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五谷磨房

Natural Food International Holding Limited 五谷磨房食品國際控股有限公司

(Registered by way of continuation in the Cayman Islands with limited liability)
(Stock Code: 1837)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Natural Food International Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2024 (the “**corresponding period in 2024**”) as below.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Period-on-
	2025	2024	period
	RMB'000	RMB'000	change
			Increase
Revenue	1,134,713	992,383	14.3%
Gross profit	743,129	650,013	14.3%
Profit before tax	125,813	105,785	18.9%
Profit for the period attributable to owners of the Company	106,767	90,149	18.4%
Earnings per share (expressed in RMB)			
Basic	0.049	0.042	16.7%
Diluted	0.049	0.042	16.7%

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2025 (corresponding period in 2024: Nil).

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

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
REVENUE	4	1,134,713	992,383
Cost of sales		<u>(391,584)</u>	<u>(342,370)</u>
Gross profit		743,129	650,013
Other income and gains	4	12,919	9,142
Selling and distribution expenses		(584,655)	(512,170)
Administrative expenses		(43,789)	(40,257)
(Impairment losses)/Reversal on financial assets	5	(657)	121
Other expenses		(930)	(955)
Finance costs		<u>(204)</u>	<u>(109)</u>
PROFIT BEFORE TAX		125,813	105,785
Income tax expense	6	<u>(19,046)</u>	<u>(15,636)</u>
PROFIT FOR THE PERIOD		<u>106,767</u>	<u>90,149</u>
Attributable to:			
Owners of the parent		<u>106,767</u>	<u>90,149</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	<u>0.049</u>	<u>0.042</u>
Diluted	8	<u>0.049</u>	<u>0.042</u>

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

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>106,767</u>	<u>90,149</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(1,114)	(3,871)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Translation from functional currency to presentation currency	<u>(1,955)</u>	<u>4,489</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>103,698</u>	<u>90,767</u>
Attributable to:		
Owners of the parent	<u>103,698</u>	<u>90,767</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

		30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		287,136	290,263
Right-of-use assets		40,970	43,570
Intangible assets		198	221
Deferred tax assets		19,602	21,046
Other non-current assets		4,631	2,838
Total non-current assets		352,537	357,938
CURRENT ASSETS			
Inventories		84,670	94,583
Trade and bills receivables	9	216,650	223,691
Prepayments, other receivables and other assets		32,383	38,316
Financial assets at fair value through profit or loss		21,512	11,226
Amount due from related parties		16	17
Cash and cash equivalents		1,133,270	835,197
Time deposit		21,200	276,419
Total current assets		1,509,701	1,479,449
CURRENT LIABILITIES			
Trade payables	10	108,604	114,035
Contract liabilities		13,363	17,378
Other payables and accruals		140,281	123,820
Lease liabilities		5,426	5,105
Tax payable		32,154	36,375
Total current liabilities		299,828	296,713
NET CURRENT ASSETS		1,209,873	1,182,736
TOTAL ASSETS LESS CURRENT LIABILITIES		1,562,410	1,540,674

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2025

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	12,308	13,645
Lease liabilities	4,200	6,737
Total non-current liabilities	16,508	20,382
Net assets	1,545,902	1,520,292
EQUITY		
Equity attributable to owners of the parent		
Share capital	147	147
Reserves	1,545,755	1,520,145
Total equity	1,545,902	1,520,292

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. CORPORATE INFORMATION

The Company was formerly known as Roomy Development Holdings Limited, a limited liability company incorporated under the laws of the British Virgin Islands (the “**BVI**”) on 30 November 2009. It was registered by way of continuation in the Cayman Islands as an exempted company with limited liability under the laws of the Cayman Islands and changed its name to “Natural Food International Holding Limited” on 11 May 2018. The address of the registered office of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 December 2018 (the “**Listing**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in processing and selling natural health food in the People’s Republic of China (the “**PRC**”).

