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**Honworld Group Limited**

**老恒和釀造有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2226)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

**FINANCIAL HIGHLIGHTS**

- Revenue amounted to RMB144.4 million, which remained flat as compared with the corresponding period of 2024.
- Gross profit decreased by 10.7% to RMB42.1 million as compared with the corresponding period of 2024.
- Loss attributable to ordinary equity holders of the Company increased by 1.6% to RMB251.7 million as compared with the corresponding period of 2024.
- The Board does not recommend the payment of interim dividends for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

\* For identification purposes only

In this announcement, “we”, “us” and “our” refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the “**Board**”) of directors (the “**Directors**”) of Honworld Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period of 2024 as follows:

## **CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2025*

		<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
	<i>Notes</i>	<b>RMB’000</b>	<b>RMB’000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	4	<b>144,422</b>	144,277
Cost of sales		<u><b>(102,367)</b></u>	<u>(97,169)</u>
<b>Gross profit</b>		<b>42,055</b>	47,108
Other income and gains	4	<b>275</b>	1,417
Selling and distribution expenses		<b>(44,762)</b>	(44,168)
Administrative expenses		<b>(12,586)</b>	(19,053)
Impairment losses, net		<b>(1,750)</b>	(393)
Other expenses	6	<b>(135,915)</b>	(132,253)
Finance costs	7	<u><b>(98,994)</b></u>	<u>(100,262)</u>
<b>Loss before income tax</b>	5	<b>(251,677)</b>	(247,604)
Income tax expense	8	<u><b>–</b></u>	<u>–</u>
<b>Loss for the period</b>		<u><b>(251,677)</b></u>	<u>(247,604)</u>
<b>Loss per share attributable to ordinary equity holders of the Company</b>			
Basic and diluted (RMB)	9	<u><b>(0.43)</b></u>	<u>(0.43)</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2025*

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss for the period</b>	<u>(251,677)</u>	<u>(247,604)</u>
<b>Item that will be reclassified to profit or loss in subsequent periods:</b>		
— Exchange differences on translation of foreign operations	<u>777</u>	<u>(3,055)</u>
<b>Total comprehensive expense for the period</b>	<u><u>(250,900)</u></u>	<u><u>(250,659)</u></u>

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	242,571	249,592
Right-of-use assets		45,099	45,661
Other intangible assets		390	447
Prepayments, other receivables and other assets	14	1,993	2,455
		<u>290,053</u>	<u>298,155</u>
<b>Current assets</b>			
Inventories	12	564,404	586,086
Trade receivables	13	25,947	25,220
Prepayments, other receivables and other assets	14	135,688	134,348
Amounts due from related companies		1,916	21
Pledged deposits	15	708	191
Cash and cash equivalents	15	5,781	6,346
		<u>734,444</u>	<u>752,212</u>
<b>Current liabilities</b>			
Trade payables	16	57,141	58,038
Other payables and accruals	17	406,692	452,136
Amounts due to related companies		413	1,107
Amount due to immediate holding company		456	463
Interest-bearing bank and other borrowings	18	3,569,953	3,309,947
Tax payable		72,408	72,408
		<u>4,107,063</u>	<u>3,894,099</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (Continued)**

*As at 30 June 2025*

		<b>As at 30 June 2025</b>	<b>As at 31 December 2024</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Net current liabilities</b>		<b>(3,372,619)</b>	<b>(3,141,887)</b>
<b>Total assets less current liabilities</b>		<b>(3,082,566)</b>	<b>(2,843,732)</b>
<b>Non-current liabilities</b>			
Interest-bearing bank and other borrowings	18	<b>966</b>	1,393
Deferred government grants	19	<b>12,542</b>	—
Provision for long service payment		<b>6,370</b>	6,419
		<b>19,878</b>	7,812
<b>Net liabilities</b>		<b>(3,102,444)</b>	<b>(2,851,544)</b>
<b>Equity</b>			
Share capital	20	<b>1,767</b>	1,767
Reserves		<b>(3,104,211)</b>	(2,853,311)
<b>Total deficit</b>		<b>(3,102,444)</b>	<b>(2,851,544)</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2025*

## 1. CORPORATE INFORMATION

Honworld Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 December 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2025, the Company and its subsidiaries (collectively known as the “**Group**”) were principally engaged in the manufacture and sale of condiment products under the brand name of “Lao Heng He” in the People’s Republic of China (the “**PRC**”).

