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Shuanghua Holdings Limited
雙樺控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1241)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “Board”) of directors (the “Director(s)”) of Shuanghua Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024, together with comparative figures as follows. The interim financial information has not been audited, but has been reviewed by the Audit Committee of the Company.

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

For the six month ended 30 June

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	60,563	28,701
Cost of sales		<u>(56,124)</u>	<u>(21,686)</u>
Gross profit		4,439	7,015
Other income, gains and losses	5	2,090	1,908
Reversal of impairment loss of trade receivables other receivables and other assets		112	235
Selling and distribution costs		(916)	(978)
Administrative expenses		(8,896)	(7,946)
Interest expense		<u>(12)</u>	<u>(30)</u>
(Loss)/profit before tax	6	(3,183)	204
Income tax credit	7	<u>—</u>	<u>—</u>
(Loss)/profit and other comprehensive income for the period		<u>(3,183)</u>	<u>204</u>
Attributable to:			
Owners of the parent		<u>(3,183)</u>	<u>204</u>
		<u>(3,183)</u>	<u>204</u>
(Loss)/earnings per share attributable to ordinary equity holders of the parent			
Basic and diluted	9	<u>(0.05) cents</u>	<u>0.03 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		71,839	76,124
Investment properties		76,615	76,927
Right-of-use assets		22,891	23,535
Financial assets at fair value through profit or loss	10	6,561	5,847
Other receivables		2,605	2,605
Total non-current assets		180,511	185,038
CURRENT ASSETS			
Inventories		1,114	2,148
Trade and bills receivables	11	7,787	46,461
Prepayments, other receivables and other assets		12,822	19,080
Cash and cash equivalents		92,671	65,349
Total current assets		114,394	133,038
TOTAL ASSETS		294,905	318,076
CURRENT LIABILITIES			
Trade payables	12	6,708	25,369
Other payables and accruals		11,132	12,088
Lease liabilities		367	751
Tax payable		1,265	1,265
Total current liabilities		19,472	39,473
TOTAL ASSETS LESS CURRENT LIABILITIES		275,433	278,603

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2024

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	13	—
Deferred tax liabilities	1,009	1,009
	<hr/>	<hr/>
Total non-current liabilities	1,022	1,009
	<hr/>	<hr/>
NET ASSETS	274,411	277,594
	<hr/>	<hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,406	5,406
Reserves	269,001	272,184
	<hr/>	<hr/>
	274,407	277,590
	<hr/>	<hr/>
Non-controlling interests	4	4
	<hr/>	<hr/>
TOTAL EQUITY	274,411	277,594
	<hr/>	<hr/>

Zheng Ping
Director

Tang Lo Nar
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Merger reserve	Retained profits	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (audited)	5,406	133,658	168,134	42,857	(119,378)	59,020	289,697	289,701
Profit and total comprehensive income for the period (unaudited)	-	-	-	-	-	204	204	204
At 30 June 2023 (unaudited)	5,406	133,658	168,134	42,857	(119,378)	59,224	289,901	289,905
At 1 January 2024 (audited)	5,406	133,658	168,134	43,222	(119,378)	46,548	277,590	277,594
Loss and total comprehensive income for the period (unaudited)	-	-	-	-	-	(3,183)	(3,183)	(3,183)
At 30 June 2024 (unaudited)	5,406	133,658	168,134	43,222	(119,378)	43,365	274,407	274,411

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash flows from operating activities	28,856	2,184
Net cash flows from investing activities	(1,151)	296
Net cash flows used in financing activities	<u>(383)</u>	<u>(384)</u>
Net increase in cash and cash equivalents	27,322	2,096
Cash and cash equivalents at beginning of period	<u>65,349</u>	<u>89,275</u>
Cash and cash equivalents at end of period	<u>92,671</u>	<u>91,371</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

1. CORPORATE AND GROUP INFORMATION

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

During the six months ended 30 June 2024, the Company and its subsidiaries (the “Group”) were principally engaged in the business of supply chain management based on its own cold storage plant and properties, and the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products, in joint forces to promote the development of agriculture and people’s livelihoods.

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

2. BASIS OF PREPARATION

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

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

The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

3. APPLICATION OF NEW AND REVISED HKFRSs

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) effective for the first time for annual periods beginning on 1 January 2024, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2023.

