



Shenguan Holdings (Group) Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 00829



2025
Interim Report

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Zhou Yaxian (*Chairman and President*)
Mr. Ru Xiquan (retired on 6 June 2025)
Mr. Mo Yunxi
Mr. Sha Junqi
Mr. Li Chenglin

NON-EXECUTIVE DIRECTOR

Dato' Sri Low Jee Keong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsui Yung Kwok
Mr. Meng Qinguo
Mr. Zhou Xiaoxiong

COMPANY SECRETARY

Mr. Ng Yuk Yeung *CFA FCCA CPA*

LEGAL ADVISOR AS TO HONG KONG LAWS

Loong & Yeung
Room 1603, 16/F
China Building
29 Queen's Road Central
Central, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTER

Unit 2902, Sino Plaza
255–257 Gloucester Road
Causeway Bay
Hong Kong

MAINLAND OFFICE

39, Xijiang Fourth Road
Wuzhou, Guangxi
PRC

PRINCIPAL BANKERS

Agricultural Bank of China
Industrial and Commercial Bank of China
Bank of China
Bank of Communications
China Construction Bank
The Hongkong and Shanghai Banking
Corporation

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

INFORMATION FOR INVESTORS

LISTING INFORMATION

Listing: The Stock Exchange of
Hong Kong Limited

Stock code: 00829

Ticker symbol

Reuters: 0829.HK

Bloomberg: 829: HK Equity

KEY DATES

13 October 2009
Listing on the Hong Kong
Stock Exchange

25 August 2025
Announcement of 2025 Interim Results

REGISTRAR & TRANSFER OFFICES

Principal:

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman
KY1-1100, Cayman Islands

Hong Kong Branch:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

SHARE INFORMATION

Board lot size: 2,000 shares

Shares in issue as at 30 June 2025
3,230,480,000 shares

Market capitalization as at 30 June 2025
HK\$904,534,400

Basic loss per share for 2025
Half year RMB1.26 cents

ENQUIRIES CONTACT

Wonderful Sky Financial Group Holdings
Limited

Email: shenguan@wsfg.hk

WEBSITE

www.shenguan.com.hk

KEY FINANCIAL HIGHLIGHTS

FINANCIAL AND OPERATING SUMMARY

	For the six months ended 30 June		
	2025	2024	Change
Revenue (RMB million)	443.9	452.4	-1.9%
(Loss)/Profit Attributable to Owners of the parent (RMB million)	(40.6)	8.2	N/A
Basic (Loss)/Earnings Per Share (RMB cents)	(1.26)	0.25	N/A
Interim Dividend Per Share (HK cents)	–	–	N/A
Net cash flows (used in)/from operating activities (RMB million)	(188.3)	(149.5)	+25.9%
	1H 2025	FY 2024	1H 2024
Total Assets (RMB million)	2,843.6	2,829.2	2,996.1
Inventory Turnover Day			
– Raw Materials (days)*	79.3	61.1	60.6
Inventory Turnover Day			
– Finished Goods & Work in Progress (days)*	322.4	223.4	232.9
Trade Receivables Turnover Day (days)*	63.2	61.3	66.4
Trade Payables Turnover Day (days)*	62.4	67.0	62.3

* Calculated based on the average value between the beginning of the period and the end of the period.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the six months ended 30 June 2025 (the “Period”), amid a complicated and volatile external environment coupled with mounting internal challenges, all the regions and relevant departments of the People’s Republic of China (the “PRC” or “China”) thoroughly implemented the decisions and arrangements of the Party Central Committee and the State Council. Adhering to the general principle of pursuing progress while ensuring stability, they implemented new development philosophy, promoted the establishment of a new development paradigm, and advanced high-quality development in an orderly manner. The national economy maintained overall resilience and achieved stable growth. The gross domestic product (GDP) in the first half of the year amounted to RMB66,053.6 billion, representing a year-on-year growth of 5.3% at comparable prices. Looking ahead, as the country continues to promote consumption and household income increases steadily, the potential of domestic consumption is expected to be further unleashed, which will in turn drive sustained growth in the demand for China’s collagen sausage casings market.

BUSINESS REVIEW

During the Period, Shenguan Holdings (Group) Limited (the “Company”) and its subsidiaries (collectively the “Group”) rigorously advanced special initiatives for steady product quality improvement under the core guiding principles of “strengthening standardised management and consolidating new product quality”. The focus was on the quality control for the six products of the collagen sausage casings series, namely “fried”, “crispy”, “fresh”, “tender”, “bright” and “colorful”, while further increasing the proportion of high-end sausage casing products. High-end sausage casing products, including the six series accounted for approximately 40% of the sales in the first half of the year. The Group continued to carry out the technical transformation in intelligent production to comprehensively improve production and work efficiency; Budget management was earnestly implemented to effectively reduce production costs. At the same time, the Group intensified its market expansion efforts in new business areas such as collagen food products, collagen skincare products and polymer collagen medical biomaterials, and actively advanced the clinical trials and product licence application process for medical aesthetic products.

Collagen Sausage Casings

During the Period, market receptiveness of the six new products of the collagen sausage casings series significantly improved following our promotional efforts. In addition, through technological innovation, equipment upgrades and resources investment, the production processes were optimized. Improvements were made in all aspects from raw material procurement to packaging, and production efficiency was enhanced. In addition, the Group expanded its channels for importing raw materials and increased the number of domestic purchasing points to ensure stable supply. At the same time, the Group implemented standardized management of equipment and spare parts to reduce costs and enhance efficiency, and strengthened food safety and environmental protection.

Polymer Collagen Medical Biomaterials, Collagen Food Products and Collagen Skincare Products

During the Period, the Group also recorded significant growth in sales in business segments other than collagen sausage casings, representing an increase of approximately 93% as compared to the six months ended 30 June 2024 (the “Prior Period”). The Group performed particularly well in the polymer collagen medical biomaterials segment, with significant increases in production volume, sales, and profits. The endotoxin content of the Group’s medical collagen raw materials extracted through its proprietary technology was only 0.01EU/ml, which is better than the FDA’s standard of 0.5EU/ml in the USA. The approval information for the Class III medical device product licence for “collagen bone filling biomaterials (artificial bone) (膠原蛋白骨填充材料(人工骨))” is currently being refined. The “dental medical collagen sponge (牙科醫用膠原蛋白海綿)” has completed clinical trials and is scheduled to enter the regulatory submission process in the second half of the year. Other research and development projects are also progressing steadily, with all initiatives advancing according to plan.

