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ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED

正業國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3363)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHT

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue	1,137,332	1,161,830
Gross Profit Margin	9.09%	14.08%
EBITDA	89,094	110,867
Profit and total comprehensive income for the period attributable to the owners of the Company	2,325	15,026
Return on equity attributable to the owners of the Company for the period	0.21%	1.36%
Basic earnings per share – RMB cents	0.46	3.01

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhengye International Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2024 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
	NOTES	(unaudited)	(unaudited)
Revenue	3	1,137,332	1,161,830
Cost of sales		(1,033,911)	(998,232)
Gross profit		103,421	163,598
Other income	4	42,804	34,170
Impairment losses reversed (recognised), net		368	(101)
Other gains and losses	5	7,806	(1,591)
Distribution and selling expenses		(33,835)	(46,800)
Administrative and other expenses		(57,940)	(66,391)
Finance costs	6	(21,187)	(23,135)
Other expenses		(1,529)	(314)
Research and development expenses		(36,116)	(40,198)
Profit before tax	7	3,792	19,238
Income tax expense	8	(1,691)	(851)
Profit and total comprehensive income for the period		2,101	18,387
Profit (Loss) and Total Comprehensive Income (Expense) for the Period			
Attributable to:			
Owners of the Company		2,325	15,026
Non-controlling interests		(224)	3,361
		2,101	18,387
Earnings per share			
Basic (RMB cents)	10	0.46	3.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
	NOTES		
Non-current Assets			
Property, plant and equipment	11	1,468,012	1,427,194
Right-of-use assets		109,897	117,012
Investment properties	12	143,876	115,138
Intangible assets	13	18,322	10,995
Deferred tax assets	19	11,208	12,601
Deposits paid for acquisition of property, plant and equipment		25,697	43,387
		<u>1,777,012</u>	<u>1,726,327</u>
Current Assets			
Inventories		212,352	200,510
Trade and other receivables	14	728,077	686,735
Contract assets		10,269	10,581
Pledged bank deposits		76,232	64,428
Bank balances and cash	15	198,228	187,379
		<u>1,225,158</u>	<u>1,149,633</u>
Current Liabilities			
Trade and other payables	16	337,852	362,337
Tax liabilities		2,726	2,378
Bank and other borrowings	18	749,742	591,788
Lease liabilities		4,572	9,252
Contract liabilities		6,843	4,956
Amounts due to directors	17	353	448
		<u>1,102,088</u>	<u>971,159</u>
Net Current Assets		<u>123,070</u>	<u>178,474</u>
Total Assets Less Current Liabilities		<u><u>1,900,082</u></u>	<u><u>1,904,801</u></u>

		30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
	<i>NOTES</i>		
Capital and Reserves			
Share capital	20	41,655	41,655
Share premium and reserves		1,081,098	1,078,773
Equity attributable to owners of the Company		1,122,753	1,120,428
Non-controlling interests		286,290	286,514
Total Equity		1,409,043	1,406,942
Non-current Liabilities			
Deferred tax liabilities	19	4,414	4,712
Bank and other borrowings	18	444,315	446,896
Lease liabilities		14,570	16,634
Deferred income		27,740	29,617
		491,039	497,859
		1,900,082	1,904,801

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and method of computations used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2024.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

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

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment.

Six months ended 30 June 2025 (unaudited)

	Packaging paper <i>RMB'000</i>	Paper-based packaging <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE			
External sales	815,784	321,548	1,137,332
Inter-segment sales	2,131	–	2,131
Segment revenue	<u>817,915</u>	<u>321,548</u>	1,139,463
Eliminations			<u>(2,131)</u>
Group Revenue			<u>1,137,332</u>
Segment profit/(loss)	<u>2,840</u>	<u>(1,467)</u>	1,373
Eliminations			
Unallocated other income			244
Unallocated corporate expenses, net			(6,191)
Unallocated corporate other gains and losses			<u>8,366</u>
Profit before tax			<u>3,792</u>

Six months ended 30 June 2024 (unaudited)