The Company’s shares have been listed on the Main Board of The stock Exchange of Hong Kong Limited since 28 January 2014.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### **Basis of preparation**

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Information**”) of the Group for the six months ended 30 June 2025 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “*Interim Financial Reporting*” issued by International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

### Going concern assumption

In preparing the Interim Financial Information, the directors of the Company have given consideration to the future liquidity of the Group in light of its net cash used in operating activities of approximately RMB45,970,000 (six months ended 30 June 2024: RMB47,203,000) and net loss of approximately RMB251,677,000 (six months ended 30 June 2024: RMB247,604,000) incurred for the six months ended 30 June 2025 and, as of that date, the Group had net current liabilities of approximately RMB3,372,619,000 (31 December 2024: RMB3,141,887,000), capital deficiency of approximately RMB3,102,444,000 (31 December 2024: RMB2,851,544,000) and accumulated losses of approximately RMB3,970,097,000 (31 December 2024: RMB3,718,420,000), respectively.

As at 30 June 2025, the Group's total borrowings comprising interest-bearing bank and other borrowings amounting to approximately RMB3,570,919,000 (31 December 2024: RMB3,311,340,000), of which current borrowings amounted to approximately RMB3,569,953,000 (31 December 2024: RMB3,309,947,000) and approximately RMB1,919,775,000 (31 December 2024: RMB1,822,775,000) were overdue as disclosed in note 18 to the Interim Financial Information, while its cash and cash equivalents amounted to approximately RMB5,781,000 (31 December 2024: RMB6,346,000).

Despite of these circumstances, the Interim Financial Information have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next year from the end of the reporting period, after taking into consideration of the measures and arrangements that the Group has implemented or is in the process of implementing as detailed below:

- The immediate holding company, Wuxing City Investment HK Company Limited, 吳興城投(香港)有限公司, has undertaken to provide continuing financial support to the Group for a period of twelve months from the date of approval (i.e. 28 March 2025) of the annual consolidated financial statements for the year ended 31 December 2024 by the directors in order to maintain the Group as a going concern;
- The Group is in negotiation with financial institutions for the renewals of the Group's short term borrowings upon expiry, new borrowings and applying for future credit facilities. Up to the date of issuance of the condensed consolidated interim financial statements, the Group's major lenders, Huzhou Wuxing City Investment Development Group Co., Ltd. (湖州吳興城市投資發展集團有限公司) (“湖州吳興城市”), Huzhou Wuxing Nantaihu Construction Investment Group Co., Ltd. (湖州吳興南太湖建設投資集團有限公司) (“南太湖”) and Huzhou Husheng Financial Leasing Co., Ltd. (湖州湖盛融資租賃有限公司) (“湖盛融資”) have shown the positive support on the Group by not requiring the Group to repay the loan of RMB432,785,000, RMB2,471,615,000 and RMB365,983,000 (31 December 2024: RMB376,788,000, RMB2,315,145,000 and RMB339,637,000) respectively and has undertaken to provide new financing facilities of approximately RMB450,000,000 for a period of 12 months from the date of approval (i.e. 28 March 2025) of the annual consolidated financial statements for the year ended 31 December 2024. Therefore, the directors of the Group are confident that the entire borrowings can be renewed upon expiration and future credit facilities can be applied based on the Group's past experience and credit history; and

## **2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)**

### **Going concern assumption (Continued)**

- The directors have evaluated all the relevant facts available to them and made a business plan to improve its liquidity by (i) monitoring the production activities in order to fulfill the forecast production volume and meet sales forecast, (ii) taking measures to tighten cost controls over various production costs and expenses, and (iii) any feasible financial arrangement.

The directors of the Company have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the end of the reporting period after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the directors are of the opinion that it is appropriate to prepare the Interim Financial Information of the Group for the six months ended 30 June 2025 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its immediate holding company and major lenders.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Interim Financial Information.

### **Changes in accounting policies and disclosures**

The Interim Financial Information for the six months ended 30 June 2025 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the Amendments to IAS 21 "Lack of Exchangeability" which are effective as of 1 January 2025.

The amendments did not have a material impact on the Interim Financial Information of the Group.

The Group has not applied any new standard, amendment to standard or interpretation to IFRS Accounting Standards that are not yet effective for the current accounting period.



### 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of condiment products. For management purposes, the Group operates in one business unit and has one reportable operating segment as follows:

- The food segment that manufactures and sells condiment products.

