025, China New Rich Medicine Holding Co. Limited ("**China New Rich**"), an indirect wholly-owned subsidiary of the Company, Hong Kong Xin Rui Wan Ma Healthcare Industrial Company Limited (香港新銳萬馬健康產業有限公司) ("**Partner A**") and Yiheng Technology Development HK Limited (逸恒科技發展香港有限公司) ("**Partner B**") entered into a cooperation agreement ("**Cooperation Agreement**") in respect of, among others, the capital contribution and operation and management of the affairs of a company with limited liability to be established in Hong Kong or the PRC and to be held as to 60% by Partner A, 20% by China New Rich and 20% by Partner B ("**Target Company**").

Pursuant to the Cooperation Agreement, the initial capital of the Target Company is HK\$82.5 million (or an equivalent amount in RMB), and 60%, 20% and 20% of the capital contribution shall be made by Partner A, China New Rich and Partner B respectively. As such, China New Rich will contribute HK\$16.5 million (or an equivalent amount in RMB), which will be funded by the Group's internal resources, and Partner A and Partner B will contribute HK\$49.5 million (or an equivalent amount in RMB) and HK\$16.5 million (or an equivalent amount in RMB) respectively.

The purpose of the Target Company is to engage in a project which involves the investment and construction of an industrial park for the healthcare industry in Shengzhou, Zhejiang Province, the PRC. The project includes the acquisition of the land use right of a parcel of land located in Shengzhou, Zhejiang Province, the PRC ("**Project Land**") by public tender and the construction, development and operation of the related facilities and buildings thereon. After the signing of the Cooperation Agreement, Partner A is responsible for the operation and management of the Target Company which will undertake the development, operation, and day-to-day management of the project.

It is intended by the Parties that the Target Company shall acquire the land use right of the Project Land for carrying out the business of the Target Company. The Project Land is a parcel of land located in Shengzhou, Zhejiang Province, the PRC with site area of approximately 105,511 m². The Project Land is for industrial use.

The Group's investment in Target Company would be recognised as a financial asset at fair value through profit or loss of the Company.

Please refer to the announcement of the Company dated 12 August 2025 for further details of the Cooperation Agreement.

Disposal of investment in Jiangxi Rimag Group Co., Ltd. ("Jiangxi Rimag")

On 6 August 2025, China New Rich, an indirect wholly-owned subsidiary of the Company, disposed on the open market of an aggregate of 801,000 overseas listed foreign shares (each, a H Share) in the share capital of Jiangxi Rimag with nominal value of RMB1.00 each ("**Jiangxi Rimag Shares**") at an aggregate consideration of approximately HK\$12.8 million (exclusive of transaction costs). The average selling price (exclusive of transaction costs) for the disposal of each Jiangxi Rimag Share is approximately HK\$15.94.

The Jiangxi Rimag Shares sold by the Group under the disposal were acquired by the Group as one of the cornerstone investors of Jiangxi Rimag when Jiangxi Rimag launched its global offering of its H Shares in 2024. Please refer to the announcement of the Company dated 30 May 2024 published in this connection for details.

The Group considered that the disposal represents an opportunity of the Group to realise the investment in Jiangxi Rimag and enhance the liquidity of the Group. The Group was expected to receive gross proceeds of approximately HK\$12.8 million in connection with the disposal and recognise a gain of approximately HK\$0.8 million, being the difference between the consideration received from the disposal and the aggregate costs (exclusive of transaction costs) of the relevant Jiangxi Rimag Shares. The Group intends to use such proceeds for general working capital.

Please refer to the announcement of the Company dated 6 August 2025 for further details of the disposal of investment in Jiangxi Rimag.

Save as disclosed above, the Group did not make any significant investments and material acquisitions or disposals during the Period and up to the date of this report.

Capital structure

There has been no change in the capital structure of the Company during the Period. Subsequent to the Period, the Company effected the Capital Reorganisation (as defined below) as detailed below. The capital of the Company comprises one class of ordinary shares.