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 21

Lack of Exchangeability

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

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

4. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns, and trade discounts (net of value-added tax) for the six months ended 30 June 2025 and 2024.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods	<u>1,134,713</u>	<u>992,383</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>1,134,713</u>	<u>992,383</u>
	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Government grants*	3,211	379
Bank interest income	6,775	5,865
Income from financial assets measured at fair value through profit or loss	2,321	2,064
Others	<u>612</u>	<u>834</u>
	<u>12,919</u>	<u>9,142</u>

* Various government grants have been received from local government authorities in the PRC. There are no unfulfilled conditions and other contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	391,584	342,370
Depreciation of property, plant and equipment	14,788	15,059
Depreciation of right-of-use assets	2,967	3,441
Lease payments not included in the measurement of lease liabilities	974	1,266
Research and development costs*	2,570	3,473
Amortisation of intangible assets	23	27
Employee benefit expense (excluding directors' and chief executive's remuneration and research and development costs):		
Wages and salaries	75,619	73,110
Equity-settled share option expenses	–	126
Equity-settled share award expenses	1,776	841
Pension scheme contributions	2,684	2,424
Impairment/(Reversal) of financial assets**	657	(121)
Loss on disposal of fixed assets	110	53

* Research and development costs is included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

** Impairment of trade and bills receivables is included in "Impairment of financial assets" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

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

Pursuant to the rules and regulations of the British Virgin Islands and the Cayman Islands, the Group is not subject to any income tax in the British Virgin Islands and the Cayman Islands during the period (six months ended 30 June 2024: Nil).

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period (six months ended 30 June 2024: Nil).

Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law (the “**PRC Tax Law**”) effective on 1 January 2008, the PRC corporate income tax rate of the Group’s subsidiaries operating in the PRC was 25% (six months ended 30 June 2024: 25%) on their taxable profits for the six months ended 30 June 2025 and 2024.

For the six months ended 30 June 2025 and 2024, income arising from the preliminary agricultural processed products in Guangxi Guiping Jingu Agricultural Development Co., Ltd. and Hubei Fuya Food Science and Technology Co., Ltd. was not subject to income tax, pursuant to the relevant PRC tax laws.

The major components of income tax expenses in the interim condensed consolidated statement of profit or loss are:

	For the six months ended 30 June	
	2025	2024
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	15,947	8,174
Underprovision in prior periods	286	52
Deferred tax	2,813	7,410
	<hr/>	<hr/>
Total tax charge for the period	19,046	15,636
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7. INTERIM DIVIDENDS

The board of directors did not recommend any payment of interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share for the period is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share for the period is based on the profit attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of the ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>106,767</u>	<u>90,149</u>
	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	<u>2,172,056,137</u>	<u>2,167,003,802</u>
Effect of dilution – weighted average number of ordinary shares:		
Share award	<u>361,426</u>	<u>143,749</u>
Weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u>2,172,417,563</u>	<u>2,167,147,551</u>

The share option had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share for the period ended 30 June 2025 and 2024.

9. TRADE AND BILLS RECEIVABLES

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

	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 month	212,166	221,775
1 to 2 months	2,806	811
2 to 3 months	388	343
Over 3 months	1,290	762
	216,650	223,691

10. TRADE PAYABLES

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

	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 month	88,792	93,053
1 to 2 months	16,120	17,021
2 to 3 months	2,793	2,702
Over 3 months	899	1,259
	108,604	114,035

The trade payables are non-interest-bearing and are normally settled on 15 to 60 days' terms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Branding and Marketing

As a renowned new Chinese dietary nutrition brand in the PRC, Natural Food has long been committed to the brand positioning of “Science-Backed Chinese Dietary Nutrition” (食養有方) by innovatively integrating traditional Chinese homology of medicine and food ancient dietetic formulas with modern nutriology. We insist on protecting customers’ health through food therapy and making functional foods that everyone in the family can enjoy the most.

During the Reporting Period, the Company’s brand building momentum continued to focus on conveying its brand value and positioning of “WUGU MOFANG offers science-backed Chinese dietary nutrition products” to consumers. Leveraging multiple social media matrix, the Company deeply integrated key festive occasions and health needs in different seasons in an effort to comprehensively create a three-dimensional “Science-Backed Chinese Dietary Nutrition” brand image of “Ancient formulas backed by up-to-date science” (配比有方), “Source from the best” (選材有方) and “Perfectly processed” (工藝有方) for Natural Food through delivering rich and vivid content.

