

Jiujiuwang Food International Limited 久久王食品国际有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1927

Interim Report 2025



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zheng Zhenzhong (*Chairman and chief executive officer*)

Mr. Zheng Guosi

Mr. Chen Kan

Independent non-executive Directors

Mr. Wang Linan

Mr. Wu Shiming

Mr. Chen Congming

Ms. Liu Xuefeng

(appointed on 20 December 2024)

AUTHORISED REPRESENTATIVES

Mr. Chen Kan

Mr. Ho Wai Lok (*member of HKICPA*)

COMPANY SECRETARY

Mr. Ho Wai Lok (*member of HKICPA*)

AUDIT COMMITTEE MEMBERS

Mr. Wu Shiming (*Chairman*)

Mr. Wang Linan

Mr. Chen Congming

Ms. Liu Xuefeng

(appointed on 20 December 2024)

REMUNERATION COMMITTEE MEMBERS

Mr. Wang Linan (*Chairman*)

Mr. Zheng Zhenzhong

Mr. Chen Congming

Ms. Liu Xuefeng

(appointed on 20 December 2024)

RISK MANAGEMENT COMMITTEE MEMBERS

Mr. Wu Shiming (*Chairman*)

Mr. Zheng Zhenzhong

Mr. Wang Linan

Ms. Liu Xuefeng

(appointed on 20 December 2024)

NOMINATION COMMITTEE MEMBERS

Mr. Zheng Zhenzhong (*Chairman*)

Mr. Chen Congming

Mr. Wang Linan

Ms. Liu Xuefeng

(appointed on 20 December 2024)

PRINCIPAL SHARE REGISTRAR

Ogier Global (Cayman) Limited

89 Nexus Way, Camana Bay

Grand Cayman, KY1-9009

Cayman Islands

LEGAL ADVISER TO THE COMPANY

As to Hong Kong law

Ince & Co

5/F, Lincoln House

979 King's Road

Taikoo Place, Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

31th, Gloucester Tower, The Landmark

11 Pedder Street, Central, Hong Kong SAR

CORPORATE INFORMATION

PRINCIPAL BANKERS

China Everbright Bank Co., Ltd.
Quanzhou Jinjiang sub-branch
1/F, Aipai Centre, Quan'an Road
Quetang Community, Luoshan Street
Jinjiang City, Fujian Province, PRC

Industrial Bank Co., Ltd.
Jinjiang sub-branch
Industrial Bank Building
No. 271 Chongde Road
Jinjiang City, Fujian Province, PRC

PingAn Bank Co., Ltd.
Quanzhou Jinjiang sub-branch
1/F, Baolong Hotel
No. 1558, Quan'an Central Road
Jinjiang City, Fujian Province, PRC

HEADQUARTERS

No. 398 Ping An East Road
Xukeng Industrial Zone
Luoshan Street, Jinjiang City
Fujian Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Lincoln House
979 King's Road
Taikoo Place, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.jiujiuwang.com

STOCK CODE

1927

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We, Jiujiuwang Food International Limited (the **“Company”** and together with our subsidiaries, the **“Group”**), are a confectionary products manufacturer in the People’s Republic of China (the **“PRC”**). We manufacture and sell confectionary products, including gum-based candies, tablet candies, aerated candies and hard candies. We generally source raw materials from our suppliers, manufacture and package our confectionary products at our in-house production facilities, and either (i) sell our products under brands owned or licenced by our OEM customers in the PRC and to overseas countries or (ii) sell our products under our own brands, namely Coolsa (酷莎), Lalabo (拉拉卜) and Jiujiuwang (久久王), to distributors and end-consumers in the PRC. We own and operate our production facilities for the manufacture of our confectionary products with a view to controlling our product quality, production costs and production schedule directly. Our factory is located in Jinjiang City, Fujian Province with a large site area and a number of production lines to produce a large volume of our products.

During the six months ended 30 June 2025, the Group recorded a profit of approximately RMB4.1 million as compared to a profit of approximately RMB7.8 million for the corresponding period in 2024. The decrease was mainly attributable to the net effect of (i) the decrease in gross profit which was mainly due to the decrease in sales of own-branded products, (ii) the change of the Group’s other income and gain, net which was mainly due to the decrease of loss arising from sale and leaseback transactions (iii) the decrease in selling expenses of approximately RMB2.9 million which was mainly due to the decrease in marketing and promotion expenses during the period and (iv) the decrease in administrative expenses of approximately RMB2.1 million which was mainly due to the decrease in travelling expenses during the period.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased by approximately 10.5% from approximately RMB181.6 million for the six months ended 30 June 2024 to approximately RMB162.5 million for the six months ended 30 June 2025. The decrease in revenue was mainly attributable to the decrease in sales of own-branded products.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The Group's cost of sales mainly comprised (i) direct materials costs; (ii) production costs; and (iii) direct labour costs. For the six months ended 30 June 2025 and 2024, the cost of sales amounted to approximately RMB124.6 million and RMB127.4 million, respectively, which was generally in line with the decrease in revenue for the same period.

