



Labixiaoxin Snacks Group Limited 蠟筆小新休閒食品集團有限公司

(Incorporated in Bermuda with limited liability)

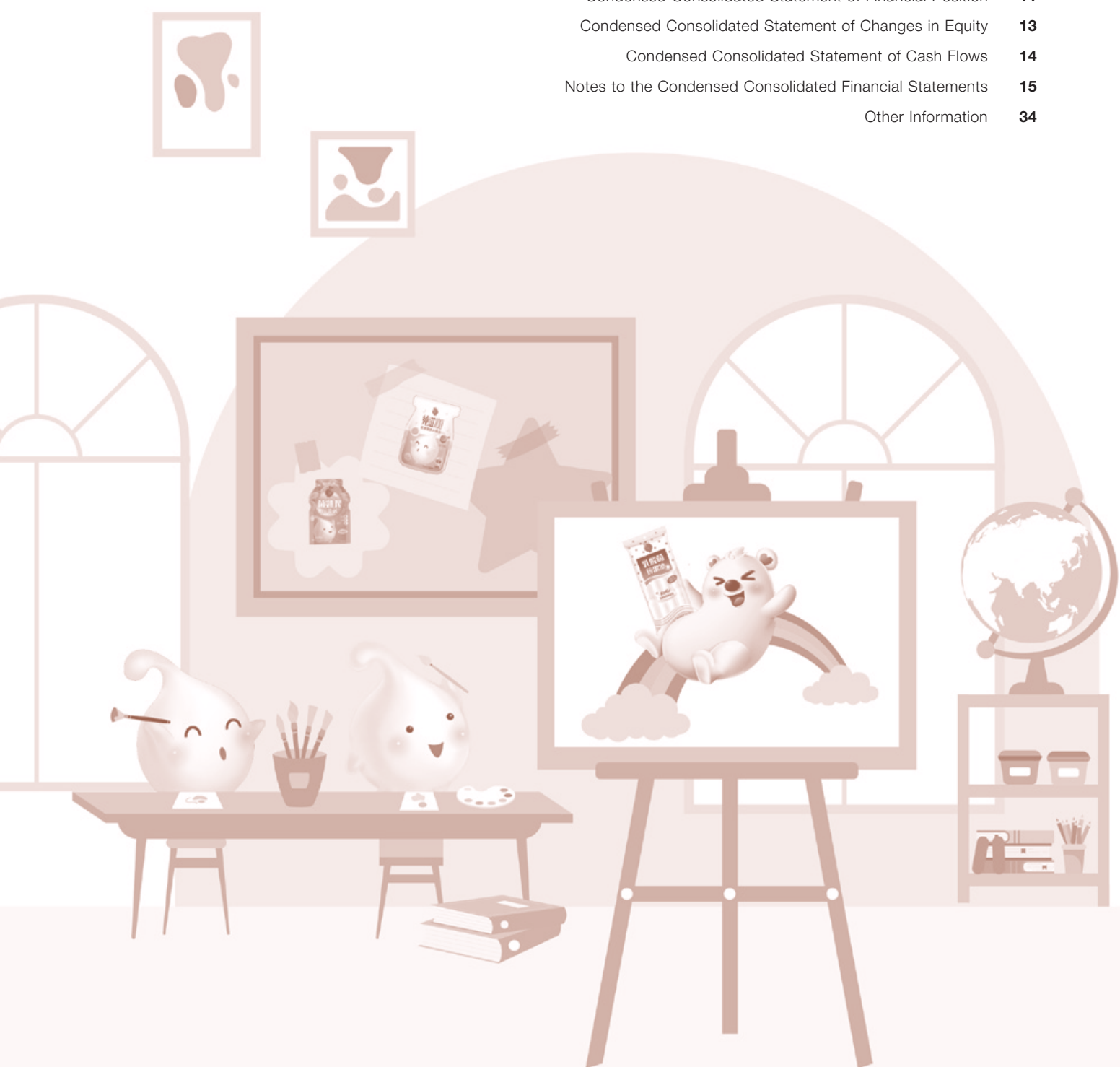
Stock Code: 1262



INTERIM
REPORT 2026

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CORPORATE INFORMATION

REGISTERED OFFICE

Richmond House,
12 Par-la-Ville Road,
Hamilton HM 08,
Bermuda

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Wuli Industrial Area,
Jinjiang, Fujian,
PRC

PLACE OF BUSINESS IN HONG KONG

Unit 2108, 21/F,
Island Place Tower,
510 King's Road,
North Point, Hong Kong

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock code: 1262

COMPANY WEBSITE

<http://www.lbxxgroup.com>

(information contained in this website does not form part of this interim report)

BOARD OF DIRECTORS

Executive Directors

Zheng Yu Huan (*Chairman*)
Zheng Yu Shuang (*Chief Executive Officer*)
Zheng Yu Long
Wu Qiongyao

Non-Executive Director

Li Hung Kong (*Vice-Chairman*)

