



China Yurun Food Group Limited

中國雨潤食品集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1068

INTERIM REPORT 2025



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BOARD OF DIRECTORS

Executive Directors

Zhu Yuan (*Chairman and Chief Executive Officer*)
Yang Linwei

Independent Non-executive Directors

Gao Hui
Chen Jianguo
Xu Xinglian

AUDIT COMMITTEE

Gao Hui (*Chairman*)
Chen Jianguo
Xu Xinglian

REMUNERATION COMMITTEE

Gao Hui (*Chairman*)
Chen Jianguo
Zhu Yuan

NOMINATION COMMITTEE

Chen Jianguo (*Chairman*)
Gao Hui
Zhu Yuan

COMPANY SECRETARY

Lee Wing Sze, Rosa *HKICPA, FCCA*

AUTHORISED REPRESENTATIVES

Zhu Yuan
Lee Wing Sze, Rosa

AUDITOR

BDO Limited

PRINCIPAL BANKERS

Bank of China Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited
Bank of Ningbo Co., Ltd.

REGISTERED OFFICE

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Bermuda

HEAD OFFICE

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Nanjing
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate
Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179, Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
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LEGAL ADVISORS

As to Hong Kong Law
Sidley Austin

As to Bermuda Law
Conyers Dill & Pearman

STOCK CODE

1068

WEBSITE

www.yurun.com.hk



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2025, the external environment remained complex, and domestic structural adjustments continued to face significant pressure. The uncertainties in both the internal and external environments posed many challenges to economic growth. Although China's economy continued its recovery trend, the foundation for this recovery remains unstable. According to data released by the National Bureau of Statistics of China, China's gross domestic product (GDP) for the first half of 2025 is preliminary estimated to be Renminbi ("RMB") 66.0536 trillion, with a year-on-year growth of 5.3% at constant prices. However, insufficient consumer willingness led to a 0.1% year-on-year decline in the national consumer price index (CPI).

In the first half of 2025, the hog farming industry continued to face challenges, with significant downward pressure on hog prices. The number of hogs slaughtered increased by 0.6% year-on-year to 366.19 million heads, with pork production up by 1.3%. As of 30 June 2025, the stock of hogs was 424.47 million heads, up 2.2% year-on-year. In the long term, factors such as improved living standards, increased health awareness, an aging population, and declining birth rates are expected to lead to a decrease in pork consumption. Under this trend, slaughtering and meat processing companies will accelerate their transformation and upgrading, optimising product structures and improving product quality and added value to adapt to market changes and shifts in consumer demand, thereby supporting sustainable growth.

BUSINESS REVIEW

During the six months ended 30 June 2025 (the "Review Period") for China Yurun Food Group Limited ("Yurun Food" or the "Company") and its subsidiaries (collectively, the "Group"), the Group continued to carry forward the century-old open-flame fruitwood smoke-roasting craft on its "Haroulia" ("HRL") brand, and insisted on using traditional methods to produce red sausages, preserving cultural heritage while simultaneously innovating in response to changing market consumption trends. This allows for the expansion of its product range to meet the diverse needs of consumers.

In the first half of 2025, hog prices trended downward as a result of combined impact on ample market supply from increased slaughtering volumes, and sluggish consumer demand. Reference to data released by the Ministry of Agriculture and Rural Affairs of the People's Republic of China (the "PRC"), in the first half of 2025, the national average price of live hogs was RMB15.32/kg, down 2.2% year-on-year, while the national average retail price of pork was RMB26.48/kg, up 3.4% year-on-year.

Product Quality and Research & Development

The Group has always adhered to the principle of “Quality First”, ensuring the quality of each product meet with our strict food safety standards. From raw material procurement to production, processing, and sales, each step undergoes stringent quality control to ensure the stability and consistency of product quality, providing consumers with high-quality, safe, and reliable food.

Sales and Distribution

During the Review Period, the Group focused on downstream “HRL” brand series. As a result of the Group’s strategy to reduce production at certain less profitable slaughterhouses to improve profitability efficiency, slaughtering volume declined. Additionally, the lease agreements of the Group’s certain processed plants expired on 31 December 2024, and operations of such related businesses ceased accordingly, leading to a reduction in sales from processed meat products segment. Overall, the Group’s revenue has decreased by approximately 52.6% compared to the same period last year.

Chilled pork and low-temperature meat products (“LTMP”), being the high value-added products, continued to be the primary source of revenue for the Group’s business development. In the first half of 2025, the Group’s sales of chilled pork reached HK\$54 million (first half of 2024: HK\$270 million), down 80.1% year-on-year, accounting for approximately 21% (first half of 2024: 50%) of the total revenue of the Group and approximately 77% (first half of 2024: 86%) of the total revenue of the upstream slaughtering segment. Sales of LTMP was HK\$185 million (first half of 2024: HK\$154 million), up 20.7% year-on-year, accounting for approximately 73% (first half of 2024: 28%) of the total revenue of the Group and approximately 100% (first half of 2024: 68%) of the total revenue of the downstream processed meat segment.

Production Facilities and Capacity

As of 30 June 2025, the annual production of the Group’s capacity for upstream slaughtering segment and downstream processed meat products segment was approximately 2.35 million heads and 20,000 tons, respectively, which was in line with the annual production capacity as of 31 December 2024.

Financial Review and Key Performance Indicators

The Group recorded revenue of HK\$255 million for the first half of 2025 (first half of 2024: HK\$539 million). During the Review Period, the loss attributable to equity holders was approximately HK\$11 million (first half of 2024: HK\$10 million). Basic and diluted loss per share was HK\$0.006 (first half of 2024: HK\$0.006).

The Board and the management assessed the business development, performance, and position of the Group according to the following key performance indicators.



MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Chilled and Frozen Pork

During the Review Period, it showed a 77.7% year-on-year decline in the Group's overall revenue from upstream business to HK\$70 million (first half of 2024: HK\$312 million). Chilled pork accounted for approximately 21% (first half of 2024: 50%) of the Group's total revenue and approximately 77% (first half of 2024: 86%) of the upstream business total revenue, reaching HK\$54 million (first half of 2024: HK\$270 million), down 80.1% year-on-year. Frozen pork accounted for approximately 23% (first half of 2024: 14%) of the total revenue of the upstream business, with sales of HK\$16 million (first half of 2024: HK\$42 million), representing a decrease of 61.9% over the same period last year.

Processed Meat Products

During the Review Period, sales of processed meat products of the Group were HK\$185 million (first half of 2024: HK\$227 million), representing a decrease of approximately 18.1% over the same period last year.

Among these, revenue from LTMP reached HK\$185 million (first half of 2024: HK\$154 million), up 20.7% year-on-year, accounting for approximately 73% of the total revenue of the Group (first half of 2024: 28%). The lease agreements of the Group's certain processed plants that produce high-temperature meat products expired on 31 December 2024. Therefore, no revenue from high-temperature meat products was recorded during the Review Period (first half of 2024: HK\$73 million).

Gross Profit and Gross Profit Margin

During the Review Period, the Group focused on downstream business which had a higher gross profit margin, helped raise the overall gross profit margin from 14.0% in the same period last year to 22.9%, a 8.9 percentage points increase. The Group's total gross profit was HK\$58 million (first half of 2024: HK\$76 million), down approximately 22.7% year-on-year.

In respect of the upstream business, gross profit margin for chilled pork and frozen pork was 2.5% and -2.2%, respectively (first half of 2024: 2.2% and -3.6% respectively). The overall gross profit margin of the upstream segment was 1.5%, an increase of 0.1 percentage point from 1.4% in the same period last year.

In respect of the downstream processed meat products, the Group upgraded "HRL" products standard, resulting in increased raw material production costs. Consequently, the gross profit margin for LTMP decreased by 6.3 percentage points from 37.2% in the same period last year to 30.9%. The overall gross profit margin for the downstream segment was 30.9%, down 0.5 percentage point from 31.4% in the same period last year.

Other Net Losses/Income

During the Review Period, the Group recorded other net losses of approximately HK\$2.2 million (first half of 2024: net income of HK\$1.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Expenses

Operating expenses consist of distribution expenses and administrative and other operating expenses. During the Review Period, operating expenses of the Group were HK\$52 million (first half of 2024: HK\$66 million), a decrease of 20.1% compared to the same period last year, accounting for 20.5% of the Group's revenue (first half of 2024: 12.2%). The decrease in operating expenses during the Review Period was primarily due to reduced direct sales-related expenditures arising from reduction in sales volume.

Results of Operating Activities

During the Review Period, the Group recorded an operating profit of approximately HK\$4 million (first half of 2024: profit of approximately HK\$12 million).

Net Finance Costs

During the Review Period, the net finance costs of the Group were approximately HK\$19 million, (first half of 2024: HK\$25 million) representing a decrease of 23.7% compared to the same period last year. The decrease was mainly due to consensus reached at the end of 2024 with respect to one of the Group's bank borrowings. Under the new agreement, the interest rate was reduced and no accrual of overdue interest and penalties was required.

Income Tax

During the Review Period, the income tax expense was approximately HK\$4,000 (first half of 2024: credit of approximately HK\$50,000).

Loss Attributable to the Equity Holders of the Company

As a result of the factors mentioned above, the loss attributable to the equity holders of the Company during the Review Period was approximately HK\$11 million (first half of 2024: loss of approximately HK\$10 million).

FINANCIAL RESOURCES

As at 30 June 2025, the Group's cash and cash equivalents was approximately HK\$21 million, representing a decrease of approximately HK\$20 million from HK\$41 million as at 31 December 2024. Of this, approximately 91% (31 December 2024: 93%) was denominated in RMB, with the remainder in other currencies.

As at 30 June 2025, the Group's outstanding bank borrowings of HK\$438 million, a decrease of HK\$6 million from HK\$444 million as at 31 December 2024, of which HK\$376 million was due within one year. For details regarding the Group's breach of loan agreements, please refer to the paragraph headed "Breach of Borrowings Agreements" below.



MANAGEMENT DISCUSSION AND ANALYSIS

All borrowings were denominated in RMB, which was the same as the borrowings as of 31 December 2024. As at 30 June 2025, the Group's fixed-rate debt ratio was 95% (31 December 2024: 94%).

During the Review Period, The Group's net cash outflow was primarily due to the repayment of bank borrowings and cash outflow used in operating activities.

During the Review Period, the capital expenditure was approximately HK\$1.3 million (30 June 2024: HK\$10 million).

BREACH OF BORROWINGS AGREEMENTS

As at 30 June 2025, the Group could not fulfil certain covenants imposed by the bank on the bank borrowings of HK\$349 million (31 December 2024: HK\$344 million). All of these bank borrowings and the accrued interest of HK\$272 million (31 December 2024: HK\$251 million) were overdue.