Honours of the Group

During the Period, the Group’s brand of “Shenguan” was evaluated by the World Brand Laboratory as one of China’s 500 most valuable brands in 2025. The Group also passed the re-evaluation process by the Development and Reform Commission of Guangxi Zhuang Autonomous Region, retaining its qualification as the collagen extraction technology engineering research center of Guangxi Zhuang Autonomous Region. In addition, the Group obtained the Certificate of Principal Drafting Unit for the Group Standard of Technical Guidelines for the Manufacture of Synthetic Biofoods (《合成生物食品製造技術導則》) (T/CITS 396-2025) by China Inspection and Testing Society.

MANAGEMENT DISCUSSION AND ANALYSIS

Patents

As of 30 June 2025, the Group had the following patents:

	Total number of patents granted	Within the validity period	Under acceptance
China National Intellectual Property Administration	108	71	22
Intellectual Property Office, Ministry of Economic Affairs, Taiwan	2	2	–
United States Patent and Trademark Office	1	1	–
Intellectual Property Office of Singapore	2	2	–
Department of Intellectual Property, Ministry of Commerce, Cambodia	1	1	–
Intellectual Property Office of Indonesia	1	1	–
Intellectual Property Corporation of Malaysia	1	1	–
Total	116	79	22

The Group has been closely collaborating with Huazhong University of Science and Technology on forward-looking scientific research in collagen technology and achieved fruitful results in recent years. In collaboration with Huazhong University of Science and Technology, the Group co-published a research article titled “Collagen nanofiber-lignin composite sponges with adjustable hierarchical pore structure for efficient low-frequency sound absorption” in *Advanced Science Journal*, as well as another article titled “Protein-based materials: Applications, modification and molecular design” in *BioDesign Research Journal*.

Additionally, the Group and Huazhong University of Science and Technology have jointly developed six patents that have been granted or are currently under acceptance by the relevant authorities.

Quality Control

The Group strictly controls every production link to ensure its products are of the highest quality and comply with all applicable food safety requirements. The Group's production and manufacture of collagen sausage casings has passed the certification of ISO9001 Quality Management System, ISO22000 Food Safety Management System, ISO10012 Measurement Management System, ISO45001 Occupational Health and Safety Management System and ISO14001 Environmental Management System, and has obtained the Food Production Licence and the Filing of Export Food Manufacturers (出口食品生產企業備案證). The Group has also registered with the Food and Drug Administration in the United States for exporting of sausage casing products to Southeast Asia, Europe and the United States. In addition, the production of all the Group's sausage casing products has strictly complied with the national standards (GB14967-2015) and sausage casing manufacturing industry standards (SB/T10373-2012) of the PRC. In addition, the Group obtained the "Halal Certificate" issued by a member of the International Halal Integrity Alliance (Halal Foundation Center), and the "SSPY International Halal Certificate" issued by ShaanXi Shang Pin Yuan Halal Food & Restaurant Management Co., Ltd (SSPY). All these certifications are the recognition of the Group as a trustworthy product supplier to its customers.

Guangxi Wuzhou Zhongguan Testing Technology Services Co., Ltd. ("Wuzhou Zhongguan"), a subsidiary of the Group, is able to examine over 800 indicators, including physicochemical indicators such as heavy metals and microelements, pesticide residues, microorganisms and proteins, and continues to independently undertake third-party inspection assignments, provide various food and relevant product testing services and issue officially recognised testing reports, contribute external sales revenue. Such qualifications recognition is going to lay a solid foundation for the Group to develop into a high-end collagen raw materials base, thereby facilitating the healthy development of the Group's collagen food products, collagen skincare products and polymer collagen medical biomaterials in the grand health industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Customer Relationship

The Group is committed to developing long-term cooperation relationships based on mutual trust with its business partners and has built a stable customer base. The Group has established its closely-knit yet extensive network of leading meat products processing and sausage manufacturers, not only for cooperation with enterprises in the PRC, but also with those in various overseas markets, such as Southeast Asia, South America and the United States. During the Period, the Group continued to supply high-quality sausage casing products to a number of renowned food suppliers in the PRC. On the basis of stabilising existing customers, the Group continued to solicit new customers and achieved favourable outcome.

Supply of Raw Materials

Cattle inner skin is a major raw material for collagen sausage casing production. Since the second half of 2024, the supply of cattle inner skin has remained stable, showing a significant improvement as compared to 2022 and 2023.

Guangxi Zhiguan Industrial Development Co., Limited (“Guangxi Zhiguan”), one of the Group’s major cattle inner skin providers, applied for the Food Production Licence under the Measures for the Administration of Food Production Licensing of the PRC and Food Safety Law of the PRC on a voluntary basis. The licence has been granted by Wuzhou Bureau for Administrative Examination and Approval with a valid period until October 2027.

FINANCIAL ANALYSIS

Revenue

Revenue decreased by approximately 1.9% to approximately RMB443.9 million for the Period from approximately RMB452.4 million for the Prior Period. During the Period, weak consumer confidence led to reduced market demand for meat and processed meat products, which affected the Group’s sales performance.

Cost of sales

Cost of sales increased by approximately 5.1% to approximately RMB392.2 million for the Period from approximately RMB373.3 million for the Prior Period, including the inventory write-offs and provisions of approximately RMB23.1 million, as compared to RMB5.6 million for the Prior Period. The costs of raw materials for the Period decreased by approximately 1.0% to approximately RMB163.1 million as compared with that of the Prior Period. In addition, the charges for energy decreased by approximately 0.2% to approximately RMB76.2 million. The direct labor costs increased by approximately 4.2% to approximately RMB78.7 million.

The increase in inventory write-offs and provisions was primarily due to the large-scale product trial production and equipment transformations the Group undertook in previous years to develop new products and expand production capacity. The resulting finished product inventory associated with these new product trial production is still awaiting market absorption.

Gross profit

Gross profit decreased by approximately 34.5% to approximately RMB51.7 million for the Period from approximately RMB79.0 million for the Prior Period. Gross profit margin decreased to approximately 11.7% for the Period from approximately 17.5% for the Prior Period. Excluding the inventory write-offs and provisions or reversals, gross profit margin decreased to approximately 16.8% for the Period from approximately 18.7% for the Prior Period. In addition to the increase in inventory write-offs and provisions, as the sales of the six new product series to downstream customers significantly increased, the Group had to implement preferential policies to accelerate sales of legacy process products, which led to a decline in gross profit margin.