	Packaging paper <i>RMB'000</i>	Paper-based packaging <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE			
External sales	792,912	368,918	1,161,830
Inter-segment sales	<u>6,070</u>	<u>–</u>	<u>6,070</u>
Segment revenue	<u><u>798,982</u></u>	<u><u>368,918</u></u>	<u>1,167,900</u>
Eliminations			<u>(6,070)</u>
Group Revenue			<u><u>1,161,830</u></u>
Segment profit	<u><u>10,318</u></u>	<u><u>13,200</u></u>	<u>23,518</u>
Eliminations			
Unallocated other income			(353)
Unallocated corporate income, net			<u>(3,927)</u>
Profit before tax			<u><u>19,238</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represented the profit earned by/loss from each segment without allocation of other income, other corporate income and expenses and other gains and losses.

No reconciliation of reportable segment revenues is provided as the total revenues for reportable segments excluded inter-segment revenue is the same as the Group's revenue.

4. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest income from bank deposits	1,282	1,659
Interest income from rental deposits	29	30
Government grants	30,224	27,810
Sundry income	<u>11,269</u>	<u>4,671</u>
	<u><u>42,804</u></u>	<u><u>34,170</u></u>

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Exchange loss, net	428	48
Loss on disposal of property, plant and equipment, net	220	1,543
Gain on disposal of investment property (<i>note</i>)	(8,454)	–
	<u>(7,806)</u>	<u>1,591</u>

Note: On 20 June 2025, the Group entered into an agreement to dispose investment property to an independent third party purchaser at an aggregate cash consideration of approximately RMB20,010,000 (including relevant value-added tax of approximately RMB1,652,000) which has been received. The disposal transaction has been completed and resulted in a net gain of approximately RMB8,454,000 in the profit or loss.

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings	18,913	20,038
Other borrowings	1,705	1,984
Lease liabilities	569	680
Consideration payable	–	433
	<u>21,187</u>	<u>23,135</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	55,395	61,870
Depreciation of investment properties	88	–
Depreciation of right-of-use assets	6,425	5,071
Amortisation of intangible assets (included in cost of sales)	2,207	1,553

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	321	192
Deferred tax (<i>note 19</i>)		
Current period	<u>1,370</u>	<u>659</u>
Income tax expense	<u><u>1,691</u></u>	<u><u>851</u></u>

Accordingly, stating from the current year, the Hong Kong profit tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK\$2 million.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. Certain PRC subsidiaries approved as advanced-technology enterprises or enterprises applicable to EIT policies for large-scale development in the Western Region by the relevant government authorities are subject to a preferential tax rate of 15%. During the year, certain PRC subsidiaries approved as “small and low-profit enterprises” by the relevant government authorities are subject to two-tiered preferential tax rates. The first RMB3 million of taxable profit of the qualifying group entities will be taxed at 5% (2024: The first RMB3 million of taxable profit of the qualifying group entities is taxed at 5%).

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

9. DIVIDENDS

The Board have determined that no interim dividend has been paid for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u><u>2,325</u></u>	<u><u>15,026</u></u>
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	<u><u>500,000,000</u></u>	<u><u>500,000,000</u></u>

11. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the period is summarised as follows:

	<i>RMB'000</i>
As at 1 January 2024 (audited)	1,387,695
Additions of plant and equipment	59,839
Disposals of plant and equipment	(2,528)
Depreciation for the period	<u>(61,870)</u>
As at 30 June 2024 (unaudited)	<u><u>1,383,136</u></u>
As at 1 January 2025 (audited)	1,427,194
Additions of plant and equipment	98,974
Disposals of plant and equipment	(2,761)
Depreciation for the period	<u>(55,395)</u>
As at 30 June 2025 (unaudited)	<u><u>1,468,012</u></u>