The above bank borrowings were secured by certain restructuring companies. Such debts have been included as part of the consolidated restructuring as mentioned in the 2021 and 2022 financial reports of the Company. As disclosed in the announcement of the Company dated 30 January 2022, the restructuring plan was approved and adjudicated effective by the Court in the PRC (the "Court") on 28 January 2022, together with the Court's ruling that the banks can realise their rights as creditors to convert the debts owed to them to equity interests in the new platform. If the rights have been confirmed by the Court, but the banks do not realise their rights as creditors to receive the debts repayments and/or to convert the debts owed to them to equity interests in the new platform pursuant to the restructuring plan, the administrator shall deposit the debts repayments allocated to those creditors to the administrator's bank account or its designated bank account, or shall hold such equity interests allocated to those creditors in the new platform on their behalf by a designated company. Within three years commencing from the date of completion of the restructuring plan, the creditors may still receive the debts repayments and/or the equity interests in the new platform allocated to them upon realising their rights. If the creditors fail to realise their rights as creditors to receive the debts repayments and/or convert the debts owed to them to equity interests in the new platform within the prescribed time frame due to their own inaction, their rights under the restructuring plan are deemed to have been forgone. If the banks do not realise their rights as creditors by converting the debts owed to them to equity interests in the new platform, the bank borrowings would not be extinguished automatically and the relevant legal proceedings would not be discharged automatically. The banks may continue to seek recourse against the borrower, i.e. a subsidiary of the Group in accordance with the respective loan agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

Subsequent to 30 June 2025 and up to the date of this report, the aforesaid bank borrowings have not been renewed.

The Group is currently in active communication with the state-owned and national commercial bank in China to negotiate extension, renewal and/or amendments of the terms of the outstanding bank borrowings, with a principal balance of RMB349 million. During this process, the bank has indicated that it did not intend to take drastic enforcement actions against the Group. Both parties recognised that maintaining the Group's normal operations was in their mutual interest. Based on this, the Board considers that the risk of immediate repayment demand arising from the overdue borrowings is manageable and would not have a material adverse impact on the Group's going concern ability or operational stability.

ASSETS AND LIABILITIES

As at 30 June 2025, the total assets of the Group were HK\$621 million (31 December 2024: HK\$645 million), a decrease of HK\$24 million from 31 December 2024. The Group's total liabilities as at 30 June 2025 were HK\$1.351 billion, a decrease of HK\$2 million from HK\$1.353 billion as at 31 December 2024.

As at 30 June 2025, the property, plant, and equipment of the Group amounted to HK\$195 million (31 December 2024: HK\$199 million), a decrease of HK\$3 million from 31 December 2024.

As at 30 June 2025, despite the net liabilities position, the Group had non-current assets of approximately HK\$235 million, which may provide solid support for its daily production and operations. The Board's assessment is that this situation has not materially impaired the Group's ability to continue its daily business operation. Looking ahead, with the expected improvement in the economic environment and the management's ongoing efforts to enhance operational efficiency and optimise the debt structure, the Board is confident in guiding the Group to gradually improve its financial position and achieve the goal of transitioning from net liabilities to net assets.

As at 30 June 2025, the net current liabilities of the Group were HK\$902 million (31 December 2024: HK\$872 million), and its net liabilities were HK\$729 million (31 December 2024: HK\$708 million). Its current bank borrowings amounted to HK\$376 million (31 December 2024: HK\$370 million), while the cash and cash equivalents amounted to approximately HK\$21 million (31 December 2024: HK\$41 million).

As mentioned above, although the Group has failed to fulfil certain covenants under its loan agreements and its subsidiaries are facing several litigations, the Group has been actively engaging with banks to negotiate the renewal and waiver of repayment on demand clauses, as well as breaches of certain undertaking and restrictive covenants. Meanwhile, the Group endeavored to persuade the banks to realise their rights as creditors within the relevant time frame under the consolidated restructuring. Based on the current progress of these negotiations, we view the outlook as relatively positive. Given these, the Directors believe that the Group has sufficient financial resources to finance its operations and to meet financial obligations as and when they fall due within the next twelve months from the end of the Review Period.



MANAGEMENT DISCUSSION AND ANALYSIS

As the equity attributable to equity holders of the Company was a deficit of approximately HK\$716 million, it is not appropriate to calculate the gearing level as at 30 June 2025.

CHARGES ON ASSETS

As at 30 June 2025, certain trade receivables of the Group with a carrying amount of approximately HK\$12 million (31 December 2024: HK\$17 million) were pledged against a bank borrowing with a total amount of approximately HK\$23 million (31 December 2024: HK\$27 million).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENT IN OR ACQUISITION OF CAPITAL ASSETS

The Group did not hold any other significant investment nor had any substantial acquisition and disposal of subsidiaries or associated companies during the Review Period. As at the date of this report, the Group has no plan to make any significant investment in or acquisition of capital assets.

CONTINGENT LIABILITIES

As at 30 June 2025, there were outstanding litigations initiated by a bank in the PRC against a subsidiary of the Group demanding that subsidiary to repay the outstanding bank borrowings of approximately HK\$349 million (31 December 2024: HK\$344 million) immediately. The Group is negotiating with the bank to resolve such litigations. Save as disclosed above, the Group did not involve in any other material litigation or arbitration and did not have other material contingent liabilities.

In respect of the progress of the above, the Company will make further announcements in due course in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as and when required.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Other than payment of certain professional fees in USD or Hong Kong dollars, the Group's transactions are mainly settled in RMB. RMB is the functional currency of the operating subsidiaries of the Group in the PRC, which is still subject to foreign exchange controls and cannot be freely convertible into foreign currencies. The Group will continue to monitor its foreign exchange risk and take into account factors such as exchange rate trends and cash flow requirements to ensure related risks are controlled.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

As at 30 June 2025, the Group had a total of approximately 600 (31 December 2024: approximately 1,000) employees in the PRC and Hong Kong. During the Review Period, total staff cost was HK\$26 million, accounting for 10.1% of the revenue of the Group (first half of 2024: HK\$35 million, accounting for 6.4% of revenue).