Capital Reorganisation

Subsequent to the Period, the Capital Reorganisation (as defined below) was approved and became effective on 22 July 2025.

As disclosed in the Company's announcement dated 6 June 2025 and circular dated 27 June 2025, the Board, on 6 June 2025, proposed to implement the capital reorganisation ("**Capital Reorganisation**") of the Company which involved (i) the proposed consolidation of every ten (10) then issued and unissued existing shares of par value of HK\$0.05 each into one (1) consolidated share ("**Consolidated Share**") of par value of HK\$0.50 ("**Share Consolidation**"); (ii) the proposed cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation and the proposed reduction of the issued share capital of the Company whereby the par value of each of the then issued Consolidated Shares would be reduced from HK\$0.50 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.49 on each of the then issued Consolidated Shares (collectively "**Capital Reduction**"); and (iii) the proposed sub-division of each of the then authorised but unissued Consolidated Share of par value HK\$0.50 each into fifty (50) new shares ("**New Shares**") of par value of HK\$0.01 each ("**Share Sub-division**") to the intent that immediately following the completion of the Capital Reorganisation, all shares of the Company in issue and to be issued would have a par value of HK\$0.01 each.

The credit arising from the Capital Reorganisation was transferred to the contributed surplus account for use by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the bye-laws of the Company.

The Capital Reorganisation was conditional upon, among others, the passing of a special resolution at the special general meeting of the Company held on 18 July 2025, where the special resolution to approve the Capital Reorganisation was duly passed by the shareholders of the Company by way of poll. The Capital Reorganisation became effective on 22 July 2025.

Immediately prior to the Capital Reorganisation having become effective, the Company had a total of 1,671,846,657 shares of par value of HK\$0.05 each in issue. Upon the Capital Reorganisation becoming effective on 22 July 2025, the authorised share capital of the Company has become HK\$150,000,000 divided into 15,000,000,000 New Shares of par value of HK\$0.01 per New Share, 167,184,665 of which are in issue.

All New Shares in issue immediately following the Capital Reorganisation becoming effective rank pari passu in all respects with each other and the Capital Reorganisation has not resulted in any change in the relative rights of the Shareholders.

Please refer to the announcements of the Company dated 6 June 2025 and 18 July 2025 and the circular of the Company dated 27 June 2025 for further details of the Capital Reorganisation.

Pledge of assets

As at 30 June 2025 and 31 December 2024, the Group had no charges on its assets.

Equity instruments at FVTOCI

The Group's equity instruments at fair value through other comprehensive income ("**FVTOCI**") mainly comprise equity instruments at FVTOCI listed in Hong Kong which have been determined based on the quoted market prices available on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). In addition, the equity instruments at FVTOCI for unlisted investments in companies incorporated in Hong Kong with limited liability are accounted for approximately 2.9% of the Group's total assets.

Equity instruments at FVTOCI listed in Hong Kong

Town Health International Medical Group Limited

As at 30 June 2025, the Group's securities investment in the shares of Town Health International Medical Group Limited ("**Town Health**") ("**TH Shares**") (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 3886) had a fair value of approximately HK\$28.0 million and an investment amount of approximately HK\$142.0 million. As at 30 June 2025, the fair value of the Group's investment in Town Health accounted for approximately 6.3% of the Group's total assets. The Group recognised a fair value loss on its investment in the TH Shares of approximately HK\$0.8 million for the Period. No dividend income was received from Town Health for the Period.

