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## China Wacan Group Company Limited

### 中國網成集團股份有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1920)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (“**Board**”) of directors (the “**Directors**”) of China Wacan Group Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025 (the “**Review Period**”) 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 |                         |
|-----------------------------------------------------------------------------|-------|--------------------------|-------------------------|
|                                                                             |       | 2025                     | 2024                    |
|                                                                             | Notes | HK\$'000<br>(unaudited)  | HK\$'000<br>(unaudited) |
| Revenue                                                                     | 3A    | 65,056                   | 38,368                  |
| Cost of services                                                            |       | (56,790)                 | (52,067)                |
| Gross profit/(loss)                                                         |       | 8,266                    | (13,699)                |
| Other income                                                                | 4     | 19                       | 93                      |
| Fair value gain on financial assets at fair value<br>through profit or loss |       | 87                       | –                       |
| Impairment losses under expected credit loss model,<br>net of reversal      | 10    | 3                        | (7,839)                 |
| Administrative expenses                                                     |       | (8,069)                  | (3,767)                 |
| Finance costs                                                               | 5     | (182)                    | (255)                   |
| Profit/(Loss) before tax                                                    | 6     | 124                      | (25,467)                |
| Income tax expense                                                          | 7     | –                        | –                       |
| Profit/(Loss) and total comprehensive<br>income/(expense) for the period    |       | 124                      | (25,467)                |
| Profit/(Loss) per share                                                     |       |                          |                         |
| – Basic (HK cents)                                                          | 9     | 0.04                     | (8.16)                  |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

|                                                       |       | 30 June<br>2025<br><i>HK\$'000</i><br>(unaudited) | 31 December<br>2024<br><i>HK\$'000</i><br>(audited) |
|-------------------------------------------------------|-------|---------------------------------------------------|-----------------------------------------------------|
|                                                       | Notes |                                                   |                                                     |
| <b>Non-current Assets</b>                             |       |                                                   |                                                     |
| Property, plant and equipment                         | 11    | 10,936                                            | 2,997                                               |
| Financial assets at fair value through profit or loss | 12    | <u>2,882</u>                                      | <u>2,795</u>                                        |
|                                                       |       | <u>13,818</u>                                     | <u>5,792</u>                                        |
| <b>Current Assets</b>                                 |       |                                                   |                                                     |
| Trade receivables                                     | 13    | 3,036                                             | 21,776                                              |
| Other receivables, deposits and prepayments           | 14    | 5,517                                             | –                                                   |
| Contract assets                                       | 15    | 10,975                                            | 4,153                                               |
| Cash and cash equivalents                             |       | <u>23,130</u>                                     | <u>10,539</u>                                       |
|                                                       |       | <u>42,658</u>                                     | <u>36,468</u>                                       |
| <b>Total Assets</b>                                   |       | <b>55,226</b>                                     | <b>42,260</b>                                       |
| <b>Current Liabilities</b>                            |       |                                                   |                                                     |
| Trade and other payables                              | 16    | 17,880                                            | 27,124                                              |
| Bank borrowings                                       | 17    | 4,931                                             | 5,306                                               |
| Lease liabilities                                     |       | <u>9,515</u>                                      | <u>–</u>                                            |
|                                                       |       | <u>32,326</u>                                     | <u>32,430</u>                                       |
| <b>Net Current Assets</b>                             |       | <u><b>10,332</b></u>                              | <u><b>4,038</b></u>                                 |
| <b>Net Assets</b>                                     |       | <u><b>24,150</b></u>                              | <u><b>9,830</b></u>                                 |
| <b>Capital and (deficits) reserves</b>                |       |                                                   |                                                     |
| Share capital                                         | 18    | 37,440                                            | 31,200                                              |
| Reserves and accumulated losses                       |       | <u>(13,290)</u>                                   | <u>(21,370)</u>                                     |
| <b>Total equity</b>                                   |       | <u><b>24,150</b></u>                              | <u><b>9,830</b></u>                                 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2025*

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 30 January 2019. The shares of the Company have been listed on the Main Board of the Stock Exchange on 16 August 2019. Its immediate and ultimate holding company is China Alliance Venture Limited (“**China Alliance**”), a private limited company incorporated in Hong Kong. The controlling shareholders of the Company are Mr. Zhou Zhenlin and China Alliance.

The address of the registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of the principal place of business is Unit 2B, 35/F, East Tower, Cheung Kong Center II, No.10 Harcourt Road, Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of construction services including wet trades works (including plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works) and other wet trades related ancillary works (“**Construction Services**”), provision of construction information technology services (“**Construction IT Services**”), and provision of beauty and health services (“**Beauty and Health Services**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

The condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institution of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2024.

