



Shuanghua Holdings Limited 雙樺控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1241



INTERIM REPORT

20 25



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CORPORATE INFORMATION

Company Name:	Shuanghua Holdings Limited
Registered Office:	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands
Headquarter:	9/F, Tongsheng Building 458 Fushan Road Pudong District Shanghai PRC
Hong Kong Principal Business Address:	Unit No.1, 6/F, Chevalier Commercial Centre No.8 Wang Hoi Road Kowloon Bay Hong Kong
Company Website:	http://www.shshuanghua.com
Telephone:	(86 21) 5058 6337
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Enquiry Email:	ir@shshuanghua.com
Financial Year End:	31 December
Board of Directors:	<i>Executive Directors</i> Mr. ZHENG Ping (Chairman & Chief Executive Officer) Ms. ZHENG Fei Ms. TANG Lo Nar <i>Non-executive Director</i> Ms. KONG Xiaoling <i>Independent non-executive Directors</i> Mr. HE Binhui Mr. CHEN Lifan Ms. GUO Ying

CORPORATE INFORMATION

Company Secretary:	Ms. TANG Lo Nar
Authorised Representatives:	Mr. ZHENG Ping Ms. TANG Lo Nar
Audit Committee:	Mr. HE Binhui (<i>Chairman</i>) Ms. GUO Ying Mr. CHEN Lifan
Remuneration Committee:	Ms. GUO Ying (<i>Chairman</i>) Mr. HE Binhui Mr. CHEN Lifan
Nomination Committee:	Mr. CHEN Lifan (<i>Chairman</i>) Mr. HE Binhui Ms. GUO Ying
Hong Kong Share Registrar:	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Banker:	China Construction Bank Corporation Shanghai Branch Fengxian Sub-branch 332 Jiefang Zhong Road Nanqiao Town, Fengxian District Shanghai PRC
Stock Code:	1241.HK
Listing Date:	30 June 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2025 (the “Period” or “Period under Review”), Shuanghua Holdings Limited (“Shuanghua” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) have been principally engaged in the business of supply chain management based on its own cold storage plant and properties, and the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products, in joint forces to promote the development of agriculture and people’s livelihoods.

In the first half of 2025, ongoing geopolitical conflicts, compounded by sweeping and erratic U.S. tariff hikes, fractured the global trade architecture and injected profound uncertainty into the world economy. Against this backdrop, China’s economy faced sustained pressures, with export growth hindered, the property market remaining sluggish, and weak domestic demand persisting. According to data from the National Bureau of Statistics of China, the Consumer Price Index (CPI) fell by 0.1% year-on-year, while the Producer Price Index (PPI) dropped by 2.8% during the Period, deflationary pressures in the industrial sector became more pronounced. In response, the Group proactively adjusted its products and services portfolio to adapt to the changing supply and demand market.

Due to the overall sluggish economic outlook and consumption downgrading in China, both the selling prices and sales volume of the Group’s products and services declined as compared to the corresponding period of last year. During the Period under Review, the Group achieved sales revenue of approximately RMB12.8 million, a decrease of approximately RMB47.8 million as compared to the corresponding period of last year. The Group steadily promoted the supply chain management business based on its own cold storage plant and properties, actively mitigated the challenges posed by the economic environment through refined management and cost control measures. For the six months ended 30 June 2025, the Group’s revenue for the supply chain management business amounted to approximately RMB6.5 million. As for the food supply business, the Group reduced orders with low profits due to declining selling prices from consumption downgrading in China and rising costs of imported goods from the instability surrounding global trade. Meanwhile, the Group actively diversified the products portfolio of the food supply business, successfully introduced new products to enrich the Group’s offerings. For the six months ended 30 June 2025, the Group’s revenue from the food supply business amounted to approximately RMB6.3 million.



MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2025, in the context of overall economic pressures in China, the Company placed cost discipline and risk control at the forefront and actively curtailed orders with low profits or rising risks amidst consumption downgrading in China and the instability and uncertainty surrounding global trade, resulting in a loss attributable to its owners of approximately RMB2.1 million, while the loss attributable to its owners was approximately RMB3.2 million for the corresponding period last year.

OUTLOOK AND STRATEGY

In the second half of 2025, the global geopolitical conditions remain intricate and volatile, and the tariff and trade policies of the U.S. Trump administration will remain uncertain. Against this backdrop, domestic demand is unlikely to rebound significantly in the short term, and enterprises will continue to face multiple operational challenges. The Group will focus on (i) advancing diversification of the Group's products and services to secure steady development; and (ii) developing the Group's supply chain business of other goods and services, to foster further expansion and diversification of the Group's business.