The Company builds trust endorsement for its brand and enhances brand momentum through a combination of measures. On one hand, the Company has established the “Grain Nutrition Research Center” (穀物營養研究中心) and the “Research Institute of Black Sesame for Food and Nutrition” (食養黑芝麻研究院) in collaboration with top authoritative research institutions, dedicated to verifying scientific nutrition. The Company has formed a strategic partnership with the Chinese Nutrition Society (中國營養學會) for formulae guidance. Meanwhile, we insist on evidence-based claims. Many of the Company’s products have gone through third-party professional institutions testing with multiple reports justifying their efficacy, such as “hair-nourishing”, “stomach-supporting”, and “cholesterol-lowering”. Furthermore, the Company has launched short videos to allow visualization of the Company’s operations from raw material procurement to production, thereby achieving a closed-loop layout from production to communication, which transforms the hard skills of Natural Food’s “Mum’s Factory” (媽媽工廠) into brand trust and market momentum, and solidifies our position as an industry benchmark.

The Company focused on enhancing the quality of its communication content, innovating communication channels, and deeply engaging with vertical communities to reach more potential consumers. By leveraging multiple social media platforms KOL, KOC and content marketing, we have gradually established consumers' deep trust in our brand's scientific credibility.

The Company also actively utilised artificial intelligence to enhance work efficiency in terms of consumer feedback analysis and content creation, so as to further build brand professionalism and reputation.

Products

The Company has always adhered to the principles of “premium ingredients, additive-free, and greater professionalism”. Based on the traditional Chinese concept of “medicinal food”, we combined modern nutritional science to safeguard health with dietary nourishment, creating functional foods that are safe for the whole family.

Black Powder Series

The “Walnut Sesame Black Bean Powder” (核桃芝麻黑豆粉) has, through years of dedicated development and operation, formed a series matrix including classic canned, portable stick packs, sugar-free as well as organic options, which has gained widespread affection and recognition by consumers. It has consistently ranked as the top-selling product in the dietetic grain powder category in multiple sales platforms for many years.

Dietary Nutrition Gift Box Series

The concept of gifting health has received widespread popularity, aligning perfectly with Natural Food's positioning as the Chinese grain-based healthy food. In recent years, the Company has channeled all its efforts to develop gift box products tailored to consumers from different sales channels. From the contents of the gift boxes to their packaging and design, combined with all-round online and offline marketing, the Company has enhanced the brand recognition of the dietary nutrition gift box series of Natural Food. During the 2025 Chinese Lunar New Year, sales of the dietary nutrition gift box series witnessed a rapid year-on-year growth, making it one of the key growth drivers for the Company during the Reporting Period.

Ancient Formulas Series

The Ancient Formulas Series of the Company select ingredients that are both medicinal food as well as traditional herbal ingredients. The Company conducted research and development work based on seasonal and physical conditions with emphasis on seasonal dietary nutrition, and has launched the “Black Nourishment” for spring dietary nutrition, “Clearing Damp” for summer dietary nutrition, and “Eight Treasures” for dietary nutrition in autumn and winter. During the Reporting Period, the Ancient Formulas Series recorded an excellent performance, with “Clearing Damp” for summer dietary nutrition being one of the main growth drivers.

Distribution Channels

During the Reporting Period, the Company continued to strengthen its traditional channels while actively exploring new ones, consistently implementing its omnichannel development strategy.

Concessionary Counters

Continuous efficiency enhancement of concessionary counters remains the top priority in channel operations. During the Reporting Period, the Company continued to uphold its seasonal sales strategy and delivered exceptional shopping experiences for consumers. Meanwhile, our team has focused on enhancing core product sales capabilities and improving organizational efficiency during key periods, achieving both sales scale as well as operational efficiency improvement.

In addition, the Company has been actively exploring opportunities to establish concessionary counters in new retail formats and channels. By introducing brand strategy consulting services, it aims to optimize in-store display logic and consumer flow design, thereby facilitating a systematic upgrade of the brand from visual identity to content communication.

E-commerce

During the Reporting Period, the Company continued to deepen its presence on existing traditional e-commerce and interest-based e-commerce platforms. We also explored more emerging platforms to expand our market penetration. The omnichannel livestreaming and Xiaohongshu marketing campaigns have been proven highly effective. The Company has continued to strengthen its live-streaming efforts on both traditional e-commerce and interest-based e-commerce platforms through differentiated live-streaming room design, tailored content and product offerings, and by leveraging self live-streaming, KOL engagement for large-scale/dedicated live-streaming events to capture channel resources.