Other income and gains

Other income and gains decreased by approximately 54.4% to approximately RMB14.5 million for the Period from approximately RMB31.9 million for the Prior Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 19.5% to approximately RMB15.0 million for the Period from approximately RMB18.6 million for the Prior Period. Selling and distribution expenses as a percentage of revenue decreased to approximately 3.4% for the Period from approximately 4.1% for the Prior Period.

Administrative expenses

Administrative expenses increased by approximately 10.4% to approximately RMB65.9 million for the Period from approximately RMB59.6 million for the Prior Period. In addition to a slight increase in employee compensation and benefit expense, during the Period, a portion of the Group's land and buildings in Singapore was reclassified as investment properties due to being leased out. Upon valuation, a total valuation loss of approximately RMB2.9 million was recorded.

Finance costs

Finance costs decreased by approximately 31.4% to approximately RMB2.5 million for the Period from approximately RMB3.7 million for the Prior Period.

Share of loss of an associate

At the end of 2024, the Group's net investment in an associate had been reduced to nil due to share of losses and impairment in the past. As a result, the Group ceased to recognize its share of losses from such associate during the Period, as compared to a share of loss of approximately RMB287,000 for the Prior Period.

Impairment of trade and bills receivables

The Group recorded an impairment of trade and bills receivables of approximately RMB3.0 million for the Period, as compared to approximately RMB6.4 million for the Prior Period.

Income tax expenses

Income tax expenses were approximately RMB18.0 million for the Period, as compared to approximately RMB9.7 million for the Prior Period. Income tax expense for the Period was significantly higher than that for the Prior Period, mainly due to the adjustments in the Group's overall financial planning between the companies in the PRC and Hong Kong. One of the Hong Kong companies within the Group (the "HK Subsidiary") has already repaid, and plans to repay, part of the interest-bearing loans to another company in the PRC within the Group. The source of repayment funds for the HK Subsidiary came from dividends paid and planned to be paid by one of its PRC subsidiaries, resulting in expenses and provisions for the PRC dividend withholding tax.

The Company's major operating subsidiary, Guangxi Shenguan Collagen Biological Group Co., Ltd. (廣西神冠膠原生物集團有限公司) ("Shenguan Collagen") enjoys a preferential tax treatment due to its location in western China and fall into the industry category encouraged by government policies. The applicable tax rate for Shenguan Collagen is 15%.

Profit attributable to non-controlling interests

The profit attributable to non-controlling interests for the Period was approximately RMB1.5 million, which mainly represented the total profit attributable to the non-controlling interests in all non-wholly owned subsidiaries.

Loss attributable to owners of the parent

In light of the above, the Group recorded loss attributable to owners of the parent for the Period of approximately RMB40.6 million, as compared to profit attributable to owners of the parent for the Prior Period of approximately RMB8.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

Cash and bank borrowings

The Group generally finances its business operations and capital expenditure with internally generated cash flows as well as the bank borrowings provided by its principal banks.

As at 30 June 2025, the cash and cash equivalents together with pledged and time deposits amounted to approximately RMB595.0 million and amounted to approximately RMB477.1 million after deducting the 2024 dividends distributed in early July 2025, representing a decrease of approximately RMB169.2 million (as at 31 December 2024: approximately RMB646.3 million) as compared to that as at the end of 2024. Among these balances, approximately 72.1% was denominated in Renminbi, and the remaining was denominated in Hong Kong dollars, Singapore dollars and U.S. dollars.

As at 30 June 2025, the total bank borrowings of the Group amounted to approximately RMB410.3 million, increased by approximately RMB170.0 million (as at 31 December 2024: approximately RMB240.3 million) as compared to that as at the end of 2024, and all bank borrowings were wholly repayable within one year and denominated in Renminbi.

The Group was in a net cash position (cash and cash equivalents together with the pledged and time deposits less total bank borrowings) of approximately RMB184.7 million as at 30 June 2025, and amounted to RMB66.8 million after deducting the dividends distributed in early July 2025, representing a decrease of approximately RMB339.2 million (as at 31 December 2024: approximately RMB406.0 million) as compared to that as at the end of 2024. The debt-to-equity ratio was 19.7% as at 30 June 2025 (as at 31 December 2024: 10.8%). The debt-to-equity ratio was calculated by dividing total bank borrowings and lease liabilities by total equity.

Cash flows

During the Period, the net cash outflow of approximately RMB188.3 million were used in operating activities. The net cash outflow from operating activities was primarily related to increase in inventories and decrease in trade and other payables. The net cash inflow of approximately RMB57.6 million was generated from investing activities and the net cash inflow of approximately RMB164.9 million was generated from financing activities, respectively. The net cash inflow from investing activities was mainly attributable to the cash inflow from decrease in pledged deposits and non-pledged time deposits with original maturity of over three months when acquired, partly offset by the cash outflow from the acquisition of property, plant and equipment. The net cash inflow from financing activities was mainly attributable to the combined effects of the repayment of bank borrowings and new bank borrowings.

Exposure to exchange risks

The Group mainly operates in the PRC with most of its transactions settled in Renminbi. The assets and liabilities, and transactions arising from the operations are mainly denominated in Renminbi. Although the Group may be exposed to foreign currency exchange risks, the board (the “Board”) of directors (the “Directors”) of the Company believes that the future currency fluctuations will not have any material impact on the Group’s operations. The Group had not adopted any formal hedging policies.

Capital expenditure

The capital expenditure of the Group during the Period amounted to approximately RMB17.3 million, which was mainly used for expansion of production capacity and equipment transformations, and the capital commitments as at 30 June 2025 amounted to approximately RMB130.2 million, which were mainly related to the expansion, improvement and upgrades of production facilities.

The estimated capital expenditure of the Group for 2025 of approximately RMB100.0 million will be mainly used for the upgrade of high-quality collagen sausage casing production lines.

Pledge of assets

As at 30 June 2025, pledged bank deposits amounted to approximately RMB26.4 million in total.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

As at 30 June 2025, the Group was not aware of any material contingent liabilities.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

EVENTS AFTER THE PERIOD

There were no important events affecting the Group that have occurred since 30 June 2025 and up to the date of this report.