(i) **Advancing diversification of the Group's products and services to secure steady development**

The Group will continue to deepen its one-stop supply chain solution service model, leveraging its core strengths in cold chain logistics and supply chain management to respond proactively to market changes. As for the supply chain management business, the Group will steadily expand cooperation with existing and new customers, increasing warehouse capacity and turnover rates. The Group will continuously optimise its assets structure, innovate service models, and explore growth opportunities. As for the food supply business, the Group will expand product line such as proteins and seafood to enrich the Group's product matrix and satisfy the market's diversified demand, thereby ensuring the steady growth of the food supply business. The Group will continue to build its upstream resource pool, integrate high-quality global production resources and explore regional specialty products, and strengthen partnerships with premium domestic and international farms and packaging houses to ensure stable supply and quality assurance of products. Simultaneously, the Group will actively expand its downstream premium client base, establish a robust customer network, and expand more sales channels such as mid-to-large supermarket chains, e-commerce platforms, live-streaming, and other distribution avenues, to lay a solid foundation for sustainable development of the business.



MANAGEMENT DISCUSSION AND ANALYSIS

Based on past operational experience, the Group will steadily promote the products and services under the “Longhuazhen (龍樺臻)” and “Shuanghua (雙樺)” brand. The Group will maintain steady progress amid complex and volatile market conditions while fostering long-term sustainable business development.

(ii) Developing the Group’s supply chain business of other goods and services, to foster further expansion and diversification of the Group’s business

The Group will fully leverage its resources to develop supply chain business for innovative technological products and services, including but not limited to, technological innovation and green and energy saving businesses, either horizontally or vertically, by way of acquisition, investment, establishment of joint venture or formation of strategic alliance. Building on the exploration of the lithium battery recycling business since 2022 and in light of the strong demand for lithium batteries in new energy vehicles, the Group intends to introduce the world’s advanced power-battery technologies. This initiative aims to develop new quality productive forces, drive sustained improvement in revenue scale and profitability and achieve steady, high-quality business growth. The management is committed to laying a solid foundation for the Group’s diversified development and to further expanding its business operations.

The Group will continue to conduct comprehensive assessments on the market conditions of different business segments and be prudent in adjusting the Group’s strategies and business plans in a timely manner, and manage and develop its existing businesses and expand potential businesses, to achieve a sustainable business development. The Group will continue to create competitive advantages to become a leading listed company with sustainable growth driven by its professional management and expertise, business cooperation and advanced technological strengths and capabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group's revenue was approximately RMB12.8 million, a decrease of approximately RMB47.8 million from that of the corresponding period of 2024, which was approximately RMB60.6 million.

The following table sets forth the breakdown of the Group's revenue by business segments for the periods indicated:

Revenue	For the six months ended 30 June			
	2025		2024	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Supply chain management business	6,463	50.5%	13,531	22.3%
Food supply business	6,326	49.5%	47,032	77.7%
Total	12,789	100.0%	60,563	100.0%

Gross profit

For the six months ended 30 June 2025, the Group recorded a gross profit of approximately RMB1.1 million (gross profit for the six months ended 30 June 2024: approximately RMB4.4 million), decreased by approximately RMB3.3 million as compared to the corresponding period of last year, mainly attributable to declining selling prices and sales volume of the Group's products from consumption downgrading in China, and rising costs in imported products.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of the Group's gross profit by business segments for the periods indicated:

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Gross profit		
Supply chain management business	1,112	3,819
Food supply business	7	620
Total	1,119	4,439

Other income, gains and losses

For the six months ended 30 June 2025, the Group's other income, gains and losses amounted to approximately RMB3.0 million, increased by approximately RMB1.0 million as compared to the corresponding period of last year, mainly attributable to the gain from the financial assets investment.

Reversal of impairment losses of trade receivables under expected credit loss model

For the six months ended 30 June 2025, the Group's reversal of impairment losses under expected credit loss model amounted to approximately RMB2.7 million. For the six months ended 30 June 2024, the Group's reversal of impairment loss under expected credit loss model amounted to approximately RMB0.1 million.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution costs

Selling and distribution costs primarily comprised of staff-related costs, sales transportation fees, operating lease rental expenses, entertainment and travelling expenses. For the six months ended 30 June 2025, the Group's selling and distribution costs amounted to approximately RMB0.9 million, the same as the corresponding period of last year (for the six months ended 30 June 2024: approximately RMB0.9 million).