The Company has strategically collaborated with high-quality, niche-focused influencers across various social media platforms, whose content aligns strongly with our brand. By deploying targeted marketing content and interactive tools, we have effectively disseminated information about our products' recognition by professional certification institutions. Through continuously enriching our content offerings, we have significantly increased readership metrics while strengthening consumers' efficacy endorsement of our brand and their purchase motivation.

New channels

In terms of key customer maintenance, the Company instantly met the product needs of customers in different seasons and time points through differentiated products and pre-communication of concepts, to deliver richer and more innovative product experiences to consumers. During the Reporting Period, the Company's new products, namely "Eight Treasures Sesame Paste (八珍芝麻糊)" and "Poria Cocos & Lily Congee (茯苓百合美苓粥)", successfully entered the Sam's Club and achieved encouraging sales performance.

In response to the constant emergence of new consumer channels, the Company has maintained close monitoring and frequent engagement to actively explore various channels.

FUTURE OUTLOOK

The cultivation and construction of Natural Food's "Science-Backed Chinese Dietary Nutrition" philosophy and the continuous accumulation of brand assets are the long-term commitments of the Company. Ultimately, the brand will be carried forward through its products, reaching millions of households via diverse sales channels. Therefore, the Company will persistently improve its product strength, scientifically validate the nutritious and healthcare value of its products, seize the historic opportunities presented by the ever-changing and complex yet opportunity-rich channels, further focus on "efficiency" and "experience", and pay attention to consumer opportunities in different circles to achieve long-term sustainable growth.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group recorded a revenue of RMB1,134.7 million, representing an increase of 14.3% as compared to the six months ended 30 June 2024 (corresponding period in 2024: RMB992.4 million).

The Group sells its products through an extensive network of offline channels, including offline concessionary counters and new channel business, as well as online channels, including major e-commerce platforms and WeChat member stores. The following table sets out details of the Group's revenue by sales channel, each expressed in the absolute amount and as a percentage to the total revenue, for the period indicated:

	For the six months ended 30 June			
	2025		2024	
	RMB'000	%	RMB'000	%
Offline channels	680,929	60.0	535,568	54.0
Offline concessionary counter	472,193	41.6	385,833	38.9
New channel business	208,736	18.4	149,735	15.1
Online channels	453,784	40.0	456,815	46.0
E-commerce platforms (including WeChat member stores)	453,784	40.0	456,815	46.0
Total	1,134,713	100.0	992,383	100.0

For the six months ended 30 June 2025, the offline channel business of the Group recorded a greater growth, representing an increase of approximately 27.1% as compared to the corresponding period in 2024, while revenue generated from sales through online channels slightly decreased. The growth in the offline channel business was mainly due to the Group's effective enhancement of the operational efficiency of offline concessionary counters and the effective implementation of new channel business development strategy.

During the Reporting Period, as a percentage to the total revenue, revenues generated from sales through the offline channels was 60.0% of the total revenue of the Group, representing an increase as compared to the corresponding period in 2024 (the corresponding period in 2024: 54.0%), while revenue generated from sales through the online channel was 40.0% of the total revenue, representing a decrease as compared to the corresponding period in 2024 (corresponding period in 2024: 46.0%) of the total revenue.

Cost of Sales, Gross Profit and Gross Profit Margin

The Group's cost of sales increased by approximately 14.4% from RMB342.4 million for the corresponding period in 2024 to RMB391.6 million for the Reporting Period, which was mainly due to an increase in sales volume and production volume that led to the increase in raw material costs, packing and other material costs, direct labor costs, manufacturing costs and transportation costs.

Gross profit for the Group increased by approximately 14.3% from approximately RMB650.0 million for the corresponding period in 2024 to approximately RMB743.1 million for the Reporting Period. During the Reporting Period, gross profit margin remained stable at 65.5% (corresponding period in 2024: 65.5%).

Other Income and Gains

Other income and gains of the Group increased from approximately RMB9.1 million for the corresponding period in 2024 to approximately RMB12.9 million for the Reporting Period, which was mainly attributable to the government grants of approximately RMB3.2 million obtained during the Reporting Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consist of advertising and promotional expenses, commission expense, labour service expense of salesmen, salary and employee benefit expenses, sales promotion expenses and others. The selling and distribution expenses increased from approximately RMB512.2 million for the corresponding period in 2024 to approximately RMB584.7 million for the Reporting Period, which was mainly attributable to the increase in commission expense and employee remuneration expense in line with the sales growth.

