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CHINA HEALTHWISE HOLDINGS LIMITED

中國智能健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 348)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS

The board of directors (the “Board” or “Directors”) of China Healthwise Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	3	113,575	146,317
Cost of sales		(76,226)	(86,023)
Gross profit		37,349	60,294
Other income, gains and losses, net	4	(10,481)	(10,167)
Selling and distribution expenses		(29,037)	(27,874)
General and administrative expenses		(26,414)	(37,529)
Finance costs	6	(8,299)	(8,993)
Impairment loss under expected credit loss model, net		(2,350)	(107,469)
Impairment loss on right-of-use assets		(796)	(321)
Loss before income tax	5	(40,028)	(132,059)
Income tax expense	7	(253)	(2,499)
Loss for the year		(40,281)	(134,558)

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income, net of tax		
<i>Item that may be reclassified</i>		
<i>subsequently to profit or loss:</i>		
Exchange differences arising from translation of foreign operations	<u>3</u>	<u>307</u>
Other comprehensive income for the year, net of tax	<u>3</u>	<u>307</u>
Total comprehensive loss for the year	<u>(40,278)</u>	<u>(134,251)</u>
Loss for the year attributable to owners of the Company	<u>(40,281)</u>	<u>(134,558)</u>
Total comprehensive loss attributable to owners of the Company	<u>(40,278)</u>	<u>(134,251)</u>
Loss per share attributable to owners of the Company		
— Basic and diluted	9 <u>(5.23)</u> cents	<u>(17.46)</u> cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		408	482
Right-of-use assets		6,963	7,502
Financial assets at fair value through profit or loss		576	559
Loan receivables	<i>10</i>	849	1,472
		<u>8,796</u>	<u>10,015</u>
Current assets			
Inventories		49,770	56,023
Trade and other receivables, deposits and prepayments	<i>11</i>	8,845	13,727
Derivative financial assets		2,200	–
Loan receivables	<i>10</i>	7,719	15,623
Financial assets at fair value through profit or loss		35,015	39,861
Cash and cash equivalents		9,701	14,421
		<u>113,250</u>	<u>139,655</u>
Current liabilities			
Trade and other payables and accrued charges	<i>12</i>	33,490	33,427
Lease liabilities		5,222	5,790
Borrowings		32,572	28,722
Tax payable		1,714	2,775
Convertible loan notes		–	72,239
		<u>72,998</u>	<u>142,953</u>
Net current assets/(liabilities)		<u>40,252</u>	<u>(3,298)</u>
Total assets less current liabilities		<u>49,048</u>	<u>6,717</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	2,644	2,149
Convertible loan notes	14,300	–
Bonds payable	49,000	–
Deferred tax liabilities	1,484	170
	<u>67,428</u>	<u>2,319</u>
Net (liabilities)/assets	<u>(18,380)</u>	<u>4,398</u>
EQUITY		
Share capital	7,705	7,705
Reserves	(26,085)	(3,307)
	<u>(18,380)</u>	<u>4,398</u>
(Capital deficiency)/total equity	<u>(18,380)</u>	<u>4,398</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. ORGANISATION AND OPERATIONS

China Healthwise Holdings Limited 中國智能健康控股有限公司 (the “Company”) is a limited liability company incorporated in the Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands, and the principal place of business of the Company is at Unit 1209, Shun Tak Centre, West Tower, 168–200 Connaught Road Central, Hong Kong.

The Company is an investment holding company and principally engaged in investment in financial instruments. Its subsidiaries (together with the Company referred to as the “Group”) are principally engaged in sale of Chinese health products, money lending business and investment in financial instruments.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and all amounts are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

Going concern

During the year ended 31 December 2024, the Group incurred a net loss of approximately HK\$40,281,000 for the year ended 31 December 2024 and, as of that date, the Group had net liabilities of approximately HK\$18,380,000. Its current and non-current borrowings (included convertible loan notes and bonds payable) amounted to HK\$32,572,000 and HK\$63,300,000 respectively, while its cash and cash equivalents amounted to HK\$9,701,000 only.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group, and are of the opinion that the cash flow generated from operating activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings and liabilities. In order to improve the Group’s financial position, the directors of the Company have been implementing various measures as follows:

- i. taking active measures to collect loan receivables to improve operating cash flows and its financial position;
- ii. reviewing its investments and actively considering to realise certain financial assets at fair value through profit or loss, in order to enhance the cash flow position of the Group whenever it is necessary; and
- iii. implementing an active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group.

The directors of the Company have carried out detail review on the Group’s cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2024 on a going concern basis.