The preparation of the condensed consolidated financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amendments to HKFRS Accounting Standards effective as of 1 January 2025.

Amendments to HKFRS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards 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.

## 3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

### (i) Disaggregation of Revenue

|                            | Six months ended 30 June        |                                 |
|----------------------------|---------------------------------|---------------------------------|
|                            | 2025<br>HK\$'000<br>(unaudited) | 2024<br>HK\$'000<br>(unaudited) |
| <b>Type of service</b>     |                                 |                                 |
| Construction Services      | 65,056                          | 38,368                          |
| Construction IT Services   | –                               | –                               |
| Beauty and health Services | –                               | –                               |
|                            | <u>65,056</u>                   | <u>38,368</u>                   |
| <b>Type of customer</b>    |                                 |                                 |
| Private sector projects    |                                 |                                 |
| – Construction Services    | 7,321                           | 5,353                           |
| Public sector projects     |                                 |                                 |
| – Construction Services    | <u>57,735</u>                   | <u>33,015</u>                   |
|                            | <u>65,056</u>                   | <u>38,368</u>                   |

### (ii) Performance Obligations for Contracts With Customers

The Group derives its revenue from provision of wet trades works and other wet trades related ancillary works are recognised over time. All the Group's services are rendered directly with the customers. Contracts with the Group's customers are agreed in fixed-price with terms from 1 month to 17 months.

### 3B. SEGMENT INFORMATION

Information is reported to the executive directors of the Company, who are also the chief operating decision maker (“**CODM**”) of the Group, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group’s reportable segments under HKFRS 8 Operating Segments are (i) Construction Services; (ii) Construction IT Services; and (iii) Beauty and health services.

Beauty and health services was new operating segments during the six months ended 30 June 2025.

#### (i) Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable segments:

**For the six months ended 30 June 2025**

|                                | <b>Beauty and<br/>health services<br/><i>HK\$’000</i></b> | <b>Construction<br/>Services<br/><i>HK\$’000</i></b> | <b>Construction<br/>IT Services<br/><i>HK\$’000</i></b> | <b>Consolidated<br/><i>HK\$’000</i></b> |
|--------------------------------|-----------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------|-----------------------------------------|
| <b>Segment revenue</b>         |                                                           |                                                      |                                                         |                                         |
| – External                     | <u>–</u>                                                  | <u>65,056</u>                                        | <u>–</u>                                                | <u>65,056</u>                           |
| <b>Segment results</b>         | <u>–</u>                                                  | <u>1,974</u>                                         | <u>–</u>                                                | <u>1,974</u>                            |
| Interest income                |                                                           |                                                      |                                                         | 19                                      |
| Unallocated other income       |                                                           |                                                      |                                                         | 87                                      |
| Unallocated corporate expenses |                                                           |                                                      |                                                         | (1,774)                                 |
| Finance costs                  |                                                           |                                                      |                                                         | <u>(182)</u>                            |
| Profit before tax              |                                                           |                                                      |                                                         | <u><u>124</u></u>                       |

For the six months ended 30 June 2024

|                                | Construction<br>Services<br><i>HK\$'000</i> | Construction<br>IT Services<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--------------------------------|---------------------------------------------|------------------------------------------------|---------------------------------|
| <b>Segment revenue</b>         |                                             |                                                |                                 |
| – External                     | <u>38,368</u>                               | <u>–</u>                                       | <u>38,368</u>                   |
| <b>Segment results</b>         | <u>(24,078)</u>                             | <u>–</u>                                       | <u>(24,078)</u>                 |
| Interest income                |                                             |                                                | 13                              |
| Unallocated other income       |                                             |                                                | 80                              |
| Unallocated corporate expenses |                                             |                                                | (1,227)                         |
| Finance costs                  |                                             |                                                | <u>(255)</u>                    |
| Loss before tax                |                                             |                                                | <u><u>(25,467)</u></u>          |

There are no inter-segment sales for the Review Period. All of the segment revenue reported above is from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Group's annual consolidated financial statements as at 31 December 2024. Segment results represents the profit/(loss) from each segment without allocation of interest income, unallocated other income, unallocated corporate expenses, fair value gain on financial assets at FVTPL and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

**(ii) Segment assets and liabilities**

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

(iii) **Other segment information**

**For the six months ended 30 June 2025**

|                                                                                 | Beauty and<br>health<br>services<br><i>HK\$'000</i> | Construction<br>Services<br><i>HK\$'000</i> | Construction<br>IT Services<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|---------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------|------------------------------------------------|--------------------------------|---------------------------------|
| Depreciation of property, plant<br>and equipment                                | -                                                   | 969                                         | -                                              | 524                            | 1,493                           |
| Impairment losses reversal on trade<br>receivables recognised in profit or loss | -                                                   | (1,250)                                     | -                                              | -                              | (1,250)                         |
| Impairment losses on contract assets<br>recognised in profit or loss            | <u>-</u>                                            | <u>1,247</u>                                | <u>-</u>                                       | <u>-</u>                       | <u>1,247</u>                    |