Employees are the core driving force behind a company's steady progress. The Group has always adhered to a people-oriented philosophy, complying with laws and regulations to fully safeguard employees' legal rights. It provides competitive salaries, performance-based cash rewards and other incentives, retirement contributions, and various social insurance and employee benefit programs. At the same time, the Group continues to invest in optimising and improving employee training programs, helping staff enhance their professional skills and overall qualities, thereby strengthening their competitiveness in the market. In addition, the Group has established a fair, just, and transparent promotion system to stimulate employee motivation and creativity, enhance their sense of recognition and belonging, and foster a shared vision for a prosperous future alongside the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Sustainable development is the essential path to achieving coordinated economic, social, and environmental development and is vital for safeguarding long-term human interests and improving quality of life. By committing sustainable development, a company not only promotes its own long-term and stable growth but also plays an important role in protecting society and the environment. The Group consistently places sustainable development at the core position of its strategy, actively fulfill its corporate social responsibilities by integrating green and low-carbon concepts into corporate governance and business operations. Meanwhile, the Group continuously optimises its energy structure, improves energy efficiency, and strives to achieve a win-win outcome for both economic and environmental benefits.

During the Review Period, the Group continued to cultivate the concept of green office operations and encouraged green travel, taking concrete actions to advance the Company toward a new level of sustainable development. In the future, the Group will continue to uphold the philosophy of green development and comprehensively drive the Group's transition toward low-carbon and green operations, contributing to society's low-carbon and sustainable development.



OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Review Period (first half of 2024: HK\$Nil).

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

As at 30 June 2025, none of the Directors and/or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Model Code").

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, so far as is known to the Directors and the chief executive of the Company, the interests or short positions of substantial shareholders/other persons (other than Directors and chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Name	Nature	Number of shares ^(Note)	Approximate
			percentage of the issued shares
Willie Holdings Limited	Long position	470,699,900	25.82%
Zhu Yicai	Long position	470,699,900	25.82%
Wu Xueqin	Long position	470,699,900	25.82%

Note:

These shares represent the shares of the Company held by Willie Holdings Limited ("Willie Holdings") as beneficial owner. Willie Holdings is owned as to 93.41% by Zhu Yicai ("Mr. Zhu"), a former executive Director and Chairman of the Company, and as to 6.59% by Wu Xueqin ("Ms. Wu"), the spouse of Mr. Zhu. Mr. Zhu is deemed to be interested in the shares of the Company held by Willie Holdings as well as the entire issued share capital of Willie Holdings by virtue of Part XV of the SFO. Ms. Wu, being the spouse of Mr. Zhu, is also deemed to be interested in these shares by virtue of Part XV of the SFO.

Save as disclosed above, as at 30 June 2025, no other parties were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company.

SHARE OPTION SCHEMES

The Company unconditionally adopted a share option scheme (the “Old Scheme”) on 3 October 2005. The Old Scheme was in force for ten years and expired on 2 October 2015. In order to enable the continuity of the Old Scheme, the Company unconditionally adopted a new share option scheme (the “New Share Option Scheme”) on 7 August 2015 and concurrently, early terminated the Old Scheme pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 24 June 2015. The share options granted under the Old Scheme prior to its termination, if not yet exercised, would continue to be valid and exercisable in accordance with the rules of the Old Scheme.

The detailed terms of the New Share Option Scheme were disclosed in the 2023 and 2024 annual reports of the Company.

The number of share options available for grant under the scheme mandate of the New Share Option Scheme was 182,275,565 respectively as at the beginning and the end of the Review Period.

There were no outstanding share options as at the beginning and the end of the Review Period. During the Review Period, no share options have been granted/exercised/lapsed/cancelled. Information on the accounting policy for the share options granted were disclosed in the 2023 and 2024 annual reports of the Company.

As at the date of this report, the scheme period of the New Share Option Scheme has been expired. The Company had not granted any share option under the New Share Option Scheme since its adoption.

Save as disclosed above, at no time during the Review Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.



OTHER INFORMATION

CORPORATE GOVERNANCE

The Company adheres to corporate governance principles of integrity, transparency, openness and efficiency. It has strived to strictly observe and follow stringent corporate governance practice at all times through a comprehensive corporate governance structure and measures, so as to achieve a high standard of corporate governance and enhance shareholders' value.

The Board currently comprises five Directors. To facilitate effective management, the Board has delegated certain functions to various Board committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Company has formulated specific terms of reference of each committee, covering its authority, responsibilities and functions. The major responsibilities of the Board and its committees include supervising the implementation of corporate governance, monitoring and advising the management in respect of financial and business strategy and targets, monitoring public disclosures, as well as assessing whether the performances of the management are in line with the Company's operating objectives.

The Company has also established risk management and internal control systems to ensure that the Company's assets are under protection, operating and governance measures are in place, business risks are properly managed and accounting records and financial statements are properly kept and maintained. The Audit Committee of the Company is responsible for reviewing the effectiveness of the Group's risk management and internal control systems with the assistance of the Group's Internal Audit Department.

The Company maintains a highly transparent governance mechanism by publishing information to shareholders and investors in a timely manner. We use several communication channels to ensure that the Company's shareholders are provided with ready, equal and timely access to information about the Company.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company was in compliance with all applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules during the Review Period except for the matter disclosed below:

In compliance with code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing. Meanwhile, Ms. Zhu Yuan acts as both the Chairman of the Board and Chief Executive Officer of the Company. The Board believes that vesting the roles of the Chairman and the Chief Executive Officer in the same person would allow the Company to be more effective and efficient in developing business strategies and executing business plans, and is beneficial to the business prospects and management of the Group. The Board believes that the balance of power can be ensured by the composition of the Board which includes members who are experienced and technical individuals and of which more than half are independent non-executive Directors. In the long run, the Company will seek and appoint a suitable individual to take up the role of Chief Executive Officer.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Company's code of conduct and rules governing dealings by all Directors in the securities of the Company. The Company, having made specific enquiries with all Directors, confirms that the Directors have complied with the required standards set out in the Model Code throughout the Review Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed, with the management, the accounting principles and practices adopted by the Group and has discussed internal controls, risk management and financial reporting matters, including the review of the unaudited interim results of the Group for the Review Period.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REVIEW PERIOD

There was no other important event affecting the Group since 30 June 2025 and up to the date of this report.