However, there are inherent uncertainties associated with the future outcomes of the above measures and these indicate the existence of material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. Whether the Group will be able to continue as a going concern will depend upon the following:

- (i) whether the Group is able to collect the outstanding loan receivables so as to improve operating cash flows;
- (ii) whether the Group is able to speed up the possible disposal of certain financial assets at fair value through profit or loss to enhance the cash flow position; and
- (iii) whether the Group is able to implement further cost control measures on capital investment, production and administrative operations to reduce overall operating costs of the Group.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

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

(b) New and amendments to HKFRSs that have been issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ³
HK Int 5 (Amendments)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT REPORTING

An analysis of the Group's revenue from its principal activities for the year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Trading of		
— Chinese health products	<u>112,832</u>	<u>129,523</u>
Revenue from other sources:		
— Money lending business	1,131	10,656
— Investment in financial instruments	<u>(388)</u>	<u>6,138</u>
	<u>743</u>	<u>16,794</u>
	<u><u>113,575</u></u>	<u><u>146,317</u></u>
Disaggregation of revenue from contracts with customers		
Timing of revenue recognition from contracts with customers		
— At a point in time	<u><u>112,832</u></u>	<u><u>129,523</u></u>

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker (the "CODM") that are used to make strategic decisions.

The Group has three reportable and operating segments. The segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Chinese health products: sale of Chinese health products
- Money lending business: granting loans
- Investment in financial instruments: investing in financial instruments

Segment revenue represents revenue generated from external customers. There were no inter-segment sales in both years. Corporate income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit or loss that is used by the CODM for assessment of segment performance.

(a) Segment revenue and results

Year ended 31 December 2024

	Chinese health products HK\$'000	Money lending business HK\$'000	Investment in financial instruments HK\$'000	Total HK\$'000
Revenue from external customers	<u>112,832</u>	<u>1,131</u>	<u>(388)</u>	<u>113,575</u>
Segment loss before income tax	<u>(6,049)</u>	<u>(10,162)</u>	<u>(6,410)</u>	<u>(22,621)</u>

Year ended 31 December 2023

	Chinese health products HK\$'000	Money lending business HK\$'000	Investment in financial instruments HK\$'000	Total HK\$'000
Revenue from external customers	<u>129,523</u>	<u>10,656</u>	<u>6,138</u>	<u>146,317</u>
Segment profit/(loss) before income tax	<u>3,192</u>	<u>(115,859)</u>	<u>(5,677)</u>	<u>(118,344)</u>

	2024 HK\$'000	2023 HK\$'000
Reportable segment loss	(22,621)	(118,344)
Loss on substantial modification of convertible loan notes	(6,300)	–
Unallocated finance costs	(4,399)	(5,534)
Unallocated corporate expenses		
— Staff costs	(2,581)	(5,362)
— Legal and professional fee	(448)	(415)
— Others	(3,679)	(2,404)
Consolidated loss before income tax	<u>(40,028)</u>	<u>(132,059)</u>

(b) **Segment assets and liabilities**

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment assets		
— Chinese health products	75,206	88,690
— Money lending business	8,760	17,647
— Investment in financial instruments	35,591	40,441
	<hr/>	<hr/>
Segment assets	119,557	146,778
Unallocated corporate assets		
— Cash and cash equivalents	138	992
— Derivative financial assets	2,200	—
— Other (<i>Note</i>)	151	1,900
	<hr/>	<hr/>
Consolidated total assets	<u>122,046</u>	<u>149,670</u>
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment liabilities		
— Chinese health products	45,314	50,070
— Money lending business	806	1,290
— Investment in financial instruments	20,586	17,883
	<hr/>	<hr/>
Segment liabilities	66,706	69,243
Unallocated corporate liabilities		
— Convertible loan notes	14,300	72,239
— Bonds payable	49,000	—
— Others (<i>Note</i>)	10,420	3,790
	<hr/>	<hr/>
Consolidated total liabilities	<u>140,426</u>	<u>145,272</u>

Note: Other unallocated corporate assets and liabilities include certain other receivables, deposits and prepayments, certain other payables and accrual charges and deferred tax liabilities.

(c) Other segment information included in segment results or segment assets

Year ended 31 December 2024

	Chinese health products <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Investment in financial instruments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest expenses	2,095	–	1,805	4,399	8,299
Depreciation of property, plant and equipment	329	–	–	–	329
Depreciation of right-of-use assets	6,841	–	–	–	6,841
Impairment loss on right-of-use assets	796	–	–	–	796
Impairment loss on loan receivables, net	–	2,350	–	–	2,350
Fair value loss on financial assets at FVTPL, net	–	–	4,187	–	4,187
Employee costs (including directors' remuneration)	19,408	6,977	–	2,581	28,966
Additions to property, plant and equipment	257	–	–	–	257
Additions to right-of-use assets	7,098	–	–	–	7,098
Other segment information regularly provided to CODM:					
Income tax (credit)/expense	–	–	(1,061)	1,314	253