HUMAN RESOURCES

As at 30 June 2025, the Group hired a total of approximately 3,010 contract employees (as at 30 June 2024: 2,730). During the Period, the total remuneration and employees' benefit expenses charged to profit or loss were approximately RMB134.7 million (Prior Period: approximately RMB124.0 million). The Group is committed to enhancing automated production, increasing production volume while reducing reliance on manpower, in order to offset rising labor costs as much as possible.

PROSPECTS AND STRATEGIES

In the second half of 2025 (the "Second Half Year"), the State launched various policies to stabilize the economy. On 3 July 2025, the General Office of the State Council issued the Notice on Further Strengthening Policy Support for Stabilizing Employment (《關於進一步加大穩就業政策支持力度的通知》), proposing 19 policies and measures across seven key areas, including supporting enterprises to stabilize job positions, encouraging enterprises to expand their job positions to absorb employment, skills training to enhance capabilities, and optimizing employment services to facilitate matching, with the goals of facilitating employment, enterprise development, market operation and expectation management, and to drive sustained economic development. On 17 July 2025, the Standing Meeting of the State Council studied the implementation of key policy initiatives in the domestic general circulation. The meeting proposed to focus on key areas, promote special actions on consumption, sort out and adjust unreasonable restrictions affecting residents' consumption, improve policies for replacing old consumer goods with new ones, meet residents' diversified needs, expand investment in emerging industries and services sectors, unleash domestic demand potential, and enhance the endogenous momentum of domestic circulation.

In the Second Half Year, the Group will focus on the following four areas of work in respect of collagen sausage casings:

1. Strengthen the management of standardized production to further enhance the applicability of the six new products series, namely “fried”, “crispy”, “fresh”, “tender”, “bright” and “colorful”.
2. Enhance the improvement of the production environment, site environment and equipment environment according to the requirements of the Review Rules for Meat Production License (《肉類製品生產許可審核細則》), and maintain the cleanliness and daily management of the environment to enhance production efficiency and product quality.
3. Improve the supporting capabilities for collagen sausage casing production, including the construction of equipment and facilities for raw material inventory, raw material pre-treatment, collagen extraction and sausage casing forming, to gradually resolve production bottleneck.
4. Conduct training for marketing and technical service teams to continuously promote market expansion.

For polymer collagen medical biomaterials industry, the Group will use cutting-edge collagen biotechnology to serve mankind and conduct more extensive and in-depth research on medical collagen application technology. Since launching the medical collagen raw material products in 2023, the Group has witnessed a steady increase in sales volume. In the Second Half Year, the Group will:

1. continue to promote the production and sales of medical collagen raw materials to enhance performance.
2. accelerate the completion of supplementary information required for the approval of “artificial bone”.
3. compile the post-clinical data of “oral medical collagen sponge” and prepare the declaration materials for declaration.
4. continuously promote the research and development and pre-clinical preparation of other polymer collagen medical biomaterials.

MANAGEMENT DISCUSSION AND ANALYSIS

For collagen food products, with the mission of promoting dietary health of human beings, the Group is committed to promoting the innovative application of polymer collagen in food products. We aim to lead the new future of collagen dietary application and provide consumers with high-quality, cost-effective collagen health foods. The Group will continue to expand the marketing and promotion of its products, including “Beef Tendon” and “Bo Bo Chicken”, while adjusting marketing strategies and enlarging sales team. Through various channels such as in-store experiences and live-streaming, we strive to achieve better results.

For collagen skincare products, the Group will conduct in-depth research on the application of polymer collagen in the skincare and cosmetics segments, and continue to research and develop new products such as daily skincare and cleansing products to broaden the product chain of “Luxianna”, “COLL-FULL”, “Collagen Family” and “coll-shine”, with strong efforts to bring multiple products to the market. At the same time, the Group will also enhance advertising campaigns and sales planning to promote both online (e-commerce and micro-commerce) and offline sales.

Finally, the team of the Company will continue to endeavour and speed up the growth of the grand health industry of Shenguan, further broaden the application of collagen technology, and research and develop more products in the collagen industry chain for the market, so as to generate better returns on investment for the shareholders.

OTHER INFORMATION

SHARE OPTION SCHEME

In order to attract and retain the eligible persons, provide additional incentive to them and promote the success of the business of the Group, the Company adopted a share option scheme (the “Scheme”) on 29 May 2020 (the “Adoption Date”) and amended on 29 November 2024 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares; or to transfer the treasury Shares (the “Treasury Shares”) to, the eligible participants (as defined under Chapter 17 of the Listing Rules) of the Group^{Note 1}. The Scheme shall be valid and effective for a period of ten years commencing on 29 May 2020, subject to the early termination provisions contained in the Scheme. As at 30 June 2025, the remaining life of the Scheme is approximately 5 years.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least 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 of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The maximum number of Shares issuable (including any Treasury Shares which may be utilised, as applicable) upon exercise of all options to be granted under the Scheme and any other share schemes of the Company as from the Adoption Date must not in aggregate exceed 10% of all the Shares (excluding Treasury Shares) on the Adoption Date. The Company may at any time refresh such limit, by shareholders’ approval once every three years. Refreshments within a three year period must be approved by shareholders of the Company (other than the controlling shareholders of the Company (or if there is no controlling shareholder, the directors (excluding independent non-executive directors and chief executive of the Company) and their associates).

OTHER INFORMATION

The total number of Shares available for issue (including any Treasury Shares which may be utilised, as applicable) under the Scheme as at: (a) 1 January 2025; (b) 30 June 2025 and (c) the date of this report was 323,048,000 Shares, which represented 10% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date, 1 January 2025, 30 June 2025 and the date of this report (the total number of Shares available for issue as at 1 January 2024 and 31 December 2024 was 323,048,000 Shares, which represented 10% of the total number of issued Shares (excluding Treasury Shares) as at 1 January 2024 and 31 December 2024). The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue (excluding Treasury Shares).

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine, which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

At no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

As there is no share option outstanding, granted, exercised, cancelled or lapsed since the adoption of the Scheme, the total number of options available for grant under the Scheme as at: (a) 1 January 2025; (b) 30 June 2025 and (c) the date of this report was 323,048,000 (the total number of options available for grant as at 1 January 2024 and 31 December 2024 : 323,048,000). The number of Shares that may be issued in respect of options granted under the Scheme divided by the weighted average number of Shares in issue (excluding Treasury Shares) is zero.