Administrative expenses

Administrative expenses primarily comprised staff-related costs, various local taxes and education surcharges, depreciation of property, plant and equipment and right-of-use assets, R&D expenses and miscellaneous expenses. For the six months ended 30 June 2025, the Group's administrative expenses amounted to approximately RMB8.3 million, decreased by approximately RMB0.6 million as compared to the corresponding period of last year, mainly attributable to the decrease of consulting fee.

Interest expense

The Group's interest expense for the six months ended 30 June 2025 amounted to approximately RMB2,997 (for the six months ended 30 June 2024: approximately RMB12,469), which was interest expense on lease liabilities.

Income tax credit

For the six months ended 30 June 2025, the Group's tax credit was approximately RMB283,000. For the six months ended 30 June 2024, the Group had no income tax credit.

Loss for the Period

For the six months ended 30 June 2025, the loss attributable to the owners of the Company was approximately RMB2.1 million, while the loss attributable to the owners of the Company for the corresponding period of last year was approximately RMB3.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets

The Group's net current assets increased from approximately RMB89.7 million as at 31 December 2024 to approximately RMB90.3 million as at 30 June 2025.

Financial position and bank borrowings

As at 30 June 2025, the Group's total cash and cash equivalents and financial assets at fair value through profit or loss amounted to approximately RMB91.1 million. As at 31 December 2024, the Group's cash and cash equivalents and financial assets at fair value through profit or loss amounted to approximately RMB88.2 million. As at 30 June 2025 and 31 December 2024, the Group did not have any borrowings. The gearing ratio was not applicable to the Group (as at 31 December 2024: nil).

Save as aforesaid or otherwise disclosed in the notes to the financial information, and apart from intra-group liabilities, as at 30 June 2025, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capitals or bank overdrafts or loans or similar indebtedness or finance lease commitments, liabilities under acceptances or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities (as at 31 December 2024: nil).

The directors of the Company (the "Directors") have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group during the period since 31 December 2024.

Working capital

(All amounts in this section were net of provisions for impairment of inventories and trade receivables)

For the six months ended 30 June 2025, the average inventory turnover days were 0 days (for the six months ended 30 June 2024: 5 days). The average inventory turnover days are arrived at by dividing the arithmetic means of the opening and ending balances of inventory for the relevant period by cost of sales of the same period and multiplying the quotient by 180 days. The average inventory turnover days decreased mainly because the Group further strengthened the management of inventory turnover.



MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2025, the average turnover days of trade and bills receivables were 135 days (for the six months ended 30 June 2024: 81 days). The average turnover days of trade and bills receivables are arrived at by dividing the arithmetic means of the opening and ending balances of trade and bills receivables for the relevant period by revenue of the same period and multiplying the quotient by 180 days. The average turnover days of trade and bills receivables increased mainly because the Group extended credit terms to customers with better credibility and business prospects.

For the six months ended 30 June 2025, the average turnover days of trade and bills payables were 97 days (for the six months ended 30 June 2024: 51 days). The average turnover days of trade and bills payables are arrived at by dividing the arithmetic means of the opening and ending balances of trade and bills payables for the relevant period by cost of sales of the same period and multiplying the quotient by 180 days. The average turnover days of trade and bills payables increased mainly because the Group negotiated better terms with suppliers to improve the Group's liquidity.

CAPITAL EXPENDITURES, CAPITAL COMMITMENTS AND HUMAN RESOURCES

For the six months ended 30 June 2025, the Group's capital expenditures were approximately RMB1.7 million, mainly due to the construction of the cold storage plant (for the six months ended 30 June 2024: approximately RMB1.3 million).

As at 30 June 2025, the Group's capital commitments were approximately RMB1.0 million, mainly due to the construction of the cold storage plant (as at 30 June 2024: approximately RMB7.3 million).

As at 30 June 2025, the Group had 42 employees, including Directors, management, sales, manufacture, logistics supports and other ancillary personnel. For the six months ended 30 June 2025, the Group's total wages and salaries amounted to approximately RMB2.5 million (excluding directors' and chief executives' remuneration). Our remuneration policy is primarily based on the job responsibilities, work performance and number of years of service of each employee and the current market conditions.



MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the relevant labour laws and regulations, the Group has to pay contributions to a number of staff social insurance schemes (including medical, maternity, work injury, unemployment and pension insurances) and staff housing reserve funds. The Group provides social insurances and pays contributions to housing reserve funds for its employees in accordance with the interpretations to the relevant labour laws and regulations given, and policies and measures executed by local government departments. The Group has established various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC rules and regulations and the existing policy requirements of the local government. For the six months ended 30 June 2025, the Group's welfare expenses amounted to approximately RMB0.4 million. The Group has complied, in all material respects, with all statutory requirements on retirement contribution in the jurisdictions where the Group operates.