12. INVESTMENT PROPERTIES

	Investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
COST			
At 1 January 2025 (audited)	8,278	106,860	115,138
Construction costs incurred	–	38,729	38,729
Transfer	10,326	(10,326)	–
Disposals	<u>(9,903)</u>	<u>–</u>	<u>(9,903)</u>
At 30 June 2025 (unaudited)	<u>8,701</u>	<u>135,263</u>	<u>143,964</u>
DEPRECIATION			
At 1 January 2025 (audited)	–	–	–
Provided for the period	<u>(88)</u>	<u>–</u>	<u>(88)</u>
At 30 June 2025 (unaudited)	<u>(88)</u>	<u>–</u>	<u>(88)</u>
CARRYING VALUES			
At 1 January 2025 (audited)	<u>8,278</u>	<u>106,860</u>	<u>115,138</u>
At 30 June 2025 (unaudited)	<u><u>8,613</u></u>	<u><u>135,263</u></u>	<u><u>143,876</u></u>

13. INTANGIBLE ASSETS

	<i>RMB'000</i>
As at 1 January 2024 (audited)	13,772
Increase for the period	840
Charge for the period	<u>(1,553)</u>
As at 30 June 2024 (unaudited)	<u><u>13,059</u></u>
As at 1 January 2025 (audited)	10,995
Increase for the period	9,534
Charge for the period	<u>(2,207)</u>
As at 30 June 2025 (unaudited)	<u><u>18,322</u></u>

Development costs are internally generated.

Such intangible asset are amortised on a straight-line basis over 5 years.

14. TRADE AND OTHER RECEIVABLES

	30 June 2025 <i>RMB'000</i> (unaudited)	31 December 2024 <i>RMB'000</i> (audited)
Trade receivables not backed by bills	429,874	429,975
Less: Allowance for credit losses	<u>(4,297)</u>	<u>(4,705)</u>
	<u>425,577</u>	<u>425,270</u>
Trade receivables backed by bills	247,030	204,515
Less: Allowance for credit losses	<u>(348)</u>	<u>(307)</u>
	<u>246,682</u>	<u>204,208</u>
Total trade receivables	<u>672,259</u>	<u>629,478</u>
Advances to suppliers	8,650	13,532
Prepayments	4,639	4,301
Other receivables	42,815	39,706
Less: Allowance for credit losses	<u>(286)</u>	<u>(282)</u>
	<u>55,818</u>	<u>57,257</u>
Total trade and other receivables	<u><u>728,077</u></u>	<u><u>686,735</u></u>

As at 30 June 2025 and 31 December 2024, gross amount of trade receivables from contracts with customers amounted to approximately RMB676,904,000 and RMB634,490,000 respectively.

The Group allows an average credit period of 30 to 120 days from the invoice date to its trade customers except for the customers newly accepted of which payment is made when goods are delivered. For customers with good credit quality, the Group also allows them to provide bank bills before the due date of trade receivables. Those bills have maturity ranging from 60 to 180 days guaranteed by bank.

As at 30 June 2025, total gross amounts of bills received amounting to approximately RMB247,030,000 (31 December 2024: RMB204,515,000) are held by the Group for future settlement of trade receivables, of which certain bills were further discounted/endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

The following is an aged analysis of trade receivables not backed by bills presented based on dates of delivery of goods, at the end of the reporting period:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 to 60 days	245,655	331,760
61 to 90 days	47,315	28,802
91 to 180 days	88,857	45,593
Over 180 days	43,750	19,115
	<u>425,577</u>	<u>425,270</u>

The aged analysis of trade receivables backed by bills based on receipt dates of bills at the end of the reporting period is analysed as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 to 60 days	112,777	92,307
61 to 90 days	56,497	38,862
91 to 180 days	77,408	71,589
Over 180 days	–	1,450
	<u>246,682</u>	<u>204,208</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

15. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates range from 0.05% to 1.8% (31 December 2024: 0.10% to 1.80%) per annum.

Pledged bank deposits carry interest rates which range from 0.05% to 1.4% (31 December 2024: 0.15% to 1.30%) per annum, and represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately RMB76,232,000 (31 December 2024: RMB64,428,000) have been pledged to secure the short-term bank borrowings and bills payables repayable within three to six months and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings and bills payables.