Year ended 31 December 2023

	Chinese health products <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Investment in financial instruments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest expenses	2,079	–	1,380	5,534	8,993
Depreciation of property, plant and equipment	383	–	–	–	383
Depreciation of right-of-use assets	5,232	–	–	–	5,232
Impairment loss on right-of-use assets	321	–	–	–	321
Impairment loss on loan receivables, net	–	107,469	–	–	107,469
Fair value loss on financial assets at FVTPL, net	–	–	10,344	–	10,344
Employee costs (including directors' remuneration)	20,215	16,841	–	5,362	42,418
Additions to property, plant and equipment	191	–	–	–	191
Additions to right-of-use assets	6,978	–	–	–	6,978
Other segment information regularly provided to CODM:					
Income tax expense/(credit)	–	2,696	–	(197)	2,499

(d) Geographical information

Information about the Group's revenue from external customers and non-current assets by geographical region, according to location of operations or the location which the products are delivered and the location of assets, is as follows:

	Revenue		Non-current assets (Note (i))	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong (Note (ii))	<u>113,575</u>	<u>146,317</u>	<u>7,371</u>	<u>7,984</u>

Note:

- (i) Excluding financial instruments.
- (ii) Revenue from interest income and sale of financial instruments are disclosed by location of operations.

(e) Information on major customers:

No external customer contributed 10% or more to the Group's revenue for both years.

4. OTHER INCOME, GAINS AND LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Fair value loss on financial assets at FVTPL, net	(4,187)	(10,344)
Loss on substantial modification of convertible loan notes	(6,300)	–
Loss on written off of property, plant and equipment	(2)	(2)
Others	<u>8</u>	<u>179</u>
	<u>(10,481)</u>	<u>(10,167)</u>

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	70,759	79,374
Auditors' remuneration	900	1,300
Depreciation of property, plant and equipment	329	383
Depreciation of right-of-use assets	6,841	5,232
Employee costs (excluding directors' emoluments)	19,875	23,357
Directors' emoluments	9,091	19,061
Short-term leases expenses	1,690	2,268
	<u>70,759</u>	<u>79,374</u>

6. FINANCE COSTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on borrowings	3,218	2,737
Interest on lease liabilities	682	722
Interest on convertible loan notes	4,399	5,534
	<u>4,399</u>	<u>5,534</u>
	<u>8,299</u>	<u>8,993</u>

7. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 8.25% on the estimated assessable profits up to HK\$2,000,000 and 16.5% on any part of the estimated assessable profits over HK\$2,000,000. No Hong Kong Profits Tax was provided for the Company's subsidiaries in Hong Kong for both years as they either did not derive any assessable profits from Hong Kong or had estimated tax losses brought forward to offset against the estimated assessable profits.

Under the Law of the People's Republic of China ("the PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

No Enterprise Income Tax has been provided as the Company's subsidiary in the PRC did not derive any assessable profits from the PRC for both years.

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
— Over-provision in respect of prior years	(1,061)	—
Deferred tax		
— Charge for the year	1,314	2,499
	<u>253</u>	<u>2,499</u>
Income tax expense	<u>253</u>	<u>2,499</u>

8. DIVIDENDS

The directors do not recommend any dividend in respect of the year ended 31 December 2024 (2023: Nil).

9. LOSS PER SHARE

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to owners of the Company used in the basic and diluted loss per share calculations	(40,281)	(134,558)
	<u>2024</u>	<u>2023</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	770,480,836	770,480,836

The computation of diluted loss per share for both years does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in a decrease in loss per share.

10. LOAN RECEIVABLES

The carrying amount of loan receivables from money lending business of the Group was as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan receivables arising from money lending business	308,655	311,313
Less: allowance for expected credit losses (“ECL”), net (<i>Note</i>)	<u>(300,087)</u>	<u>(294,218)</u>
	<u>8,568</u>	<u>17,095</u>

Note:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accumulated allowance for ECL as at 1 January 2024	294,218	186,749
Allowance for ECL recognised, net	2,350	107,469
Unwinding of discount	<u>3,519</u>	<u>–</u>
Accumulated allowance for ECL as at 31 December 2024	<u>300,087</u>	<u>294,218</u>

As at 31 December 2024 and 2023, loan receivables are unsecured, interest-bearing at fixed rates ranging from 8%–13% per annum.

The maturity profile of the loan receivables, net of allowance for ECL, if any, at the end of the reporting period, analysed by the remaining period to its contracted maturity, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year	7,719	15,623
Over 1 year	<u>849</u>	<u>1,472</u>
	<u>8,568</u>	<u>17,095</u>

Included in the loan receivables is a loan to the ultimate holding company of a substantial shareholder of the Company amounted to approximately HK\$7,092,000 (31 December 2023: HK\$8,858,000).

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The carrying amounts of trade and other receivables, deposits and prepayments are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	4,680	6,137
Less: allowance for ECL	<u>(616)</u>	<u>(616)</u>
	4,064	5,521
Deposits and other receivables	3,434	4,880
Prepayments	<u>1,347</u>	<u>3,326</u>
	<u>8,845</u>	<u>13,727</u>

- (a) The ageing analysis of the trade receivables, net of allowance for ECL, based on invoice dates as of the end of reporting period, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	4,060	5,517
91–180 days	4	4
	<u>4,064</u>	<u>5,521</u>

The Group's sales are on open account terms. Credit terms are reviewed on a regular basis. The normal credit terms range from 30 to 90 days (2023: 30 to 90 days) but business partners with strong financial backgrounds may be offered longer credit terms.