Gross profit

The Group's gross profit, which is equal to revenue minus cost of sales, for the six months ended 30 June 2025 was approximately RMB37.9 million, representing a decrease of approximately 30.1% from approximately RMB54.2 million for the six months ended 30 June 2024. The Group's gross profit margin decreased from approximately 29.8% for the six months ended 30 June 2024 to approximately 23.3% for the six months ended 30 June 2025. The decrease in the gross profit margin was mainly due to a reduction in the sales volume of own-branded products, which generally carry a higher profit margin compared to OEM products.

Other income, gain or (loss), net

The change in the Group's other income and gain, net from other expense and loss, net approximately RMB2.3 million for the six months ended 30 June 2024 to the other income and gain, net of approximately RMB2.2 million for the six months ended 30 June 2025 was mainly due to the decrease of loss arising from sale and leaseback transactions.

Selling expenses

The Group's selling expenses mainly comprised marketing and promotion expenses, staff costs, travelling expenses, and office expenses and others. The Group's selling expenses decreased by approximately 19.1% from approximately RMB15.2 million for the six months ended 30 June 2024 to approximately RMB12.3 million for the six months ended 30 June 2025, which was mainly due to decrease in marketing and promotion expenses.

Administrative expenses

The Group's administrative expenses mainly comprised depreciation and amortisation expenses, taxes and stamp duty, staff costs and office expenses. The Group's administrative expenses decreased by approximately 11.5% from approximately RMB18.3 million for the six months ended 30 June 2024 to approximately RMB16.2 million for the six months ended 30 June 2025, which was mainly due to decrease in travelling expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

The Group's income tax expenses were approximately RMB3.5 million and RMB0.9 million for the six months ended 30 June 2024 and 2025, respectively. The decrease was mainly due to the decrease in taxable profit during the period.

Finance costs

The Group's finance costs remained stable at approximately RMB7.0 million and RMB6.7 million for the six months ended 30 June 2024 and 2025, respectively.

Profit

During the six months ended 30 June 2025, the Group recorded a profit of approximately RMB4.1 million as compared to a profit of approximately RMB7.8 million for the corresponding period in 2024. The decrease was mainly attributable to the net effect of (i) the decrease in gross profit which was mainly due to the decrease in sales of own-branded products, (ii) the change in the Group's other income and gain, net which was mainly due to the decrease of loss arising from sale and leaseback transactions (iii) the decrease in selling expenses of approximately RMB2.9 million which was mainly due to the decrease in marketing and promotion expenses during the period and (iv) the decrease in administrative expenses of approximately RMB2.1 million which was mainly due to the decrease in travelling expenses during the period.

PRINCIPAL RISKS AND UNCERTAINTIES

The following are the principal risks and uncertainties faced by the Group, which may materially and adversely affect its business, financial condition or results of operations:

1. Substantial amount of our revenue from OEM customers was derived from a few major OEM customers.
2. The Group relies on our third party distributors for the sale of our owned-branded products to their respective sub-distributors and retailers. Termination of or failure to renew our distribution agreements with our third party distributors, may significantly decrease the sales of our owned-branded products.
3. The Group's business may be negatively affected if our third party distributors fail to comply with our distribution policies and if our third party distributors fail to perform as expected.
4. The Group generally does not enter into long-term contracts or contracts with minimum purchase requirements with our customers.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Unfavourable fluctuations in the price, availability and quality of raw materials could cause material production delays and materially increase our cost of sales.
6. The outbreak of other pandemics, may cause damage to the economy and as a result may adversely affect our business, results of operations and financial performance.
7. The Group's business is susceptible to food-borne illness claims and product liability claims, which may increase the likelihood of reputational risk.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments and capital assets as at 30 June 2025.

LIQUIDITY AND FINANCIAL RESOURCES

Capital structure

There was no material change in the capital structure of the Company for the six months ended 30 June 2025.