The Listing Rule amendments relating to share schemes becomes effective on 1 January 2023. The grant of the share option under the Scheme is subject to those amendments from 1 January 2023.

Note 1:

The Board may, at its absolute discretion, and on such terms as it may think fit, invite any person belonging to any of the following classes of persons of any member of the Group, to be a participant of the Scheme and to take up an option to subscribe for Shares:

- (a) any employee (full-time or part-time) of the Group; or
- (b) any director (including executive director, non-executive director and independent non-executive director) of the Group; or

- (c) any consultant or adviser of the Group who provides necessary professional or business advice on the operation and management of the Group; or
- (d) any substantial shareholder of the Group who has contributed or will contribute to the long-term business growth of the Group by introducing potential business opportunities to the Group; or
- (e) any contractor, supplier, agent or service provider of the Group who provides valuable goods or services to the business development or product research and development of the Group; or
- (f) any customer, business partner or distributor of the Group who has maintained a long-term business relationship with the Group or may refer more clients or introduce new business opportunities to the Group;

and for the purposes of the Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

PAYMENT OF INTERIM DIVIDENDS

In view of the capital expenditure to be incurred by the Group and market expansion in the foreseeable future, no interim dividend was proposed by the Board in respect of the Period (Prior Period: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CHANGE OF DIRECTORS' AND SENIOR MANAGEMENT'S INFORMATION

Reference is made to the announcements of the Company dated 24 March 2025 and 6 June 2025.

Mr. Ru Xiquan ("Mr. Ru"), who was an executive Director and was subject to retirement by rotation in the annual general meeting (the "2025 AGM") held on 6 June 2025, did not offer himself for re-election and has retired as an executive Director at the conclusion of the 2025 AGM pursuant to the Articles of Association.

Save as disclosed above, the Directors confirmed that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors and chief executive in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. Interests and Short Positions in the Shares of the Company

Name of Director	Capacity/Nature	No. of Shares held/ interested in	Approximate percentage of issued share capital of the Company
Ms. Zhou Yaxian ("Ms. Zhou")	Interest in a controlled corporation (Note 2)	1,588,667,510 (L)	49.18%
	Beneficial owner	3,144,000 (L)	0.10%
Dato' Sri Low Jee Keong ("Dato' Sri Low")	Interest in a controlled corporation (Note 3)	414,906,424 (L)	12.84%
Mr. Mo Yunxi ("Mr. Mo")	Beneficial owner	800,000 (L)	0.02%
Mr. Sha Junqi	Beneficial owner	18,220,000 (L)	0.56%
Mr. Li Chenglin	Beneficial owner	166,000 (L)	0.01%

2. Long Positions in the Ordinary Shares of Associated Corporations

Name of Director	Name of the associated corporation	Capacity/Nature	No. of shares held/ interested in	Approximate percentage of interest in the associated corporation
Ms. Zhou	Rich Top Future Limited ("Rich Top Future")	Interest in a controlled Corporation (Note 2)	65,454	100%

Notes:

1. The letters "L" denote a long position in the Shares.
2. Ms. Zhou holds 100% interest in Shenguan Biology Science & Technology Investment Company Limited ("Hong Kong Shenguan") which holds 100% interest in Glories Site Limited ("Glories Site"), which holds 100% interest in Rich Top Future. Hong Kong Shenguan also holds 100% interest in Xian Sheng Limited ("Xian Sheng"). Therefore, Ms. Zhou is deemed or taken to be, interested in all the Shares which are beneficially owned by Hong Kong Shenguan, Rich Top Future and Xian Sheng for the purpose of the SFO. Ms. Zhou is a director of each of Hong Kong Shenguan, Glories Site, Xian Sheng and Rich Top Future.
3. Dato' Sri Low holds 100% interest in Wealthy Safe Management Limited ("Wealthy Safe") and Brighten Lane Limited ("Brighten Lane") which holds 78,936,000 Shares and 335,970,424 Shares respectively. Therefore, Dato' Sri Low is deemed or taken to be, interested in all the Shares held by Wealthy Safe and Brighten Lane for the purpose of the SFO.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives of the Company had registered any interests or short position in the Shares, underlying Shares and 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, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, as far as is known to 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 which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity/Nature	No. of Shares held/ interested in	Approximate percentage of issued share capital of the Company
Rich Top Future	Beneficial owner	1,267,473,510 (L)	39.23%
Xian Sheng	Beneficial owner	248,724,000 (L)	7.70%
Glories Site	Interest in a controlled corporation (Note 2)	1,267,473,510 (L)	39.23%
Hong Kong Shenguan	Interest in a controlled corporation (Note 3)	1,516,197,510 (L)	46.93%
	Beneficial owner	72,470,000 (L)	2.24%
Mr. Sha Shuming ("Mr. Sha")	Interest of spouse (Note 4)	1,591,811,510 (L)	49.27%
Brighten Lane	Beneficial owner (Note 5)	335,970,424 (L)	10.40%
Sky Green Limited	Beneficial owner (Note 6)	221,585,266 (L)	6.86%
Mr. Wei Cheng	Interest in a controlled corporation (Note 6)	273,545,266 (L)	8.47%

Notes:

1. The letters “L” denote a long position in the Shares.
2. Glories Site holds 100% interest in Rich Top Future. Therefore, Glories Site is deemed or taken to be, interested in all the Shares which are beneficially owned by Rich Top Future for the purpose of the SFO.
3. Hong Kong Shenguan holds 100% interest in Glories Site, which holds 100% interest in Rich Top Future. Hong Kong Shenguan also holds 100% interest in Xian Sheng. Therefore, Hong Kong Shenguan is deemed or taken to be, interested in all the Shares which are beneficially owned by Rich Top Future and Xian Sheng for the purpose of the SFO.
4. Ms. Zhou holds 100% interest in Hong Kong Shenguan and Hong Kong Shenguan in turn holds 100% interest in Glories Site, which holds 100% interest in Rich Top Future. Hong Kong Shenguan also holds 100% interest in Xian Sheng. Therefore, Ms. Zhou is deemed or taken to be, interested in all the Shares which are beneficially owned by Hong Kong Shenguan, Rich Top Future and Xian Sheng for the purpose of the SFO. Ms. Zhou beneficially owns 3,144,000 Shares. Mr. Sha is the spouse of Ms. Zhou and therefore, Mr. Sha is deemed or taken to be, interested in all the Shares in which Ms. Zhou is interested for the purpose of the SFO.
5. Dato’ Sri Low, our non-executive Director, holds 100% interest in Brighten Lane, which holds 335,970,424 Shares.
6. Mr. Wei Cheng holds 100% interest in Sky Green Limited and Cheng Sheng International Company Limited, which holds 221,585,266 and 51,960,000 Shares respectively. Therefore, Mr. Wei is deemed or taken to be, interested in all the Shares held by Sky Green Limited and Cheng Sheng International Company Limited for the purpose of the SFO.