Independent Non-Executive Directors

Li Biao
Chung Yau Tong
So Ching Tung, *JP*

COMPANY SECRETARY

Chan Yee Lok

AUTHORIZED REPRESENTATIVES

Zheng Yu Shuang
Chan Yee Lok

AUDIT COMMITTEE

Chung Yau Tong (*Chairman*)
Li Biao
So Ching Tung, *JP*

REMUNERATION COMMITTEE

So Ching Tung, *JP* (*Chairman*)
Zheng Yu Long
Chung Yau Tong

CORPORATE INFORMATION *(Continued)*

NOMINATION COMMITTEE

Li Biao *(Chairman)*

Chung Yau Tong

Wu Qiongyao

AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountant and

Registered Public Interest Entity Auditor

31st Floor, Gloucester Tower,

The Landmark, 11 Pedder Street,

Central, Hong Kong

LEGAL ADVISOR

DLA Piper Hong Kong

25/F, Three Exchange Square,

8 Connaught Place,

Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited

Richmond House,

12 Par-la-Ville Road,

Hamilton HM 08,

Bermuda

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre,

16 Harcourt Road,

Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited,

Jinjiang Branch

273 Chongde Road, Jinjiang,

Fujian Province,

China

Industrial Bank Co., Ltd., Jinjiang Sub-branch

Zengjing Community, Qingyang, Jinjiang,

Fujian Province, China

Industrial Bank Co., Ltd., Chuzhou Branch

1090 Fenge Avenue, Chuzhou,

Anhui Province, China

China CITIC Bank Corporation Limited,

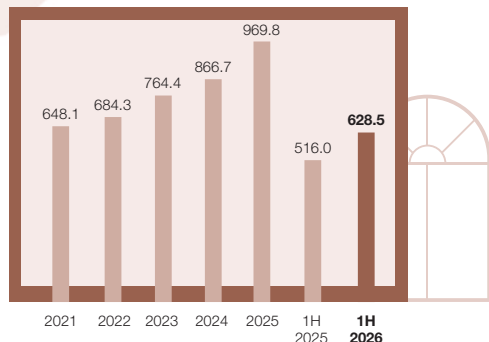
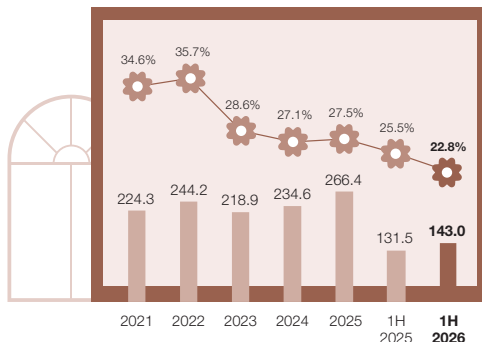
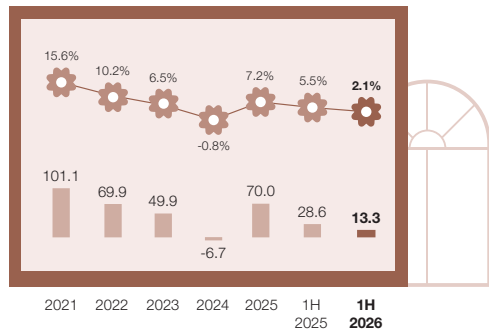
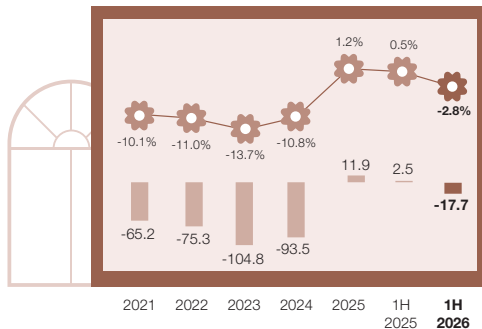
Quanzhou Fengze Sub-branch

1st Floor, Weirun Century Jiayuan Mall,

Donghai Street, Fengze District, Quanzhou,

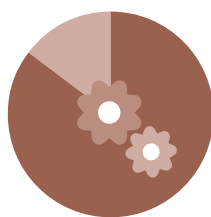
Fujian Province, China

FINANCIAL HIGHLIGHTS

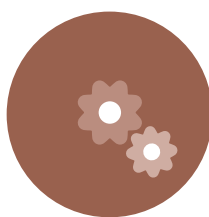
Revenue
RMB'MGross Profit
RMB'MEBITDA/(LBITDA) (Note)
RMB'MNet Profit/(Loss)
RMB'M

Revenue by Products

1H2026



1H2025



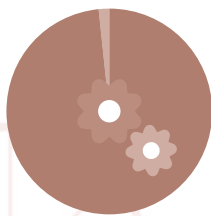
100%

Revenue by Products

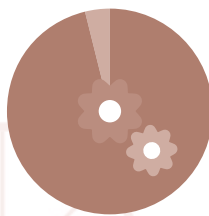
- Snacks Products
- Enterprise intelligent services

Revenue by Locations of End Customers

1H2026



1H2025

96.3%
3.7%

Revenue by Locations of End Customers

- The PRC
- Overseas

Note: EBITDA/(LBITDA) refers to profit/(loss) before interests, income tax, depreciation, amortization, allowance for expected credit losses, gain on disposal of asset classified as held for sale and written-off of property, plant and equipment. The Company believes that the presentation of EBITDA/(LBITDA), being a non-IFRS measure, will facilitate the evaluation of financial performance of the Group by excluding potential impact of certain non-operating and non-recurring items. Such non-IFRS measure may be defined differently from similar terms used by other companies. The Company's presentation of this non-IFRS measure should not be construed as an inference that the Group's future results will be unaffected by these items.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2026, the Group recorded revenue of RMB628.5 million, representing an increase of approximately 21.8% as compared with the same period in 2025 mainly due to an increase in sales of snacks products by 4.0% and the revenue contributed by Qucloud AI HK Limited and its subsidiaries ("**Qucloud Group**") acquired by the Group during the six months ended 30 June 2026.

According to the Asian Development Bank, the gross domestic product (GDP) of the PRC is forecasted to grow by 4.6% and 4.5% in 2026 and 2027 respectively, supported by fiscal policies and a gradual recovery in consumption, despite challenges arising from global trade tensions and the continued slowdown in the property sector. Against this backdrop, the Group benefited from improving consumer sentiment in the PRC. In recent years, the Group has devoted significant efforts to expanding its new sales channels ("**New Sales Channels**"), including sales through snacks convenience store chains ("**Snacks Convenience Store Chains**") and e-commerce platforms on major social media channels such as Douyin and Xiaohongshu. The continued expansion of these New Sales Channels contributed to the growth in sales of the Group's snacks products including jelly products, confectionary products, beverage products and other snacks products, during the six months ended 30 June 2026.

With the rising importance of artificial intelligence ("**AI**") in recent years, the Group decided to expand its business into this important sector by acquiring Qucloud Group in early 2026 (the "**Acquisition**"). The Acquisition was completed on 31 March 2026. The Qucloud Group is principally engaged in providing enterprise intelligent services in the PRC, offering a comprehensive suite of products and services covering scenarios including data intelligence, operation management, customer engagement and marketing growth. It helps enterprises achieve a business closed-loop spanning from intelligent analytics, decision-making recommendations to controlled execution, and continuously enhances operational efficiency and growth capacity. For instance, leveraging big data, artificial intelligence and enterprise-grade intelligent agent technology, Qucloud Group provides enterprises (including food and consumer goods manufacturers) with products and solutions such as enterprise management, data management, operational decision-making, media analytics and social management, enabling customers to achieve consumer data accumulation, marketing insights, channel synergy and digital operations. The Acquisition will enable the Group to tap into one of the rising industries, which broaden revenue sources of the Group, and at the same time create synergies with the Group's existing business. The Group is implementing the Qucloud Group's intelligent marketing tools with a view to achieving precise consumer outreach, significantly improving the operational and marketing efficiency and brand loyalty for promoting the Group's products. In the long run, the Acquisition is expected to strengthen the Group's abilities to engage customers through AI solutions, accelerating its transformation from a traditional manufacturing enterprise in to a data-driven modern consumer goods group. During the period from the completion date of the Acquisition to 30 June 2026, the revenue derived from the provision of enterprise intelligent services amounted to approximately RMB91.7 million.

The gross profit margin of the Group decreased from 25.5% for the six months ended 30 June 2025 to 22.8% for the six months ended 30 June 2026. The decrease was primarily attributable to the higher proportion of sales generated through Snacks Convenience Store Chains, which generally carry lower profit margins than sales through traditional distributors. In addition, the newly acquired enterprise intelligent services business recorded a relatively lower profit margin, as the business remains at an early stage of development and has yet to achieve economies of scale.

For the six months ended 30 June 2026, the Group recorded a net loss of RMB17.7 million (six months ended 30 June 2025: net profit of RMB2.5 million). The turnaround from a net profit for the six months ended 30 June 2025 to a net loss for the six months ended 30 June 2026 was primarily attributable to increases in advertising and promotion expenses and logistic costs. In addition, the turnaround was partly attributable to losses contributed by Qucloud Group since completion of the Acquisition to 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Revenue

Revenue increased by approximately 21.8% to RMB628.5 million in the first half of 2026 when compared with the same period in 2025. During the period under review, the Group's sales performance benefited from the recovery of consumer sentiments of the PRC and the expansion of the New Sales Channels. In addition, the increase in revenue during the period was partly attributable to revenue of approximately RMB91.7 million contributed by Qucloud Group since completion of the Acquisition to 30 June 2026.

Snacks Products Segment

Revenue of snacks products increased by approximately 4.0% from RMB516.0 million in the first half of 2025 to RMB536.8 million in the first half of 2026. During the six months ended 30 June 2026, revenue attributable to jelly snacks and jelly beverages increased by approximately 4.1% to RMB490.0 million. The increase in revenue of snacks products was mainly due to recovery of consumer sentiments of the PRC and the expansion of the New Sales Channels during the six months ended 30 June 2026.