Cash position

As at 30 June 2025, the cash and cash equivalents of the Group amounted to approximately RMB21.3 million, representing a decrease of approximately 8.7% from approximately RMB29.0 million as at 31 December 2024. The decrease was mainly due to repayment of bank borrowings.

Borrowings

As at 30 June 2025, the total borrowings of the Group, all of which were denominated in RMB, amounted to approximately RMB225.8 million (as at 31 December 2024: approximately RMB255.2 million). Among the borrowings,

1. approximately RMBnil (as at 31 December 2024: RMB18.0 million) was derived from the bank borrowings from the PRC bank which bears interest rate at 6.09% and was secured by corporate guarantee by independent third parties.
2. approximately RMB70.5 million (as at 31 December 2024: RMB70.0 million) was derived from the bank borrowings from the PRC bank which bears interest rate ranging from 4.20%–5.50% and was secured by right-of-use assets, property, plant and equipment of the Company and personal guarantee by director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

3. approximately RMB25.0 million (as at 31 December 2024: RMB25.0 million) was derived from bank borrowings from a PRC bank which bears interest rate at 5.22% and was secured by corporate guarantee by independent third parties and personal guarantee by the directors (the “**Directors**”) and related parties of the Company.
4. approximately RMBnil (as at 31 December 2024: RMB9.1 million) was derived from bank borrowings from the PRC bank which bears interest rate at 5.00%–5.15% and was secured by a subsidiary of the Company.
5. approximately RMB83.4 million (as at 31 December 2024: RMB85.7 million) was derived from bank borrowing from the PRC bank which bears interest rate at 1.80%–4.80% and was secured by the Directors and right-of-use assets and property, plant and equipment of the Company.
6. approximately RMB46.9 million (as at 31 December 2024: RMB46.9 million) was derived from bank borrowing from the PRC bank which bears interest rate at 4.50%–4.80% and was secured by a subsidiary of the Company and personal guarantee by directors of the Company.

Pledge of assets

As at 30 June 2025, the Group had pledged certain assets to secure facilities granted to the Group including (i) the right-of-use assets with carrying amount of RMB20,802,000 (as at 31 December 2024: RMB21,094,000); (ii) the building with carrying amount of RMB102,594,000 (as at 31 December 2024: RMB104,773,000); and (iii) plant and machinery with carrying amount of RMB35,059,000 (as at 31 December 2024: RMB39,132,000).

Gearing ratio

As at 30 June 2025, the gearing ratio of the Group decreased and was approximately 60.8% (as at 31 December 2024: approximately 70.2%). The decrease was mainly due to decrease in bank borrowings and lease liabilities. The gearing ratio is calculated based on the bank borrowings and lease liabilities divided by the total equity of the Group at the end of the respective period.

DIVIDEND

The board of Directors (the “**Board**”) has resolved not to declare the payment of a dividend for the six months ended 30 June 2025 (31 December 2024: Nil).

COMMITMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the period between 31 December 2024 and 30 June 2025.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2025, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE EXPOSURE AND RELATED HEDGES

As at 30 June 2025, the Group's majority of assets and liabilities, and income and expenses were denominated in Renminbi and Hong Kong Dollar. The Group had no significant exposure to fluctuations in exchange rates or under foreign exchange contracts, interest, currency swaps or other financial derivatives.

TREASURY AND RISK MANAGEMENT

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

As at 30 June 2025, the Group's credit risk is primarily attributable to trade receivables, other receivables and cash and cash equivalents.

As at 30 June 2025 and 31 December 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arose from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team to be responsible for the determination of credit limits and credit approvals. The Group's monitoring procedures are in place to ensure that follow-up actions are taken to recover overdue debts.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Group performs impairment assessment under the ECL model upon application of HKFRS 9 on credit card trade receivables individually and the remaining trade receivables are grouped using a provision matrix with past due status grouping. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Other receivables

The management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information under the ECL model upon application of HKFRS 9. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Cash and cash equivalents

The Group deposits its cash with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. The Directors monitor the credit rating of these banks on an ongoing basis, and considers the Group's exposure to credit risk was minimal.

The Group does not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had 385 employees (as at 31 December 2024: 386 employees). Remuneration of employees (excluding the Directors) is determined with reference to market terms and in accordance with the performance, qualifications and experience of each individual employee. The remuneration committee of the Company reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. As incentives or rewards for their contributions to the Group, the Group has adopted a share option scheme and may grant options under the share option scheme to reward its employees, the Directors and other selected participants for their contributions to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors are of the view that employees are one of the keys to the sustainable development of the Group. The Directors believe that the Group maintains good working relations with its employees.