By Order of the Board

Zhu Yuan

Chairman and Chief Executive Officer

Hong Kong, 21 August 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Notes	2025 \$'000	2024 \$'000
Revenue	4	255,353	538,975
Cost of sales		(196,967)	(463,472)
Gross profit		58,386	75,503
Other net (losses)/income	6	(2,164)	1,809
Distribution expenses		(19,777)	(27,686)
Administrative and other operating expenses		(32,690)	(38,020)
Results from operating activities		3,755	11,606
Finance income		15	145
Finance costs		(18,973)	(24,987)
Net finance costs	7(a)	(18,958)	(24,842)
Loss before income tax	7	(15,203)	(13,236)
Income tax (expense)/credit	8	(4)	45
Loss for the period		(15,207)	(13,191)
Attributable to:			
Equity holders of the Company		(10,803)	(10,069)
Non-controlling interests		(4,404)	(3,122)
Loss for the period		(15,207)	(13,191)
Loss per share			
Basic	10(a)	HK\$(0.006)	HK\$(0.006)
Diluted	10(b)	HK\$(0.006)	HK\$(0.006)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	2025 \$'000	2024 \$'000
Loss for the period		(15,207)	(13,191)
Other comprehensive income for the period (after tax and reclassification adjustments)	9		
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(6,384)	(34,929)
Total comprehensive income for the period		(21,591)	(48,120)
Attributable to:			
Equity holders of the Company		(11,127)	(32,098)
Non-controlling interests		(10,464)	(16,022)
Total comprehensive income for the period		(21,591)	(48,120)

The notes on pages 20 to 32 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025 – unaudited

(Expressed in Hong Kong dollars)

	Notes	30 June 2025 \$'000	31 December 2024 \$'000
Non-current assets			
Property, plant and equipment	11	195,170	198,540
Lease prepayments		34,982	35,401
Intangible assets		3,103	3,056
Non-current prepayments and other receivables		1,721	1,723
		234,976	238,720
Current assets			
Inventories	12	28,814	78,439
Trade and other receivables	13	336,777	286,749
Income tax recoverable		67	62
Cash and cash equivalents	14	20,694	40,983
		386,352	406,233
Current liabilities			
Bank borrowings		375,990	369,922
Lease liabilities		577	616
Trade and other payables	15	912,190	908,023
Income tax payable		38	33
		1,288,795	1,278,594
Net current liabilities		(902,443)	(872,361)
Total assets less current liabilities		(667,467)	(633,641)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

	30 June 2025 \$'000	31 December 2024 \$'000
Non-current liabilities		
Bank borrowings	61,720	73,689
Lease liabilities	–	266
	61,720	73,955
NET LIABILITIES	(729,187)	(707,596)
EQUITY		
Share capital	182,276	182,276
Reserves	(898,244)	(887,117)
Total equity attributable to equity holders of the Company	(715,968)	(704,841)
Non-controlling interests	(13,219)	(2,755)
TOTAL EQUITY	(729,187)	(707,596)

Approved and authorised for issue by the board of directors on 21 August 2025.

Zhu Yuan
Director

Yang Linwei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025 – unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital surplus	Merger reserve	PRC statutory reserves	Exchange reserve	Accumulated losses	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2024	182,276	7,400,418	3,290	(70,363)	91,397	84,235	(8,386,222)	(694,969)	5,590	(689,379)
Loss for the period	-	-	-	-	-	-	(10,069)	(10,069)	(3,122)	(13,191)
Total other comprehensive income for the period	-	-	-	-	-	(22,029)	-	(22,029)	(12,900)	(34,929)
Total comprehensive income for the period	-	-	-	-	-	(22,029)	(10,069)	(32,098)	(16,022)	(48,120)
At 30 June 2024	182,276	7,400,418	3,290	(70,363)	91,397	62,206	(8,396,291)	(727,067)	(10,432)	(737,499)
At 1 January 2025	182,276	7,400,418	3,290	(70,363)	91,397	112,936	(8,424,795)	(704,841)	(2,755)	(707,596)
Loss for the period	-	-	-	-	-	-	(10,803)	(10,803)	(4,404)	(15,207)
Total other comprehensive income for the period	-	-	-	-	-	(324)	-	(324)	(6,060)	(6,384)
Total comprehensive income for the period	-	-	-	-	-	(324)	(10,803)	(11,127)	(10,464)	(21,591)
At 30 June 2025	182,276	7,400,418	3,290	(70,363)	91,397	112,612	(8,435,598)	(715,968)	(13,219)	(729,187)

The notes on pages 20 to 32 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2025 \$'000	2024 \$'000
Cash used in operating activities		(5,216)	(22)
Finance costs paid		(20)	(56)
Income tax refunded		–	45
Net cash used in operating activities		(5,236)	(33)
Investing activities			
Acquisition of property, plant and equipment		(1,303)	(6,651)
Proceeds from disposal of property, plant and equipment		976	3,725
Acquisition of intangible assets		–	(3,101)
Other cash flow arising from investing activities		15	145
Net cash used in investing activities		(312)	(5,882)
Financing activities			
Repayment of bank borrowings		(14,400)	–
Other cash flow arising from financing activities		470	(1,469)
Net cash used in financing activities		(13,930)	(1,469)
Net decrease in cash and cash equivalents		(19,478)	(7,384)
Cash and cash equivalents at 1 January		40,983	39,298
Effect of exchange rate fluctuations on cash held		(811)	(248)
Cash and cash equivalents at 30 June	14	20,694	31,666

The notes on pages 20 to 32 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

1. REPORTING ENTITY

China Yurun Food Group Limited (the “Company”) was incorporated in Bermuda on 21 March 2005 as an exempted company with limited liability under the Bermuda Companies Act 1981.