Enterprise Intelligent Services Segment

On 31 March 2026, the Group completed the acquisition of the Qucloud Group, which is principally engaged in the provision of enterprise intelligent services in the PRC. During the period from the date of completion of the Acquisition to 30 June 2026, the revenue derived from the provision of enterprise intelligent services amounted to approximately RMB91.7 million.

Cost of Sales and Gross Profit

Cost of sales increased by approximately 26.3% to RMB485.4 million in the first half of 2026, mainly attributable to the corresponding increase in revenue. The gross profit increased by approximately 8.7% to RMB143.0 million in the first half of 2026. The gross profit margin decreased from 25.5% in the first half of 2025 to 22.8% in the first half of 2026. The decrease was primarily attributable to the higher proportion of sales generated through Snacks Convenience Store Chains, which generally carry lower profit margins than sales through traditional distributors. In addition, the newly acquired enterprise intelligent services business recorded a relatively lower profit margin, as the business remains in its early stage of development and has yet to achieve economies of scale.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately 35.7% to RMB96.5 million in the first half of year 2026 as compared with the same period in 2025. The increase was attributable to higher advertising and promotion expenses and logistic costs, as well as the inclusion of the selling and distribution expenses of Qucloud Group since completion of the Acquisition to 30 June 2026.

Administrative Expenses

Administrative expenses increased by approximately 12.2% to RMB57.5 million in the first half of 2026 as compared with the same period in 2025. This was mainly due to increase in various administrative costs, as well as the inclusion of administrative expenses of Qucloud Group since completion of the Acquisition to 30 June 2026.

Taxation

During the six months ended 30 June 2026, the Group did not have any assessable profits in Bermuda, BVI and Hong Kong. The subsidiaries in the PRC were subject to income tax rate of 25% on their taxable profit. The income tax expense during the period under review was primarily attributable to a PRC subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Net (Loss)/Profit for the Period

For the six months ended 30 June 2026, the Group recorded a net loss of RMB17.7 million (six months ended 30 June 2025: net profit of RMB2.5 million). The turnaround from a net profit for the six months ended 30 June 2025 to a net loss for the six months ended 30 June 2026 was primarily attributable to increases in advertising and promotion expenses and logistic costs. In addition, the turnaround was partly attributable to losses contributed by Qucloud Group since completion of the Acquisition to 30 June 2026.

FINANCIAL REVIEW

Financial resources and liquidity

The Group mainly finances its operations and capital expenditures by cash and bank balances, operating cash flows and bank borrowings. As at 30 June 2026, the bank balances and bank deposits amounted to RMB39.4 million, representing a decrease of RMB37.4 million from RMB76.8 million as at 31 December 2025. The decrease in bank balances and bank deposits was mainly due to repayment of bank borrowings during the period under review.

As at 30 June 2026, the Group's gearing ratio (total borrowings and convertible bond divided by total equity) was 174.4% (As at 31 December 2025: 235.6%). The Group maintains sufficient cash and available banking facilities for its working capital requirements and for capitalising on any potential investment opportunities in the future. The Group will from time to time make prudent financial arrangements and decisions to address changes in the domestic and international financial environment.

Cash flow

The Group recorded net cash inflow from operating activities of RMB101.2 million in the first half of year 2026 (2025: RMB11.4 million). The increase in operating cash inflow for the period under review was mainly due to (i) faster settlement by customers of the Snacks Convenience Store Chains and enterprise intelligent services; and (ii) longer credit terms granted by certain suppliers of the Group during the period under review.

The Group has spent RMB17.2 million in investing activities in the first half of year 2026 mainly for the upgrade of production lines of the production plants. The Group has net cash outflow from financing activities of RMB121.4 million in the first half of year 2026 mainly due to net effect of repayment of bank borrowings and interest, and increase in loan from a Director during the period under review.

Capital expenditure

During the six months ended 30 June 2026, the Group incurred RMB17.6 million for capital expenditure mainly for the upgrade of production lines of the production plants.

Inventory analysis

The Group's inventories primarily consist of finished goods of jelly products, confectionary products, beverage products and other snacks products, as well as raw materials and packaging materials. As at 30 June 2026, inventory increased by 62.5% compared with the balance at the beginning of the year, primarily due to the anticipated increase in sales to Snacks Convenience Store Chains.

The inventory turnover days for the six months ended 30 June 2026 and the year ended 31 December 2025 were 42 days and 48 days, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Trade receivables

Trade receivables mainly represent the balance due from wholesale distributors of snacks products, Snacks Convenience Store Chains and enterprise intelligent services customers. The Group generally sells its snacks products on credit and grants a credit period of up to 180 days to most of the wholesale distributors of snacks products and Snacks Convenience Store Chains. The Group also grants a credit period ranging from 30 to 60 days to most customers of its enterprise intelligent services business. As at 30 June 2026, trade receivables decreased by 4.9% compared with 31 December 2025, mainly due to faster settlement by customers of the Snacks Convenience Store Chains and enterprise intelligent services.

The trade receivables turnover days for the six months ended 30 June 2026 and the year ended 31 December 2025 were 47 days and 61 days, respectively.

Trade payables

Trade payables mainly represent the balances due to the Group's suppliers who generally grant credit terms ranging from 30 days to 90 days to the Group.

Trade payable turnover days for the six months ended 30 June 2026 and the year ended 31 December 2025 were 52 days and 41 days respectively.

Acquisition of subsidiaries

On 5 February 2026, the Company entered into a sale and purchase agreement with Qucloud AI. Inc., an independent third party (the "**Vendor**"), pursuant to which, the Company (or its nominee) has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the entire issued share capital of Qucloud AI HK Limited (the "**Acquisition**") at the consideration of HK\$188,480,000, which were satisfied by the allotment and issue of 20,834,480 new shares of the Company at the issue price of HK\$3.98 per share (the "**Consideration Shares**") and the issue of convertible bonds in the principal sum of HK\$105,558,769.60 (the "**Convertible Bond**"). Upon full conversion of the Convertible Bond at the conversion price of HK\$4.62 per conversion share (subject to adjustments), a total of 22,848,218 conversion shares will be issued.

The Acquisition was completed on 31 March 2026 with the Consideration Shares and Convertible Bond issued on the same day. Qucloud AI HK Limited and its subsidiaries become the wholly-owned subsidiaries of the Group with effect from 31 March 2026.

Foreign exchange fluctuations

The Group earns revenue and incurs costs and expenses mainly in Renminbi. The Group is exposed to certain foreign exchange fluctuations arising mainly from the exposure of Renminbi against the Hong Kong dollar and United States dollar. During the six months ended 30 June 2026, the Group did not enter into any forward contracts to hedge the foreign exchange exposures as the Directors considered the financial benefits of such forward contracts may not outweigh their costs. The Company will continue to monitor foreign exchange exposures of the Group to best preserve the Group's cash value.

Charges on assets

As at 30 June 2026, land use rights and buildings of the Group with carrying values of RMB80,595,000 (31 December 2025: RMB81,835,000) and RMB139,770,000 (31 December 2025: RMB131,152,000) respectively, were pledged to banks as securities for banking facilities granted to the Group.

Contingent liabilities

As at 30 June 2026, the Group had no contingent liabilities (31 December 2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: Nil).

PROSPECT

According to the Asian Development Bank, the GDP of the PRC is forecasted to grow by 4.6% and 4.5% in 2026 and 2027 respectively, supported by fiscal policies and a gradual recovery in consumption, despite challenges arising from global trade tensions and slowdown in the property sector.