Administrative Expenses

The Group's administrative expenses primarily comprise salary and employee benefit, research and development expenses, depreciation and amortisation, other taxes and fees and intermediary service expenses. The administrative expenses increased slightly from approximately RMB40.3 million for the corresponding period in 2024 to approximately RMB43.8 million for the Reporting Period. Such increase was due to the increase in other taxes and fees, salary and employee benefit expenses during the Reporting Period.

Impairment of Financial Assets

The Group recorded an impairment of financial assets of approximately RMB657 thousand for the Reporting Period, while the Group recorded a reversal of financial assets of approximately RMB121 thousand for the corresponding period in 2024, which was mainly attributable to the longer ageing of trade receivables at the end of the Reporting Period.

Other Business Expenses

Other business expenses of the Group decreased from approximately RMB955 thousand for the corresponding period in 2024 to approximately RMB930 thousand for the Reporting Period, primarily due to a slight decrease in donation compared to the corresponding period in 2024.

Finance Costs

During the Reporting Period, the Group's finance costs increased from approximately RMB109 thousand for the corresponding period in 2024 to approximately RMB204 thousand, primarily attributable to an increase in the interest expense on lease liabilities.

Profit before Tax

As a result of the foregoing, the Group recorded a profit before tax of approximately RMB125.8 million for the Reporting Period, while a profit before tax of approximately RMB105.8 million was recorded for the corresponding period in 2024.

Income Tax Expense

The Group's income tax expense was RMB19.0 million for the Reporting Period, while the income tax expense was RMB15.6 million for the corresponding period in 2024, which was mainly due to the increase in PRC income tax charges for the Reporting Period.

Profit for the Period

The Group recorded a profit of approximately RMB106.8 million for the Reporting Period, while a profit of approximately RMB90.1 million was recorded for the corresponding period in 2024, representing an increase of approximately 18.4%.

Financial Resources Review

Working Capital and Financial Resources

	As at 30 June 2025 (RMB million)	As at 31 December 2024 (RMB million)
Trade and bills receivables	216.7	223.7
Trade payables	108.6	114.0
Inventories	84.7	94.6
Trade receivables turnover days ⁽¹⁾	36	39
Trade payables turnover days ⁽²⁾	52	55
Inventory turnover days ⁽³⁾	42	49

Notes:

- (1) Trade receivables turnover days = 365 days x (average balance of trade and bills receivables at the beginning and at the end of the relevant period)/revenue in the reporting period.
- (2) Trade payables turnover days = 365 days x (average balance of the trade payables at the beginning and at the end of the relevant period)/cost of sales in the reporting period.
- (3) Inventory turnover days = 365 days x (average balance of inventory at the beginning and at the end of the relevant period) and cost of sales in the reporting period.

The decrease in trade and bills receivables was primarily attributable to good collection of trade receivables. During the Reporting Period, the trade receivables turnover days were 36 days (for the year ended 31 December 2024: 39).

The decrease in trade payables was mainly attributed to the tight control of the credit terms granted from suppliers and inventory reduction. During the Reporting Period, the trade payables turnover days were 52 days (for the year ended 31 December 2024: 55).

The inventories book value was approximately RMB84.7 million as at 30 June 2025 (as at 31 December 2024: RMB94.6 million). The decrease in inventories and the decrease in inventory turnover days was primarily attributable to the Group's implementation of rigid inventory control measures during the Reporting Period.

Liquidity and Financial Resources

As at 30 June 2025, the Group's cash and bank deposits amounted to RMB1,154.5 million, representing an increase of approximately 3.9% from RMB1,111.6 million as at 31 December 2024.

During the Reporting Period, the Group's primary uses of cash were payment to suppliers, daily operating expenses, renovation and maintenance of plant, purchase of items of equipment, purchase of time deposit and financial assets (i.e. wealth management products) at fair value through profit or loss. The Group financed its liquidity requirements through cash flows generated from its operating activities.

As at 30 June 2025, the Group had no interest-bearing borrowings (as at 31 December 2024: nil).

Net cash flows from operating activities were RMB150.3 million in the Reporting Period, as compared with net cash flows from operating activities of RMB142.2 million in the corresponding period in 2024. Net cash flows from investing activities were RMB233.5 million in the Reporting Period, as compared with net cash flows from investing activities of RMB89.7 million in the corresponding period in 2024. Net cash flows used in financing activities were RMB82.7 million in the Reporting Period, as compared with net cash flows used in financing activities of RMB73.9 million in the corresponding period in 2024.