As at 30 June 2025 and the date of this report, the Group held 117,602,000 TH Shares, representing approximately 1.74% of the total issued share capital of Town Health. Town Health and its subsidiaries are principally engaged in the provision of medical and dental services in Hong Kong, managing healthcare networks and the provision of third party medical network administrator services in Hong Kong, the provision of medical and dental services as well as hospital management and related services in the PRC and others including leasing of properties. According to the announcement of annual results of Town Health for the year ended 31 December 2024, in 2025, opportunities and challenges will coexist. Despite increasing global economic uncertainties, rising trade frictions, geopolitical headwinds, continuing high costs and increasing number of Hong Kong residents seeking medical treatment in the Mainland China which pose challenges to Town Health's business operations, Town Health's rich medical resources and large customer base put it in a favourable position in a highly competitive market. Looking ahead, Town Health is cautiously optimistic about the development prospects of the private healthcare market in Hong Kong and the Mainland China. In the long run, the increasing per capita disposable income, ageing population and rising prevalence of chronic diseases in Hong Kong and the Mainland China which result in increasing demand for medical services, health management, rehabilitation and elderly care, and long-term care provide a positive environment with certainty for the long-term and sound development of Town Health's businesses. Town Health will seize the important opportunities of the upgrading and transformation of the healthcare industry and the joint development of the "Healthy Bay Area" of Guangdong, Hong Kong and Macao and give full play to its competitive advantages, to accelerate the pace of business development and achieve high-quality development. On the one hand, Hong Kong has a reputable medical service system and first-class medical professionals and has mastered cutting-edge international technologies, drugs and devices. In terms of strength and hardware, Hong Kong is well positioned to complement the advantages of other cities in the Guangdong-Hong Kong-Macao Greater Bay Area. It is the general trend to go north and south for medical treatment. Town Health will take proactive actions to attract Hong Kong customers to seek medical treatment in Hong Kong. At the same time, Town Health will strive to let residents in the Mainland China who have purchased Hong Kong medical insurance and high-spending medical tourists to become

customers of Town Health. On the other hand, Town Health will make good use of its abundant medical resources and continue to support the Hong Kong Government's Primary Healthcare Blueprint. Town Health will strengthen its partnership and business dealings with the Hong Kong Government by participating in more government-funded and public-private partnership programmes for primary healthcare. Town Health will cooperate with the Hong Kong Government's Primary Healthcare Blueprint development strategy which is prevention-oriented, community-based and family-centric and featured by focus on early detection and early treatment. Town Health is well-prepared to maximise the effectiveness of its two-way referral mechanism between general practitioners and specialists to provide convenient, comprehensive, coherent, coordinated and affordable healthcare services in the communities where customers live and work.

As at 30 June 2025, the Group's securities investment listed in Hong Kong (other than the TH Shares) had a fair value of approximately HK\$12.3 million. During the Period, the Group disposed of certain equity securities listed in Hong Kong with the sale proceeds of approximately HK\$3.3 million and an increase in fair value from the disposal of approximately HK\$1.0 million was recorded in other comprehensive income of the Group during the Period. Due to a decrease in the fair value of certain listed securities investments, a fair value loss (inclusive of the fair value loss on the TH Shares) of approximately HK\$46.9 million was recognised under the FVTOCI (non-recycling reserve) during the Period. The Group will continue to monitor its investments cautiously.

Financial assets at FVTPL

The Group's financial assets at FVTPL include investment in 嵊州新銳萬馬實業有限公司 (in English, for identification purpose only, Shengzhou Xin Rui Wan Ma Enterprises Co., Ltd.) ("**Shengzhou Xin Rui Wan Ma**") and investment in 嵊州新銳萬霖企業管理有限公司 (in English, for identification purpose only, Shengzhou Xinrui Wanlin Enterprise Management Co., Ltd.) ("**Shengzhou Xinrui Wanlin**"). The costs of these investments are HK\$36.2 million and HK\$14.3 million, respectively.

Shengzhou Xin Rui Wan Ma

As at 30 June 2025 and the date of this report, the Group held approximately 39% equity interest in Shengzhou Xin Rui Wan Ma. As at 30 June 2025, the fair value of the Group's investment in Shengzhou Xin Rui Wan Ma was approximately HK\$30.3 million, accounting for approximately 6.8% of the Group's total assets. The Group recognised a fair value gain of approximately HK\$0.5 million on its investment in the Shengzhou Xin Rui Wan Ma for the Period. This fair value gain or loss was recognised in profit or loss for the Period as part of the Group's investment in Shengzhou Xin Rui Wan Ma. No dividend income was received from Shengzhou Xin Rui Wan Ma during the Period, and the Group did not dispose of any of its holdings in Shengzhou Xin Rui Wan Ma.