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

Save as disclosed below, the Company had complied with all the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix C1 to the Listing Rules during the Period.

Under code provision C.2.1 of the Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual.

Ms. Zhou Yaxian, who acts as the chairman (the “Chairman”) and the president of the Company, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

The Company understands the importance to comply with code provision C.2.1 of the Code and will continue to consider the feasibility of appointing a separate chief executive. The Company will make timely announcement if the chief executive has been appointed.

The duties of the Chairman include:

- (i) all Directors are properly briefed on issues arising at board meetings;
- (ii) that Directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable;
- (iii) provide leadership for the Board;
- (iv) the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner; and
- (v) good corporate governance practices and procedures are established.

The Chairman takes the lead to ensure that the Board acts in the best interests of the Company, that there is effective communication with the shareholders and that their views are communicated to the Board as a whole. The Chairman meets at least annually with the non-executive Directors without the executive Directors being present.

MODEL CODE TO THE LISTING RULES

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company has also adopted the Model Code for the members of senior management of the Group.

The Company has made specific enquiry with all the Directors and all the Directors have confirmed that they had complied with the Model Code during the Period. Moreover, no incident of non-compliance of the Model Code by the senior management was noted by the Company.

AUDIT COMMITTEE

The audit committee (the "Audit Committee") of the Company comprises of three independent non-executive Directors, namely Mr. Tsui Yung Kwok, Mr. Meng Qinguo and Mr. Zhou Xiaoxiong. Mr. Tsui Yung Kwok, who possesses professional accounting qualification and relevant accounting experience, is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the Period and considered that the interim results had complied with all applicable accounting standards and the Listing Rules. The Audit Committee has also reviewed this report.

The unaudited interim condensed consolidated financial information of the Group for the Period has been reviewed by the Company's auditor, Ernst & Young.

By order of the Board
Shenguan Holdings (Group) Limited
Zhou Yaxian
Chairman

Hong Kong, 25 August 2025

INDEPENDENT REVIEW REPORT



Ernst & Young
27/F, One Taikoo Place
979 King's Road,
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌
英皇道979號
太古坊一座27樓

Tel 電話 : +852 2846 9888
Fax 傳真 : +852 2868 4432
ey.com

To the board of directors of Shenguan Holdings (Group) Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 48, which comprises the condensed consolidated statement of financial position of Shenguan Holdings (Group) Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

25 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
REVENUE	4	443,914	452,357
Cost of sales		(392,193)	(373,334)
Gross profit		51,721	79,023
Other income and gains, net	5	14,525	31,862
Selling and distribution expenses		(14,961)	(18,579)
Administrative expenses		(65,862)	(59,640)
Finance costs	6	(2,548)	(3,713)
Share of loss of an associate		—	(287)
Impairment of trade and bills receivables		(3,027)	(6,395)
Impairment of financial assets included in prepayments, other receivables and other assets		(922)	(3,568)
PROFIT/(LOSS) BEFORE TAX	7	(21,074)	18,703
Income tax expense	8	(18,012)	(9,724)
PROFIT/(LOSS) FOR THE PERIOD		(39,086)	8,979
OTHER COMPREHENSIVE INCOME/ (LOSS)			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(2,110)	4,330

	Note	Six months ended 30 June	
		2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
NET OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		(2,110)	4,330
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		(41,196)	13,309
Profit/(loss) attributable to:			
Owners of the parent		(40,586)	8,231
Non-controlling interests		1,500	748
		(39,086)	8,979
Total comprehensive income/(loss) attributable to:			
Owners of the parent		(42,696)	12,561
Non-controlling interests		1,500	748
		(41,196)	13,309
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted (RMB cents per share)		(1.26)	0.25

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	906,204	977,416
Investment properties		78,322	30,828
Net investments in sublease		–	372
Right-of-use assets		106,040	104,532
Investment in an associate		–	–
Deferred tax assets		18,609	15,340
Prepayments, other receivables and other assets		42,830	47,154
Time deposits		10,000	114,000
Total non-current assets		1,162,005	1,289,642
CURRENT ASSETS			
Inventories		912,803	813,976
Trade and bills receivables	12	148,544	158,838
Prepayments, other receivables and other assets		35,319	34,098
Net investments in sublease		–	274
Tax recoverable		–	70
Pledged deposits	17	26,351	28,478
Cash and cash equivalents		558,602	503,804
Total current assets		1,681,619	1,539,538
CURRENT LIABILITIES			
Trade and bills payables	13	51,270	111,160
Other payables and accruals		79,226	140,532
Interest-bearing bank borrowings		410,295	240,285
Lease liabilities		4,204	3,605
Tax payable		9,213	12,774
Dividend payable		117,842	–
Total current liabilities		672,050	508,356

	Note	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
NET CURRENT ASSETS		1,009,569	1,031,182
TOTAL ASSETS LESS CURRENT LIABILITIES		2,171,574	2,320,824
NON-CURRENT LIABILITIES			
Lease liabilities		5,570	4,085
Deferred income		15,418	16,402
Deferred tax liabilities		17,569	7,646
Total non-current liabilities		38,557	28,133
Net assets		2,133,017	2,292,691
EQUITY			
Equity attributable to owners of the parent			
Issued capital	14	27,807	27,807
Reserves		2,107,217	2,269,078
		2,135,024	2,296,885
Non-controlling interests		(2,007)	(4,194)
Total equity		2,133,017	2,292,691