As at 30 June 2025, the Group had net current asset of RMB1,209.9 million, as compared with net current asset of RMB1,182.7 million as at 31 December 2024.

Capital Commitments

As at 30 June 2025, the Group had contracted but not provided for capital commitments of approximately RMB2.8 million, which were primarily related to the purchase of property, plant and equipment to be used for the construction of new manufacturing facility in Nansha District, Guangzhou, as compared with the capital commitments of approximately RMB0.9 million as at 31 December 2024.

Currency Exposure and Management

The Group operates its business in China and conducts domestic business in RMB. Substantially all of the Group's assets are denominated in RMB, and the Group mainly incurs cost in HK\$ and RMB. The Group is exposed to foreign exchange risk with respect mainly to HK\$ which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of the exchange rate between HK\$ and RMB and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any foreign currency hedging policy.

Contingent Liabilities

As at 30 June 2025, the Group had no contingent liabilities (as at 31 December 2024: Nil).

Pledge of Assets

As at 30 June 2025, the Group had no pledge of assets (as at 31 December 2024: Nil).

Interest-bearing Gearing Ratio

As at 30 June 2025, the Group's interest-bearing gearing ratio (calculated by dividing total lease liabilities by total assets as of the end of each reporting period) was approximately 0.5% (as at 31 December 2024: 0.6%).

Employees and Remuneration Policy

As at 30 June 2025, the Group had 720 employees, as compared with 670 employees as at 31 December 2024. For the Reporting Period, costs of employees, excluding Directors' emoluments, amounted to a total of RMB80.1 million, representing an increase of approximately 4.7% from RMB76.5 million during the corresponding period in 2024. The Group will regularly review its remuneration policy and the benefits granted to its employees with reference to market practice and the performance of individual employees. The Company has adopted a sound in-house training policy whereby management, technical and other trainings are provided to employees on a regular basis by in-house trainers or third party consultants.

Determination of directors' remuneration and the remuneration of the senior management of the Company: the Remuneration Committee of the Company makes recommendations to the Board with reference to the prevailing market remuneration levels, based on the qualifications and experience of each director, their responsibilities undertaken and contribution to the Group. The Board is authorized by the shareholders of the Company at the annual general meeting to determine the directors' remuneration and the remuneration of the senior management, having regard to the Group's operating results, individual performance and comparable market statistics.

Emolument policies of the Group's employees are formulated by management with the authorization by the Board with reference to the qualification and experience of each employee, their responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for employees of similar position.

Emolument policies include cash and equity incentives. The Group has also adopted a share option scheme and a share award scheme for the purpose of providing incentives to directors, eligible employees and third party service providers. Further details in relation to these schemes will be set out in the "Corporate Governance and Other Information – Share Option Scheme" and "Corporate Governance and Other Information – Share Award Scheme" sections of the interim report of the Company for the six months ended 30 June 2025.

Significant Acquisition, Disposal or Investment

During the Reporting Period, the Group did not have any significant acquisition and disposals of subsidiaries, joint ventures and associated companies, nor significant investment.

Future Plans for Significant Investments or Capital Assets

There were no significant investments or capital asset plans during the Reporting Period and up to the date of this announcement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Board continues to review and monitor the corporate governance of the Company with reference to the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) so as to maintain a high standard of corporate governance of the Company.

The Company has applied the principles and code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board is of the view that during the six months ended 30 June 2025, the Company has complied with applicable code provisions as set out in the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following specific enquiries made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the Reporting Period.

The Board has also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of inside information of the Company in respect of their dealings in the securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Reporting Period.

PURCHASE, SALE AND REDEMPTION OF SHARES

There was no purchase, sale (including sale of treasury shares, if any) and redemption of any listed securities of the Company by the Company or any of its subsidiaries during the Reporting Period.

As at 30 June 2025, the Company did not have any treasury shares.

INTERIM DIVIDEND

The Board did not recommend any payment of interim dividend for the six months ended 30 June 2025 (corresponding period in 2024: Nil).