Snacks Products Segment

The Group's sales of snacks products benefited from improving consumer sentiment in the PRC. The Directors remain optimistic about the Group's prospects and expect the steady and healthy growth of the PRC's economy, together with the continued expansion of the Group's business, to support its development in the short to medium term. To build a solid foundation for mid-to-long term growth of its snacks products business, the Group will continue to (i) strengthen brand building and product marketing, (ii) launch new snack products from time to time to broaden consumer choices, (iii) expand the coverage of the New Sales Channels in the PRC, and (iv) enhance the adoption of technology in marketing and manufacturing processes, including the use of intelligent marketing tools, with a view to achieving a more targeted consumer outreach and improving operational and marketing efficiency. The Directors believe that these measures will bring a positive impact on the Group's financial performance of the snacks products sector in the long run. While the near-term outlook for the snacks products sector of the PRC remains challenging due to intense industry competition, the country's ongoing economic reforms and the continuous expansion of the middle and upper class population will propel growth in retail consumption in the long run. Therefore, the Directors remain cautiously optimistic about the long term prospect of the Group's snacks products sector.

Enterprise Intelligent Services Segment

The demand for intelligent transformation in domestic industries continues to grow, and the implementation of enterprise intelligent agents is accelerating. However, competition in the AI enterprise service sector is intensifying, and the industry faces challenges in the short term, such as diverging customer budgets and longer project delivery cycles. The Group leverages its MaaS and RaaS dual-business synergy flywheel and its self-developed QNova full-domain AI platform, accumulating industry experience with over 400 leading clients, forming a stable growth foundation.

In the short to medium term, the Group will iterate its enterprise-level AI products, expand its government and enterprise channels, scale up the implementation of full-domain intelligent operation services, and simultaneously develop computing power support businesses to build a diversified revenue structure. It will also establish a data loop between the two major businesses to feed back into the underlying model, strengthening its zero-intrusion adaptation and compliant controllable technical barriers. While the increased number of industry participants and intensified market competition bring operational pressure in the short term, the long-term market space for enterprise-level intelligent agent services is ample. Based on years of multimodal commercial data accumulation, a rich product system, and a large customer base, management maintains a cautiously optimistic attitude towards the company's medium – to – long term development.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Unaudited	
		Six months ended 30 June	
	Note	2026 RMB'000	2025 RMB'000
Revenue	5	628,463	515,996
Cost of sales		(485,423)	(384,462)
Gross profit		143,040	131,534
Other income	6	6,655	4,544
Other gain/(loss), net	7	225	(482)
Allowance for expected credit losses, net		(1,467)	(1,143)
Written-off of property, plant and equipment		(1,270)	–
Selling and distribution expenses		(96,515)	(71,104)
Administrative expenses		(57,491)	(51,234)
Operating (loss)/profit		(6,823)	12,115
Finance income		45	41
Finance costs		(8,492)	(8,659)
Finance costs, net	8	(8,447)	(8,618)
(Loss)/profit before taxation	9	(15,270)	3,497
Taxation	10	(2,400)	(973)
(Loss)/profit and total comprehensive (loss)/profit for the period		(17,670)	2,524
(Loss)/earning per share attributable to equity holders of the Company			
(RMB per share)	11		
– Basic		(0.08)	0.01
– Diluted		(0.08)	0.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Note	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
ASSETS			
Non-current assets			
Goodwill	13	144,591	–
Intangible assets	14	47,798	–
Right-of-use assets	15	80,971	82,211
Property, plant and equipment	15	281,772	267,264
Deposits for property, plant and equipment		47,136	58,894
		602,268	408,369
Current assets			
Inventories		114,514	70,450
Trade receivables	16	157,652	165,740
Prepayments and other receivables		155,701	150,958
Cash and bank balances		39,428	76,795
		467,295	463,943
Total assets		1,069,563	872,312

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AS AT 30 JUNE 2026

	Note	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		1,689	1,546
Reserves		303,613	224,823
Total equity		305,302	226,369
LIABILITIES			
Non-current liability			
Convertible bond	13	81,637	–
Deferred tax liabilities		17,988	15,846
		99,625	15,846
Current liabilities			
Trade and other payables	17	227,329	105,620
Bank borrowings	18	436,920	524,090
Lease liabilities		387	387
		664,636	630,097
Total liabilities		764,261	645,943
Total equity and liabilities		1,069,563	872,312
Net current liabilities		(197,341)	(166,154)
Total assets less current liabilities		404,927	242,215

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Contributed surplus RMB'000	Convertible bonds related reserve RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance as at 1 January 2026	1,546	84,815	(87,600)	184,708	1,084,746	-	(41)	(1,041,805)	226,369
Acquisition of subsidiaries	143	68,810	-	-	-	27,650	-	-	96,603
Loss and total comprehensive loss for the period	-	-	-	-	-	-	-	(17,670)	(17,670)
Balance as at 30 June 2026	1,689	153,625	(87,600)	184,708	1,084,746	27,650	(41)	(1,059,475)	305,302
Balance as at 1 January 2025	1,546	84,815	(87,600)	184,506	1,084,746	-	(41)	(1,053,453)	214,519
Profit and total comprehensive profit for the period	-	-	-	-	-	-	-	2,524	2,524
Balance as at 30 June 2025	1,546	84,815	(87,600)	184,506	1,084,746	-	(41)	(1,050,929)	217,043

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	103,598	11,428
Income tax paid	(2,400)	–
Net cash generated from operating activities	101,198	11,428
Cash flows from investing activities		
Purchases of property, plant and equipment	(17,575)	(13,394)
Payments for acquisition of subsidiaries, net of cash acquired	334	–
Interest received	45	41
Net cash used in investing activities	(17,196)	(13,353)
Cash flows from financing activities		
Proceeds from shareholder's loan	4,493	3,854
Proceeds from borrowings	3,000	61,000
Repayments of borrowings	(120,370)	(59,310)
Interest paid	(8,492)	(8,638)
Net cash used in financing activities	(121,369)	(3,095)
Net decrease in cash and cash equivalents	(37,367)	(5,020)
Cash and cash equivalents at the beginning of the period	76,795	52,501
Cash and cash equivalents at the end of the period	39,428	47,481

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1 GENERAL INFORMATION

Labixiaoxin Snacks Group Limited (the “**Company**”) was incorporated in Bermuda on 4 May 2004 and domiciled in Bermuda. The Company’s immediate and ultimate holding company is Alliance Food and Beverages (Holding) Company Limited (“**Alliance Holding**”), a company incorporated in the British Virgin Islands (“**BVI**”). The address of the Company’s registered office is Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda. The address of its principal place of business is Wuli Industrial Area, Jinjiang, Fujian, the People’s Republic of China (“**PRC**”) (中國福建省晉江市五里工業園區).

The Company is an investment holding company. The principal activities of the Group are manufacturing and sale of jelly products, confectionary products, beverages products and other snacks products. Following the acquisition of Qucloud AI HK Limited and its subsidiaries in 2026, the Group also engaged in providing enterprise intelligent services to enterprises in the PRC.