Employees are regarded as the most important and valuable assets of the Group. We provide various types of training to our employees, including (i) conducting in-house continuous professional development seminars; and (ii) provision of safety training programmes to enhance their safety awareness.

LITIGATIONS

As at 30 June 2025, the Group was not engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance pending or threatened by or against any member of the Group.

PROSPECT

Our business objective is to strive to achieve sustainable growth and further enhance our position as a manufacturer of confectionary products in the PRC. We plan to leverage our competitive strengths and implement the following strategies: (i) expansion of production capacities; (ii) replacement of machines in our existing production lines; (iii) enhancement of marketing efforts, increase of sales through e-commerce channels and expansion of our distribution network; and (iv) expansion and enhancement of our product offerings through continuous product development efforts.

Historically, we have been a confectionary products manufacturer in the PRC. We have focused on manufacturing and selling confectionary products, including gum-based candies, tablet candies, aerated candies and hard candies. We own and operate our production facilities for the manufacturing of our confectionary products with a view to control our product quality, production costs and production schedule directly. We believe that production facilities, product development and quality control are crucial to our competitiveness and success. Thus, we will put significant emphasis on purchasing and introducing new production lines, purchasing new equipment and machines for replacement of existing machines and equipment. We will also put emphasis on product development and will commit to enhancing product quality to cater for changing consumer preferences and enhancing our product offerings.

MANAGEMENT DISCUSSION AND ANALYSIS

One of our business strategies is to leverage our production and product development capacities and experience in the manufacture and sale of our own-branded products. We manufacture and sell our confectionary products under brands owned or licenced by OEM customers in the PRC and to overseas countries. To enhance our marketing, we will engage a marketing firm for the promotion of our brands to strengthen our market position in the confectionary industry in the PRC and enhance our brand recognition and awareness, so as to increase our sales through e-commerce channels and enhance our distribution network.

We believe that the above business strategies will take advantage of the business opportunities and explore new markets with significant growth potential in the PRC. Looking ahead, the Group will endeavor to strengthen the development of its businesses to provide steady return and growth prospects for the Shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has adopted and has complied with all the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the period, except for the deviation from paragraph C.2.1 of the CG Code, which is explained in the paragraph below.

Paragraph C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, Mr. Zheng Zhenzhong (“**Mr. Zheng**”) is the chairman and also the chief executive officer of the Company and he has been managing the Group’s business and supervising the overall operations of the Group since its establishment. Having considered (i) the nature and extent of the Group’s operations; (ii) Mr. Zheng’s in-depth knowledge and experience in the confectionary industry and familiarity with the operations of the Group which is beneficial to the management and business development of the Group; and (iii) all major decisions are made in consultation with members of the Board and relevant Board committees, which consist of three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and the management of the Company and that it is in the best interest of the Group to have Mr. Zheng take up both roles. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Appendix C3 to the Listing Rules. The Company periodically issues notices to the Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group. Having made specific enquiries with the Directors, all Directors have complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by the Directors throughout the period under review. The Company was not aware of any non-compliance in this respect during the six months ended 30 June 2025.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

During the six months ended 30 June 2025, there were no changes to the Directors' information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPETING BUSINESS

Save as disclosed in the prospectus of the Company dated 26 February 2021 (the **"Prospectus"**) and this report, the Directors are not aware of any business or interest of the Directors or the controlling Shareholders or any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the six months ended 30 June 2025.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares (the **"Shares"**), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the **"SFO"**)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Appendix C3 to the Listing Rules, were as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

Long positions in the Shares

Name of Director	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Zheng Guosi	Interest in a controlled corporation (<i>Note 1</i>); interest held jointly with other persons (<i>Note 3</i>);	576,179,908	72.75%
Mr. Zheng Zhenzhong	Interest in a controlled corporation (<i>Note 2</i>); interest held jointly with other persons (<i>Note 3</i>)	576,179,908	72.75%

Notes:

1. Mr. Zheng Guosi beneficially owns 100% of the entire issued share capital of Xiejia Limited ("**Xiejia**") which in turn beneficially owns 201,662,968 Shares (representing approximately 25.46% of the total number of issued Shares). Therefore, Mr. Zheng Guosi is deemed, or taken to be, interested in all the Shares held by Xiejia for the purposes of the SFO.
2. Mr. Zheng Zhenzhong beneficially owns 100% of the entire issued share capital of Jianeng International Limited ("**Jianeng**") which in turn beneficially owns 172,853,972 Shares (representing approximately 21.82% of the total number of issued Shares). Therefore, Mr. Zheng Zhenzhong is deemed, or taken to be, interested in all the Shares held by Jianeng for the purposes of the SFO.
3. On 29 March 2019, Mr. Zheng Zhenzhong, Mr. Zheng Guosi and Mr. Zheng Guodian executed a confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the members of our Group since the relevant period, details of which are set out in the section headed "History, Development and Reorganisation — Parties acting in concert" in the Prospectus. As such they are deemed to be interested in the Shares held by each other. Mr. Zheng Guodian beneficially owns 100% of the entire issued share capital of Haisen International Limited ("**Haisen**") which in turn beneficially owns 201,662,968 Shares (representing approximately 25.46% of the total number of issued Shares). Therefore, Mr. Zheng Guodian is deemed, or taken to be, interested in all the Shares held by Haisen for the purposes of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS

Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Percentage of shareholding
Mr. Zheng Guodian	Haisen	Beneficial owner	one	100%
Mr. Zheng Guosi	Xiejia	Beneficial owner	one	100%
Mr. Zheng Zhenzhong	Jianeng	Beneficial owner	one	100%

Save as disclosed above and so far as is known to the Directors, as at 30 June 2025, none of the Directors and chief executive of the Company had any interests or short positions in the 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 under 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 as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Appendix C3 to the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

THE INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2025, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares

Name of shareholders	Capacity	Number of ordinary shares interested	Approximate percentage of shareholding
Xiejia	Beneficial owner	201,662,968	25.46%
Ms. Wu Zihong	Interest of spouse (Note 1)	576,179,908	72.75%
Haisen	Beneficial owner	201,662,968	25.46%
Mr. Zheng Guodian	Interest in a controlled corporation (Note 2); interest held jointly with other persons (Note 3)	576,179,908	72.75%
Ms. Hong Mali	Interest of spouse (Note 4)	576,179,908	72.75%
Jianeng	Beneficial owner	172,853,972	21.82%
Ms. Su Li	Interest of spouse (Note 5)	576,179,908	72.75%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. Ms. Wu Zihong is the spouse of Mr. Zheng Guosi. Under the SFO, Ms. Wu Zihong is deemed to be interested in the Shares in which Mr. Zheng Guosi is interested.
2. Mr. Zheng Guodian beneficially owns 100% of the entire issued share capital of Haisen which in turn beneficially owns 201,662,968 Shares (representing approximately 25.46% of the total number of issued Shares). Therefore, Mr. Zheng Guodian is deemed, or taken to be, interested in all the Shares held by Haisen for the purposes of the SFO.
3. On 29 March 2019, Mr. Zheng Zhenzhong, Mr. Zheng Guosi and Mr. Zheng Guodian executed a confirmatory deed to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the members of our Group since the relevant period, details of which are set out in the section headed “History, Development and Reorganisation — Parties acting in concert” in the Prospectus. As such they are deemed to be interested in the Shares held by each other.
4. Ms. Hong Mali is the spouse of Mr. Zheng Guodian. Under the SFO, Ms. Hong Mali is deemed to be interested in the Shares in which Mr. Zheng Guodian is interested.
5. Ms. Su Li is the spouse of Mr. Zheng Zhenzhong. Under the SFO, Ms. Su Li is deemed to be interested in all the Shares in which Mr. Zheng Zhenzhong is interested.

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any interests or short positions of any persons (other than the Directors or the chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company to be kept under Section 336 of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE OPTION SCHEME

The Company adopted a share option scheme (the **"Share Option Scheme"**) on 18 February 2021. During the six months ended 30 June 2025, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme. The principal terms of the Share Option Scheme are summarised as follows.

1. Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to the Eligible Participants (as defined below) as incentives or rewards for their contributions to the Group and to provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the Group's objectives.

2. Who may join

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 7 below to the following persons (**"Eligible Participants"**):

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any Directors (including independent non-executive Directors) of our Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to our Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of our Group;
 - (bb) quality of work performed for our Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to our Group.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Maximum number of the Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue on the date on which our Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange (i.e. 16 March 2021) (but taking no account of any Shares which may be issued under the exercise of the Over-allotment Option), being 79,200,000 Shares (the “**Scheme Limit**”), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue (the “**New Scheme Limit**”) as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time (the “**Maximum Limit**”). No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this would result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with the paragraph headed “(r) Effect of alterations to capital” on page VI-28 of the Prospectus whether by way of capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

As at the date of this report, no Share options have been granted by the Company since the adoption of the Share Option Scheme and the outstanding number of Share options available for grant under the Scheme is 79,200,000 Share options to subscribe for the Shares, representing approximately 10% of the issued share capital of the Company. As such, no share options have been exercised, cancelled or lapsed during the period.