The interim financial report of the Company as at and for the six months ended 30 June 2025 comprises the financial information of the Company and its subsidiaries (collectively referred to as the “Group”).

2. BASIS OF PREPARATION

The interim financial report of the Group has been prepared in accordance with International Accounting Standard 34 (“IAS 34”), *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”) as well as 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 interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2024 (the “2024 annual financial statements”), which have been prepared in accordance with International Financial Reporting Standards as issued by IASB (“IFRS Accounting Standards”). Except as described in note 3, the interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, 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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2024 are available from the Company’s principal place of business in Hong Kong. The auditor has disclaimed an opinion on those financial statements in its report dated 25 March 2025.

The Group incurred a net loss of \$15,207,000 for the six months ended 30 June 2025 and as at 30 June 2025, the Group had net current liabilities and net liabilities of \$902,443,000 and \$729,187,000 respectively. At 30 June 2025, the Group’s bank borrowings amounted to \$437,710,000, while its cash and cash equivalents amounted to \$20,694,000 only.

As at 30 June 2025, certain bank borrowings amounted to \$348,827,000 together with the accrued interest of \$271,858,000 (included in trade and other payables (note 15)) were overdue. In addition, the Group could not fulfil certain bank covenants relating to the abovementioned bank borrowings of \$348,827,000 and the bank has commenced litigations against the Group to settle the outstanding balances.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

2. BASIS OF PREPARATION (CONTINUED)

These events or conditions may cast significant doubt about the Group's ability to continue as a going concern and it may not have sufficient financial resources to finance the Group's operations to meet its financial obligations as and when they fall due.

The management have taken the following plans and measures to mitigate the liquidity pressure and to improve its financial position:

- (i) Actively negotiating with the bank for the renewal of terms of the banking facilities, the waiver of the repayable on demand clause and breach of the undertaking and restrictive covenant requirements;
- (ii) The potential outcome on conclusive settlement of the bank borrowings as part of consolidated restructuring; and
- (iii) Actively negotiating with banks to obtain additional new financing and other source of funding as and when required.

Based on the above, the Directors considered the Group would have sufficient financial resources to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

However, the validity of the going concern assumption depends upon the successful outcome of the Group's plans and measures, including (i) the successful negotiation with the bank for the renewal of terms of the banking facilities, the waiver of the repayable on demand clause and breach of the undertaking and restrictive covenant requirements of certain bank borrowings; (ii) the successful outcome on conclusive settlement of the bank borrowings as part of the consolidated restructuring as disclosed in note 7(a); and (iii) the successful negotiation with banks to obtain additional new financing and other source of funding as and when required. These indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore that the Group may not be able to realise its assets and discharges its liabilities in the normal course of business.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new or revised IFRS Accounting Standards that are first effective for the current accounting period of the Group. Of these, the following is relevant to the Group.

Amendments to IAS 21 and IFRS 1

Lack of Exchangeability

The application of the new or amended IFRS Accounting Standards did not have any significant impact on interim financial report.

4. REVENUE AND SEGMENT INFORMATION

(a) Segment results

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below:

	Chilled and frozen meat		Processed meat products		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
External revenue	69,781	312,426	185,572	226,549	255,353	538,975
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	69,781	312,426	185,572	226,549	255,353	538,975
Reportable segment results	(12,225)	(22,510)	22,037	40,189	9,812	17,679
Depreciation and amortisation	(6,410)	(10,497)	(3,393)	(4,706)	(9,803)	(15,203)
Gain on disposal of property, plant and equipment	–	1,628	–	403	–	2,031
Impairment losses on trade receivables	(4,447)	(3,191)	(5,662)	(2,054)	(10,109)	(5,245)
Government subsidies	–	261	–	207	–	468
Income tax credit	–	–	–	45	–	45

Segment assets and liabilities of the Group are not reported to the Group's most senior executive management regularly. As a result, reportable segment assets and liabilities have not been presented in the interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Reconciliations of reportable segment revenue and loss

	Six months ended 30 June	
	2025 \$'000	2024 \$'000
Revenue		
Total revenue from reportable segments	255,353	538,975
Elimination of inter-segment revenue	–	–
Consolidated revenue	255,353	538,975
Loss		
Total reportable segment results before income tax	9,812	17,679
Elimination of inter-segment loss	–	–
	9,812	17,679
Net finance costs	(18,958)	(24,842)
Income tax (expense)/credit	(4)	45
Unallocated head office and corporate expenses	(6,057)	(6,073)
Consolidated loss for the period	(15,207)	(13,191)

China Yurun Food Group Limited

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5. SEASONALITY OF OPERATIONS

The Group's operations are subject to seasonal fluctuations. Demand for processed meat products in general peaks during the period immediately before the Chinese New Year in January or February each year and returns to a normal level thereafter.

6. OTHER NET (LOSSES)/INCOME

	Six months ended 30 June	
	2025 \$'000	2024 \$'000
Government subsidies	–	468
Gain on disposal of property, plant and equipment	–	2,031
Rental income	132	56
Sales of scrap	135	235
Sundry expense	(2,431)	(981)
	(2,164)	1,809

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

(a) Net finance costs

	Six months ended 30 June	
	2025 \$'000	2024 \$'000
Interest on bank borrowings	18,936	23,836
Interest on lease liabilities	18	1,038
	18,954	24,874
Bank charges	30	56
Net foreign exchange (gain)/loss	(11)	57
Interest income from bank deposits	(15)	(145)
	18,958	24,842

As at 30 June 2025, the Group could not fulfil certain covenants imposed by the bank on certain bank borrowings of \$348,827,000 (31 December 2024: \$343,553,000). All of these bank borrowings and the accrued interest of \$271,858,000 (31 December 2024: \$250,721,000) were overdue.