The Company’s shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. The condensed consolidated interim financial information is unaudited but has been reviewed by the Company’s Audit Committee.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2025, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

The Group incurred a net loss of approximately RMB17,670,000 (six months ended 30 June 2025: net profit of approximately RMB2,524,000) for the six months ended 30 June 2026. As at 30 June 2026, the Group’s current liabilities exceeded its current assets by approximately RMB197,341,000 (as at 31 December 2025: approximately RMB166,154,000). Include therein were the bank borrowings of approximately RMB436,920,000 as at 30 June 2026, of which approximately RMB358,920,000 is repayable within one year. The remaining bank borrowings, amounting to approximately RMB78,000,000 were classified as current liabilities due to the existence of a repayment on demand clause in the loan agreements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

2 BASIS OF PREPARATION *(Continued)*

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of twelve months from 30 June 2026. They are of the opinion that, taking into account the plans and measures as stated below, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2026. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

Notwithstanding the above results, the condensed consolidated interim financial information has been prepared on a going concern basis, the validity of which is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements. Also, the Directors are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

(1) Financial support from substantial shareholder

Mr. Zheng Yu Long, the substantial shareholder of the Company who has already provided the aggregate amount of approximately RMB13,373,000 from a loan facility of RMB50,000,000 to the Group as at 30 June 2026, has to continuously provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from the date of this interim report.

(2) Bank borrowings

The Group will continue to actively negotiate with its banks in a timely manner to ensure that the facilities and bank borrowings remain available. Given the Group's relationship with the banks and its historical success in renewing bank borrowings, the Directors believe that the bank borrowings will be successfully renewed upon maturity. For remaining bank borrowings with repayable on demand clause, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

(3) Alternative sources of external funding

The Group will take steps to obtain external funding in order to improve the working capital and liquidity and cash flow position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

2 BASIS OF PREPARATION *(Continued)*

(4) Cost control measurements

The Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations.

(5) Business reorganisation

The Group may seek to implement various strategies to enhance the Group's revenue and consider the disposal of non-core business and/or financial assets if required.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. The effect of these adjustments has not been reflected in the condensed consolidated interim financial information.

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2025.

3 CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board has issued a number of new IFRS and amendments to IFRS that are first effective for the current accounting period. None of these developments have had a material effect on these condensed consolidated interim financial information. The Group has not applied any new standard, amendments or interpretation that is not yet effective for the current accounting period.

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risks (including currency risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2025.

There have been no material changes in the risk management department since year end or in any risk management policies since the year end.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

5 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sale of jelly products, confectionary products, beverages products and other snacks products. On 31 March 2026, the Group completed the acquisition of the Qucloud Group, which is principally engaged in providing enterprise intelligent services to enterprises in the PRC.

The chief operating decision-maker (the “**CODM**”) has been identified as the executive Directors. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business by products and assesses the performance of the following operating segments:

- i. Snacks products (including jelly products, confectionary products, beverages products and other snacks products)
- ii. Enterprise intelligent services (including model as a service (“**MaaS**”) and result as a service (“**RaaS**”) income)

The CODM assesses the performance of the operating segments based on measure of segment results without allocation of corporate income (including the other income and other gain) and corporate expenses (including the administrative expense and other loss). Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements. The Company’s executive Directors make decisions based on the operating results of each segment and review reports on the ageing analysis of trade receivables and expected usage of inventories of the Group as a whole. No information of segment assets and liabilities is reviewed by the Company’s executive Directors for the assessment of performance of operating segments. Therefore, only the segment revenue and segment results are presented.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

5 SEGMENT INFORMATION *(Continued)*

Geographical information

No geographical information has been presented as all of the Group's operating activities are carried out in the PRC.

As at 30 June 2026 and 31 December 2025, majority of the Group's assets, liabilities and capital expenditure were located or utilised in the PRC.

Information about major customers

Revenue from customers which individually contributed over 10% of the Group's revenue for the six months ended 30 June 2026 and 2025 is as follows:

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Customer A	67,377	N/A*

* The corresponding revenue does not contribute over 10% of the Group's revenue for the respective period.

Segment revenue and results

	Unaudited		
	Six months ended 30 June 2026		
	Snacks products	Enterprise intelligent services	Reportable segments total
	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	536,796	91,667	628,463
Cost of sales	(402,944)	(82,479)	(485,423)
Gross profit	133,852	9,188	143,040
Results of reportable segments	44,103	2,422	46,525

Note: For sales to external customer, the revenue is recognized at a point in time. All revenue contracts are for period of one year or less. As permitted by practical expedient under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2026

5 SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

A reconciliation of results of reportable segments to loss for the period is as follows:

	Unaudited Six months ended 30 June 2026		
	Snacks products RMB'000	Enterprise intelligent services RMB'000	Reportable segments total RMB'000
Results of reportable segments			46,525
Corporate income			6,880
Corporate expenses			(60,228)
Operating loss			(6,823)
Finance income			45
Finance costs			(8,492)
Loss before taxation			(15,270)
Taxation			(2,400)
Loss for the period			(17,670)
Amounts included in the measure of segment profit or loss:			
Capital expenditure	17,575	–	17,575
Amortisation of intangible assets	–	1,237	1,237
Depreciation of right-of-use assets	1,240	–	1,240
Depreciation of property, plant and equipment	13,650	14	13,664
Loss on disposal of property, plant and equipment	8	–	8
Allowance for expected credit losses on trade receivables	1,467	–	1,467

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

5 SEGMENT INFORMATION *(Continued)***Segment revenue and results** *(Continued)*

	Unaudited		
	Six months ended 30 June 2025		
	Snacks	Enterprise	Reportable
	products	intelligent	segments
		services	total
	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	515,996	–	515,996
Cost of sales	(384,462)	–	(384,462)
Gross profit	131,534	–	131,534
Results of reportable segments	60,430	–	60,430

Note: For sales to external customer, the revenue is recognized at a point in time. All revenue contracts are for period of one year or less. As permitted by practical expedient under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2026

5 SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

A reconciliation of results of reportable segments to profit for the period is as follows:

	Unaudited Six months ended 30 June 2025		
	Snacks products RMB'000	Enterprise intelligent services RMB'000	Reportable segments total RMB'000
Results of reportable segments			60,430
Corporate income			4,062
Corporate expenses			(52,377)
Operating profit			12,115
Finance income			41
Finance costs			(8,659)
Profit before taxation			3,497
Taxation			(973)
Profit for the period			2,524
Amounts included in the measure of segment profit or loss:			
Capital expenditure	13,394	–	13,394
Depreciation of right-of-use assets	1,240	–	1,240
Depreciation of property, plant and equipment	14,106	–	14,106
Allowance for expected credit losses on trade receivables	1,143	–	1,143

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

6 OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Rental income	1,925	1,291
Government subsidy	207	835
Sundry income	4,523	2,418
	6,655	4,544

7 OTHER GAIN/(LOSS), NET

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment	(8)	–
Gain/(loss) on sale of scrap materials	287	(560)
Net exchange (loss)/gain	(54)	78
	225	(482)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2026

8 FINANCE COSTS, NET

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Finance costs:		
Interest expenses on bank borrowings	(8,372)	(8,638)
Interest expenses on loan from a director	(120)	(21)
Total finance costs	(8,492)	(8,659)
Finance income:		
Interest income on bank deposits	45	41
Total finance income	45	41
Finance costs, net	(8,447)	(8,618)

9 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging the following:

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Cost of inventory sold	454,901	306,411
Advertising and promotion expenses	46,133	27,873
Freight and transportation expenses	22,551	18,282
Staff cost (including Directors' remunerations)		
– Salaries and bonuses	60,741	55,997
– Employer's contribution to defined contribution plans	5,008	4,045
Subcontracting expenses	28,297	27,413
Depreciation of property, plant and equipment	13,664	14,106
Depreciation of right-of-use assets	1,240	1,240
Amortisation of intangible assets	1,237	–
Allowance for expected credit losses, net	1,467	1,143
Loss on disposal of property, plant and equipment	8	–
Written-off of property, plant and equipment	1,270	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

10 TAXATION

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Current income tax – PRC Enterprise Income Tax	2,400	973
Deferred tax, net	–	–
	2,400	–

Hong Kong Profits Tax, Bermuda and BVI income tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision of Hong Kong Profits Tax, Bermuda and BVI Income Tax has been made, as the Group did not generate any assessable profits in these jurisdictions during the six months ended 30 June 2026 and 2025.