The determination of the remuneration to the Directors is based on remuneration of directors of comparable companies in the industry, time commitment, duties and responsibilities of the Directors in the Group and its operational and financial performance. The basic salary of each of our executive and non-executive Directors will be reviewed by the remuneration committee ("Remuneration Committee") of the board of Directors (the "Board") at the end of each financial year.

Significant investments, material acquisitions and disposals

For the six months ended 30 June 2025, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

Foreign exchange risk

The Group's operations are located in the PRC with RMB as the functional and presentation currency. The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the unit's functional currency. The currency exposure of the Group mainly comes from fluctuations in the exchange rates of HKD to RMB and USD to RMB. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, the management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future when necessary.



MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

As at 30 June 2025, the Group had no significant contingent liabilities (as at 31 December 2024: nil).

Pledge of assets

As at 30 June 2025, the Group had no pledge of assets (as at 31 December 2024, the Group had no pledge of assets).

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

MATERIAL EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting Period that needs to be disclosed.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required to be recorded in the register kept by the Company under Section 352 of SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in the Shares

As at 30 June 2025, the issued share capital of the Company comprised 650,000,000 ordinary shares in the capital of the Company (the "Shares").

Name of Directors	Number of Shares			Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests		
Mr. Zheng Ping (Note 1)	–	–	282,750,000	282,750,000	43.5%
Ms. Kong Xiaoling (Note 2)	–	282,750,000	–	282,750,000	43.5%

Notes:

- Mr. Zheng Ping is an executive Director and holds 100% interest in Youshen International Group Limited ("Youshen Group") and he is deemed to be interested in the 282,750,000 Shares held by Youshen Group.
- Ms. Kong Xiaoling is a non-executive Director and the spouse of Mr. Zheng Ping. Accordingly, Ms. Kong is deemed to be interested in the 282,750,000 Shares held by Youshen Group under the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares

As at 30 June 2025, the issued share capital of the Company comprised 650,000,000 Shares.

Name of shareholders	Capacity	Nature of Interests	Number of Shares	Percentage of issued share capital
Youshen Group (Note 1)	Beneficial owner	Corporate	282,750,000	43.5%
Ms. Zhou Shu Xian	Beneficial owner	Individual	120,160,000	18.5%
Mr. Xu Zong Lin	Beneficial owner	Individual	59,144,000	9.1%

Note:

- Mr. Zheng Ping is an executive Director and holds 100% interest in Youshen Group and he is deemed to be interested in the 282,750,000 Shares held by Youshen Group. Ms. Kong Xiaoling is the spouse of Mr. Zheng Ping and she is deemed to be interested in the 282,750,000 Shares held by Youshen Group under the SFO.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any persons (not being a Director or chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

In light of the expiry of the share option scheme which was adopted on 8 June 2011 (became effective on 29 June 2011) and expired on 29 June 2021, the Company adopted a new share option scheme on 30 June 2022 (the “2022 Share Option Scheme”) to enable the Company to grant options to eligible participants as incentives or rewards for their contributions to our Group.

The maximum number of Shares which may be issued upon exercise of all options granted and to be granted under the 2022 Share Option Scheme is 65,000,000 Shares, representing 10% of the Shares of the Company in issue as at the date of adoption of the 2022 Share Option Scheme. The maximum number of Shares issuable under share options granted to each eligible participant in the 2022 Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the Shares in issue. Any grant or further grant of share options in excess of this limit is subject to Shareholders’ approval in a general meeting. Eligible participants of the 2022 Share Option Scheme include any full-time or part-time employees, executives or officers (including executive and non-executive Directors, but excluding independent non-executive Directors) of the Company or any of the subsidiaries of the Company, as absolutely determined by the Board.



CORPORATE GOVERNANCE AND OTHER INFORMATION

The 2022 Share Option Scheme is valid and effective for a period of 10 years commencing from the approval of the 2022 Share Option Scheme at the 2021 annual general meeting of the Company held on 30 June 2022. As at 30 June 2025, the remaining life of the 2022 Share Option Scheme is approximately seven years. The exercise period of any option granted under the 2022 Share Option Scheme must not be more than ten years commencing from the date of grant. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a nonrefundable payment of HKD1.00 from the grantee. A grant of share options under the 2022 Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option). In addition, any share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, which would result in the Shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of grant) in excess of HK\$5 million, are subject to Shareholders' approval in advance in a general meeting. The exercise period of the share options granted is determined by the Directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the 2022 Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised. The subscription price for a Share in respect of any particular option granted under the 2022 Share Option Scheme (subject to adjustments upon capital restructuring) shall be such price as the Board in its absolute discretion shall determine, save that such price must not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer to grant option; (ii) the average of the official closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of offer to grant option; and (iii) the nominal value of a Share.