**For the six months ended 30 June 2024**

|                                                                      | Construction<br>Services<br><i>HK\$'000</i> | Construction<br>IT Services<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|----------------------------------------------------------------------|---------------------------------------------|------------------------------------------------|--------------------------------|---------------------------------|
| Depreciation of property, plant<br>and equipment                     | 933                                         | -                                              | -                              | 933                             |
| Impairment losses on contract assets<br>recognised in profit or loss | <u>7,839</u>                                | <u>-</u>                                       | <u>-</u>                       | <u>7,839</u>                    |

(iv) **Geographical information**

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

**4. OTHER INCOME**

|                                    | <b>Six months ended 30 June</b> |                        |
|------------------------------------|---------------------------------|------------------------|
|                                    | <b>2025</b>                     | <b>2024</b>            |
|                                    | <b><i>HK\$'000</i></b>          | <b><i>HK\$'000</i></b> |
|                                    | <b>(unaudited)</b>              | <b>(unaudited)</b>     |
| Interest income                    | 19                              | 13                     |
| Government subsidy ( <i>Note</i> ) | <u>-</u>                        | <u>80</u>              |
|                                    | <u>19</u>                       | <u>93</u>              |

*Note:* Government grants mainly include subsidy from Construction Industry Council's Employers Subsidy Scheme, all are compensations for incurred expenses and not asset related.

## 5. FINANCE COSTS

|                   | Six months ended 30 June |                 |
|-------------------|--------------------------|-----------------|
|                   | 2025                     | 2024            |
|                   | <i>HK\$'000</i>          | <i>HK\$'000</i> |
|                   | (unaudited)              | (unaudited)     |
| Interest on:      |                          |                 |
| Bank borrowings   | 99                       | 255             |
| Lease liabilities | 83                       | –               |
|                   | <u>182</u>               | <u>255</u>      |

## 6. PROFIT/(LOSS) BEFORE TAX

|                                                                                              | Six months ended 30 June |                 |
|----------------------------------------------------------------------------------------------|--------------------------|-----------------|
|                                                                                              | 2025                     | 2024            |
|                                                                                              | <i>HK\$'000</i>          | <i>HK\$'000</i> |
|                                                                                              | (unaudited)              | (unaudited)     |
| Profit/(Loss) before tax has been arrived at after charging:                                 |                          |                 |
| Depreciation of property, plant and equipment                                                | 1,493                    | 933             |
| Rental expense on short-term leases in respect of warehouse,<br>office premises and machines | 493                      | 119             |
| Staff costs (including the directors' and chief executive's<br>remuneration):                |                          |                 |
| –Salaries and other benefits                                                                 | 2,397                    | 2,452           |
| –Contributions to Mandatory Provident Fund (“MPF”)                                           | 79                       | 83              |
| Total staff costs                                                                            | <u>2,476</u>             | <u>2,535</u>    |

## 7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits derived from or arising in Hong Kong during the six months ended 30 June 2025 and 2024.



## 8. DIVIDEND

No dividends were paid, declared or proposed for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil). The directors of the Company have determined that no dividend will be paid in respect of the Review Period.

## 9. PROFIT/(LOSS) PER SHARE

The calculation of the basic profit/(loss) per share attributable to the owners of the Company is based on the following data:

|                                                                                                                             | Six months ended 30 June |                 |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------|
|                                                                                                                             | 2025                     | 2024            |
|                                                                                                                             | HK\$'000                 | HK\$'000        |
|                                                                                                                             | (unaudited)              | (unaudited)     |
| <b>Profit/(Loss)</b>                                                                                                        |                          |                 |
| Profit/(Loss) for the period for the purpose of calculation of basic profit/(loss) per share (profit/(loss) for the period) | <u>124</u>               | <u>(25,467)</u> |
|                                                                                                                             |                          |                 |
|                                                                                                                             | Number of shares         |                 |
|                                                                                                                             | 2025                     | 2024            |
|                                                                                                                             | '000                     | '000            |
| <b>Number of shares</b>                                                                                                     |                          |                 |
| Weighted average number of ordinary shares for the purpose of calculation of basic loss per share                           | <u>314,413</u>           | <u>312,000</u>  |

No diluted loss per share is presented as there were no potential dilutive shares in issue for the six months ended 30 June 2025 and 2024.