4. Limit for each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of our Company but subsequently cancelled) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Exercise of an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date on which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The minimum period for which an option must be held before it can be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme by the Shareholders of our Company (the **"Adoption Date"**). Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date.

6. Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer for the grant of an option to subscribe for Shares granted pursuant to the Share Option Scheme may be accepted by an Eligible Participant in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option by such Eligible Participant. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to the paragraph headed "(z) Obtaining necessary consent" on page VI-31 of the Prospectus, an option shall be exercisable in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given.

MANAGEMENT DISCUSSION AND ANALYSIS

Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate issued by the auditors of our Company or the independent financial adviser, our Company shall accordingly allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee share certificates in respect of the Shares so allotted. The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

7. Subscription price

The subscription price of a Share in respect of any option granted under the Share Option Scheme shall, subject to any adjustments made in accordance with the paragraph headed (r), be at the absolute discretion of the Board, provided that it shall be not less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the ordinary shares of the Company for the six months ended 30 June 2025.

EVENT AFTER REPORTING PERIOD

There has been no significant event that affected the Group after 30 June 2025 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings, as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiries with all the Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the six months ended 30 June 2025.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), comprising four independent non-executive Directors, namely Mr. Wu Shiming, Mr. Wang Linan, Mr. Chen Congming and Ms. Liu Xuefeng, together with the management of the Company, have reviewed the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters and the unaudited consolidated financial statements for the six months ended 30 June 2025. The Audit Committee has also reviewed this report and is of the opinion that the financial statements of the Group for the six months ended 30 June 2025 comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

On behalf of the Board

Jiujiuwang Food International Limited
Zheng Zhenzhong

Chairman and executive Director

Hong Kong, 29 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		For the six months ended 30 June	
	Notes	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue	4	162,533	181,556
Cost of sales		(124,591)	(127,397)
Gross profit		37,942	54,159
Other income, gain or (loss), net	5	2,228	(2,340)
Selling expenses		(12,316)	(15,186)
Administrative expenses		(16,522)	(18,345)
Finance costs	6	(6,354)	(6,984)
Profit before taxation	7	4,978	11,304
Taxation	8	(897)	(3,482)
Profit for the period		4,081	7,822
Profit for the period attributable to owners of the Company		4,081	7,822
Items that may be reclassified subsequently to profit or loss:			
Exchange difference translation of foreign operations		398	468
Other comprehensive expenses for the period, net of tax		398	468
Total comprehensive income for the period attributable to owners of the Company		4,479	8,290
Earnings per share attributable to owners of the Company			
Basic and diluted (RMB cents)	10	0.5	1.0

The accompanying notes from an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	274,267	284,712
Right-of-use assets		59,831	63,332
Deferred tax assets		382	382
		334,480	348,426
Current assets			
Inventories		134,348	156,827
Trade receivables	12	107,680	67,232
Prepayments and other receivables	13	65,355	127,968
Cash and cash equivalents		21,262	28,993
		328,645	381,020
LIABILITIES			
Current liabilities			
Trade and other payables	14	13,244	48,487
Contract liabilities		4,474	5,450
Bank borrowings		34,950	132,010
Lease liabilities		12,631	13,601
		65,299	199,548
Net current assets		263,346	181,472
Total assets less current liabilities		597,826	529,898
Non current liability			
Bank borrowings		190,892	122,667
Lease liabilities		5,617	10,393
Net assets		401,317	396,838

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
EQUITY			
Share capital	15	532	532
Reserves		400,785	396,306
Total equity		401,317	396,838