For the six months ended 30 June 2025

Shenguan Holdings (Group) Limited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	(183,877)	(151,484)
Interest received	10,291	16,830
Proceeds from sublease	94	145
PRC corporate income tax paid	(14,849)	(14,977)
Net cash flows used in operating activities	(188,341)	(149,486)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(27,299)	(57,218)
Proceeds from disposal of items of property, plant and equipment	1,635	11,709
Proceeds from disposal of right-of-use assets	17	163
Placement of pledge time deposits	(20,121)	(173)
Withdrawal of pledge time deposits	22,150	60,000
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	81,182	9,365
Net cash flows from investing activities	57,564	23,846
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	330,205	313,300
Repayment of bank loans	(160,195)	(252,841)
Acquisition of non-controlling interests	(150)	–
Principal portion of lease payments	(2,413)	(2,453)
Other cash flows used in financing activities	(2,548)	(3,713)
Net cash flows from financing activities	164,899	54,293

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	34,122	(71,347)
Cash and cash equivalents at beginning of period	321,884	463,507
Effect of foreign exchange rate changes, net	(2,142)	138
CASH AND CASH EQUIVALENTS AT END OF PERIOD	353,864	392,298
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	323,864	328,157
Non-pledged time deposits with original maturity of less than three months when acquired	30,000	64,141
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	353,864	392,298
Non-pledged time deposits with original maturity of over three months when acquired	214,738	485,134
Less: Non-pledged time deposits with original maturity of over one year when acquired	(10,000)	(104,000)
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	558,602	773,432

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

30 June 2025

1. CORPORATE INFORMATION

Shenguan Holdings (Group) Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture and sale of edible collagen sausage casing products, collagen food products, collagen skin care products and polymer collagen medical biomaterials.

2.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*.

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

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period’s financial information.

Amendments to HKAS 21

Lack of Exchangeability

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

30 June 2025

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in the principal business of manufacture and sale of edible collagen sausage casing products. The Group is also involved in the manufacture and sale of collagen food products, collagen skin care products and polymer collagen medical biomaterials.

Since over 90% of the Group's revenue is generated by its edible collagen sausage casing products, no operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) *Revenue from external customers*

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Mainland China	387,600	380,261
Asia (excluding Mainland China)	36,246	48,162
Other countries/regions	20,068	23,934
Total	443,914	452,357

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) *Non-current assets*

The non-current assets geographical information is not presented since over 90% of the Group's non-current assets are located in Mainland China.

Information about major customers

Revenue from major customers of the Group, excluding value added tax, which individually accounted for 10% or more of the Group's revenue for the period is set out below:

	Six months ended 30 June 2025 (Unaudited) RMB'000
Customer 1	49,431

There is no individual customer accounted for 10% or more of the Group's revenue for the period ended 30 June 2024.

4. REVENUE

Set out below is the disaggregation of the Group's revenue:

	Six months ended 30 June 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Revenue from contracts with customers		
Goods transferred at point in time	443,885	452,323
Service transferred over time	29	34
Total	443,914	452,357

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

30 June 2025

5. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Bank interest income	7,602	17,156
Finance income on net investments in sublease	4	16
Government grants	1,826	4,887
Fair value gains on investment properties, net	–	574
Sales of auxiliary materials	1,930	3,596
Gain on disposal of items of property, plant and equipment, net	286	2,118
Rental income	2,079	2,248
Foreign exchange differences, net	688	1,131
Others	110	136
	14,525	31,862

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank loans	2,387	3,627
Interest on lease liabilities	161	86
	2,548	3,713

7. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold	335,472	334,283
Depreciation of property, plant and equipment	37,842	35,150
Depreciation of right-of-use assets	3,514	3,544
Deficit on revaluation of property, plant and equipment	2,933	–
Fair value losses/(gains) on investment properties, net	258	(574)
Impairment of trade and bills receivables	3,027	6,395
Gain on disposal of items of property, plant and equipment, net	(286)	(2,118)
Impairment of financial assets included in prepayments, other receivables and other assets	922	3,568
Impairment of an investment in an associate	–	1,000
Write-off of inventories	429	2,860
Provision of obsolete and slow-moving inventories	22,622	2,775
Foreign exchange differences, net	(688)	(1,131)

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

30 June 2025

8. INCOME TAX EXPENSE

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 domiciled and operated.

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

A subsidiary located in Wuzhou, Guangxi in the Western Region of China is entitled to the region's preferential corporate income tax ("CIT") rate of 15% as set out in the Announcement of the State Taxation Administration and the National Development and Reform Commission on the continuation of preferential enterprise income tax policies in the western region (Announcement No.23 [2020]).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – PRC	10,712	12,865
Current – Hong Kong	647	406
Deferred tax	6,653	(3,547)
Total tax charge for the period	18,012	9,724

The Group is within a multinational enterprise group. As the annual consolidated revenue of this multinational enterprise group is less than EUR750 million, it is not in the scope of the Pillar Two model rules. Therefore, the Group did not disclose any information required by the amendments (i.e., HKAS 12.88A to 88D) in the 2024 annual consolidated financial statements and this interim condensed consolidated financial information.

9. DIVIDENDS

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Final dividend declared and paid for 2024		
– HK2.0 cents (2023: HK2.0 cents) per ordinary share	59,164	58,725
Special dividend declared and paid for 2024		
– HK2.0 cents (2023: HK2.0 cents) per ordinary share	59,164	58,725
	118,328	117,450

The directors of the Company did not propose any interim dividend in respect of the reporting period (six months ended 30 June 2024: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts for the period ended 30 June 2025 is based on the loss for the period attributable to ordinary equity holders of the parent of RMB40,586,000 (six months ended 30 June 2024: profit of RMB8,231,000) and the weighted average number of ordinary shares of 3,230,480,000 (six months ended 30 June 2024: 3,230,480,000) outstanding during the period ended 30 June 2025.

The Group had no potentially dilutive ordinary shares outstanding during the period ended 30 June 2025 (six months ended 30 June 2024: Nil).

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

30 June 2025

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group incurred RMB12,261,000 (30 June 2024: RMB65,646,000) on the acquisition of items of property, plant and equipment and disposed of items of property, plant and equipment with an aggregate net book value of RMB683,000 (30 June 2024: RMB6,885,000), resulting in a net gain on disposal of RMB286,000 (30 June 2024: RMB2,118,000).

12. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 1 month	48,496	72,326
1 month to 3 months	47,038	43,777
3 months to 6 months	44,576	33,653
6 months to 1 year	4,807	3,618
Over 1 year	3,627	5,464
Total	148,544	158,838

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 1 month	35,594	38,257
1 to 2 months	499	12,168
2 to 3 months	1,162	9,753
3 to 6 months	6,002	41,396
Over 6 months	8,013	9,586
Total	51,270	111,160

14. SHARE CAPITAL Shares

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Authorised: 20,000,000,000 ordinary shares of HK\$0.01 each	200,000	200,000
Issued and fully paid: 3,230,480,000 (31 December 2024: 3,230,480,000) ordinary shares of HK\$0.01 each	32,305	32,305
	RMB'000	RMB'000
Equivalent to	27,807	27,807

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15. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Buildings	120,714	126,278
Plant and machinery	9,438	17,242
Total	130,152	143,520

16. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liabilities (31 December 2024: Nil).

17. PLEDGE OF ASSETS

At the end of the reporting period, cash in bank (including time deposits) of RMB20,000,000 and RMB6,351,000 (31 December 2024: RMB22,150,000 and RMB6,328,000) were pledged for bills payable amounting to RMB20,000,000 (31 December 2024: RMB31,508,000) and certain standby letter of credit from a bank.

18. RELATED PARTY DISCLOSURES

- (a) The Group had the following transactions with related parties during the period:

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
Notes			
Company controlled by a director of the Company:			
Continuing connected transactions:			
Sales of products	(i)	2,521	3,547
Sales of calcium oxide	(i)	1,322	1,336
Purchases of cattle skin and provision of the cattle skin processing services	(ii)	183,219	188,437
Rent of commercial properties	(ii)	106	106
Lease of office	(ii)	216	121
Administrative support and liaising services	(ii)	160	173
Connected transactions:			
Recognition of right-of-use assets in relation to the tenancy agreements	(ii)	—	7,094
Companies controlled by spouse of a director of the Company:			
Continuing connected transactions:			
Purchases of packaging and printing materials	(ii)	21,536	23,696
Connected transactions:			
Proceeds from sales of staff quarters	(ii)	—	962

Notes:

- (i) The sales were made according to the prices and conditions offered to major customers of the Group.
- (ii) These transactions were based on terms mutually agreed between the parties.

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

30 June 2025

18. RELATED PARTY DISCLOSURES (Continued)

(b) Balance with related parties

As at 30 June 2025, the Group had trade receivables of RMB2,326,000 (31 December 2024: Nil) due from Exceltech Food Trading SDN. BHD. (“Exceltech Trading”), which is controlled by Dato’ Sri Low Jee Keong, a director of the Company. The amount due from Exceltech Trading was unsecured, non-interest-bearing and had a repayment term of 30 days, which was on terms similar to those offered to other major customers of the Group.

As at 30 June 2025, the Group had trade receivables amounting to RMB801,000 (31 December 2024: RMB787,000) due from Guangxi Zhiguan Industrial Development Co., Limited (“Guangxi Zhiguan”), which is controlled by Ms. Zhou Yaxian, Mr. Ru Xiquan (retired on 6 June 2025) and Mr. Mo Yunxi, directors of the Company. The amount due from Guangxi Zhiguan was unsecured, non-interest-bearing and had a repayment term of 30 days, which was on terms similar to those offered to other major customers of the Group.

As at 30 June 2025, the Group had trade receivables amounting to RMB261,000 (31 December 2024: RMB261,000) due from Wuzhou Shangdu Supermarket Co., Limited (“Shangdu Supermarket”), which is controlled by Ms. Zhou Yaxian, Mr. Ru Xiquan (retired on 6 June 2025) and Mr. Mo Yunxi, directors of the Company. The amount due from Shangdu Supermarket was unsecured, non-interest-bearing and had a repayment term of 30 days, which was on terms similar to those offered to other major customers of the Group.

For the purpose of purchasing cattle hides, as at 30 June 2025, trade and bills payables amounting to RMB24,868,000 (31 December 2024: RMB60,860,000) were payable to Guangxi Zhiguan. The trade and bills payables are settled on terms no longer than 180 days.

As at 30 June 2025, there were RMB3,543,000 trade payables (31 December 2024: RMB3,902,000) that were payable to Guangxi Wuzhou Junye Trademark Printing Material Co., Ltd. (“Wuzhou Junye”) for the purpose of purchasing packaging and printing materials. Wuzhou Junye is owned by Mr. Sha Shuming, the spouse of Ms. Zhou Yaxian, and Mr. Sha Junqi, a director of the Company.

18. RELATED PARTY DISCLOSURES (Continued)

(b) Balance with related parties (Continued)

As at 30 June 2025, there were RMB1,053,000 trade payables (31 December 2024: RMB1,162,000) that were payable to Wuzhou Zhongbo Packaging Co., Ltd. ("Zhongbo Packaging") for the purpose of purchasing packaging and printing materials. Zhongbo Packaging is owned by Mr. Sha Shuming, the spouse of Ms. Zhou Yaxian, and Mr. Sha Junqi, a director of the Company.

As at 30 June 2025, the Group had other receivables amounting to RMB816,000, RMB140,000 and Nil (31 December 2024: RMB923,000, RMB379,000 and RMB247,000) due from Wuzhou Tongrun Copper Co., Ltd. ("Tongrun Copper"), which is controlled by Mr. Sha Shuming, the spouse of Ms. Zhou Yaxian, Ferguson (Wuhan) Biotech Company Limited ("Ferguson"), an associate of the Group and Guangxi Wuzhou Shennong Pharmaceutical Co., Ltd. ("Wuzhou Shennong"), which is controlled by Ms. Zhou Yaxian and Mr. Sha Junqi, directors of the Company, respectively. The balance due from Tongrun Copper, Ferguson and Wuzhou Shennong is unsecured, interest free and has no fixed terms of repayment.

As at 30 June 2025, the Group had rental receivables amounting to RMB220,000 (31 December 2024: RMB122,000) due from Herb&Fashion Pte. Ltd. ("Herb&Fashion"), which is controlled by Mr. Sha Junqi, a director of the Company. The balance from Herb & Fashion is unsecured, interest free and has a repayment term of 30 days.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	8,051	7,729
Retirement benefit contributions	62	71
Total compensation paid/payable to key management personnel	8,113	7,800

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

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19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance controller reports directly to the audit committee. 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 financial controller. The valuation process and results are discussed with the audit committee twice a year for interim and 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 following method and assumption were used to estimate the fair value:

The fair values of the non-current portion of time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2025 and 31 December 2024 were assessed to be insignificant.

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 (six months ended 30 June 2024: Nil).

20. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the board of directors on 25 August 2025.