## 10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS (“ECL”) MODEL, NET OF REVERSAL

|                                  | Six months ended 30 June |              |
|----------------------------------|--------------------------|--------------|
|                                  | 2025                     | 2024         |
|                                  | HK\$'000                 | HK\$'000     |
|                                  | (unaudited)              | (unaudited)  |
| Impairment losses recognised on: |                          |              |
| – Contract assets                | 1,247                    | 7,839        |
| – Trade receivables              | <u>(1,250)</u>           | <u>–</u>     |
|                                  | <u>(3)</u>               | <u>7,839</u> |

## 11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, right-of-use assets amount to approximately HK\$9,432,000 has been recognised (six months ended 30 June 2024: Nil). The right-of-use asset represents the lease of an office in Hong Kong for a three-year period.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|                                                | 30 June<br>2025<br><i>HK\$'000</i><br>(unaudited) | 31 December<br>2024<br><i>HK\$'000</i><br>(audited) |
|------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|
| Key management personnel life insurance policy | <u>2,882</u>                                      | <u>2,795</u>                                        |

The Group entered into a life insurance policy with an insurance company to insure against the death and permanent disability of an executive director. Under the policy, the beneficiary and policy holder are Ma Yau Engineering Limited, a subsidiary of the Company, and the total insured sum is the higher of (i) approximately US\$404,000 (equivalent to HK\$3,153,000); or (ii) guaranteed cash value and special bonus (if any); and the accumulated annual dividends and interest (if any). The contracts will be terminated on the occurrence of the earliest of the death of the key management personnel insured or other terms pursuant to the contracts. The Group has paid out the total insurance premium with an amount of approximately US\$385,000 (equivalent to approximately HK\$3,003,000) at the inception of the policy. The Group may request a surrender of the contracts at any time and receive cash back based on the cash value at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated annual dividends and interest (if any) and minus insurance charges. The fair value is based on redemption value quoted by the insurance company.

## 13. TRADE RECEIVABLES

|                                 | 30 June<br>2025<br><i>HK\$'000</i><br>(unaudited) | 31 December<br>2024<br><i>HK\$'000</i><br>(audited) |
|---------------------------------|---------------------------------------------------|-----------------------------------------------------|
| Trade receivables               | 3,150                                             | 23,140                                              |
| Less: impairment loss allowance | <u>(114)</u>                                      | <u>(1,364)</u>                                      |
|                                 | <u>3,036</u>                                      | <u>21,776</u>                                       |

The following is an aged analysis of trade receivables, net of impairment loss allowance, presented based on the invoice date at the end of the reporting period:

|                | <b>30 June<br/>2025<br/>HK\$'000<br/>(unaudited)</b> | <b>31 December<br/>2024<br/>HK\$'000<br/>(audited)</b> |
|----------------|------------------------------------------------------|--------------------------------------------------------|
| Within 30 days | <b>3,036</b>                                         | 4,111                                                  |
| 31-60 days     | –                                                    | 9,339                                                  |
| 61-90 days     | –                                                    | 8,326                                                  |
|                | <b><u>3,036</u></b>                                  | <b><u>21,776</u></b>                                   |

#### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                                | <b>30 June<br/>2025<br/>HK\$'000<br/>(unaudited)</b> | <b>31 December<br/>2024<br/>HK\$'000<br/>(audited)</b> |
|--------------------------------|------------------------------------------------------|--------------------------------------------------------|
| Other receivables and deposits | <b>1,505</b>                                         | –                                                      |
| Prepayments                    | <b><u>4,012</u></b>                                  | <u>–</u>                                               |
|                                | <b><u>5,517</u></b>                                  | <u>–</u>                                               |

#### 15. CONTRACT ASSETS

The following is the analysis of the contract assets:

|                                 | <b>30 June<br/>2025<br/>HK\$'000<br/>(unaudited)</b> | <b>31 December<br/>2024<br/>HK\$'000<br/>(audited)</b> |
|---------------------------------|------------------------------------------------------|--------------------------------------------------------|
| Contract assets                 | <b>33,979</b>                                        | 25,910                                                 |
| Less: impairment loss allowance | <b><u>(23,004)</u></b>                               | <u>(21,757)</u>                                        |
|                                 | <b><u>10,975</u></b>                                 | <b><u>4,153</u></b>                                    |

Contract Assets represent the Group's rights to considerations from customers for the provision of Construction Services, which arise when: (i) the Group completed the relevant services under such contracts; or (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional.