The purpose of Shengzhou Xin Rui Wan Ma is to engage in a project which involves the investment and construction of a healthcare industrial park in Shengzhou, Zhejiang Province, the PRC. The project includes the acquisition of the land use right of a project land by public tender and the construction, development and operation of the related facilities and buildings thereon. During the Period, Shengzhou Xin Rui Wan Ma was constructing and developing a healthcare industrial park in Shengzhou, Zhejiang Province, PRC.

In Phase 1, the construction area covers 58,297.28 square meters and includes 16 buildings with a total of 28 units. Meanwhile, in Phase 2, the construction area covers 68,275.12 square meters, consisting of 13 buildings with a total of 32 units. All units in Phase 1 had been sold. For Phase 2, Shengzhou Xin Rui Wan Ma has contracted to sell 31 units, with a total contract sum of approximately RMB221 million. As at 30 June 2025, Shengzhou Xin Rui Wan Ma has received approximately RMB87 million, representing approximately 40% of the total contract sum, as deposits for the sales of units.

The Group considered that the investment of Shengzhou Xin Rui Wan Ma presents a good opportunity for the Group to utilise its available funds for a return and to expand investment portfolio with quality assets and to broaden the Group's strategic cooperation opportunities with other stakeholders in the PRC healthcare industry.

Please refer to the announcements of the Company dated 11 July 2022, 26 July 2022 and 16 January 2023 for further details of the cooperation agreement and the supplemental cooperation agreement in relation to Shengzhou Xin Rui Wan Ma.

Shengzhou Xinrui Wanlin

As at 30 June 2025 and the date of this report, the Group held approximately 39% equity interest in Shengzhou Xinrui Wanlin. As at 30 June 2025, the fair value of the Group's investment in Shengzhou Xinrui Wanlin was approximately HK\$14.5 million, accounting for approximately 3.2% of the Group's total assets. The Group recognised a fair value gain of approximately HK\$0.2 million on its investment in Shengzhou Xinrui Wanlin for the Period. No dividend income was received from Shengzhou Xinrui Wanlin during the Period, and the Group did not dispose of any of its holdings in Shengzhou Xinrui Wanlin.

The purpose of Shengzhou Xinrui Wanlin is to engage in the project which involves the development of a healthy food industrial park in Shengzhou, Zhejiang Province, the PRC. The project includes the acquisition of the land use right of a project land by public tender and the development and operation of the related facilities and buildings thereon.

Please refer to the announcements of the Company dated 24 May 2024 and 9 July 2024 for further details of the cooperation agreement in relation to Shengzhou Xinrui Wanlin.

The Group will continue to monitor its investments cautiously in view of recent uncertain market conditions.

Future plans for material investments

Save as disclosed in this report, the Group currently does not have other future plan for material investments.

Employee information

As at 30 June 2025, the Group had 30 employees (31 December 2024: 29). Staff costs, including Directors' emolument for the Period, amounted to approximately HK\$4,127,000 (six months ended 30 June 2024: approximately HK\$4,022,000). The Group's remuneration policy is based on positions, duties and performance of the employees. The employees' remuneration package which comprises salaries, overtime allowances, bonuses and/or various subsidies varies according to their positions. The Group offers comprehensive and competitive remuneration and benefits packages to all its employees.

The Group also provides other employee benefits including a provident fund scheme for its employees in Hong Kong as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485, the Laws of Hong Kong), and participates in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

Foreign currency risk

The Group carries out its business in the PRC and most of the transactions are denominated in Renminbi. The Group has foreign currency bank balances in Hong Kong dollars and the United States dollars which expose the Group to foreign currency risk. To mitigate the foreign currency risk, the Group continually assesses and monitors the exposure of the exchange rate fluctuations. During the Period, the Directors did not consider it necessary to adopt a foreign currency hedging policy as the potential impact on the profit or loss of the Group due to the exchange rate fluctuations was immaterial.