PRC Enterprise Income Tax

PRC Enterprise Income Tax has been provided at rate of 25% (2025: 25%) on taxable profit of the Group's PRC subsidiaries during the six months ended 30 June 2026 and 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2026

11 (LOSS)/EARNING PER SHARE**(a) Basic (loss)/earning per share**

Basic (loss)/earning per share is calculated by dividing the net (loss)/profit attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2026	2025
Net (loss)/profit attributable to the equity holders of Company (RMB'000)	(17,670)	2,524
Weighted average number of ordinary shares in issue for basic (loss)/earning per share ('000)	228,949	218,416
Basic (loss)/earning per share (RMB per share)	(0.08)	0.01

(b) Diluted (loss)/earning per share

Diluted loss per share for the six months ended 30 June 2026 is the same as basic loss per share as the conversion of the Company's outstanding convertible bond would have an anti-dilutive effect. Diluted earning per share for the six months ended 30 June 2025 is the same as the basic earning per share.

12 DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: Nil).

13 ACQUISITION OF SUBSIDIARIES

On 5 February 2026, the Company entered into a sale and purchase agreement with Qucloud AI. Inc., an independent third party (the "**Vendor**"), pursuant to which, the Company (or its nominee) has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the entire issued share capital of Qucloud AI HK Limited (the "**Acquisition**") at the consideration of HK\$188,480,000, which were satisfied by the allotment and issue of 20,834,480 new shares of the Company at the issue price of HK\$3.98 per share (the "**Consideration Shares**") and the issue of convertible bonds in the principal sum of HK\$105,558,769.60 (the "**Convertible Bond**"). Upon full conversion of the Convertible Bond at the conversion price of HK\$4.62 per conversion share (subject to adjustments), a total of 22,848,218 conversion shares will be issued.

The Acquisition was completed on 31 March 2026 with the Consideration Shares and Convertible Bond issued on the same day. Qucloud AI HK Limited and its subsidiaries become the wholly-owned subsidiaries of the Group with effect from 31 March 2026.

Qucloud AI HK Limited was incorporated in 2025 in Hong Kong. Qucloud AI HK Limited and its subsidiaries are principally engaged in providing enterprise intelligent services to enterprises in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2026

13 ACQUISITION OF SUBSIDIARIES (Continued)

Details of recognised amounts of identifiable assets acquired and liabilities assumed, goodwill, consideration and net cash inflow are as follows:

Recognised amounts of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment	117
Intangible assets	49,035
Trade receivables	14,457
Other current assets	21,353
Cash and cash equivalents	334
Bank borrowings	(30,200)
Trade payables	(13,636)
Deferred tax liabilities	(2,142)
Other current liabilities	(5,668)
Total net identifiable assets	33,650
Goodwill	144,591
Consideration	178,241
Consideration represents:	
Fair value of consideration shares issued	68,954
Fair value of Convertible Bond issued (debt portion)	81,637
Fair value of Convertible Bond issued (equity portion)	27,650
Total consideration	178,241
Net cash inflow	
Cash and cash equivalents acquired	334
	334

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

14 INTANGIBLE ASSETS

	Patents RMB'000
Six months ended 30 June 2026	
Cost	
As at 1 January 2026	–
Acquisition of subsidiaries	49,035
As at 30 June 2026	49,035
Accumulated amortization	
As at 1 January 2026	–
Amortisation	1,237
As at 30 June 2026	1,237
Net book value	
As at 30 June 2026	47,798

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2026

15 CAPITAL EXPENDITURE

	Right-of-use assets RMB'000	Unaudited Property, plant and equipment RMB'000	Total RMB'000
Six months ended 30 June 2026			
Cost			
As at 1 January 2026	124,689	1,606,817	1,731,506
Acquisition of subsidiaries	–	117	117
Additions	–	29,333	29,332
Disposals	–	(77)	(77)
Written-off	–	(4,985)	(4,985)
As at 30 June 2026	124,689	1,631,205	1,755,893
Accumulated depreciation			
As at 1 January 2026	42,478	1,339,553	1,382,031
Acquisition of subsidiaries	–	14	14
Depreciation	1,240	13,650	14,890
Disposals	–	(69)	(69)
Written-off	–	(3,715)	(3,715)
As at 30 June 2026	43,718	1,349,433	1,393,151
Net book value			
As at 30 June 2026	80,971	281,772	362,743

The land use rights of the Group are located in the PRC which the leasehold periods were 50 years.

As at 30 June 2026, buildings with carrying values of approximately RMB139,770,000 (31 December 2025: approximately RMB131,152,000) and land use rights with carrying value of approximately RMB80,595,000 (31 December 2025: approximately RMB81,835,000) were pledged as securities for banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2026

15 CAPITAL EXPENDITURE (Continued)

	Right-of-use assets RMB'000	Unaudited Property, plant and equipment RMB'000	Total RMB'000
Six months ended 30 June 2025			
Cost			
As at 1 January 2025	123,938	1,570,376	1,694,314
Additions	–	14,232	14,232
As at 30 June 2025	123,938	1,584,608	1,708,546
Accumulated depreciation			
As at 1 January 2025	39,622	1,332,956	1,372,578
Depreciation	1,240	14,106	15,346
As at 30 June 2025	40,862	1,347,062	1,387,924
Net book value			
As at 30 June 2025	83,076	237,546	320,622

16 TRADE RECEIVABLES

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Trade receivables	220,077	226,698
Less: Allowance for expected credit losses	(62,425)	(60,958)
	157,652	165,740

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

16 TRADE RECEIVABLES *(Continued)*

For the six months ended 30 June 2026, the Group's revenue are generally on credit term of 30 to 180 days (For the six months ended 30 June 2025: 180 days). As at 30 June 2026 and 31 December 2025, the ageing analysis of trade receivables, based on pass due, and net of allowance for credit losses, is as follows:

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Less than 30 days	143,924	162,250
31 days – 90 days	8,364	2,114
91 days – 180 days	5,364	1,376
	157,652	165,740

As at 30 June 2026, included in the above allowance for expected credit losses on trade receivables is approximately RMB62,425,000 (As at 31 December 2025: approximately RMB60,958,000). The individually impaired trade receivable relates to customers that were in default or delinquency in payments and only a portion of the receivables is expected to be recovered.

17 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Trade payables	127,658	47,779
Bills payable (Note (i))	6,600	–
Accrued expenses	22,120	11,927
Directors' fees and emoluments payable	5,683	4,396
Loan from a director (Note (ii))	13,373	8,880
Other payables and sundry creditors (Note (iii))	51,895	32,638
	227,329	105,620

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2026

17 TRADE AND OTHER PAYABLES (Continued)

Notes:

- (i) The bills payable were unsecured and with maturity period of within one year.
- (ii) As at 30 June 2026, the Company has drawn down an aggregate amount of approximately RMB13,373,000 (31 December 2025: RMB8,880,000) from a loan facility of RMB50,000,000 (31 December 2025: RMB50,000,000) entered into with Mr. Zheng Yu Long, an executive director of the Company. The amount is unsecured, repayable within 12 months and bears fixed interest at 2% per annum.
- (iii) As at 30 June 2026, other payables included interest payable of approximately RMB202,000 (31 December 2025: RMB82,000) which was due to a director.