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Supplier Finance Arrangements (Amendments to HKAS 7 & HKFRS 7)
- Lease Liability in a Sale and Leaseback (Amendments to HKFRS 16)
- Classification of Liabilities as Current or Non-Current (Amendments to HKAS 1)
- Non-current Liabilities with Covenants (Amendments to HKAS 1)

The new or amended HKFRSs that are effective from 1 January 2024 did not have any significant impact on the Group’s accounting policies.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

4. OPERATING SEGMENT INFORMATION

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

Segment revenue and results

Supply chain management business	The Group is involved in the business of supply chain management based on its own cold storage plant and properties.
Food supply business	The Group is involved in the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2024 (unaudited)

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2023 (unaudited)

	Food supply business RMB'000 (Unaudited)	Supply chain management business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
REVENUE	15,056	13,645	28,701
RESULTS			
Segment results	231	6,784	7,015
Other income, gains and losses			1,908
Reversal of impairment losses on trade receivables, other receivables and other assets			235
Selling and distribution costs			(978)
Administrative expenses			(7,946)
Interest expense			(30)
Profit before tax			204

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

The place of domicile of the Group's operating entities is in the PRC. The Group renders services and goods transfer in the PRC and all its revenue for the six months ended 30 June 2024 and 30 June 2023 were derived in the PRC.

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

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

Information about major customers

For the six months ended 30 June 2024, revenue from two (for the six months ended 30 June 2023: two) customers accounted for more than 10% of the Group's total revenue individually.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	19,851	8,048
Customer B	19,581	4,198
	<hr/>	<hr/>
	39,432	12,246
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

5. REVENUE, OTHER INCOME, GAINS AND LOSSES

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
– Supply chain management: supply chain services	3,124	4,515
– Food supply	47,032	15,056
Revenue from other sources		
– Supply chain management: leasing	10,407	9,130
	<u>60,563</u>	<u>28,701</u>

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time	3,214	4,515
At a point in time	47,032	15,056

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income	<u>1,392</u>	<u>1,209</u>
	<u>1,392</u>	<u>1,209</u>
Gains and (losses)		
Gain on disposal of items of property, plant and equipment	–	30
Fair value change on financial assets at fair value through profit or loss	1,132	(190)
Foreign exchange gains, net	275	401
Others	<u>(709)</u>	<u>458</u>
	<u>698</u>	<u>699</u>
Total other income, gains and losses	<u>2,090</u>	<u>1,908</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	46,412	15,056
Depreciation of property, plant and equipment	2,873	3,568
Depreciation of investment properties	2,875	1,762
Depreciation of right-of-use assets	644	874
Reversal of impairment loss of trade receivables, other receivables and other assets	(112)	(235)
Employee benefit expense (excluding directors' and chief executives' remuneration):		
Wages and salaries	2,624	3,616
Pension scheme contributions	477	441
Staff welfare expenses	240	71
	3,341	4,128

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

7. INCOME TAX

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

The Group calculated the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries has not generated any tax assessable profits in Hong Kong for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

No provision for PRC Enterprise Income Tax was made as the Group's PRC subsidiaries have not generated any tax assessable profits in the PRC for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

8. DIVIDENDS

The Board did not recommend the payment of a final dividend in respect of the year ended 31 December 2023 or an interim dividend in respect of the six months ended 30 June 2024.

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

The calculation of the (loss)/earnings per share amount is based on the (loss)/earnings for the period attributable to ordinary equity holders of the parent, and the number of ordinary shares in issue during the period is 650,000,000 (for the six months ended 30 June 2023: 650,000,000).

The Group did not have any dilutive potential ordinary shares in issue during the period (for the six months ended 30 June 2023: nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Listed equity investment, at fair value	6,561	5,847

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

11. TRADE AND BILLS RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	25,694	64,626
Bills receivable	150	4
	25,844	64,630
Impairment allowance	(18,057)	(18,169)
	7,787	46,461

The Group's trading terms with its customers are mainly on credit. The credit period for trade receivables is generally 15 to 30 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

11. TRADE AND BILLS RECEIVABLES (continued)

As at 30 June 2024, bills receivable of RMB150,000 (as at 31 December 2023: RMB4,000) whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant during the period.

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 month	1,760	46,228
1 to 3 months	110	1
3 to 12 months	5,534	–
Over 12 months	233	228
	<hr/> 7,637	<hr/> 46,457

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

12. TRADE PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	6,708	25,369

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 month	858	19,469
1 to 3 months	79	73
3 to 6 months	–	6
6 to 12 months	–	2
Over 12 months	5,771	5,819
	6,708	25,369

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2024 (the “Period” or “Period under Review”), Shuanghua Holdings Limited (“Shuanghua” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) have been principally engaged in the business of supply chain management based on its own cold storage plant and properties, and the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products, in joint forces to promote the development of agriculture and people’s livelihoods.