Net proceeds from Rights Issue

On 9 December 2016, the Company announced to raise approximately HK\$343.6 million before expenses on the basis of three rights shares ("**Rights Shares**") for every one existing share in issue held on the record date at the subscription price of HK\$0.275 per Rights Share by way of the rights issue of 1,249,344,000 ordinary shares ("**Rights Issue**"). The completion of the Rights Issue took place on 6 March 2017 and the net proceeds after deduction of expenses from the Rights Issue were approximately HK\$330.0 million. Details of the Rights Issue are disclosed in the announcements of the Company dated 9 December 2016, 26 January 2017, 27 January 2017, 3 March 2017 and 16 July 2024, the circular of the Company dated 10 January 2017 and the prospectus of the Company dated 10 February 2017.

As disclosed in the Company's annual report for the year ended 31 December 2024 ("**2024 Annual Report**"), the Company has announced the change in the usage of the remaining unutilised amount of the net proceeds under the Rights Issue (which amounted to approximately HK\$22.3 million) to general working capital. The actual use of the net proceeds from the Rights Issue up to 31 December 2024, please refer to the 2024 Annual Report. During the Period, the Company has utilised such remaining amount of the remaining net proceeds in full as general working capital.

OTHER INFORMATION

Directors' and Chief Executive's interests and short positions in shares, underlying shares and debentures

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO), or which are required to be recorded 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 for Securities Transactions by Directors of the Listed Issuers ("**Model Code**"), were as follows:

Name of Director	Capacity	Number of underlying shares (Note 2)	Position	Approximate percentage of the total issued shares (Note 1)
Ms. Wang Qiuqin	Beneficial owner	16,600,000	Long	0.99% (Note 2)
Mr. Chu Xueping	(i) Beneficial owner (ii) Interest of a controlled corporation	443,272,000	Long	26.51% (Note 3)
Ms. Zhou Wan	Beneficial owner	15,000,000	Long	0.90% (Note 2)

Note 1: The total number of 1,671,846,657 shares of the Company in issue as at 30 June 2025 has been used for the calculation of the approximate percentage.

Note 2: These interests are underlying shares of the Company in respect of share options granted by the Company on 14 June 2022 and vested on 14 June 2022 pursuant to the Scheme (as defined below) adopted by the Company on 25 October 2013. Such underlying shares of the Company had an exercise period from 14 June 2022 to 13 June 2027 with an exercise price of HK\$0.287 per share.

Note 3: (i) Chu Xueping, in his capacity as beneficial owner, is interested in 16,600,000 underlying shares of the Company in respect of share options granted by the Company on 14 June 2022 and vested on 14 June 2022 pursuant to the Scheme (as defined below) adopted by the Company on 25 October 2013. Such underlying shares of the Company had an exercise period from 14 June 2022 to 13 June 2027 with an exercise price of HK\$0.287 per share.

(ii) Chu Xueping, through a controlled corporation, is interested in 426,672,000 shares of the Company. As at 31 December 2023, Eagle Amber Holdings Limited was beneficially owned by Chu Xueping as to 50.0%. As such, Chu Xueping was deemed to be interested in the 426,672,000 shares of the Company held by Eagle Amber Holdings Limited under Part XV of the SFO.