The credit periods granted by suppliers generally range from 30 to 90 days (2025: 30 to 60 days). As at 30 June 2026, the ageing analysis of trade payables based on invoice date is as follows:

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Less than 30 days	76,589	36,080
31 days – 90 days	29,966	6,397
Over 90 days	21,103	5,302
	127,658	47,779

18 BANK BORROWINGS

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Secured bank borrowings	436,920	524,090
Unsecured bank borrowings	–	–
Total bank borrowings	436,920	524,090
Carrying amount of bank borrowings wholly repayable:		
On demand or within 1 year	436,920	524,090

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

19 COMMITMENTS

As at 30 June 2026, the Group had no material capital commitments (30 June 2025: Nil).

20 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the condensed consolidated interim financial information, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Key management personnel compensation:

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Directors' fee	378	395
Salaries and other employee benefits	1,996	2,027
	2,374	2,422

(b) Loan from a director

As at 30 June 2026, the Company has drawn down an aggregate amount of approximately RMB13,373,000 (31 December 2025: RMB8,880,000) from a loan facility of RMB50,000,000 (31 December 2025: RMB50,000,000) entered into with Mr. Zheng Yu Long, an executive director of the Company. The amount is unsecured, repayable within 12 months and bears fixed interest at 2% per annum.

(c) Personal guarantee provided by directors

Mr. Zheng Yu Shuang, Mr. Zheng Yu Long and Mr. Zheng Yu Huan, directors of the Company, have provided personal guarantee to bank borrowings of the Group of approximately RMB377,930,000 (31 December 2025: RMB498,300,000). The bank borrowings are repayable within one year.

(d) Transactions and balances with related parties

For the six months ended 30 June 2026, the subsidiaries of the Group had purchased RMB3,390,000 (For the six months ended 30 June 2025: Nil) of products from Jinjiang Longquan Plastic Company Limited, a related company.

As at 30 June 2026, the trade payables and prepayments to Jinjiang Longquan Plastic Company Limited amounted to RMB4,257,000 (31 December 2025: RMB1,822,000) and RMB8,014,000 (31 December 2025: RMB9,015,000) respectively.

21 EVENT AFTER THE REPORTING PERIOD

There were no significant events that have occurred subsequent to the end of the reporting period.

OTHER INFORMATION

SHARE OPTION SCHEME

On 23 June 2021 (the “**Adoption Date**”), the Company conditionally adopted a new share option scheme (the “**2021 Share Option Scheme**”) whereby the Board can grant options for the subscription of Shares to any full-time or part-time employees, executives, officers or directors (including independent non-executive Directors) of the Company or any of its subsidiaries; and any advisors, consultants, agents, suppliers, customers and distributors who, in the sole opinion of the Board will contribute or have contributed to the Company and/or any of its subsidiaries (the “**Eligible Participants**”) and to provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

To be an Eligible Participant, the overriding principle is that the person must have contributed or will contribute to the Group. The 2021 Share Option Scheme is subject to the applicable requirements of Chapter 17 of the Listing Rules. The maximum number of Shares that can be issued according to the 2021 Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the aggregate number of the Shares in issue as at the date of the adoption of the 2021 Share Option Scheme (i.e. 13,289,770 Shares, after taking into account the effect of the capital reorganization in 2024 and the consideration shares issued on 31 March 2026 for the acquisition of subsidiaries), representing 5.55% of the issued share capital of the Company as at the date of this interim report.

The total number of Shares which may be issued upon exercise of all the options granted and yet to be exercised under the 2021 Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the aggregate number of the Shares in issue from time to time. Unless otherwise approved by the shareholders of the Company, the number of Shares that may be granted to an Eligible Participant (including both exercised, cancelled and outstanding options) under the 2021 Share Option Scheme or any other share option scheme adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) in any 12 month period must not exceed 1% of the Shares in issue. There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board, however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the Shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) nominal value of the Share on the date of grant. Each grantee shall pay a consideration of HK\$1.00 at the time the option is granted.

The 2021 Share Option Scheme shall take effect from the Adoption Date and shall remain effective within a period of 10 years from the Adoption Date. As at the date of this interim report, the remaining life of the 2021 Share Option Scheme is approximately 4 years and 9 months.

Since the Adoption Date and up to the date of this interim report, no options have been granted under the 2021 Share Option Scheme, while the number of options available for grant under the 2021 Share Option Scheme as at 1 January 2026 and 30 June 2026 was 13,289,770 (after taking into account the effect of the capital reorganization in 2024 and the consideration shares issued on 31 March 2026 for the acquisition of subsidiaries).

OTHER INFORMATION *(Continued)***DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2026, the respective interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "SFO")) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long position in shares and underlying shares of the Company

Name of Director/ Chief Executive	Nature of Interest	Number of shares interested	Approximate percentage of interest in the Company <i>(Note 1)</i>	Note
Zheng Yu Long	Interest of a controlled corporation	84,076,046	35.14%	2
	Beneficial owner	74,527,400	31.15%	3
Zheng Yu Shuang	Interest of a controlled corporation	84,076,046	35.14%	2
Zheng Yu Huan	Interest of a controlled corporation	84,076,046	35.14%	2
Li Hung Kong	Interest of a controlled corporation	84,076,046	35.14%	2

Note:

- (1) The calculation is based on the total number of 239,250,568 ordinary shares having a par value of US\$0.001 each ("Shares") in issue as at 30 June 2026.
- (2) The 84,076,046 Shares are beneficially owned by Alliance Food and Beverages (Holding) Company Limited ("Alliance Holding"), a company which is owned as to 28% by each of Zheng Yu Long, Zheng Yu Shuang, Zheng Yu Huan and as to 16% by Li Hung Kong. Accordingly, each of Zheng Yu Long, Zheng Yu Shuang, Zheng Yu Huan and Li Hung Kong is deemed to be interested in the shares held by Alliance Holding for the purpose of the SFO.
- (3) In addition to the 84,076,046 Shares held through Alliance Holding, Zheng Yu Long is also personally and beneficially interested in 74,527,400 Shares.