No share options have been granted under the 2022 Share Option Scheme since it became effective. During the six months ended 30 June 2025, no share options were granted, exercised, lapsed or cancelled, and as at 30 June 2025, no options under the 2022 Share Option Scheme were outstanding. As at the date of this report, the total number of shares available for issue under the 2022 Share Option Scheme was 65,000,000 Shares, representing 10% of the issued share capital of the Company as at the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES OR SALE OF TREASURY SHARES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury Shares (as defined under the Listing Rules)). As at 30 June 2025, the Company did not hold any treasury Shares (as at 31 December 2024: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted all the requirements of the code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "Corporate Governance Code"). None of the Directors is aware of any information which would reasonably indicate that the Company was not in compliance with the Corporate Governance Code during the six months ended 30 June 2025, except the deviation from provisions C.2.1 as explained below.

Code provision C.2.1

Under provision C.2.1 of the Corporate Governance Code, the roles of the chairman of the Board and the chief executive officer ("CEO") of the Group should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Group should be clearly established and set out in writing.

The roles of the chairman of the Board and the CEO of the Group are not separated and are performed by the same individual. Mr. Zheng Ping acted as both the chairman of the Board and CEO throughout the Period under Review. The Directors met regularly to consider major matters affecting the operations of the Group. The Directors considered that this structure will not impair the balance of power and authority between the Directors and management of the Group and believed that this structure will enable the Group to make and implement decisions promptly and efficiently.

COMPLIANCE WITH THE MODEL CODE

The Model Code set out in Appendix C3 to the Listing Rules has been adopted by the Company as the code of conduct for securities transactions by the Directors. The Directors have also been reminded of their responsibilities under the Model Code regularly by the Company. Having made specific enquiries with them, all Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or any of their respective associates (as defined under the Listing Rules) has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group as at the date of this report.

NOMINATION COMMITTEE

The Company established a nomination committee of the Board (“Nomination Committee”) which is primarily responsible for making recommendations to the Board regarding the Group’s engagement of appropriate directors and managerial personnel (including the skills, knowledge and experience) to complement the Company’s corporate strategies. The Nomination Committee comprises Mr. Chen Lifan, Mr. He Binhui and Ms. Guo Ying, and is chaired by Mr. Chen Lifan.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy on 5 March 2019, and further amended the board diversity policy on 31 August 2023 to take effect on the same date (the “Board Diversity Policy”), which aims to set out the principles and approach to achieve diversity of the Board.

The Group recognizes that diversification at the Board level is one of the important factors to improve corporate performance, optimize leadership structure, improve talent quality, and promote the long-term development of the Group. The candidates selected will be based on a range of diverse categories, including but not limited to, gender, age, ethnicity, cultural and educational background, professional skills, career experience, management level and length of service. The Nomination Committee will ultimately make appointment decisions based on the overall quality of the candidates and their contributions to the Board. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee which is primarily responsible for making recommendations to the Board regarding the Group’s policy and structure for remuneration of Directors and senior management and determining the specific remuneration packages of all executive Directors and senior management of the Company. The Remuneration Committee comprises Ms. Guo Ying, Mr. He Binhui and Mr. Chen Lifan, and is chaired by Ms. Guo Ying.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Company established an audit committee of the Board (“Audit Committee”) comprising three independent non-executive Directors, namely Mr. He Binhui, Ms. Guo Ying and Mr. Chen Lifan, and is chaired by Mr. He Binhui. The written terms of reference which describe the authorities and duties of the Audit Committee were prepared and adopted with reference to “A Guide for Effective Audit Committee” published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee provides an important link between the Board and the Company’s auditor in matters coming within the scope of the Group’s audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group’s internal control and risk management system. The Audit Committee is of the view that the risk management and internal control system at present have been valid and adequate.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited consolidated results of the Company for the six months ended 30 June 2025 and this interim report. In particular, the Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group and held meetings to discuss the internal controls and financial reporting matters regarding the Group’s unaudited consolidated financial information for the six months ended 30 June 2025.