16. TRADE AND OTHER PAYABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade payables	178,589	227,394
Bills payables – secured	52,429	9,334
Other tax payables	42,137	47,640
Payroll and welfare payables	26,973	32,518
Others	37,724	45,451
	337,852	362,337

The following is an aged analysis of trade payables presented based on the dates of receipt of goods at the end of the reporting period:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 to 60 days	140,672	131,653
61 to 90 days	16,466	18,493
91 to 180 days	13,434	33,311
Over 180 days	8,017	43,937
	178,589	227,394

The aged analysis of bills payables based on issuance dates of bills at the end of the reporting period are analysed as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 to 60 days	52,429	1,253
61 to 90 days	–	1,094
91 to 180 days	–	6,987
	52,429	9,334

The credit period on purchase of material is 30 to 120 days. The Group has financial risk management policies in place to monitor the settlement.

17. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest free and repayable on demand.

18. BANK AND OTHER BORROWINGS

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Bank and other borrowings	1,129,957	995,054
Bank loans under supplier finance arrangements	64,100	43,630
Less: Amount due within one year shown under current liabilities	(749,742)	(591,788)
Amount shown under non-current liabilities	<u>444,315</u>	<u>446,896</u>
Bank borrowings, secured	1,014,445	934,944
Bank borrowings, unsecured	–	–
Sub-total	<u>1,014,445</u>	<u>934,944</u>
Other borrowings, secured	115,512	60,110
Other borrowings, unsecured	–	–
Sub-total	<u>115,512</u>	<u>60,110</u>
Total	<u>1,129,957</u>	<u>995,054</u>
Carrying amount repayable:		
Within one year	685,642	548,158
Within in a period of more than one year but not more than two years	316,150	207,394
Within in a period of more than two years but not more than five years	<u>128,165</u>	<u>239,502</u>
	1,129,957	995,054
Less: Amounts due within one year shown under current liabilities	<u>(685,642)</u>	<u>(548,158)</u>
Amounts shown under non-current liabilities	<u>444,315</u>	<u>446,896</u>

Bank borrowings and other borrowings as at period end were secured by the pledged of assets set out in note 21 to the condensed consolidated financial statements.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	30 June 2025	31 December 2024
Effective interest rate:		
Fixed rate borrowings	0.68% to 5.98% per annum	0.68% to 5.98% per annum
Variable rate borrowings	3.15% to 4.50% per annum	3.45% to 4.15% per annum
Benchmark interest rate is quoted by the People's Bank of China.		

19. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Deferred tax assets	(11,208)	(12,601)
Deferred tax liabilities	<u>4,414</u>	<u>4,712</u>
	<u>(6,794)</u>	<u>(7,889)</u>

The following are the major deferred tax (assets) liabilities recognised and movement thereon during the current and preceding interim period:

	Right-of-use assets RMB'000	Lease liabilities RMB'000	Contract assets RMB'000	Deferred income RMB'000	Impairment of receivables RMB'000	Depreciation differences RMB'000	Undistributable profit of subsidiaries RMB'000	Unrealised profit from intra-group transfer of land use right RMB'000	Total RMB'000
At 1 January 2024 (audited)	1,754	(1,863)	308	(1,053)	(76)	3,973	900	-	3,943
Charge (credit) for the period	<u>(18)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(24)</u>	<u>(700)</u>	<u>-</u>	<u>(745)</u>
At 30 June 2024 (unaudited)	<u>1,736</u>	<u>(1,863)</u>	<u>308</u>	<u>(1,053)</u>	<u>(79)</u>	<u>3,949</u>	<u>200</u>	<u>-</u>	<u>3,198</u>
At 1 January 2025 (audited)	1,624	(1,880)	250	(960)	(73)	4,160	550	(11,560)	(7,889)
Charge (credit) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(275)</u>	<u>1,393</u>	<u>1,095</u>
At 30 June 2025 (unaudited)	<u>1,624</u>	<u>(1,880)</u>	<u>250</u>	<u>(960)</u>	<u>(73)</u>	<u>4,137</u>	<u>275</u>	<u>(10,167)</u>	<u>(6,794)</u>

Under the EIT Law of PRC, withholding tax is imposed on 10% of dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As at the end of the current interim period, the aggregate amount of taxable temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised amounted to approximately RMB863,507,000 (31 December 2024: RMB863,507,000).