The above bank borrowings were secured by corporate guarantees provided by certain restructuring companies and have been incorporated as part of the consolidated restructuring. As disclosed in the Company's announcement dated 30 January 2022, the restructuring plan was approved and adjudicated effective by the Court in the PRC (the "Court") on 28 January 2022, together with the Court's ruling that the banks can realise their rights as creditors to convert the debts owed to them to equity interests in the new platform. If the rights have been confirmed by the Court, but the banks do not realise their rights as creditors to receive the debts repayments and/or to convert the debts owed to them to equity interests in the new platform pursuant to the restructuring plan, the Administrator shall deposit the debts repayments allocated to those creditors to the Administrator's bank account or its designated bank account, or shall hold such equity interests allocated to those creditors in the new platform on their behalf by a designated company. Within three years commencing from the date of completion of the restructuring plan, the creditors may still receive the debts repayments and/or the equity interests in the new platform allocated to them upon realising their rights. If the creditors fail to realise their rights as creditors to receive the debts repayments and/or convert the debts owed to them to equity interests in the new platform within the prescribed time frame due to their own inaction, their rights under the restructuring plan are deemed to have been forgone. If the banks do not realise their rights as creditors by converting the debts owed to them to equity interests in the new platform, the bank borrowings would not be extinguished automatically and the relevant legal proceedings would not be discharged automatically. The banks may continue to seek recourse against the borrower, i.e. a subsidiary of the Group in accordance with the respective loan agreements.

As at 30 June 2025, certain bank borrowings were secured by trade receivables of \$11,888,000 (31 December 2024: \$16,570,000) and guaranteed by certain companies within the restructuring companies.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

7. LOSS BEFORE INCOME TAX (CONTINUED)

Loss before income tax is arrived at after charging/(crediting): (continued)

(a) Net finance costs (continued)

At 30 June 2025, there were outstanding litigations commenced by the bank in the PRC against a subsidiary of the Group requesting such subsidiary to repay the outstanding bank borrowings of \$348,827,000 (31 December 2024: \$343,553,000) or to secure the repayment with assets of equivalent amounts immediately.

Among these, the courts in the PRC handed down the judgements in related to certain outstanding bank borrowings during the year ended 31 December 2023. As at 30 June 2025, the subsidiary shall repay the outstanding bank borrowings together with accrued interest of \$437,726,000 (31 December 2024: \$416,664,000) in total. These bank borrowings were secured by corporate guarantees provided by certain restructuring companies and fall into the restructuring plan as mentioned above. The Group is negotiating with the bank to settle these outstanding bank borrowings.

(b) Personnel expenses

	Six months ended 30 June	
	2025 \$'000	2024 \$'000
Salaries, wages and other benefits	24,230	32,421
Contributions to defined contribution pension schemes	1,469	2,276
	25,699	34,697

(c) Other items

	Six months ended 30 June	
	2025 \$'000	2024 \$'000
Cost of inventories [#]	196,967	463,472
(Reversal of write-down)/write-down of inventories	(49)	484
Impairment losses on trade receivables	10,109	5,245
Amortisation of lease prepayments	540	995
Amortisation of intangible assets	307	–
Depreciation of property, plant and equipment	8,956	14,208

[#] Cost of inventories includes approximately \$13,006,000 (six months ended 30 June 2024: \$17,311,000) relating to personnel expenses, which the amount is also included in the above note 7(b).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

8. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2025 \$'000	2024 \$'000
Current tax credit		
Current year	–	–
Under/(over)-provision in respect of prior years	4	(45)
Total income tax expense/(credit)	4	(45)

- (a) Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in Bermuda and the BVI.
- (b) No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2025 and 2024.
- (c) Pursuant to the income tax rules and regulations of the PRC, the companies comprising the Group in the PRC are liable to PRC corporate income tax at a rate of 25% during the six months ended 30 June 2025 and 2024, except for the enterprises engaged in the primary processing of agricultural products which are exempted from PRC corporate income tax. As a result, the profits from slaughtering operations are exempted from PRC corporate income tax for the six months ended 30 June 2025 and 2024.
- (d) Under the PRC tax law, enterprises established outside the PRC with their de facto management bodies located within the PRC may be considered as a PRC resident enterprise and subject to PRC corporate income tax on their global income at the rate of 25%. The Group may be deemed to be a PRC resident enterprise and subject to PRC corporate income tax at 25% on its global income. In certain circumstances, dividends received by a PRC resident enterprise from another PRC resident enterprise would be tax exempted, but there is no guarantee that the Group will qualify for this exemption.

9. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income do not have any tax effect for the six months ended 30 June 2025 and 2024.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of \$10,803,000 (six months ended 30 June 2024: \$10,069,000) and the weighted average number of ordinary shares of 1,822,756,000 (six months ended 30 June 2024: 1,822,756,000).

(b) Diluted loss per share

Diluted loss per share equals to basic loss per share for the six months ended 30 June 2025 and 2024 because the Company has no potential ordinary shares outstanding during the periods.

11. PROPERTY, PLANT AND EQUIPMENT

The additions and disposals of items of property, plant and equipment during the six months ended 30 June 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025 \$'000	2024 \$'000
Additions	1,303	6,651
Carrying value of items disposed of	(976)	(1,694)

As at 30 June 2025, the Group assessed the recoverable amounts of certain assets which management considers are likely to be recoverable through continuing use, the Group assessed the recoverable amount of each cash-generating unit ("CGU") to which these assets belong based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Management determined the budgeted gross profit margin and growth rate based on past performance and its expectation for market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU.