Zheng Zhenzhong
Executive Director

Zheng Guosi
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to equity holders of the Company						
	Share capital RMB'000	Share Premium RMB'000	Capital Reserve RMB'000 (Note a)	Statutory surplus reserve RMB'000 (Note b)	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024 (audited)	532	92,022	3,990	34,237	(565)	269,744	399,960
Profit for the period	-	-	-	-	-	7,822	7,822
Other comprehensive expense for the period	-	-	-	-	484	-	484
Total comprehensive income for the period	-	-	-	-	484	7,822	8,306
Transfer to statutory surplus reserve	-	-	-	1,002	-	(1,002)	-
At 30 June 2024 (unaudited)	532	92,022	3,990	35,239	(81)	276,564	408,266
At 1 January 2025 (audited)	532	92,022	3,990	35,405	(64)	264,953	396,838
Profit for the period	-	-	-	-	-	4,081	4,081
Other comprehensive expense for the period	-	-	-	-	398	-	398
Total comprehensive income for the period	-	-	-	-	398	4,081	4,479
Transfer to statutory surplus reserve	-	-	-	569	-	(569)	-
At 30 June 2025 (unaudited)	532	92,022	3,990	35,974	334	268,465	401,317

Notes:

- (a) The capital reserve represents the difference between the nominal value of the share capital issued by the Company and the consideration received pursuant to the group reorganisation.
- (b) As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiary is required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of the PRC subsidiary in accordance with the relevant laws and regulations applicable to PRC enterprise. The appropriation may cease to apply if the balance of statutory surplus reserve has reached 50% of the PRC subsidiary registered capital. The statutory surplus reserve fund can be used to makeup prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Notes		
Net cash used in operating activities	68,701	(12,191)
Investing activities		
Interest received	126	123
Purchases of property, plant and equipment	–	(389)
Net cash generated from/(used in) investing activities	126	(266)
Financing activities		
Proceeds from bank borrowings	70,500	–
Repayment on bank borrowings	(99,335)	(890)
Advance from a director	(36,021)	169
Addition of lease liabilities	–	10,780
Repayment of lease liabilities	(5,746)	(6,321)
Interest paid	(6,354)	(6,984)
Net cash used in financing activities	(76,956)	(3,246)
Net decrease in cash and cash equivalents	(8,129)	(15,703)
Cash and cash equivalents at the beginning of the period/year	28,993	35,064
Effect of exchange rate changes	398	484
Cash and cash equivalents at the end of the period/year	21,262	19,845
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	21,262	19,845

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard (the “**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The unaudited condensed consolidated interim financial statements are presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated.

The interim financial announcement has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2024, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year 31 December 2025. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group’s condensed consolidated interim financial statements:

Amendments to HKFRS 21

Lack of Exchangeability

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. OPERATING SEGMENT

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. During the six months ended 30 June 2025, the information reported to the executive Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, not contain profit or loss information of each product line or geographical area and the executive Directors reviewed the financial result of the Group as a whole report under HKFRS Accounting Standards.

The Group currently operates one operating segment which is revenue from sale of the confectionary products. Accordingly, the Group does not have separately reportable segments.

Geographical information

The Group's operations and non-current assets are located in the PRC. Information about the revenue based on the geographical locations of the customers are detailed below:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC	148,058	160,805
Asia (excluding PRC) (Note 1)	6,622	6,310
Europe (Note 2)	5,289	10,609
Others (Note 3)	2,564	3,832
	162,533	181,556

Notes:

- (1) Included the Philippines, the United Arab Emirates, Korea, Indonesia, Japan and Vietnam.
- (2) Included Germany, Poland, the United Kingdom, Lithuania, the Czech Republic, Denmark, Spain, France and Belgium.
- (3) Included Australia, Argentina, Brazil, Colombia, Ecuador and the United States of America.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. OPERATING SEGMENT (CONTINUED)

Information about major customers

Revenue from major customers, contributing over 10% or more of the total sales of the Group during the six months ended 30 June 2025 and 2024 are as follow:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Customer A	42,984	34,001

As at 30 June 2025 and 2024, 26.4% and 16.1% respectively of the Group's trade receivables were due from this customer.

4. REVENUE

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount and other allowance for the period, and is analysed as follow:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Analysed by type of products		
OEM products	65,232	57,318
Own-branded products		
— Coolsa	89,477	109,662
— Lalabo	6,325	11,837
— Jiujiuwang	1,499	2,739
Sale of good, recognised at a point in time	162,533	181,556

Transaction prices are fixed in the respective contracts. Unsatisfied performance obligations as at 30 June 2025 and 2024 have an expected duration of less than one year and are thus not disclosed as permitted under HKFRS 15.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. OTHER INCOME, GAIN OR (LOSS), NET

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Bank interest income	126	123
Exchange gain	102	443
Rental income	414	63
Government grants	232	86
Reversal of expected credit losses on trade receivables	1,354	–
Loss arising from sale and leaseback transactions	–	(3,055)
	2,228	(2,340)