No deferred tax liability has been recognised in respect of these differences because the Group's is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

20. SHARE CAPITAL

	Number of shares	Nominal value HK\$
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2024 (audited), 31 December 2024 (audited) and 30 June 2025 (unaudited)	1,000,000,000	100,000,000
Issued and fully paid:		
At 1 January 2024 (audited), 31 December 2024 (audited) and 30 June 2025 (unaudited)	500,000,000	50,000,000
		RMB'000
Presented as: at 31 December 2024 and 30 June 2025		41,655

21. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Buildings and construction in progress	236,316	238,221
Plant and machinery	78,395	76,106
Leasehold lands	56,017	59,086
Trade receivables backed by bills	136,118	90,810
Pledge bank deposits	76,232	64,428
Inventories	70,576	71,078
	653,654	599,729

22. CAPITAL COMMITMENTS

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Capital expenditure in respect of acquisition of property, plant and equipment and investment properties contracted for but not provided in the consolidated financial statements	87,861	176,628

23. RELATED PARTIES TRANSACTIONS AND BALANCES

(a) Related parties balances

Amounts due to directors is disclosed on the Condensed Consolidated Statement of Financial Position.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the reporting period were as follows:

	30 June 2025 RMB'000 (unaudited)	30 June 2024 RMB'000 (unaudited)
Salaries and other benefits	9,285	11,478
Retirement benefits scheme contributions	285	295
	9,570	11,773

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's principal business is the provision of ancillary paper packaging products to domestic and foreign manufacturers of household appliances, food, consumer electronics and cosmetics, and the provision of comprehensive services including professional and competitive design, printing, logistics and other customer services to provide customers with integrated packaging solutions. In addition, in order to enhance the competitiveness of the Group's paper packaging products, the Group has also extended its operations to the back end of the industrial chain by utilising recycled wastepaper as raw materials for the production of corrugated paper, liner paper and other paper products, which are used as materials for the Group's paper packaging products and for external sales of products.

We are committed to becoming one of the world's leading eco-friendly packaging enterprises.

Our products mainly include craft cartons, color printing cartons, honeycomb paper-based products, exquisite color box packaging, corrugated paper and liner paper.

Consisting currently of 10 wholly owned subsidiaries and 4 non-wholly owned subsidiaries in different regions of China, the Group provides services with high quality to customers.

The Group's paper packaging products have been established for many years in a number of segmented markets such as home appliance packaging, consumer electronics packaging and food packaging, and have gained the trust of various renowned brands both on the domestic and overseas and have established a stable relationship with a group of customers for over a decade. The Group's exquisite color box packaging factory is steadily expanding to customers from fast-moving consumer goods in the areas of daily chemicals, cosmetics and foodstuffs, in a bid to continue to expand the Group's packaging business and seek new growth opportunities. The Group's packaging production base is equipped with advanced automated production lines, stable and efficient printing machines and ancillary equipment, and a reasonable and efficient production layout. It is committed to create digital production facilities, providing customers with first class service with leading technology and quality management level and facilitating the Group's sustained development and in-depth advancement within the paper packaging industry.

Our corrugated paper and high-strength liner paper products have won the recognition of customers for their consistent quality and innovative design in the segmented market. Our paper production segment utilises its own industrial technology benefits to meet customers' needs and adapt to the complex and volatile external environment. It also continues to improve the Group's competitiveness in the market constantly through product research and development and innovation. In particular, the Group researches and develops low-weight and high-strength corrugated paper and liner paper products, which even win customers' satisfaction with extreme cost-effectiveness.

For the six months ended 30 June 2025:

- The Group achieved operating revenue of approximately RMB1,137,332,000, decreased by approximately 2.11% as compared to the same period last year.
- The profit attributable to the owner of the Company was approximately RMB2,325,000.
- The basic earnings per share of the Company was approximately RMB0.0046.

Macro Environment

In the first half of 2025, the global economic outlook remained highly uncertain, with challenges across economic growth, inflation, trade, and policy environments. Weak global economic recovery, combined with domestic industrial restructuring, has placed significant transformation and upgrade pressures on traditional manufacturing and service industries. Facing a complex and ever-changing external environment, China has remained committed to high-quality development and further opening up, creating new opportunities for global growth. The fundamental conditions and positive long-term trajectory of the China economy remain unchanged, while China's manufacturing industry continues to demonstrate strong advantages in skill intensity, supply chain maturity and industrial collaboration efficiency.