During the six months ended 30 June 2025 and 2024, no impairment loss in respect of property, plant and equipment and lease prepayments was recognised as the recoverable amounts of the CGUs is higher than its carrying amounts. The audit committee of the Company has no disagreement with the management on the above position and the basis of the review on the impairment assessment.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

12. INVENTORIES

	30 June 2025 \$'000	31 December 2024 \$'000
Raw materials	7,109	16,444
Work in progress	1,784	10,135
Finished goods	19,921	51,860
	28,814	78,439

Reversal of write-down of inventories to their net realisable value amounting to \$49,000 (31 December 2024: write-down of inventories amounting to \$1,019,000) was recognised under “cost of sales” in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2025.

13. TRADE AND OTHER RECEIVABLES

An ageing analysis of trade receivables (net of expected credit losses) of the Group based on invoice date and a breakdown of trade and other receivables as at the end of the reporting period are analysed as follows:

	30 June 2025 \$'000	31 December 2024 \$'000
Trade receivables		
– Within 30 days	66,569	85,773
– 31 days to 90 days	910	1,342
– 91 days to 180 days	21,357	2,787
– Over 180 days	15,209	3,108
	104,045	93,010
Less: Expected credit losses	(18,149)	(7,997)
Total trade receivables, net	85,896	85,013
Value-added tax (“VAT”) recoverable	55,439	61,468
Deposits and prepayments	90,461	69,603
Other receivables	104,981	70,665
	336,777	286,749

All of the trade and other receivables are expected to be recovered within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

14. CASH AND CASH EQUIVALENTS

	30 June 2025 \$'000	31 December 2024 \$'000
Renminbi ("RMB")	18,818	38,195
United States dollars ("USD")	296	1,300
Euro dollars ("EUR")	209	209
Other currencies	1,371	1,279
	20,694	40,983

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to approximately \$18,818,000 (31 December 2024: approximately \$38,195,000). RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations of the PRC. Exchange RMB for other currencies is permitted through banks that are authorized to conduct foreign exchange business.

15. TRADE AND OTHER PAYABLES

An ageing analysis of trade payables based on invoice date and a breakdown of trade and other payables (including amounts due to related parties) as at the end of the reporting period are analysed as follows:

	30 June 2025 \$'000	31 December 2024 \$'000
Trade payables		
– Within 30 days	17,439	37,594
– 31 days to 90 days	1,008	8,311
– 91 days to 180 days	8,990	37,981
– Over 180 days	64,949	29,969
Total trade payables	92,386	113,855
Deposits from customers	18,670	20,322
Contract liabilities	17,465	19,465
Salary and welfare payables	3,326	10,414
VAT payable	67,752	64,229
Payables for acquisitions of property, plant and equipment	27,647	27,229
Provision for losses on litigations	64,271	63,299
Interest payables	271,858	250,721
Other payables and accruals	348,815	338,489
	912,190	908,023

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

16. CAPITAL, RESERVES AND DIVIDENDS

Dividends payable to equity holders attributable to the interim period

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2025 and 2024.

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2025 and 31 December 2024.

18. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	30 June 2025 \$'000	31 December 2024 \$'000
Contracted for	365,634	358,028

19. CONTINGENT LIABILITIES

As at the end of the reporting period, except as disclosed in note 7(a), the Group did not involve in any other material litigation or arbitration. As far as the management of the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 30 June 2025, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the management of the Group believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

20. RELATED PARTY TRANSACTIONS AND BALANCES

During the six months ended 30 June 2025 and 2024, in addition to the transactions and balances disclosed elsewhere in this interim financial report, the Group had the following material related party transactions and balances:

(a) Significant related party transactions

- (i) Sales and purchases of raw materials and finished goods:

	Six months ended 30 June	
	2025 \$'000	2024 \$'000
Sales of raw materials to related companies (note 20(a)(iv))	29	72
Sales of finished goods to related companies (note 20(a)(iv))	2,012	114,624
Purchases of raw materials from related companies (note 20(a)(iv))	1,929	1,713

- (ii) The Group leased certain property, plant and equipment and land use rights owned by the related parties (note 20(a)(iv)). No rental is paid or payable to the related parties for the six months ended 30 June 2025 (six months ended 30 June 2024: \$1,540,000).
- (iii) Certain related parties (note 20(a)(iv)) made available their properties and land use rights with a total carrying value of \$30,618,000 (31 December 2024: \$38,646,000) as at 30 June 2025 to the Group. No rental is paid or payable by any of the group companies.
- (iv) Mr. Zhu Yicai ("Mr. Zhu") is the beneficial shareholder of the Company and also has beneficial interest in the related companies. Mr. Zhu is the honorary chairman and the senior advisor of the board of the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025 – unaudited
(Expressed in Hong Kong dollars)

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Amounts due from related parties

	30 June 2025 \$'000	31 December 2024 \$'000
Trade receivables due from related parties (note 20(a)(iv))	34,530	34,530

Amounts due from related parties are unsecured, interest-free and are expected to be recovered within one year.

(c) Amounts due to related parties

	30 June 2025 \$'000	31 December 2024 \$'000
Trade payables due to related parties (note 20(a)(iv))	12,927	12,927
Other payables due to related parties (notes 20(a)(iv) and 20(c)(i))	247,102	237,052

- (i) Certain related companies settled certain payables on behalf of the Group for the six months ended 30 June 2025.

Amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

(d) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2025 \$'000	2024 \$'000
Salaries and other emoluments	1,286	1,292
Contributions to retirement benefit schemes	25	26
	1,311	1,318