The Group's contract assets are analysed as follows:

|                                           | <b>30 June<br/>2025<br/>HK\$'000<br/>(unaudited)</b> | 31 December<br>2024<br>HK\$'000<br>(audited) |
|-------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Construction Services contracts – current |                                                      |                                              |
| Unbilled revenue*                         | <b>9,881</b>                                         | 3,161                                        |
| Retention receivables                     | <b>1,094</b>                                         | 992                                          |
|                                           | <b><u>10,975</u></b>                                 | <u>4,153</u>                                 |

\* It represented the revenue not yet been billed to the customers which the Group has completed the relevant services under such contracts but yet certified by representatives appointed by the customers.

Changes of contract assets during the current interim period were mainly due to changes in: (1) the amount of retention receivables in accordance with the number of ongoing and completed contracts under the defect liability period during the current interim period; and (2) the size and number of contract works that the relevant services were completed but yet certified by representatives appointed by the customers at the end of each reporting period.

The Group's retention receivables included in the Group's contract assets will be settled at the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts. The balances are classified as current as they are expected to be received in its normal operating cycle.

## 16. TRADE AND OTHER PAYABLES

|                          | 30 June<br>2025<br><i>HK\$'000</i><br>(unaudited) | 31 December<br>2024<br><i>HK\$'000</i><br>(audited) |
|--------------------------|---------------------------------------------------|-----------------------------------------------------|
| Trade payables           | <u>15,744</u>                                     | <u>25,406</u>                                       |
| Payroll and MPF payables | 392                                               | 416                                                 |
| Accrued expenses         | <u>1,744</u>                                      | <u>1,302</u>                                        |
|                          | <u>2,136</u>                                      | <u>1,718</u>                                        |
| Total                    | <u><u>17,880</u></u>                              | <u><u>27,124</u></u>                                |

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

|                | 30 June<br>2025<br><i>HK\$'000</i><br>(unaudited) | 31 December<br>2024<br><i>HK\$'000</i><br>(audited) |
|----------------|---------------------------------------------------|-----------------------------------------------------|
| Within 30 days | 5,344                                             | 6,562                                               |
| 31–60 days     | 10,400                                            | 9,962                                               |
| 61–90 days     | <u>–</u>                                          | <u>8,882</u>                                        |
|                | <u><u>15,744</u></u>                              | <u><u>25,406</u></u>                                |

## 17. BANK BORROWINGS

During the Review Period, the Group has not drawn any new bank borrowings (six months ended 30 June 2024: Nil) and repaid bank borrowings of approximately HK\$375,000 (six months ended 30 June 2024: HK\$3,811,000). As at 30 June 2025 and 30 June 2024, the bank borrowings carry interest rate at 2.5% per annum below the prime lending rate for Hong Kong Dollars and 1.85% per annum over market rates of Hong Kong Interbank Offered Rate while the bank overdrafts carry effective interest rate at 2% per annum over market rates of Hong Kong Interbank Offered Rate. The bank borrowings are repayable by instalment till May 2028.

## 18. SHARE CAPITAL

Details of movement of the share capital of the Company are as follows:

|                                             | Number of<br>ordinary shares | Share capital<br>HK\$'000 |
|---------------------------------------------|------------------------------|---------------------------|
| Ordinary shares of HK\$0.10 each            |                              |                           |
| <i>Authorised:</i>                          |                              |                           |
| <b>At 31 December 2024 and 30 June 2025</b> | <u>400,000,000</u>           | <u>40,000</u>             |
| <i>Issued and fully paid:</i>               |                              |                           |
| <b>At 31 December 2024</b>                  | 312,000,000                  | 31,200                    |
| <b>Shares issued under placing (Note)</b>   | <u>62,400,000</u>            | <u>6,240</u>              |
| <b>At 30 June 2025</b>                      | <u>374,400,000</u>           | <u>37,440</u>             |

All shares allotted and issued during the period rank pari passu in all respect with the existing issued shares.

*Note:* On 24 June 2025, the Company allotted and issued 62,400,000 ordinary shares by way of placing, at a placing price of HK\$0.241 per ordinary share for cash. The gross proceeds from the placing amounted to HK\$15,038,000, among which, HK\$6,240,000 was credited to the share capital of the Company and HK\$8,798,000 (before issuing expenses) was credited to share premium of the Company.