Paper-based Packaging Business

During the Reporting Period, particularly from April 2025 onwards, export orders from existing downstream customers declined sharply due to increased tariffs and uncertainties in trade policies. Benefiting from the growth in orders from newly-developed fast-moving consumer goods and home appliance customers in the past two years, the Group's overall order volume for paper-based packaging products remained stable in the first half of the year. However, with the slowdown in macroeconomic growth and insufficient demand from downstream consumption and exports, structural overcapacity became more prominent, intensifying market competition and resulting in a significant decrease in unit selling prices. During the Reporting Period, the unit selling price of the Group's paper-based packaging products declined markedly by approximately 13.10% year-on-year. The Group's paper-based packaging segment recorded revenue of approximately RMB321,548,000, representing a year-on-year decrease of approximately 12.84%, in which approximately RMB214,718,000, RMB51,519,000, RMB43,747,000 and RMB11,564,000 were achieved by craft cartons, color printing cartons, honeycomb paper-based products and exquisite color box packaging respectively (six months ended 30 June 2024: RMB241,992,000, RMB69,492,000, RMB41,634,000 and RMB15,800,000 respectively). During the Reporting Period, the price of raw paper decreased significantly by approximately 5.12%, resulting in the gross profit margin for the paper-based packaging business of approximately 15.44%, representing a significant year-on-year decrease of approximately 8.05%.

Paper Manufacturing Business

In the first half of 2025, the Group completed speed upgrades on certain paper machine production lines of the paper manufacturing business, resulting in a production capacity increase of over 10%. Sales volume during the Reporting Period increased by approximately 11.94% as compared to the same period last year. However, due to ongoing uncertainty in trade policies, weak domestic consumption, and intensified competition caused by industry overcapacity, the unit selling price of the Group's paper products decreased sharply by approximately 8.09% year-on-year. During the Reporting Period, the paper manufacturing business recorded the revenue of approximately RMB815,784,000, representing an increase of approximately 2.88% year-on-year. In addition to the decline in unit selling prices, the price of raw waste paper increased by approximately 3.95% as compared to the same period last year. Under such operational pressures, the paper manufacturing business continued to maintain stable product quality, improve production efficiency and significantly reduce energy consumption and costs, limiting the decrease in gross profit margin by approximately 3.12% to approximately 6.59% for the Reporting Period.

FINANCIAL REVIEW

For the six months ended 30 June 2025, the Group's revenue was approximately RMB1,137,332,000 (six months ended 30 June 2024: RMB1,161,830,000), decreased by 2.11% as compared to the same period last year. The Group's gross profit margin for the first half of 2025 was 9.09% (six months ended 30 June 2024: 14.08%). During the Reporting Period, the Group remained committed to technological innovation. The paper manufacturing business vigorously promoted the R&D of low-weight, high-strength recycled liner paper and corrugated paper. Through paper machine speed upgrades and further enhancements to the biomass boiler, the paper manufacturing business improved capacity, stabilised product quality, boosted production efficiency and significantly reduced various costs, thereby maintaining market share amid intensified industry competition and achieving steady sales growth by launching more cost-effective products.

The paper-based packaging business, however, experienced its most challenging year since the Group's listing. Orders from existing customers fell sharply due to uncertainties in trade policy and decrease in unit selling price caused by intensified competition. Nevertheless, growth in orders from newly-developed consumer goods and home appliance clients over the past two years offset these declines, allowing overall paper-based packaging orders to remain stable in the first half. Despite this, weak domestic consumption and escalating industry competition led to a continued decrease in order prices and a significant drop in gross profit margin for paper-based packaging products.

For the six months ended 30 June 2025, the Group's profit attributable to equity holders amounted to approximately RMB2,325,000 (six months ended 30 June 2024: RMB15,026,000).