On behalf of the Board
Shuanghua Holdings Limited
Zheng Ping
Chairman

Hong Kong, 29 August 2025

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

For the six months ended 30 June

	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	5	12,789	60,563
Cost of sales		(11,670)	(56,124)
Gross profit		1,119	4,439
Other income, gains and losses	5	3,005	2,090
Reversal of impairment losses of trade receivables other receivables and other assets		2,676	112
Selling and distribution costs		(938)	(916)
Administrative expenses		(8,257)	(8,896)
Interest expense		(3)	(12)
Loss before tax	6	(2,398)	(3,183)
Income tax credit	7	283	—
Loss and other comprehensive income for the period		(2,115)	(3,183)
Attributable to:			
Owners of the parent		(2,115)	(3,183)
		(2,115)	(3,183)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted	9	(0.3) cents	(0.5) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	67,104	68,256
Investment properties		70,808	73,712
Right-of-use assets	11	21,969	22,246
Financial assets at fair value through profit or loss	12	9,588	8,268
Other receivables		87	87
Total non-current assets		169,556	172,569
CURRENT ASSETS			
Trade and bills receivables	13	7,234	11,954
Prepayments, other receivables and other assets		21,029	13,862
Cash and cash equivalents	14	81,520	79,934
Total current assets		109,783	105,750
TOTAL ASSETS		279,339	278,319
CURRENT LIABILITIES			
Trade payables	15	8,587	3,980
Other payables and accruals		9,617	10,806
Tax payable		1,283	1,283
Total current liabilities		19,487	16,069
TOTAL ASSETS LESS CURRENT LIABILITIES		259,852	262,250

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2025

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT LIABILITY		
Deferred tax liabilities	1,269	1,552
Total non-current liability	1,269	1,552
NET ASSETS	258,583	260,698
EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,406	5,406
Reserves	253,173	255,288
	258,579	260,694
Non-controlling interests	4	4
TOTAL EQUITY	258,583	260,698

Zheng Ping
Director

Tang Lo Nar
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June

	Attributable to owners of the parent								
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Merger reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)	5,406	133,658	168,134	43,222	(119,378)	46,548	277,590	4	277,594
Loss and total comprehensive income for the period (unaudited)	-	-	-	-	-	(3,183)	(3,183)	-	(3,183)
At 30 June 2024 (unaudited)	5,406	133,658	168,134	43,222	(119,378)	43,365	274,407	4	274,411
At 1 January 2025 (audited)	5,406	133,658	168,134	43,222	(119,378)	29,652	260,694	4	260,698
Loss and total comprehensive income for the period (unaudited)	-	-	-	-	-	(2,115)	(2,115)	-	(2,115)
At 30 June 2025 (unaudited)	5,406	133,658	168,134	43,222	(119,378)	27,537	258,579	4	258,583



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net cash flows from operating activities	3,269	28,856
Net cash flows from investing activities	(1,680)	(1,151)
Net cash flows used in financing activities	(3)	(383)
Net increase in cash and cash equivalents	1,586	27,322
Cash and cash equivalents at beginning of period	79,934	65,349
Cash and cash equivalents at end of period	81,520	92,671

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

1. CORPORATE AND GROUP INFORMATION

Shuanghua Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 19 November 2010. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal places of business in the People’s Republic of China (the “PRC”) are located in Fengxian District, Shanghai and in Tunxi District, Huangshan City, Anhui Province.

During the six months ended 30 June 2025, the Company and its subsidiaries (the Group”) were principally involved in the business of supply chain management based on its own cold storage plant and properties, and the business of food supply on domestic and overseas high-end fruits and other agriculture and sideline products, in joint forces to promote the development of agriculture and people’s livelihoods.

In the opinion of the directors of the Company, the parent company and the ultimate holding company of the Company is Youshen International Group Limited, which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by The Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the interim condensed consolidated financial statements include the applicable disclosures requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and debt instruments at fair value through other comprehensive income, which have been measured at fair value. The interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Other than changes in accounting policies resulting from application of new and amendments to HKFRS Accounting Standards ("HKFRSs") and Interpretation effective for the first time for annual periods beginning on 1 January 2025, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2024.

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Lack of Exchangeability (Amendments to HKAS 21)

The adoption of the above amended HKFRSs that are effective from 1 January 2025 did not have any significant impact on the Group's accounting policies.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the internal reports reviewed by the executive directors, who are the chief operating decision-maker, that are used to allocate resources and assess performance, which are analysed based on business as follows:

Segment revenue and results

Supply chain business

The Group is involved in the business of supply chain management based on its own cold storage plant and properties.