- (b) During the year ended 31 December 2024, no impairment loss was recognised in respect of trade receivables (2023: nil).

12. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	18,069	23,268
Other payables and accrued charges	15,421	10,159
	<u>33,490</u>	<u>33,427</u>

The ageing analysis of trade payables, based on invoice dates as of the end of reporting period, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	17,930	23,129
91–180 days	–	–
181–365 days	–	–
Over 365 days	139	139
	<u>18,069</u>	<u>23,268</u>

EXTRACT OF THE INDEPENDENT AUDITORS' REPORT

The section below set out an extract of the independent auditors' report regarding the consolidated financial statements of the Group for the year ended 31 December 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$40,281,000 for the year ended 31 December 2024 and, as of that date, the Group had net liabilities of approximately HK\$18,380,000. Its current and non-current borrowings (included convertible loan notes and bonds payable) amounted to HK\$32,572,000 and HK\$63,300,000 respectively, while its cash and cash equivalents amounted to HK\$9,701,000 only. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CORPORATE INFORMATION

The principal place of business of the Company in Hong Kong is Unit 1209, Shun Tak Centre, West Tower, 168–200 Connaught Road Central, Hong Kong and the telephone and the website of the Company are (852) 2268 8248 and www.healthwisehk.com.

RESULTS

The Company hereby announces its annual results for the year ended 31 December 2024 (the “Reporting Year” or “FY24”). For the Reporting Year, the Group's turnover decreased by approximately (“approx.”) 22% to approx. HK\$114 million, compared with approx. HK\$146 million for the year ended 31 December 2023 (the “FY23” or “Corresponding Year”).

Gross profit margin for the Reporting Year was approx. 33% compared to approx. 41% in the Corresponding Year. Overall, loss attributable to owners of the Company was approx. HK\$40 million compared with HK\$135 million in the Corresponding Year. The Directors do not recommend the payment of any dividend for the year ended 31 December 2024 (FY23: Nil).

BUSINESS REVIEW

During the Reporting Year, revenue decreased mainly due to (1) the decrease in revenue from the investment in financial instruments segment from a net gain of approx. HK\$6 million in FY23 to a net loss of approx. less than HK\$1 million in the Reporting Year; (2) the decrease in revenue from the Chinese health products segment from approx. HK\$130 million in FY23 to approx. HK\$113 million in the Reporting Year; and (3) the decrease in revenue from the money lending segment from approx. HK\$11 million in FY23 to approx. HK\$1 million in the Reporting Year. The Group recorded a decrease in loss for the year ended 31 December 2024 as compared to the Corresponding Year. The decrease in loss was mainly due to a decrease in the impairment loss under expected credit loss (“ECL”) model (net with reversal of impairment loss) recognised in respect of the Group’s loan receivables from approx. HK\$107 million in FY23 to approx. HK\$2 million in FY24.

Chinese Health Products

Chinese health products business engaged in the sales of Chinese and other pharmaceutical products, health products, ginseng and dried seafood products to wholesaler and retailer. Nam Pei Hong Sum Yung Drugs Company Limited, one of our subsidiaries, engages in the business of trading and retail of “Sum Yung” (參茸) and dried seafood products since 1977 and the brand name of “Nam Pei Hong” (南北行) is highly recognised in Hong Kong and Southern Mainland China.

During the Reporting Year, this segment had contributed revenue of approx. HK\$113 million (FY23: HK\$130 million) and segment loss (before taxation) of approx. HK\$6 million (FY23: profit of HK\$3 million). As at 31 December 2024, there were 10 (31 December 2023: 10) retail shops of Nam Pei Hong.

The decrease in revenue contributed by the Chinese health products business during FY2024 was mainly attributable by the challenging economic environment, particularly within the local retail sector, throughout the Reporting Year. This situation has significantly altered consumer spending patterns. Consumers nowadays are more focused on budgeting and place a greater emphasis on cost-performance value. As a result, many residents of Hong Kong are increasingly opting to allocate their expenditures towards purchases in Mainland China. This shift has adversely affected the Group’s revenue during FY2024 compared to FY2023.

Money Lending

During the Reporting Year, the Group's money lending business generated interest income on loans amounting to approx. HK\$1 million (FY23: HK\$11 million), and reported a segment loss (before taxation) of approx. HK\$10 million (FY23: HK\$116 million). The decrease in interest income was mainly because of the increase in loan receivables being classified to stage 3 (credit-impaired) during FY24 and ceased to generate interest income. Conversely, the decrease in segment loss (before taxation) was mainly attributable to the decrease in allowance provided for ECL on the Group's loan receivables during FY24. Loan receivables with an aggregate outstanding amount of approx. HK\$300 million were classified to stage 3 as at 31 December 2024 (31 December 2023: HK\$294 million), representing approx. 97% to the gross outstanding balance of the loan receivables (before any recognition of ECL allowance) as at 31 December 2024 (31 December 2023: 95%).