## 19. SIGNIFICANT RELATED PARTY TRANSACTIONS

### Key Management Personnel

The remuneration of the directors of the Company, close family members of a director of the Company and other key management personnel of the Group during the six months ended 30 June 2025 and 2024 was as follows:

|                          | Six months ended 30 June<br>2025<br>HK\$'000<br>(unaudited) | 2024<br>HK\$'000<br>(unaudited) |
|--------------------------|-------------------------------------------------------------|---------------------------------|
| Short term benefits      | 906                                                         | 390                             |
| Post-employment benefits | <u>9</u>                                                    | <u>9</u>                        |
|                          | <u>915</u>                                                  | <u>399</u>                      |

## 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 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).

The financial assets measured at fair value are grouped into the fair value hierarchy as follows:

|                                                    | <b>Level 1</b><br><i>HK\$'000</i> | <b>Level 2</b><br><i>HK\$'000</i> | <b>Level 3</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|----------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| <b>As at 30 June 2025 (unaudited)</b>              |                                   |                                   |                                   |                                 |
| Financial assets at FVTPL                          |                                   |                                   |                                   |                                 |
| – Key management personnel life insurance policies | <u>–</u>                          | <u>2,882</u>                      | <u>–</u>                          | <u>2,882</u>                    |
| <b>As at 31 December 2024 (audited)</b>            |                                   |                                   |                                   |                                 |
| Financial assets at FVTPL                          |                                   |                                   |                                   |                                 |
| – Key management personnel life insurance policies | <u>–</u>                          | <u>2,795</u>                      | <u>–</u>                          | <u>2,795</u>                    |

During the six months ended 30 June 2025 and the year ended 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The fair value of the key management personnel life insurance policies are determined by reference to the Cash Value as provided by the insurance company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

#### Provision of wet trades and its related ancillary works

The Group provides wet trades works through its principal operating subsidiary, namely, Ma Yau Engineering Limited (“**Ma Yau**”). The principal operating subsidiary has been registered in the Registered Specialist Trade Contractors Scheme (formerly known as the Subcontractor Registration Scheme) of the Construction Industry Council. Ma Yau first completed such registration under the predecessor scheme in April 2004 and our registration has since then covered finishing wet trades, marble, granite and stone work with a wide range of specialties including brick work, plastering and tiling, spray plaster and screeding, marble and granite works.

As at 30 June 2025, the original contract sum of the Group’s ongoing projects (including projects that have commenced but not substantially completed as well as projects that have been awarded but not yet commenced) in aggregate amounted to approximately HK\$139.6 million. As at the date of this announcement, the Group was in the course of bidding for or pending the tender results of three projects, with an estimated total contract sum of approximately HK\$131.9 million.

Despite the tight financial condition and there is concern that the speed of new projects being rolled out for tenders might be adversely affected, it is anticipated that the Government will continue to invest in the infrastructure and create more lands through site formation and reclamation. The business environment in the construction industry of Hong Kong is now facing challenge as more Mainland China construction companies are participating in the construction market, there will be a huge pressure on the tender price and profit margin. The continued economic slowdown and slower-than-expected economic recovery have led to an increase in credit risk in this industry, with construction companies facing more cases of liquidation and closure.

In order to maintain its market share in the wet trades works industry, the Group will continue to closely monitor the market and respond to changes in market conditions. The Directors are confident that with the Group’s reputation in the wet trades works industry and its experienced management team, the Group is in a good position to compete with its competitors. The Group will continue to improve its competitiveness in the market by continuing to provide quality works to its customers. The Group will also continue to proactively seek opportunities to expand its customer base and its market share and undertake more wet trades and wet trades related trade divisions projects which will enhance value to the shareholders of the Company (the “**Shareholders**”).



## **Provision of construction information technology services**

Based on our Directors' practical experience, any potential customers, such as wet trades service providers in the construction industry, who are not familiar with payment request and without connections to specialist contractors may eventually seek from external resources for assistance in performing their duties such as information on calculation of total work done in their projects.

During the Review Period, capitalising on our expertise and experience in providing passive wet trade payment request information technology solutions, we established an online platform to provide subscribers with information such as specifications of various wet trade services items in our database so as to assist customers to carry out monthly review on the contractor's payment requests.

## **Provision of beauty and health services**

In addition to the existing business of the Group, we have commenced a new beauty business by providing high quality beauty services, nutritional healthcare products and health services (the “**New Business**”) during the Review Period. In view of the pursuit of beauty of consumers in China and around the world, the improvement of health awareness and changes in lifestyles, huge business opportunities have emerged in the beauty industry-related businesses. We believe that commencement of the New Business will help to achieve diversification in the business of the Group and its sources of income.

The New Business would be developed around comprehensive consumer services to meet consumers' needs for beauty products and services, including: cosmetics, beauty and skin care products, nutritional and healthy food, lifestyle beauty, medical beauty and health management and other fields, its main business model will be: the Group set up joint ventures and physical stores with local partners in first- and second-tier cities of China, and provide product sales, lifestyle beauty services, medical beauty consulting services, health management consulting services, comprehensive shopping services, as well as overall operation management and business guidance services to each of such joint venture companies and physical stores, management fees and consulting service fees will be charged by the Group based on the annual revenue of each of these joint ventures and physical stores. The Group also plans to launch a new online beauty product brand to promote the e-commerce of beauty services.