In the first half of 2024, amid ongoing geopolitical conflicts and global trade tensions, China’s economy still faced significant pressures, such as insufficient demand and a decline in consumer willingness in certain sectors. Some industries were suffering from overcapacity and fierce competition. In this challenging environment, the Group adjusted its business strategies accordingly and focused on expanding revenue sources while controlling risks and preserving strength for future growth opportunities, with an aim to pursue a development path that suits the Group in the long term.

During the Period under Review, the Group achieved sales revenue of approximately RMB60.6 million, an increase of approximately RMB31.9 million as compared to the corresponding period of last year. The Group promoted the supply chain management business based on its own cold storage plant and properties, and continuously improved service quality and service flow. For the six months ended 30 June 2024, the Group’s revenue for the supply chain management business amounted to approximately RMB13.6 million. As for the food supply business, the Group seized the opportunity in the peak sales season of agricultural and sideline products during the Chinese Lunar New Year in the first quarter, increased the supply of high-value products, providing comprehensive and integrated supply chain services, consisting of procurement, warehousing, sorting, packaging, transportation and customised services. Meanwhile, in digital era, the Group established online sales channels on e-commerce and live-stream platforms and delivered products to end-users, to further increase the Group’s market share. For the six months ended 30 June 2024, the Group’s revenue from the food supply business amounted to approximately RMB47.0 million.

For the six months ended 30 June 2024, in the context of overall economic pressures in China, the gross margin of the Company's businesses was affected to a certain extent, resulting in a loss attributable to its owners of approximately RMB3.2 million, while the profit attributable to its owners was approximately RMB0.2 million for the corresponding period last year.

OUTLOOK AND STRATEGY

In the second half of 2024, the global geopolitical conditions remain complex and uncertain, while there are still many challenges and risks in the global economy. In response to this intricate landscape, the Chinese government has designated 2024 as the "Year of Consumption Promotion", promoting the shift of consumption from post epidemic recovery to sustained expansion, and vigorously developing digital consumption, green consumption and healthy consumption. Given this opportunity, the Group will focus on (i) diversifying the supply chain management business, to create more value; (ii) strengthening the food supply business, to enhance profitability; and (iii) developing the Group's supply chain business of other goods, services and technologies, to foster further expansion and diversification of the Group's business.

(i) Diversifying the supply chain management business, to create more value

The cold chain logistics play a crucial role in meeting consumers' demands for high-quality, safe and fresh agricultural and sideline products. As part of the agricultural supply chain system, the development of cold chain logistics has been highly valued. However, with the rapid development of the cold chain industry, the competitive landscape within the industry is also undergoing changes. The Group will steadily promote the cooperation with both the existing and new customers, and enhance warehousing capacity and turnover rates. Meanwhile, the Group will explore new markets and business opportunities, diversifying its supply chain management business by offering one-stop supply chain solutions including warehousing, sorting, packaging, "one-piece" shipping and so on, and carrying out services under "SHUANGHUA (雙樺)" brand, to form a coordinated development with the Group's food supply business. The Group will fully leverage its scarce property resources in Shanghai to create greater supply chain value.

(ii) Strengthening the food supply business, to enhance profitability

According to the National Bureau of Statistics of China, in 2023, China's total fruit output was approximately 327.4 million tons; meat production was approximately 97.5 million tons; and food-related imports amounted to approximately USD129,094 million. These figures illustrate the enormous market potential for agricultural and sideline products in China. The Group will closely follow the

changes in the consumer market, take market demand as the guide, and strive to enhance the value of agriculture, farmers and consumers. With the concept of “farm to table”, the Group aims to contribute to creating a happier and better life for the general public.

The Group will continue to improve the supply chain of the agricultural and sideline products, by expanding cooperation with reputable suppliers, farms and packing houses in China and worldwide, ensuring the delivery of high-quality agricultural and sideline products. Building on past operational experience, the Group will strengthen the competitiveness of its core products and develop more high-value products with profitability. Meanwhile, the Group will adjust its sales strategy in response to the market changes, expanding its presence in both Chinese and the international markets through cooperation with different sales channels, such as large and medium-sized supermarket chains, e-commerce, live-stream platforms, etc. The Group will actively embrace the digital transformation of sales channels to increase the market share in retail channels globally.

The Group will continue to build its brand value by carrying out various products under the “LONGHUAZHEN (龍樺臻)” brand and promote via different sales channels, to form a long-term sustainable development of food supply business based on the integration of industry supply chain and brand promotion.