During FY24, the Group did not grant any new loan to any new customer but extended the final repayment date of a revolving loan facility granted to a substantial shareholder of the Company, with the loan facility principal amount of HK\$9 million. Details of the provision of financial assistance to a substantial shareholder of the Company were set out in the announcements of the Company dated 22 March 2023 and 26 February 2024. During the Reporting Year, the Group's customers made repayment of the loan principals and interests amount to approx. HK\$12 million to the Group whereas approx. HK\$4 million drawings were made to a substantial shareholder of the Company under the revolving loan facility.

At the end of the Reporting Year, the Directors performed an impairment assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. The valuation measured impairment on loan receivables using the "expected credit loss model" established by Hong Kong Financial Reporting Standard 9 Financial Instruments. During FY2024, HK\$2 million of impairment loss under ECL model (net with reversal of impairment loss) was further recognised (FY2023: HK\$107 million). At 31 December 2024, eleven (2023: eleven) loans remained outstanding, in which (i) two (2023: three) loan receivables with the aggregate gross balance of approx. HK\$9 million (2023: HK\$18 million) were classified under stage 1 (initial recognition), and (ii) nine (2023: eight) loan receivables with the aggregate gross balance of approx. HK\$300 million (2023: HK\$294 million) were classified under stage 3 (credit-impaired).

During the year ended 31 December 2024, one (FY2023: four) loan receivable with gross balance of approx. HK\$6 million (FY2023: HK\$96 million) were re-classified from stage 1 (initial recognition) to stage 3 (credit-impaired) as the customer, which was named Customer L in the Company's annual report for the year ended 31 December 2023 and interim report for the period ended 30 June 2024, failed to settle the principal and interest for more than three months during the Reporting Year. None (FY2023: one) of the loan receivables with any gross balance (FY2023: HK\$31 million) were re-classified from stage 2 (significant increase in credit risk) to stage 3 (credit-impaired) during FY24.

Following an impairment assessment conducted by the Board, along with the valuation assessment conducted by an independent valuation expert. Based on the valuation as at 31 December 2024, accumulated allowance for ECL on the Group's loan receivable amounted to approx. HK\$300 million, versus approx. HK\$294 million as at 31 December 2023. The increase in amount mainly represented (i) approx. HK\$2 million (FY23: HK\$107 million) impairment loss under ECL model (net with reversal of impairment loss) recognised in profit or loss during FY24, and (ii) approx. HK\$4 million (FY23: nil) of the unwinding of discount. As at 31 December 2024, among to the total allowance for ECL, approx. less than HK\$1 million (31 December 2023: less than HK\$1 million) was recognised for loan receivables classified under stage 1 (initial recognition), nil (31 December 2023: nil) was recognised for loan receivables classified under stage 2 (significant increase in credit risk) and approx. HK\$300 million (31 December 2023: HK\$294 million) was recognised for loan receivables classified under stage 3 (credit-impaired).

At 31 December 2024, the Group's loan receivables, together with accrued interest receivables (after accumulated allowance for ECL), amounted to approx. HK\$9 million (31 December 2023: approx. HK\$17 million).

Investment in Financial Instruments

During the Reporting Year, the Group's investment in financial instruments business generated dividend income and realised gain/loss on sale of financial instruments with a segment loss (before taxation) of approx. HK\$6 million (FY23: HK\$6 million) mainly including (i) a loss of approx. HK\$4 million (FY23: HK\$10 million) arising on change in fair value of financial assets at fair value through profit or loss; and (ii) a realised loss of approx. less than HK1 million (FY23: realised gain of HK\$6 million) by disposal of certain listed equities.

Movements in the listed and unlisted equities held by the Group during the year ended 31 December 2024 and 2023 are as follows:

	Audited 31 December 2024 <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
At beginning of year	40,420	57,313
Acquisitions	1,866	5,104
Loss arising on change in fair value	(4,187)	(10,344)
Disposals	(2,508)	(11,653)
	<hr/>	<hr/>
At end of year	35,591	40,420
	<hr/> <hr/>	<hr/> <hr/>

Details of certain significant Hong Kong listed equities held by the Group at 31 December 2024 are as follows:

Name of Hong Kong listed equities	Principal activities	Cost of	Number of	Fair value at	Percentage of	Fair value	Percentage of
		shares at	shares held at	31 December	fair value as	gain/(loss)	shareholding
		31 December	31 December	31 December	the consolidated	recognised	held by
		2024	2024	2024	total assets of	during the	the Group at
		HK\$'000	'000	HK\$'000	the Group at	year ended	31 December
					31 December	2024	2024
					2024	HK\$'000	
Huanxi Media Group Limited (stock code: 1003)	Media and entertainment related businesses, including development and investment in film and TV programmes rights, as well as operation of an online video platform.	32,057	19,650	9,137	7%	(4,028)	0.54%
Ocean Line Port Development Limited (stock code: 8502)	An inland terminal operator the PRC and is principally engaged in the provision of port logistic services (including uploading and unloading of cargoes, bulk cargo handling services, container handling, storage and other services).	8,400	31,588	9,003	7%	(1,895)	3.95%
Yunfeng Financial Group Limited (stock code: 376)	Life insurance and other financial businesses including subscription fees and management fees for products launched, platform fees for distribution of third-parties products, administration fee for employees stock ownership plan management services and brokerage commission income etc..	34,959	7,206	7,494	6%	288	0.19%

Details of certain significant Hong Kong listed equities held by the Group at 31 December 2023 are as follows:

Name of Hong Kong listed equities	Principal activities	Cost of shares at 31 December 2023 HK\$'000	Number of shares held at 31 December 2023 '000	Fair value at 31 December 2023 HK\$'000	Percentage of fair value as compared to the consolidated total assets of the Group at 31 December 2023	Fair value gain/(loss) recognised during the year ended 31 December 2023 HK\$'000	Percentage of shareholding held by the Group at 31 December 2023
Huanxi Media Group Limited (stock code: 1003)	Media and entertainment related businesses, including development and investment in film and TV programmes rights, as well as operation of an online video platform.	36,482	22,660	15,182	10%	(9,744)	0.62%
Ocean Line Port Development Limited (stock code: 8502)	An inland terminal operator in the PRC and is principally engaged in the provision of port logistic services (including uploading and unloading of cargoes, bulk cargo handling services, container handling, storage and other services).	8,400	31,588	10,898	7%	2,894	3.95%
Yunfeng Financial Group Limited (stock code: 376)	Life insurance and other financial businesses including subscription fees and management fees for products launched, platform fees for distribution of third-parties products, administration fee for employees stock ownership plan management services and brokerage commission income etc..	36,486	7,526	7,526	5%	(602)	0.19%

The Group had made investments with a short to long term perspective with the objective of making capital gain as well as income from dividend. The Group invested in a diversified portfolio of listed equity securities in various industries. The directors believe that the future performance of the Hong Kong listed equities held by the Group is largely affected by economic factors, investor sentiment, demand and supply balance of an investee company's shares and fundamentals of an investee company, such as investee company's news, business fundamentals and development, financial performance and future prospects. Accordingly, the directors closely monitor the above factors, particularly the fundamentals of each individual investee company in the Group's equity portfolio, and proactively adjust the Group's equity portfolio mix in order to improve its performance.

FINANCIAL REVIEW

During the Reporting Year, the Group recorded a decrease in revenue for approx. 22% from approx. HK\$146 million for the year ended 31 December 2023 to approx. HK\$114 million for the year ended 31 December 2024. The decrease was mainly due to (1) the decrease in revenue from the investment in financial instruments segment from a net gain of approx. HK\$6 million in FY23 to a net loss of approx. less than HK\$1 million in the Reporting Year; (2) the decrease in revenue from the Chinese health products segment from approx. HK\$130 million in FY23 to approx. HK\$113 million in the Reporting Year; and (3) the decrease in revenue from the money lending segment from approx. HK\$11 million in FY23 to approx. HK\$1 million in the Reporting Year.

Cost of goods sold (“COGS”) represent the cost of Chinese health products sold. COGS decreased by approx. 11% from approx. HK\$86 million in FY23 to approx. HK\$76 million in FY24. The decrease in COGS in line with the approx. 13% decrease in revenue from the Chinese health products business.

The gross profit decreased to approx. HK\$37 million for the Reporting Year versus approx. HK\$60 million in FY23. Gross profit margin decreased to approx. 33% (FY23: 41%) mainly due to the realised loss from the investment in financial instruments segment as well as the decrease from interest income generated from the money lending business for the Reporting Year. The variation of product mix sold from the Chinese health products also contribute to the decrease in the gross profit margin.

Other income, gains and losses, net for the year ended 31 December 2024 amounted to a loss of approx. HK\$10 million (FY23: HK\$10 million). Other income, gains and losses, net mainly represented fair value loss on financial assets at fair value through profit or loss of approx. HK\$4 million (FY23: HK\$10 million) and the loss on substantial modification of convertible loan notes of approx. HK\$6 million (FY23: nil).

Selling and distribution expenses for the year ended 31 December 2024 increased to approx. HK\$29 million, representing an increase of approx. 4% against approx. HK\$28 million in the Corresponding Year. The increase in selling and distribution expenses was mainly due to more promotions activities and events were organised by the Group to boost sales and to maintain market visibility and engagement with customers in relation to the Chinese health products business.