EVENTS AFTER THE REPORTING PERIOD

There was no significant subsequent event or any material change relevant to the business or financial performance of the Group that come to the attention of the Directors since 30 June 2025 to the date hereof.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares of the Company were listed on the Main Board of the Stock Exchange on 12 December 2018 with net proceeds from the Global Offering of approximately HK\$636.8 million (after deduction of underwriting fees and commissions and estimated expenses payable by the Company in connection with the Global Offering) and the balance of unutilised net proceeds of approximately HK\$50.3 million as at the beginning of the Reporting Period and approximately HK\$48.3 million as at 30 June 2025.

The net proceeds from the Global Offering have been and will be utilised in accordance with the purposes set out in the prospectus of the Company dated 29 November 2018 (the “**Prospectus**”). The table below sets out the planned applications of the net proceeds from the Global Offering of the Group and actual usage up to 30 June 2025:

	Budget (HK\$ million)	Accumulated amount utilised as at 31 December 2024 (HK\$ million)	Amount utilised during the Reporting Period (HK\$ million)	Remaining balance as at 30 June 2025 (HK\$ million)	Expected timeline for unutilised net proceeds
To further enhance the integrated distribution platform and optimise our channel mix	222.9	222.9	–	–	N/A
– To expand the online presence through further developing the technology infrastructure	22.3	22.3	–	–	N/A
– To upgrade certain existing concessionary counters into integrated health food stores in supermarkets	22.3	22.3	–	–	N/A
– To further increase the number of the concessionary counters, including the related expense for decoration, equipment procurement and other fees	44.6	44.6	–	–	N/A
– To expand into and introduce our existing and/or new products at various high frequency “on-the-go” consumption channels	133.7	133.7	–	–	N/A
To construct the new Nansha Manufacturing Facility in Guangzhou, Guangdong Province and the procurement of machinery and equipment for this planned processing facility	382.1	331.8	2.0	48.3	By the end of 2028*
To use for general corporate purposes	31.8	31.8	–	–	N/A
Total	636.8	586.5	2.0	48.3	

* The deferred use of the net proceeds intended for such purpose is due to the fact that the Group’s current production capacity and working capital are sufficient and therefore there is no need to utilise the net proceeds from the Global Offering for the purchase of production equipment, etc.

As at 30 June 2025, the Group held the unutilised net proceeds as deposit with creditworthy banks with no recent history of default. There has been no change to the intended use of net proceeds as previously disclosed in the Prospectus. The proceeds were used and are proposed to be used as and when appropriate based on the Group's business needs according to the intentions previously disclosed in the Prospectus.

CHANGES IN THE INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Since the publication of the 2024 annual report to the date of this announcement, there have been no changes in the information of the Directors and chief executives of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules save and except that:

- Mr. ZHANG Senquan, an independent non-executive Director, was appointed as an independent director of Shandong Weigao Blood Purification Products Co., Ltd. (山東威高血液淨化製品股份有限公司) (the shares of which are listed on the Shanghai Stock Exchange (stock code: 603014)) in May 2025 and a joint company secretary of Zhonggan Communication (Group) Holdings Limited (the shares of which are listed on the Stock Exchange (stock code: 2545)) since 17 July 2025.

AUDIT COMMITTEE

As of the date of this announcement, the Audit Committee consists of Mr. ZHANG Senquan, Mr. HU Peng and Mr. OUYANG Liangyi, the independent non-executive Directors of the Company. The chairman of the Audit Committee is Mr. ZHANG Senquan.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the financial information of the Group for the six months ended 30 June 2025.

INTERIM RESULTS HAVE BEEN REVIEWED BY AUDITOR

The consolidated financial information for the six months ended 30 June 2025 have been reviewed by the Company's independent auditor, Ernst & Young in accordance with Hong Kong standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountant.

Members of the Audit Committee were of the opinion that the financial statements and this announcement had been prepared in compliance with the applicable accounting standards and the Listing Rules and that adequate disclosure had been made.

Publication of Interim Report

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.szwgmf.com>). The interim report of the Group for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be despatched to shareholders of the Company (if requested) and made available for review on the same websites in due course.

By order of the Board
Natural Food International Holding Limited
GUI Changqing
Chairman

Hong Kong, 27 August 2025

As at the date of this announcement, the executive Directors are Ms. GUI Changqing and Mr. ZHANG Zejun; the non-executive Directors are Ms. TSE Cheung On Anne and Mr. WANG Duo; and the independent non-executive Directors are Mr. ZHANG Senquan, Mr. HU Peng and Mr. OUYANG Liangyi.