PROSPECT

In the second half of 2025, the global economy continues to face significant challenges. Trade policy uncertainties, high interest rates and limited fiscal space have collectively contributed to sluggish global investment growth, affecting future productivity and economic expansion.

In 2025, China's economy began the year on a stable and positive note and has maintained steady growth despite considerable global uncertainties. However, supply-side shocks remain a potential risk, with tariffs, supply chain disruptions and climate change exerting upward pressure on prices. The Chinese government needs to address inflation challenges through a comprehensive strategy that combines monetary, fiscal, supply-side and industrial policies. Expanding domestic demand and promoting consumption will remain the main priorities of China's upcoming fiscal and monetary policy.

Amid increasingly intense global market competition, the challenges facing the paper packaging industry are mounting. At this pivotal juncture, as the "14th Five-Year Plan" concludes and planning for the "15th Five-Year Plan" unfolds – coinciding with the fifth anniversary of China's "dual carbon" goals – the sector is poised for milestone development opportunities, propelled by the new era of AI-driven intelligent and digital transformation. The paper packaging industry ecosystem spans forestry, manufacturing, printing, packaging and recycling. The sustainable development of the paper industry relies on policy guidance. Under national frameworks for carbon reduction, pollution control, ecological enhancement and growth, sustained policy efforts are injecting new momentum into industry transformation.

Although the overall paper packaging market is expected to remain lackluster in the second half of 2025, the Group remains confident under the guidance and support of national policies. We actively address evolving competition in the paper manufacturing and paper-based packaging businesses, leveraging our integrated paper manufacturing and paper-based packaging industry chain advantages. Through comprehensive technological innovation, industrial integration, and transformation of our business model, we are exploring new low-carbon growth models, expanding overseas packaging operations, and seeking new directions for business growth and strategic development. By advancing our green, intelligent and digital transformation – anchored in user demand, driven by technological innovation, and underpinned by ecological cooperation – we are confident the Group will secure a strong position in a competitive market. With a long-term operational philosophy, we believe the Group will successfully navigate business cycles and be well positioned to benefit from a future recovery in the economy and demand, moving toward a healthier and more sustainable future for the paper packaging industry.

CURRENT ASSETS, LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2025, the Group's main sources of funding were cash generated from operating activities and bank loans.

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Net assets	1,409,043	1,406,942
Bank and cash balances	198,228	187,379
Total borrowings [#]	1,194,057	1,038,684
Equity attributable to the Owners of the Company	1,122,753	1,120,428
Current ratios	1.11	1.18
Net gearing ratio*	81.91%	70.23%

[#] As at 30 June 2025, bank borrowings related to discounted bills with full recourse from external trade customers amounting to approximately RMB136,118,000 (31 December 2024: RMB90,810,000).

* The net gearing ratio is calculated as net borrowings divided by equity attributable to the Owners of the Company, in which the net borrowings are calculated as total bank and other borrowings less pledge deposits and bank balances and cash.

CAPITAL STRUCTURE

As at 30 June 2025, the Company's issued share capital was HK\$50,000,000 and the number of its issued ordinary shares was 500,000,000 of HK\$0.1 each.

During the six months ended 30 June 2025, there was no change to the authorised and issued share capital of the Company.

CASH FLOW

The net cash inflow from operating activities for the six months ended 30 June 2025 was approximately RMB3,666,000, compared to the net cash outflow of approximately RMB298,220,000 for the six months ended 30 June 2024.

The net cash outflow from investing activities was approximately RMB109,204,000 for the first half of 2025, consisting primarily of the capital expenditure for the acquisition and construction of long-term assets of the Company.

The net cash inflow from financing activities was approximately RMB116,387,000 for the first half of 2025, consisting primarily of income from loans obtained by the Company in the business activities and expenditure for repaying loans.

As at 30 June 2025, the Group had a net cash inflow of approximately RMB10,849,000 (30 June 2024, net cash outflow of RMB29,659,000).