Save as disclosed above, as at 30 June 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept under Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Substantial shareholders' interests and short positions in shares and underlying shares

As at 30 June 2025, the following persons (other than the Directors and Chief Executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

(i) Substantial shareholders' interest in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares	Position	Approximate percentage of the total issued shares (Note 1)
Eagle Amber Holdings Limited (Note 2)	Beneficial owner	426,672,000	Long	25.52%
Dai Xiaosong (Note 2)	Interest of a controlled corporation	426,672,000	Long	25.52%

(ii) Other persons' interest in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares	Position	Approximate percentage of the total issued shares (Note 1)
Zhou Ling (Note 3)	Beneficial owner and interest of spouse	161,400,000	Long	9.65%
Yang Fang (Note 3)	Beneficial owner and interest of spouse	161,400,000	Long	9.65%

Note 1: The total number of 1,671,846,657 shares of the Company in issue as at 30 June 2025 has been used for the calculation of the approximate percentage.

Note 2: As at 30 June 2025, Eagle Amber Holdings Limited was beneficially owned by Chu Xueping and Dai Xiaosong as to 50.0% and 50.0% respectively. As such, Chu Xueping and Dai Xiaosong were deemed to be interested in the 426,672,000 shares of the Company held by Eagle Amber Holdings Limited under Part XV of the SFO. Chu Xueping's interest in the Shares is set out in the paragraph headed "Directors' and Chief Executive's interests and short positions in shares, underlying shares and debentures" above.

Note 3: Mr. Zhou Ling beneficially owns 132,188,952 shares of the Company. Ms. Yang Fang beneficially owns 29,211,048 shares of the Company. Mr. Zhou Ling is the spouse of Ms. Yang Fang. Accordingly, Mr. Zhou Ling was deemed to be interested in all the 29,211,048 shares of the Company held by Ms. Yang Fang by virtue of the SFO and Ms. Yang Fang was deemed to be interested in all the 132,188,952 shares of the Company held by Mr. Zhou Ling under Part XV of the SFO.

Save as disclosed above, as at 30 June 2025, the Company was not aware of any other persons (not being the Directors or the chief executive of the Company) or corporations having interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under section 336 of the SFO or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Share option scheme

The share option scheme ("**Scheme**") of the Company took effect on 25 October 2013 to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to eligible persons and for such other purposes as the Board may approve from time to time. The Scheme is implemented in compliance with the requirements of Chapter 17 of the Listing Rules. The Scheme was valid and effective for a period of 10 years commencing on its effective date. No option was granted, exercised, cancelled or lapsed under the Scheme during the Period as the Scheme expired in October 2023.

The following table sets out the movements of the number of the Company's share options granted and vested on 14 June 2022 and held by the eligible participants during the Period:

Category of participants	Outstanding at 1 January 2024	Granted during the Period	Exercised during the Period	Forfeited/ Cancelled/ Lapsed during the Period	Exercise period	Closing price per share immediately before the date of grant	Outstanding at 30 June 2025
Directors							
Ms. Wang Qiuqin	16,600,000	–	–	–	14 June 2022 to 13 June 2027	0.275	16,600,000
Mr. Chu Xueping	16,600,000	–	–	–	14 June 2022 to 13 June 2027	0.275	16,600,000
Ms. Zhou Wan	15,000,000	–	–	–	14 June 2022 to 13 June 2027	0.275	15,000,000
Employees	80,000,000	–	–	–	14 June 2022 to 13 June 2027	0.275	80,000,000
	128,200,000	–	–	–			128,200,000
Exercisable at the end of the Period							128,200,000
Weighted average exercise price (HK\$)	0.287	N/A	N/A	N/A			0.287

Pursuant to the Scheme, the maximum number of shares in the Company in respect of which options might be granted when aggregated with any other share option scheme of the Company was not permitted to exceed 10% of the total number of shares in issue as at the date of adoption of the Scheme. As the Scheme expired in October 2023, the Directors could no longer grant any further options under the Scheme upon its expiry.

The number of options available for grant under the scheme mandate limit of the Scheme was nil at the beginning of the Period, representing approximately 0% of the issued Shares as at that date. Such number remained at nil as at 30 June 2025. No separate service provider sub-limit was fixed at the time of adoption of the Scheme.

Since no option was granted under the Scheme during the Period, the number of shares that might be issued in respect of options granted under the Scheme during the Period divided by the weighted average number of the Company's shares in issue for the Period was zero.