General and administrative expenses for the year ended 31 December 2024 amounted to approx. HK\$26 million (FY23: HK\$38 million). The decrease in general and administrative expenses was mainly due to the cost saving measures implemented in the Reporting Year.

Finance costs incurred mainly for interests on convertible loan notes, borrowings and lease liabilities during the Reporting Year of approx. HK\$8 million as compared with approx. HK\$9 million in FY23.

Impairment loss under the expected credit loss model (net with reversal of impairment loss) provided for the year decreased to approx. HK\$2 million for the Reporting Year versus approx. HK\$107 million in FY23. Impairment assessment on the Group's loan receivables was performed and based on the valuation prepared by an independent professional valuer. The impairment loss provided for the Group's loan receivables under ECL model (net with reversal of impairment loss) decreased significantly as there were only one loan receivable (FY2023: five) being re-classified to stage 3 (credit-impaired) during FY2024. As at 31 December 2024, loan receivables with aggregate outstanding amount of approx. HK\$300 million were classified as stage 3 (31 December 2023: HK\$294 million), representing 97% to the total gross loan receivable balances (before any recognition of ECL allowance) (31 December 2023: 95%).

Impairment loss on right-of-use assets for the year ended 31 December 2024 amounted to approx. HK\$1 million (FY23: less than HK\$1 million) resulting from certain loss-making shops operated by the Group.

All in all, the Group recorded a loss attributable to shareholders of approx. HK\$40 million in the Reporting Year compared with approx. HK\$135 million in FY23.

PLANS AND PROSPECTS

Chinese Health Products

Due to a slower-than-expected global economic recovery and ongoing geopolitical uncertainties, consumers' spending patterns have become cautious and conservative. Traditional large-scale shopping festivals, which had contributed significant sales previously, are now experiencing lackluster performance. Additionally, consumers are increasingly budget-conscious and restrained in their purchasing decisions, making retail promotions more challenging and less profitable. Also, consumers nowadays are more emphasis on cost-performance value. As a result, many residents of Hong Kong are increasingly opting to allocate their expenditures towards purchases in Mainland China. This shift has also adversely affected the Group's Chinese health products business during FY24 compared to FY23.

The Group operated 10 stores as at 31 December 2024. The sales of high-end products such as cordyceps sinensis (冬蟲夏草), ginseng (人參), bird's nests (燕窩), fish maw (花膠), and scallops (元貝) declined during FY2024, with a year-to-year decrease ranging from approx. 10% to 34%. In contrast, sea cucumbers (海參) have shown remarkable sales growth during FY24, increased by approx. 28% compared to FY23. Management team put efforts on direct sourcing during FY24, which keeps costs and prices competitive to attract customers. The Group has also been actively launching seasonal health product portfolios and other promotional activities to maintain market visibility and engagement. Same as previous years, the Group participate in large-scale shopping events, food festivals and Brands and Products Expo (工展會) which have achieved similar performance to last year by providing more promotions and discounts to the customers. Also we continued to promote and sell products through live broadcasts and various electronic platforms like "HKTV mall".

The local retail business is expected to be challenging due to inflation, recruitment difficulties, increasing ongoing and operational costs as well as the rising rental expenses. Management team had already implemented a series of cost control measures, enhanced overseas sourcing efficiency to reduce costs and strengthened training among staffs to maintain itself competitive in the industry.

Looking ahead, we will enhance the promotion of convenient ready-to-eat health products, such as Tai Chi Ginseng Fruit (太極蔘正果), Collagen Jelly (膠原果凍), Pure Sea Cucumber Essence Capsules (純海參精華膠囊), Probiotics F+ (益生菌F+), Platycodon throat lozenges (桔梗順氣潤喉寶), and various herbal teas, to attract local consumers and younger customers. Also, we plan to collaborate with MAME LAB, a professional postpartum care center, to introduce and promote a range of prenatal and postnatal maternal health care products through this platform. Additionally, in partnership with Weimob (微盟), we will soon launch on the Xiaohongshu (小紅書) social platform, enabling our brands to interact directly with consumers and engage with young, capable customer groups, particularly within the PRC market. Moreover, to enhance customer relationships and improve business efficiency, we will upgrade and refine the customer membership system (CRM System) along with various discount programs. Management team had leveraged technology to attract and retain consumers in this competitive market, thereby increasing business opportunities.

Money Lending

The Group's loan receivables together with accrued interest receivables decreased to approx. HK\$9 million as of 31 December 2024 (31 December 2023: approx. HK\$17 million). The significant drop in amount was primarily due to the increase in loan receivables being classified to stage 3 (credit-impaired) and impaired as well as the repayment made by the Group's customers during FY2024.