Food supply business

The Group is involved in the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2025 (unaudited)

	Food supply business RMB'000 (Unaudited)	Supply chain management business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
REVENUE	6,326	6,463	12,789
RESULTS			
Segment results	7	1,112	1,119
Other income, gains and losses			3,005
Reversal of impairment losses on trade receivables, other receivables and other assets			2,676
Selling and distribution costs			(938)
Administrative expenses			(8,257)
Interest expense			(3)
Loss before tax			(2,398)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2024 (unaudited)

	Food supply business RMB'000 (Unaudited)	Supply chain management business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
REVENUE	47,032	13,531	60,563
RESULTS			
Segment results	620	3,819	4,439
Other income, gains and losses			2,090
Reversal of impairment losses on trade receivables, other receivables and other assets			112
Selling and distribution costs			(916)
Administrative expenses			(8,896)
Interest expense			(12)
Loss before tax			(3,183)

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)**Geographical information**

The place of domicile of the Group's operating entities is in the PRC. The Group renders services and goods transfer in the PRC and all its revenue for the six months ended 30 June 2025 and 2024 were derived in the PRC.

All of the non-current assets other than financial instruments of the Group were located in the PRC.

No information about the segment assets and liabilities is presented as such information is not regularly provided to the chief operating decision maker for resource allocation and performance assessment purposes.

Information about major customers

For the six months ended 30 June 2025, the respective revenue from three (for the six months ended 30 June 2024: two) customers accounted for more than 10% of the Group's total revenue individually.

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	6,265	—
Customer B	3,179	—
Customer C	1,318	—
Customer D	—	19,851
Customer E	—	19,581
	<hr/>	<hr/>
	10,762	39,432
	<hr/>	<hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

5. REVENUE, OTHER INCOME, GAINS AND LOSSES

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
– Supply chain management: supply chain services	1,835	3,124
– Food supply	6,326	47,032
Revenue from other sources		
– Supply chain management: leasing	4,628	10,407
	12,789	60,563

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time	1,835	3,124
At a point in time	6,326	47,032

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

5. REVENUE, OTHER INCOME, GAINS AND LOSSES (continued)

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Other income		
Interest income	1,457	1,392
	<u>1,457</u>	<u>1,392</u>
Gains and (losses)		
Fair value change on financial assets at fair value through profit or loss	1,320	1,132
Foreign exchange (losses)/gains, net	(172)	275
Others	400	(709)
	<u>1,548</u>	<u>698</u>
Total other income, gains and losses	<u>3,005</u>	<u>2,090</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cost of inventories sold	6,319	46,412
Depreciation of property, plant and equipment	2,831	2,873
Depreciation of investment properties	2,904	2,875
Depreciation of right-of-use assets	277	644
Reversal of impairment losses of trade receivables, other receivables and other assets	(2,676)	(112)
Employee benefit expense (excluding directors' and chief executives' remuneration):		
Wages and salaries	2,069	2,624
Pension scheme contributions	384	477
Staff welfare expenses	7	240
	2,460	3,341



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

7. INCOME TAX CREDIT

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Group calculated the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current tax:		
Charge for the period	—	—
Deferred tax	(283)	—
	<hr/>	<hr/>
Total tax credit for the period	(283)	—
	<hr/>	<hr/>

8. DIVIDENDS

The Board did not recommend the payment of a final dividend in respect of the year ended 31 December 2024 or an interim dividend in respect of the six months ended 30 June 2025.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the number of ordinary shares in issue during the period is 650,000,000 (for the six months ended 30 June 2024: 650,000,000).

The Group did not have any dilutive potential ordinary shares in issue during the period (for the six months ended 30 June 2024: nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with a cost of RMB1,680,000 (for the six months ended 30 June 2024: RMB1,274,000).

During the six months ended 30 June 2025, there was no item transferred from property, plant and equipment to investment properties (for the six months ended 30 June 2024: RMB2,655,000).

During the six months ended 30 June 2025, there was no disposal of property, plant and equipment (For the six months ended 30 June 2024: nil).

None of the Group's buildings were pledged as at 30 June 2025 (as at 31 December 2024: nil).

11. RIGHT OF USE ASSETS

During the six months ended 30 June 2025, there is no transfer of right of use assets to investment properties (for the six months ended 30 June 2024: nil).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Listed equity investment, at fair value	<u>9,588</u>	<u>8,268</u>

The listed equity investments represent an equity investment in Bank of Shanghai which is listed on the Shanghai Stock Exchange. The investment is measured at fair value based on the quoted market price of the investee.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

13. TRADE AND BILLS RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	25,052	32,447
Bills receivable	2	3
	<hr/>	<hr/>
	25,054	32,450
Impairment allowance	(17,820)	(20,496)
	<hr/>	<hr/>
	7,234	11,954
	<hr/>	<hr/>

The Group's trading terms with its customers are mainly on credit. The credit period for trade receivables is generally 30 to 90 days, extending up to one year for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

13. TRADE AND BILLS RECEIVABLES (continued)

As at 30 June 2025, bills receivable of RMB2,000 (as at 31 December 2024: RMB3,000) whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant during the period.