Directors' rights to acquire Company's shares or debentures

Save as disclosed in the sections headed "Other information – Directors' and Chief Executive's interests and short positions in shares, underlying shares and debentures" and "Other information – Share Option Scheme" of this report, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or Chief Executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Compliance with corporate governance code

The Company adopted its own code of corporate governance based on the principles and the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules ("**CG Code**").

Ms. Wang Qiuqin is an Executive Director, the Chairman of the Board and the Chief Executive Officer of the Company. As Ms. Wang Qiuqin is performing both the roles of the Chairman and the Chief Executive Officer, this constitutes a deviation from Code Provision C.2.1 of the CG Code which requires that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Board believes that while vesting both the roles of the Chairman and the Chief Executive Officer in the same person gains the benefit of ensuring consistent leadership within the Group, the balance of power and authority for that arrangement are not impaired as all major decisions are made in consultation with the Board members and the senior management of the Company. Nevertheless, the Group will review the structure from time to time in light of the prevailing circumstances and may look for suitable candidate to take up the role of the Chairman and will make announcement as and when appropriate.

Save as disclosed above, the Company had complied with the CG Code to the extent applicable and permissible to the Company during the Period.

Model code for securities transactions by directors

The Company has adopted the Model Code contained in Appendix C3 to the Listing Rules as the code of conduct regarding the Directors' securities transactions. Having made specific enquiries of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

Litigation

On 17 November 2020, the Company was served a sealed copy of a petition dated 16 November 2020 filed with the High Court of the Hong Kong Special Administrative Region (the "**Court**") by the SFC pursuant to section 214 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") ("**Petition**"). The Petition named three respondents. Apart from the Company, the other two parties named as respondents under the Petition are two former Directors, namely Mr. Zhou Ling ("**1st Respondent**") and Mr. Dai Haidong ("**2nd Respondent**"). The 1st Respondent and the 2nd Respondent retired and resigned from their positions as Executive Directors on 27 June 2018 and 5 November 2015 respectively.

As stated in the Petition, the SFC alleged that, during the period from 2015 to 2018, each of the 1st Respondent and the 2nd Respondent had been wholly or partly responsible for the business or affairs of the Company having been conducted in a manner (i) involving misfeasance or other misconduct towards it or its members or any part of its members; (ii) resulting in its members or any part of its members not having been given all the information with respect to its business or affairs that they might reasonably expect; and/or (iii) unfairly prejudicial to its members or any part of its members. In particular, the SFC alleged that, *inter alia*,

- (1) the 1st Respondent and the 2nd Respondent had breached their duties as directors of the Company in relation to the Group's acquisition of 50% interest in Saike International (details of such acquisition were disclosed in the announcements of the Company dated 14 February 2015, 20 March 2015, 26 June 2015 and 16 July 2015);
- (2) the 1st Respondent had made a secret profit in the sum of HK\$26 million out of the Group's acquisition of 15% interest in Eternal Charm International Limited (currently known as WinHealth International Company Limited) (details of such acquisition were disclosed in the announcements of the Company dated 5 December 2016 and 14 March 2017); and
- (3) the 1st Respondent was responsible for misfeasance and/or misconduct which was unfairly prejudicial to the members or any part of the members of the Company, comprising various artificial transactions involving dealings in a number of pharmaceutical products.

In the Petition, the SFC applies for, inter alia, an order that the 1st Respondent do pay to the Company the sum of HK\$26 million with interest thereon at such rate and for such period as the Court thinks fit. No order or relief is sought against the Company in the Petition. The Petition was fixed to be heard on 11 May 2021.