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

The Group will fully leverage its resources, to develop supply chain business of other potential goods, services and technologies around green and healthy consumption, either horizontally or vertically, by way of acquisition, investment, establishment of joint venture or formation of strategic alliance. The management is minded to lay a solid foundation for the diversified development of the Group, and further expand the Group’s business portfolio.

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

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the Group's revenue was approximately RMB60.6 million, an increase of approximately RMB31.9 million from that of the corresponding period of 2023, which was approximately RMB28.7 million.

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

Revenue	For the six months ended 30 June			
	2024		2023	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Supply chain management business	13,531	22.3%	13,645	47.5%
Food supply business	47,032	77.7%	15,056	52.5%
Total	60,563	100.0%	28,701	100.0%

Gross profit

For the six months ended 30 June 2024, the Group recorded a gross profit of approximately RMB4.4 million (gross profit for the six months ended 30 June 2023: approximately RMB7.0 million), decreased by approximately RMB2.6 million as compared to the corresponding period of last year, mainly attributable to the decrease of the gross margin of the Group's supply chain management business in the context of the overall economic pressures in China.

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

Gross profit	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Supply chain management business	3,819	6,784
Food supply business	620	231
Total	4,439	7,015

Other income, gains and losses

For the six months ended 30 June 2024, the Group's other income, gains and losses amounted to approximately RMB2.1 million, increased by approximately RMB0.2 million as compared to the corresponding period of last year, mainly attributable to the gain of the financial assets investment.

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

For the six months ended 30 June 2024, the Group's reversal of impairment loss under expected credit loss model amounted to approximately RMB0.1 million. For the six months ended 30 June 2023, the Group's reversal of impairment loss under expected credit loss model amounted to approximately RMB0.2 million.

Selling and distribution costs

Selling and distribution costs primarily comprised of staff-related costs, sales transportation fees, operating lease rental expenses, entertainment and travelling expenses. For the six months ended 30 June 2024, the Group's selling and distribution costs amounted to approximately RMB0.9 million, decreased by approximately RMB0.1 million as compared to the corresponding period of last year (for the six months ended 30 June 2023: approximately RMB1.0 million), mainly due to cost control.

Administrative expenses

Administrative expenses primarily comprised staff-related costs, various local taxes and education surcharges, depreciation of property, plant and equipment and right-of-use assets, R&D expenses and miscellaneous expenses. For the six months ended 30 June 2024, the Group's administrative expenses amounted to approximately RMB8.9 million, increased by approximately RMB1.0 million as compared to the corresponding period of last year, mainly attributable to the increase of consulting fee.

Interest expense

The Group's interest expense for the six months ended 30 June 2024 amounted to approximately RMB12,469 (for the six months ended 30 June 2023: approximately RMB29,395), which was interest expense on lease liabilities.

Income tax credit

For the six months ended 30 June 2024, the Group had no income tax credit. For the six months ended 30 June 2023, the Group had no income tax credit.

(Loss)/profit for the Period

For the six months ended 30 June 2024, the loss attributable to the owners of the Company was approximately RMB3.2 million, while the profit attributable to the owners of the Company for the corresponding period of last year was approximately RMB0.2 million.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets

The Group's net current assets increased from approximately RMB93.6 million as at 31 December 2023 to approximately RMB94.9 million as at 30 June 2024.

Financial position and bank borrowings

As at 30 June 2024, the Group's total cash and cash equivalents and financial assets at fair value through profit or loss amounted to approximately RMB99.2 million. As at 31 December 2023, the Group's cash and cash equivalents and financial assets at fair value through profit or loss amounted to approximately RMB71.2 million. As at 30 June 2024 and 31 December 2023, the Group did not have any borrowings. The gearing ratio was not applicable to the Group (as at 31 December 2023: nil).

Save as aforesaid or otherwise disclosed in the notes to the financial information, and apart from intra-group liabilities, as at 30 June 2024, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capitals or bank overdrafts or loans or similar indebtedness or finance lease commitments, liabilities under acceptances or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities (as at 31 December 2023: nil).

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group during the period since 31 December 2023.

Working capital

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

For the six months ended 30 June 2024, the average inventory turnover days were 5 days (for the six months ended 30 June 2023: 6 days). The average inventory turnover days are arrived at by dividing the arithmetic means of the opening and ending balances of inventory for the relevant period by cost of sales of the same period and multiplying the quotient by 180 days. The average inventory turnover days remained relatively stable mainly because the Group focused on promoting its food supply business, which had short turnover period of inventories.