As of now, the Group has established physical stores in major cities in mainland China, including Shenzhen, Beijing, Shanghai, Wuhan, Fuzhou, Chongqing, Shenyang and Xi'an, providing consumers with high-quality services and products to meet their pursuit of better life.

The Group has always adhered to the principle that the best products make the best brands, and strictly controlled the quality of every service and product. Guangdong Weiyuan Biological Group Co., Ltd.\* (廣東威元生物集團有限公司) and Guangdong Drive Health Group Co., Ltd.\* (廣東驅力健康集團有限公司), both subsidiaries of the Company, have already established deep collaborations with globally renowned cosmetics manufacturers – COSMAX, Sirio Healthcare (Anhui) Co., Ltd., Anewcos Cosmetic R&D Co., Ltd., and Braveiy Biotechnology (Anhui) Co., Ltd., etc., starting from the source to achieve a qualitative leap in product competitiveness. Meanwhile, the Group is actively deploying the big medical beauty and big health consumption tracks, comprehensively improving the Group's industrial layout, and truly escorting consumers' health, beauty, and happiness.

The Group has been exploring other business opportunities beyond the Hong Kong market and/or expanding the geographical coverage of the principal business of the Group beyond the Hong Kong and China market in order to enhance our future development and to strengthen the revenue bases of the Group. It is believed that such exploration will be worthy so that the Group will be well-prepared to dive into any opportunities as they arise or come to attention. It is expected that diversification of the Group's business will provide a better return to the Shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately HK\$26.7 million or approximately 69.6% from approximately HK\$38.4 million for the six months ended 30 June 2024 to approximately HK\$65.1 million for the Review Period. The increase in revenue was mainly due to the amount of the projects won through bidding is relatively large.

### **Gross Profit/(Loss) and Gross Profit/(Loss) Margin**

The gross profit of the Group for the Review Period amounted to approximately HK\$8.3 million, representing an increase of approximately 265.7% as compared to approximately HK\$13.7 million gross loss for the six months ended 30 June 2024. The Group's gross profit margin for the Review Period was approximately 12.7%, as compared to gross loss margin approximately 35.7% for the six months ended 30 June 2024. The gross profit was mainly due to improving of costs control.

### **Other Income**

Other income of the Group for the Review Period amounted to approximately HK\$19,000, representing a decrease of approximately 80.0% or HK\$74,000 as compared to approximately HK\$93,000 for the six months ended 30 June 2024. The decrease was primarily due to the decrease in average bank balances, which has led to a reduction in bank interest income.

### **Impairment losses under expected credit loss model (the “ECL”) , net of reversal**

The ECL for the Year amounted to a reversal of approximately HK\$3,000, representing a decrease of approximately 100% as compared with impairment losses of HK\$7.8 million for the six months ended 30 June 2024. Impairment losses under ECL was mainly contributed by the impairment losses of approximately HK\$1.1 million under a construction project in Sha Tau Kok and a reversal of the impairment losses of trade receivables approximately HK\$1.3 million under a construction project in Tai Wai.

### **Administrative Expenses**

The administrative expenses of the Group for the Review Period amounted to approximately HK\$8.1 million, representing an increase of approximately 114.2% as compared to approximately HK\$3.8 million for six months ended 30 June 2024. The increase was mainly attributable to increase in professional fee due to cash offer and increase in number of staff.

### **Finance Costs**

Finance costs of the Group for the Review Period were approximately HK\$182,000, representing a decrease of approximately 28.6% as compared to approximately HK\$255,000 for the six months ended 30 June 2024. The decrease was mainly attributable to decrease in the interests on bank borrowings, which was primarily driven by the decrease in interest rate.

### **Net Profit/(Loss)**

As a result of the foregoing, the Group reported net profit attributed to owners of the Company of approximately HK\$124,000 for the Review Period as compared to the net loss of approximately HK\$25.5 million for the six months ended 30 June 2024.

### **Interim Dividend**

The Board did not recommend a payment of an interim dividend for the Review Period (six months ended 30 June 2024: Nil).

### **Liquidity, Financial Resources and Capital Structure**

The ordinary shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 August 2019. On 24 June 2025, a placement of 62,400,000 new Shares was completed. The placing price was HK\$0.241 per Share.

As at 30 June 2025, the Company's issued capital was HK\$37,440,000 and the number of the Shares was 374,400,000 of HK\$0.10 each.