The IFRS Interpretation Committee (IFRIC) meeting in December 2020 has made an agenda decision on the impact of the application of financial reporting standard in cash flows. It clarified how to present the liabilities for the payment of goods or services received and the settlement-related cash flow generated by the financing arrangement of the supplier under the consolidated statement of financial position and the consolidated statement of cash flows. The direct settlement of trade-related payables by the relevant financier constitutes a non-cash transaction. Subsequent settlement between the entity and the financier shall be regarded as repayment of borrowings and reported under the financing activities item in the consolidated statement of cash flows. The agenda decision also includes content that in the context of supplier financing arrangements, the accounting policies related to the presentation of the consolidated statement of cash flows have been reassessed. When the bills discount arrangement does not meet the conditions for de-recognition of receivables, it will be presented in cash inflow from financing activities in the consolidated statement of cash flows.

For the six months ended 30 June 2025, the net cash from operating activities would have been increased by approximately RMB177,197,000 (30 June 2024: RMB356,995,000) and the net cash from financing activities would have been decreased by approximately RMB177,197,000 (30 June 2024: RMB356,995,000), if the Group has not applied the accounting policies.

CAPITAL EXPENDITURES

For the six months ended 30 June 2025, the Group's capital expenditure was approximately RMB83,129,000, details as follows:

	<i>RMB'000</i>	<i>Percentage of capital expenditure</i>
Paper product division	66,593	80.11%
Packaging division	16,536	19.89%
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Total	83,129	100.00%
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CAPITAL COMMITMENTS

As at 30 June 2025, the Group's capital commitments (including the contracted and authorised capital commitments) were approximately RMB87,861,000 (31 December 2024: RMB176,628,000). All the capital commitments were related to purchase of property, plant and equipment and investment properties.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities or litigation or arbitration of material importance as at 30 June 2025.

FOREIGN EXCHANGE RISK

The Group mainly operates in the People's Republic of China (the "PRC") and the majority of its asset income and cash balances are denominated in Renminbi, except for some bank borrowings and deposits denominated in Hong Kong dollars. The Directors believe that exchange rate fluctuations do not have a material impact on the results of the Company. The Group currently does not have a foreign currency hedging policy. The Board, however, will monitor foreign exchange rate closely and consider entering into foreign currency hedging arrangement should the need arise.

HUMAN RESOURCES MANAGEMENT

The Group had 2,605 employees as at 30 June 2025 (31 December 2024: 2,705 employees), in which approximately 522 were engineers and technical staff or employees with higher education backgrounds.

The table below shows the number of employees of the Group by function as at 30 June 2025:

Function	Number of employees	Percentage of total
Management and Administration	348	13.36%
Sales and Marketing	115	4.41%
Research and Development in Technology and Engineering	349	13.40%
Production and Quality Control	1,793	68.83%
Total	2,605	100.00%

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As at 30 June 2025, the Company did not hold any of treasury shares.

DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2025 to the shareholder of the company (six months ended 30 June 2024: nil).

CORPORATE GOVERNANCE

The Company had consistently adopted the code provisions (the “**Code Provision(s)**”) of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules and certain recommended best practices set out in the CG Code throughout the Reporting Period. During the Reporting Period, the Company has complied with all applicable Code Provisions under the CG Code and adopted most of the best practices set out therein.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as provided in Appendix C3 to the Listing Rules. All of the existing Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no significant events affecting the Group after the Reporting Period and up to the date of this announcement.

AUDIT COMMITTEE REVIEW

The condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have not been audited, but have been reviewed by the audit committee of the Company (comprised all the independent non-executive directors of the Company).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.zhengye-cn.com>). The interim report for the six months ended 30 June 2025 will be uploaded onto the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the period and give our sincere gratitude to all our shareholders and business partners for their continuous support.

By order of the Board
Zhengye International Holdings Company Limited
Hu Zheng
Chairman

Hong Kong, 22 August 2025

As at the date of this announcement, the Board comprised Mr. Hu Zheng, Mr. Hu Hancheng (Mr. Hu Jianjun as his alternate), Mr. Hu Hanchao (Mr. Tan Xijian as his alternate), Mr. Hu Jianpeng and Ms. Chen Wei as executive Directors; Ms. Hu Jianwen as non-executive Director; and Mr. Au Yeung Po Fung, Mr. Chung Kwok Mo John and Mr. Liew Fui Kiang as independent non-executive Directors.