OTHER INFORMATION (Continued)

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(ii) Long position in shares and underlying shares of the associated corporation

Name of Director	Name of associated corporation	Total number of shares held in associated corporation	Approximate percentage of issued share capital of associated corporation
Zheng Yu Long	Alliance Holding	28	28%
Zheng Yu Shuang	Alliance Holding	28	28%
Zheng Yu Huan	Alliance Holding	28	28%
Li Hung Kong	Alliance Holding	16	16%

Save as disclosed above, as at 30 June 2026, none of the Directors and the chief executive of the Company had any interest 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), (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, the interests or short positions of persons other than the Directors and chief executive of the Company in the Shares and underlying Shares of the Company as required by Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Beneficial owner	Interest of a controlled corporation	Other interests	Total interests in shares (Note 1)	Approximate percentage of shareholding (Note 2)	Note
Alliance Holding	84,076,046	—	—	84,076,046 (L)	35.14%	3
Qucloud AI. Inc.	43,682,698	—	—	43,682,698 (L)	18.26%	4
臨海泊豐企業管理合夥企業(有限合夥)	—	43,682,698	—	43,682,698 (L)	18.26%	4
臨海數雲創想信息技術有限公司	—	43,682,698	—	43,682,698 (L)	18.26%	4
Wang Huihong (汪慧紅)	—	43,682,698	—	43,682,698 (L)	18.26%	4

OTHER INFORMATION *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

(Continued)

Notes:

- (1) The letter "L" denotes the person's long position in such securities and the letter "S" denotes the person's short position in such securities.
- (2) The calculation is based on the total number of 239,250,568 Shares in issue as at 30 June 2026.
- (3) The 84,076,046 Shares are beneficially owned by Alliance Holding, a company which is owned as to 28% by each of Zheng Yu Long, Zheng Yu Shuang, Zheng Yu Huan and as to 16% by Li Hung Kong. Accordingly, each of Zheng Yu Long, Zheng Yu Shuang, Zheng Yu Huan and Li Hung Kong is deemed to be interested in the Shares held by Alliance Holding for the purpose of the SFO.
- (4) The 43,682,698 Shares represented 20,834,480 Shares owned by Qucloud AI. Inc. and 22,848,218 underlying Shares which may be issued to Qucloud AI. Inc. upon the exercise of the conversion rights attached to a convertible bonds in the principal sum of HK\$105,558,769.60 issued by the Company on 31 March 2026. Based on the relevant disclosure of interest forms, Qucloud AI. Inc. was wholly owned by QUCLOUDS PTE. LTD., which was in turn wholly owned by Suzhou Quyun Wanwei Information Technology Co., Ltd., which was wholly owned by Linhai Quyun Wanwei Information Technology Co., Ltd., which was wholly owned by Linhai Shuyun Chuangxiang Information Technology Co., Ltd., which was owned as to 26.25% by Linhai Bofeng Enterprise Management Partnership (Limited Partnership). Linhai Bofeng Enterprise Management Partnership (Limited Partnership) was owned as to 39.84% by Ms. Wang Huihong.

Save as disclosed above, the Company has not been notified by any other persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as at 30 June 2026 which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the six months ended 30 June 2026, the Company entered into the following connected transactions with connected persons of the Company:

- (i) On 31 December 2025, the Company entered into a loan agreement with Mr. Zheng Yu Long, an executive Director, for a loan facility of RMB50,000,000. As at 30 June 2026, the Company had drawn down RMB13,373,000 (31 December 2025: RMB8,880,000) from this loan facility. The loan facility is unsecured, repayable on 31 December 2026 and bears fixed interest at 2% per annum.

Under the Listing Rules, Mr. Zheng Yu Long is a connected person of the Company and the loan facilities above constituted receipt of financial assistance by the Company from a connected person under Chapter 14A of the Listing Rules. Since such transactions were/are conducted on normal commercial terms or better and were/are not secured by the assets of the Group, they were/are fully exempted from Shareholders' approval, annual review and announcement requirements according to Rule 14A.90 of the Listing Rules.

Details of related party transactions of the Group during the six months ended 30 June 2026 are disclosed in Note 20 to the condensed consolidated financial statements.

OTHER INFORMATION *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

Save as disclosed under the section headed “Continuing Connected Transactions” below, such related party transactions were either exempted from reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules, or did not fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the six months ended 30 June 2026.

CONTINUING CONNECTED TRANSACTIONS

On 1 December 2025, the Company entered into the purchase agreement (the “**Purchase Agreement**”) with Jinjiang Longquan Plastic Company Limited (晉江隆泉塑膠有限公司) (“**Jinjiang Longquan**”) pursuant to which the Group agreed to purchase, and Jinjiang Longquan agreed to sell various goods required for manufacturing and packaging of the jelly products, confectionary products, other snacks products, beverages products and other products manufactured by the Group from time to time, including but not limited to disposable utensils, containers and bags such as jelly cups, pudding cups, bottle caps, straws and spoons (the “**Products**”) for the period from the date on which Jinjiang Longquan became a connected person of the Company, being 17 September 2025 (the “**Commencement Date**”) to 31 December 2027 (both dates inclusive).

Jinjiang Longquan is an associate of Mr. Zheng Yu Long, an executive Director and a substantial shareholder of the Company, under Rule 14A.12 of the Listing Rules, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the entering into of the Purchase Agreement and the transactions contemplated thereunder constituted continuing connected transactions for the Company.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps under the Purchase Agreement exceed 0.1% but all of them are less than 5%, the Purchase Agreement and the transactions contemplated thereunder (including the proposed annual caps) are only subject to the reporting and announcement requirements, and are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

For details of these continuing connected transactions, please refer to the announcement of the Company dated 1 December 2025.

The annual caps of the Products purchased and to be purchased by the Group under the Purchase Agreement for the period from the Commencement Date to 31 December 2025 and each of the two years ending 31 December 2026 and 2027 are HK\$6,500,000, HK\$15,000,000 and HK\$15,000,000, respectively.

For the six months ended 30 June 2026, the actual transaction amount under the Purchase Agreement, calculated on a consolidated basis, was HK\$3,772,000 (RMB3,390,000).

OTHER INFORMATION *(Continued)*

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2026, the Group had approximately 960 employees (As at 31 December 2025: approximately 910 employees) and the total remuneration expenses for the six months ended 30 June 2026 amounted to RMB65.7 million. The employees' salaries are reviewed and adjusted annually based on employees' performance and experience. The Group's employee benefits include performance bonus, mandatory provident fund for Hong Kong employees, social insurance packages for the PRC employees and education subsidy to encourage continuous professional development of staff.

The emoluments of the Directors and senior management of the Company are decided by the Board with the recommendation of the remuneration committee of the Company, having regard to the Group's operating results, individual performance and comparable market statistics.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Except for the Acquisition as disclosed in note 13 to the condensed consolidated interim financial information, there was no other significant investments, material acquisitions and disposals of subsidiaries and associated companies during the six months ended 30 June 2026.

There was no plan authorised by the Board for other material investments or acquisitions of capital assets as at the date of this interim report.

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

During the six months ended 30 June 2026, neither the Company nor its subsidiaries had purchased, sold or redeemed, any of the Company's listed securities (including sale or transfer of treasury shares).

As at 30 June 2026, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with written terms of reference in compliance with the code provisions in Part 2 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chung Yau Tong (chairman of the Audit Committee), Mr. Li Biao and Mr. So Ching Tung, *JP*. The Audit Committee has reviewed with management the unaudited interim results for the six months ended 30 June 2026, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters for the six months ended 30 June 2026.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to promoting stringent corporate governance practices and procedures with a view to safeguarding the interests of the shareholders of the Company (the "**Shareholders**") as well as enhancing investor confidence and the Company's accountability and transparency. The Company sets out its corporate governance practices with reference to Part 2 of the CG Code. During the six months ended 30 June 2026, the Company has complied with all the code provisions set forth under Part 2 of the CG Code and there has been no deviation from the code provisions throughout the six months ended 30 June 2026.

The Company continues to review its corporate governance practices regularly to ensure compliance with the CG Code.

OTHER INFORMATION *(Continued)*

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules and devised its own code of conduct regarding Directors' dealings in the Company's securities (the "**Company Code**") on terms no less exacting than the Model Code.

Specific enquiry has been made of all the Directors, who have confirmed that they have complied with the Model Code and the Company Code throughout the six months ended 30 June 2026.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2026.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained adequate public float throughout the period for the six months ended 30 June 2026.