6. FINANCE COSTS

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Interest expenses on bank borrowings	5,134	5,763
Interest expense on lease liabilities	1,220	1,221
	6,354	6,984

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

7. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Cost of inventories recognised as expenses	117,779	126,170
Depreciation of property, plant and equipment	10,443	8,524
Depreciation of right-of-use assets	3,501	1,334
Employee benefit expenses (including directors' emoluments)	12,510	18,557

8. TAXATION

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
The taxation charge comprises:		
Current tax		
— PRC Enterprise Income Tax	897	3,482

Hong Kong

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the period (2024: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

8. TAXATION (CONTINUED)

The PRC

The PRC Enterprise Income Tax ("**PRC EIT**") is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the "**EIT Law**") and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

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

9. DIVIDENDS

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

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

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Earnings		
Earnings for the purposes of basic and diluted loss per share	4,081	7,822
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	792,000	792,000

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the six months ended 30 June 2025 and 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2025, the Group's buildings and plant and machinery with a carrying amount of approximately RMB137,653,000 (31 December 2024: RMB143,905,000) have been pledged as securing credit facilities granted to the bank.

During the six months ended 30 June 2025, the Group has paid RMBNil (2024: RMB389,000) on acquisition of property, plant and equipment.

12. TRADE RECEIVABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade receivables	116,534	77,440
Less: allowance for expected credit losses	(8,854)	(10,208)
	107,680	67,232

The Group's trade receivables are attributable to a number of independent customers with credit terms. The Group normally allows a credit period of 0 day to 180 days to its customers.

Ageing analysis of trade receivables (net of allowance for expected credit losses) presented based on invoice date as at the end of each of the reporting periods is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Within 30 days	47,721	10,443
31–60 days	15,577	11,882
61–90 days	14,830	8,048
91–180 days	17,103	31,552
181–365 days	12,449	5,307
	107,680	67,232

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12. TRADE RECEIVABLES (CONTINUED)

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on an individual basis. Credit limits attributed to customers are reviewed when necessary. All of the Group's trade receivables that are past due but not impaired have no history of defaulting on repayment. As at 30 June 2025 and 2024, the Group does not charge interest nor hold any collateral over the balances.

Movement in the allowance for expected credit losses on trade receivables

	RMB'000
Balance as at 1 January 2024	1,529
Net allowance for expected credit losses	8,679
Balance as at 31 December 2024 and 1 January 2025	10,208
Net allowance for expected credit losses	(1,354)
Balance as at 30 June 2025	8,854

13. PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Prepayment (Note)	60,681	122,641
Other receivables	4,674	5,327
	65,355	127,968

Note: Of the prepayments, approximately RMB60,681,000 (31 December 2024: RMB122,641,000) represented prepayments for purchase of raw materials as at 30 June 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. TRADE AND OTHER PAYABLES

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

	As at	
	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Within 30 days	1,425	3,386
31–60 days	86	251
Total trade payables	1,511	3,637
Accruals and other payables	6,868	3,984
Amount due to a director	4,865	40,866
	13,244	48,487

Credit periods of trade payables normally granted by its suppliers were up to 60 days.

15. SHARE CAPITAL

	30 June 2025 Number '000 (unaudited)	31 December 2024 Number '000 (audited)	30 June 2025 US\$'000 (unaudited)	31 December 2024 US\$'000 (audited)
Authorised:				
As at 1 January/30 June 2025/ 31 December 2024	2,000,000	2,000,000	200	200
Issued and fully paid:				
As at 1 January/30 June 2025/ 31 December 2024	792,000	792,000	80	80
Show in the consolidated statement of financial position (in RMB'000)			532	532

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16. PLEDGE OF ASSETS

As at 30 June 2024 and 31 December 2023, the following assets of the Group were pledged to banks to secure the bank borrowings granted to the Group.

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Buildings	102,594	104,773
Plant and machinery	35,059	39,132
Right-of-use assets	20,802	21,094
	158,455	164,999

17. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this interim report, the Group entered into the following material related party transactions:

(a) Compensation of key management personnel

The remuneration of key management personnel (representing directors) during the period are set out as follows:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Salaries, allowances and benefits in kind	1,290	1,260
Retirement scheme contribution	85	38
	1,375	1,298

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amount due to a director

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Mr. Zheng Zhenzhong	4,865	40,866

The amount due to a director is unsecured, interest-free and repayable on demand.