On 4 May 2021, the SFC, the Company, the 1st Respondent and the 2nd Respondent made a joint application by way of consent summons ("**Consent Summons**") in respect of the vacation of the hearing date fixed for the Petition. On 5 May 2021, the Court made an order in terms of the Consent Summons as amended, among other things, that the hearing date of the Petition scheduled to be held on 11 May 2021 be vacated and leave be granted to the parties to fix a case management conference on a date in consultation with counsel's diaries. Further details of the matters were disclosed in the announcements of the Company dated 18 November 2020 and 10 May 2021. The said case management conference was subsequently fixed on 24 August 2022. At the said case management conference held on 24 August 2022, it was ordered that, among other things, a second case management conference was fixed to be held on 2 December 2022. The case was subsequently heard in July 2024.

The Company was excused by the Court from the hearing. On 23 July 2024, the Court made an order to, among other things, grant leave to other parties to the proceedings to file and serve certain documents.

On 13 September 2024, the Court handed down the judgment ("**Judgment**") of the Petition, pursuant to which, inter alia, a costs order nisi ("**Costs Order Nisi**") was made that, inter alia, (i) the SFC should pay the Company 75% of the costs of and occasioned by the Petition including all costs reserved, to be taxed if not agreed; and (ii) the 1st Respondent and the 2nd Respondent should pay the Company 25% of the costs of and occasioned by the Petition including all costs reserved, to be taxed if not agreed ("**Costs Awarded to the Company**"). No order was made against the Company in the Judgment.

On 27 September 2024, the 1st Respondent and the 2nd Respondent filed a summons for an application to vary the Costs Order Nisi ("**Application to Vary Costs Order Nisi**").

On 10 October 2024, the SFC filed a notice of appeal in respect of the Judgment for an order that, inter alia, (i) the Judgment in respect of certain transactions be set aside; and (ii) certain matters pleaded in the Petition and the reliefs relating to such matters be remitted to the Court of First Instance for retrial and/or reconsideration ("**Appeal**"). A notice of setting down an appeal in respect of the Appeal was filed by the SFC on the same day to notify the parties that the Appeal had been set down in the list of appeals.

On 20 November 2024, the Application to Vary Costs Order Nisi was heard and the Court made an order to vary the Costs Order Nisi, yet the Costs Awarded to the Company remained unchanged.

On 10 December 2024, the Petitioner filed a supplementary notice of appeal, setting forth further or alternative grounds of appeal in respect of the Appeal.

As at the date of this report, the Appeal is still ongoing.

As at 30 June 2025 and the date of this report, save as disclosed above, so far as was known to the Directors, no member of the Group was involved in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

Adoption of New Bye-Laws

The Board proposed to amend the then existing bye-laws of the Company ("**Bye-laws**") in order to (i) bring the Bye-laws to be in line with the latest regulatory requirements of the Listing Rules in relation to the expanded paperless listing regime and the mandatory electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules; (ii) modernise the Bye-laws to expressly allow the Company to convene and hold electronic meetings and/or hybrid meetings in addition to physical meetings; (iii) provide the Company with flexibility to hold treasury shares under the Bye-laws; and (iv) make other miscellaneous and housekeeping amendments, as well as update certain provisions with reference to the latest applicable laws of Bermuda and the Listing Rules. In view of such amendments, the Board proposed to adopt the second amended and restated bye-laws ("**New Bye-laws**") of the Company in substitution for, and to the exclusion of, the Bye-laws.

The New Bye-laws was adopted by the shareholders of the Company by passing a special resolution at the annual general meeting of the Company held on 18 June 2025. Details of the New Bye-laws are disclosed in the announcement of the Company dated 24 April 2025 and the circular of the Company dated 25 April 2025.

Audit committee

The primary duties of the audit committee of the Board ("**Audit Committee**") are to review the Company's financial statements, accounts and interim and annual results and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Group's financial reporting, risk management and internal control procedures.

The Audit Committee comprises three Independent Non-executive Directors, namely, Ms. Li Sin Ming, Ivy, Mr. Leung Chi Kin and Mr. Sy Lai Yin, Sunny. Ms. Li Sin Ming, Ivy is the Chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period and this report.

On behalf of the Board

New Ray Medicine International Holding Limited

Wang Qiuqin

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 27 August 2025