As at 30 June 2025, the Group had total bank balances and cash of approximately HK\$23.1 million (31 December 2024: approximately HK\$10.5 million). The total borrowings of the Group, consisting of bank borrowings, as at 30 June 2025 were approximately HK\$4.9 million (31 December 2024: approximately HK\$5.3 million). All bank balances and borrowings were denominated in Hong Kong dollars. Interests are charged at fixed and floating rates. The Group did not carry out any interest rate hedging policy.

### **Raising of Funds and Use of Proceeds**

Reference is made to the Company's announcements dated 3 June 2025 and 24 June 2025 in relation to the placing of new shares under general mandate (the "**Placing**"). Taking into account the financial position of the Group at the time of Placing and potential business opportunities including tenders for new projects, the Board considered that the Placing represented a good opportunity for the Company to provide immediate funding to strengthen the Company's financial position and replenish the Company's cash reserves for business opportunities. On 3 June 2025, the Company entered into a placing agreement with a placing agent pursuant to which the Company has conditionally agreed to place up to 62,400,000 placing shares at a price of HK\$0.241 per placing share. The completion of the Placing took place on 24 June 2025. The closing price per Share as quoted on the Stock Exchange on 3 June 2025 was HK\$0.285. The aggregate nominal value of the Placing Shares were HK\$6,240,000. Net proceeds from the Placing was approximately HK\$14.1 million (the "**Net Proceeds**") which was intended to be applied as to (i) approximately HK\$8.1 million (representing 57.4% of the Net Proceeds) for the New Business by setting up around 8 physical beauty store in first tier cities of China; (ii) approximately HK\$3,000,000 (representing 21.3% of the Net Proceeds) for renovation of new office leased by the Company; and (iii) approximately HK\$3.0 million (representing 21.3% of the Net Proceeds) for working capital purposes. As at 30 June 2025, no Net Proceeds were utilised. The Net Proceeds were placed with banks and would be used as its intended purposes during the second half of 2025.

### **Treasury Policy**

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

## **Pledge of Assets**

As at 30 June 2025, the Group had pledged financial assets at fair value through profit or loss of approximately HK\$2.9 million in order to secure bank facilities granted to the Group.

## **Foreign Exchange Risk**

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are primarily denominated in Hong Kong dollars. With the insignificant portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the Review Period (six months ended 30 June 2024: Nil).

## **Gearing Ratio**

As at 30 June 2025, the gearing ratio (calculated as total bank borrowings divided by the total equity) was approximately 20.4% (31 December 2024: approximately 54.0%). The increase in gearing ratio is mainly due to increase in accumulated losses resulting in decrease in total equity at 30 June 2024.

## **Significant Investment Held, Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures**

During the Review Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries, associates or joint ventures.

## **Future Plans for Material Investments or Capital Assets**

As at the date of this announcement, the Group does not have any other plans for material investments or capital assets.

## **Employees and Remuneration Policy**

As at 30 June 2025, 38 employees fell into the Group's payroll (31 December 2024: 13 employees). Total staff costs, including directors' emoluments, salaries, wages and other staff benefits, contributions to retirement schemes and untaken paid leave for the Review Period, amounted to approximately HK\$2.5 million (six months ended 30 June 2024: approximately HK\$2.5 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation.

## **Capital Commitments and Contingent Liabilities**

As at 30 June 2025, the Group had no material capital commitments or contingent liabilities (31 December 2024: Nil).

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company adopted the principles and complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix C1 to the Listing Rules.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as a code of conduct regarding the securities transactions of the Company by the Directors. Having made specific enquiries of the Directors, all Directors confirmed that they have complied with the requirements of the Model Code during the Review Period.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the Review Period.

## AUDIT COMMITTEE

The Company established the audit committee (“**Audit Committee**”) on 22 July 2019 in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provisions of the Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditor; review the financial information; and oversee the financial reporting system and internal control procedures of the Company. The Audit Committee consists of three members, namely Ms. Ding Xin, Mr. Zhu Qi and Ms. Zhang Lingke. Ms. Ding Xin is the chairlady of the Audit Committee.

## REVIEW OF INTERIM FINANCIAL RESULTS

The interim financial results of the Group for the Review Period are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

By order of the Board  
**China Wacan Group Company Limited**  
**Zhou Zhenlin**  
*Chairman of the Board and Executive Director*

Hong Kong, 29 August 2025

*As at the date of this announcement, the Board comprises Mr. Zhou Zhenlin, Ms. Peng Yunying and Mr. Guo Xianjiao as executive Directors and Ms. Ding Xin, Mr. Zhu Qi, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon as independent non-executive Directors.*