The Group expects the business environment for money lending will be challenging and difficult in the foreseeable future. It is because the interest rate of Hong Kong Dollar is expected to remain in a relatively high level in 2025, which may deter potential borrowers due to the increased borrowing costs. Additionally, the uncertainty stemming from heightened geopolitical tensions between the United States and China is also impacting borrowers' demands. The Group will closely monitor the repayment pattern of our customers and formulate an action plan of recovery should the risk of default increases. Our recovery strategy can involve a wide range of actions, which includes the revising of repayment terms, adding of collaterals/guarantees, reaching of settlement, the commencement of legal actions against the customers, and/or enforcement on collaterals/guarantees, etc. The Group will also be more cautious by strengthening its credit policy and risk control policy.

Investment in financial instruments

The Group will closely monitor various factors such as global economy, investment sentiment and fundamentals of investors and their future prospects and proactively adjust our portfolio in order to improve our performance. The Group will change our equity portfolio mix from time to time and realise the equities held by the Group into cash as and when appropriate.

Business Portfolio Management

The current business strategies of the Group with an aim to achieve the best use of its resources and improve its overall performance and portfolio diversification have been continuously evaluated. The Company has been actively looking for business opportunities to diversify the revenue sources of the Group in order to create shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects.

GROUP RESOURCES AND LIQUIDITY

As at 31 December 2024, the Group's cash and bank balances were approx. HK\$10 million (31 December 2023: HK\$14 million). The Group's borrowings, convertible loan notes and straight bonds payable were approx. HK\$33 million (31 December 2023: HK\$29 million), approx. HK\$14 million (31 December 2023: approx. HK\$72 million) and HK\$49 million (31 December 2023: nil), respectively. As at 31 December 2023, balance of convertible loan notes amounted to approx. HK\$72 million representing the convertible bonds in the aggregate principal amount of approx. HK\$120 million, which was unsecured and issued on 11 October 2018 and matured on 10 October 2024, with approx. HK\$72 million remained outstanding upon the maturity date ("2018 Convertible Bonds"). In this regard, 8% straight bonds with principal amount of approx. HK\$55 million and 6% convertible bonds with principal amount of approx. HK\$17 million were issued on 31 December 2024 ("2024 Bonds") to set off in full the outstanding amount of the principal under the 2018 Convertible Bonds. The maturity date of 2024 Bonds would be the date falling on the day being two years from the date of issue of 2024 Bonds, e.g. 30 December 2026, the conversion price at which the convertible bonds may be converted into ordinary share of the Company is HK\$0.088 per ordinary share. As at 31 December 2024, convertible loan notes and bonds payable amounted to approx. HK\$14 million and HK\$49 million respectively, represented the fair value of the liability components of the 2024 Bonds determined at the issue date. The 2024 Bonds are pledged with 100% of the total issued shares of a subsidiary of the Company as security for the payment obligation under the 2024 Bonds. Further details of the 2024 Bonds are set out in the Company's announcement dated 19 August 2024, 9 September 2024, 20 September 2024, 8 October 2024, 8 November 2024, 15 November 2024, 22 November 2024 and 17 December 2024, and the circular of the Company dated 27 November 2024.

Gearing ratio, calculated as the total borrowings, straight bonds payable and convertible loan notes divided by total assets was approx. 79% as at 31 December 2024 (31 December 2023: 67%). As at 31 December 2024, the Group recorded total current assets of approx. HK\$113 million (31 December 2023: HK\$140 million) and total current liabilities of approx. HK\$73 million (31 December 2023: HK\$143 million). The current ratio of the Group, calculated by dividing the total current assets by the current liabilities, was approx. 1.6 (31 December 2023: 1.0). The Group recorded a decrease in shareholders' fund from approx. HK\$4 million as at 31 December 2023 to a net liabilities position of approx. HK\$18 million as at 31 December 2024. The decrease was mainly due to the operating loss of the Group during the Reporting Year.

EMPLOYEES

As at 31 December 2024, the Group had approx. 90 employees and contract workers based in Hong Kong headquarters. The number of employees of the Group varies from time to time depending on operation needs and they are remunerated based on industry practices.

CORPORATE GOVERNANCE CODE

The Company recognise the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code throughout the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 December 2024. To ensure Directors’ dealings in the securities of the Company (the “Securities”) are conducted in accordance with the Model Code and securities code of the Company, a Director is required to notify the Chairman in writing and obtain a written acknowledgement from the Chairman prior to any dealings in the Securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 December 2024.

DIVIDENDS

The Directors do not recommend any dividend in respect of the year ended 31 December 2024 (year ended 31 December 2023: Nil).

AUDIT COMMITTEE

The Audit Committee had reviewed (together with the management) the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.healthwisehk.com.

By Order of the Board
China Healthwise Holdings Limited
Lei Hong Wai
Chairman and Executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the Executive Directors are Mr. Lei Hong Wai (Chairman), Mr. Cheung Kwok Wai Elton (Vice Chairman), Mr. Leung Alex, Ms. Lo Ming Wan, Mr. Yuan Huixia and Mr. Yaug Qiaugsheng; and the independent non-executive Directors are Mr. Lai Hok Lim, Mr. Lien Wai Hung and Mr. Tsang Chin Pang.