An ageing analysis of the trade receivables as at the end of the reporting periods as indicated, based on the invoice dates and net of provisions, are as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 month	3,544	10,181
1 to 3 months	—	—
3 to 12 months	—	76
Over 12 months	3,688	1,694
	7,232	11,951

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

30 June 2025

14. CASH AND CASH EQUIVALENTS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Cash and cash equivalents	81,520	79,934

As at 30 June 2025, cash and cash equivalents of the Group denominated in RMB amounted to RMB42,175,000 (as at 31 December 2024: RMB39,950,000). RMB is not freely convertible into other currencies. However, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

15. TRADE PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables	8,587	3,980

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

15. TRADE PAYABLES (continued)

An ageing analysis of the trade payables as at the end of the reporting periods as indicated, based on the invoice dates, are as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 month	5,145	403
1 to 3 months	–	71
3 to 6 months	–	76
6 to 12 months	–	–
Over 12 months	3,442	3,430
	8,587	3,980

The trade payables are non-interest bearing and are normally settled in three months.

16. CAPITAL COMMITMENTS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Contracted, but not provided for: Property, plant and equipment	1,000	7,262

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the unaudited interim condensed consolidated financial statements, the Group had the following transactions with a related party during the period:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Office rental paid to Shanghai Automart Investment Co., Ltd. ("Shanghai Automart")	286	383

Office rental paid to Shanghai Automart was based on prices mutually agreed between the parties. The director, Kong Xiaoling, is interested in Shanghai Automart.

- (b) Compensation of key management personal of the Group:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Short term employee benefits	929	1,080
Pension scheme contributions	38	92
Total compensation paid to key management personnel	967	1,172

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

18. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets**30 June 2025 (Unaudited)**

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit of loss	9,588	-	-	9,588
Trade and bills receivables	-	2	7,232	7,234
Financial assets included in prepayments, other receivables and other assets	-	-	2,055	2,055
Cash and cash equivalents	-	-	81,520	81,520
	<u>9,588</u>	<u>2</u>	<u>90,807</u>	<u>100,397</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

18. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial assets (continued)

31 December 2024 (Audited)

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit of loss	8,268	–	–	8,268
Trade and bills receivables	–	3	11,951	11,954
Financial assets included in prepayments, other receivables and other assets	–	–	1,955	1,955
Cash and cash equivalents	–	–	79,934	79,934
	<u>8,268</u>	<u>3</u>	<u>93,840</u>	<u>102,111</u>

Financial liabilities – at amortised cost

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables	8,587	3,980
Financial liabilities included in other payables and accruals	2,158	2,089
	<u>10,745</u>	<u>6,069</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, restricted time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the finance manager. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices.

The fair values of the bills receivable classified as financial assets at fair value through other comprehensive income under HKFRS 9 have been calculated by discounting the expected future cash flows, which are the par values of the bills receivable. In addition, the bills receivable will mature within six months, thus their fair values approximate to their carrying values.

The Group invests in unlisted investments, which represent wealth management products issued by banks in the Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the quoted interest rates of the instruments.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

- Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured based on valuation techniques using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs; and
- Level 3: Fair value measured based on valuation techniques using significant unobservable inputs (i.e. not derived from market data).

Assets measured at fair value:

As at 30 June 2025 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Debt investments at fair value through other comprehensive income:				
Bills receivable	-	2	-	2
Financial assets at fair value through profit or loss:				
Listed equity investments	9,588	-	-	9,588
	<u>9,588</u>	<u>2</u>	<u>-</u>	<u>9,590</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy (continued)**

Assets measured at fair value: (continued)

As at 31 December 2024 (audited)

	Fair value measurement using			
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Debt investments at fair value through other comprehensive income:				
Bills receivable	–	3	–	3
Financial assets at fair value through profit or loss:				
Listed equity investments	8,268	–	–	8,268
	<u>8,268</u>	<u>3</u>	<u>–</u>	<u>8,271</u>

The Group did not have any financial liabilities measured at fair value as at 30 June 2025 (as at 31 December 2024: nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2024: nil).

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 29 August 2025.