For the six months ended 30 June 2024, the average turnover days of trade and bills receivables were 81 days (for the six months ended 30 June 2023: 45 days). The average turnover days of trade and bills receivables are arrived at by dividing the arithmetic means of the opening and ending balances of trade and bills receivables for the relevant period by revenue of the same period and multiplying the quotient by 180 days. The average turnover days of trade and bills receivables increased mainly because the Group offered longer credit terms to customers with deep cooperation to promote business development.

For the six months ended 30 June 2024, the average turnover days of trade and bills payables were 51 days (for the six months ended 30 June 2023: 76 days). The average turnover days of trade and bills payables are arrived at by dividing the arithmetic means of the opening and ending balances of trade and bills payables for the relevant period by cost of sales of the same period and multiplying the quotient by 180 days. The average turnover days of trade and bills payables decreased mainly due to shorter turnover period of trade payables of the Group's food supply business.

CAPITAL EXPENDITURES, CAPITAL COMMITMENTS AND HUMAN RESOURCES

For the six months ended 30 June 2024, the Group's capital expenditures were approximately RMB1.3 million, mainly due to the construction of the cold storage plant and other properties (for the six months ended 30 June 2023: approximately RMB1.0 million).

As at 30 June 2024, the Group's capital commitments were approximately RMB7.3 million, mainly due to the construction of the cold storage plant (as at 30 June 2023: approximately RMB7.2 million).

As at 30 June 2024, the Group had 54 employees, including Directors, management, sales, manufacture, logistics supports and other ancillary personnel. For the six months ended 30 June 2024, the Group's total wages and salaries amounted to approximately RMB2.6 million (excluding directors' and chief executives' remuneration). Our remuneration policy is primarily based on the job responsibilities, work performance and number of years of service of each employee and the current market conditions.

Pursuant to the relevant labour laws and regulations, the Group has to pay contributions to a number of staff social insurance schemes (including medical, maternity, work injury, unemployment and pension insurances) and staff housing reserve funds. The Group provides social insurances and pays contributions to housing reserve funds for its employees in accordance with the interpretations to the relevant labour laws and regulations given, and policies and measures executed by local government departments. The Group has established various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC rules and regulations and the existing policy requirements of the local government. For the six months ended 30 June 2024, the Group's welfare expenses amounted to approximately RMB0.7 million. The Group has complied, in all material respects, with all statutory requirements on retirement contribution in the jurisdictions where the Group operates.

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

Significant investments, material acquisitions and disposals

For the six months ended 30 June 2024, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

Foreign exchange risk

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

Contingent liabilities

As at 30 June 2024, the Group had no significant contingent liabilities (as at 31 December 2023: nil).

Pledge of assets

As at 30 June 2024, the Group had no pledge of assets (as at 31 December 2023, the Group had no pledge of assets).

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

MATERIAL EVENTS AFTER THE REPORTING PERIOD

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

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

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024 (as at 31 December 2023: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted all the requirements of the code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "Corporate Governance Code"). None of the Directors is aware of any information which would reasonably indicate that the Company was not in compliance with the Corporate Governance Code during the six months ended 30 June 2024, except the deviation from provisions C.2.1 as explained below.

Code provision C.2.1

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

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

COMPLIANCE WITH THE MODEL CODE

The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules has been adopted by the Company as the code of conduct for securities transactions by the Directors. The Directors have also been reminded of their responsibilities under the Model Code regularly by the Company. Having made specific enquiries with them, all Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2024.

COMPETITION AND CONFLICT OF INTERESTS

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

NOMINATION COMMITTEE

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

BOARD DIVERSITY POLICY

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

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

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited consolidated results of the Company for the six months ended 30 June 2024 and this announcement. In particular, the Audit Committee has reviewed with management of the Company on the accounting principles and practices adopted by the Group and held meetings to discuss the internal controls and financial reporting matters regarding the Group’s unaudited consolidated financial information for the six months ended 30 June 2024.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is accessible on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.shshuanghua.com. The interim report of the Company for the six months ended 30 June 2024 will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

On behalf of the Board
Shuanghua Holdings Limited
Zheng Ping
Chairman

Hong Kong, 30 August 2024

As at the date of this announcement, the Board consists of three executive Directors, Mr. Zheng Ping, Ms. Zheng Fei and Ms. Tang Lo Nar, one non-executive Director, Ms. Kong Xiaoling, and three independent non-executive Directors, Ms. Guo Ying, Mr. He Binhui and Mr. Chen Lifan.