As all of the Group's revenue is derived from sales of its products to the customers in the PRC and all of the Group's identifiable non-current assets are located in the PRC, no geographical information as required by IFRS 8 "*Operating Segments*" is presented.

#### Information about major customers

Revenue derived from sales to individual customers amounting to 10 percent or more of the Group's revenue for the reporting period is set out in the following table:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Customer A	<b><u>13,356</u></b>	<u>15,062</u>

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Revenue from contracts with customers</i>		
Sale of goods	<b>144,422</b>	144,277

#### **Revenue from contracts with customers**

##### *(i) Disaggregated revenue information*

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Type of goods</b>		
Condiment products	<b>144,422</b>	144,277
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>144,422</b>	144,277

##### *(ii) Performance obligations*

Information about the Group's performance obligations is summarised below:

##### *Sale of products*

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

#### **Other income and gains**

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Subsidy received	<b>214</b>	47
Bank interest income	<b>3</b>	5
Foreign exchange gain, net	<b>–</b>	214
Other interest income	<b>–</b>	1,031
Others	<b>58</b>	120
	<b>275</b>	1,417

## 5. LOSS BEFORE INCOME TAX

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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Employee benefit expenses (excluding directors' remuneration):		
— Wages and salaries	<b>17,207</b>	19,636
— Pension scheme contributions	<b>3,938</b>	3,231
	<b>21,145</b>	22,867
Depreciation:		
— Owned assets	<b>13,886</b>	14,144
— Right-of-use assets	<b>562</b>	650
	<b>14,448</b>	14,794
Impairment loss/(Reversal of impairment loss), net on:		
— Trade receivables	—	(301)
— Other receivables	—	694
— Inventories	<b>1,750</b>	—
	<b>1,750</b>	393
Amortisation of other intangible assets	<b>79</b>	352
Cost of inventories recognised as expenses	<b>102,367</b>	97,169
Research and development costs	<b>6,493</b>	6,716
Donations	<b>13</b>	15
Foreign exchange gain, net	—	(214)

## 6. OTHER EXPENSES

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Donations	<b>13</b>	15
Surcharge for overdue tax payment	<b>14,672</b>	17,585
Overdue interest expenses	<b>121,069</b>	114,367
Others	<b>161</b>	286
	<b>135,915</b>	132,253

## 7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	1,716	1,974
Interest on other borrowings	97,218	98,205
Interest on lease liabilities	60	83
	<u>98,994</u>	<u>100,262</u>

## 8. INCOME TAX EXPENSE

No provision for PRC Income Tax has been provided as the Group incurred taxation losses for the six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC income tax		
— Current period	<u>—</u>	<u>—</u>

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 578,750,000 (six months ended 30 June 2024: 578,750,000) in issue during the six months ended 30 June 2025.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss attributable to ordinary equity holders of the Company (RMB'000)	(251,677)	(247,604)
Weighted average number of ordinary shares in issue (in thousands)	<u>578,750</u>	<u>578,750</u>
Loss per share attributable to ordinary equity holders of the Company		
— Basic and diluted (RMB)	<u>(0.43)</u>	<u>(0.43)</u>

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2025 and 2024 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue.

## 10. DIVIDEND

No interim dividend was proposed for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group purchased property, plant and equipment with an aggregate cost of approximately RMB7,133,000 (six months ended 30 June 2024: RMB4,624,000) and disposed of certain plant and equipment with an aggregate cost of approximately RMB268,000 (six months ended 30 June 2024: RMB82,000), resulting in a loss on disposal of approximately RMB33,000 (six months ended 30 June 2024: RMB82,000).

## 12. INVENTORIES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Raw materials	11,976	11,742
Work in progress	540,847	562,479
Finished goods	11,581	11,865
	<u>564,404</u>	<u>586,086</u>

## 13. TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables, gross	28,620	27,893
Less: Allowance for credit losses	<u>(2,673)</u>	<u>(2,673)</u>
Trade receivables, net	<u>25,947</u>	<u>25,220</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to three months.

### 13. TRADE RECEIVABLES (Continued)

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Within 3 months	20,366	20,850
3 to 6 months	5,296	3,876
6 months to 1 year	285	494
	<u>25,947</u>	<u>25,220</u>

### 14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Prepayments	2,812	2,838
Value-added tax recoverable	114,121	113,370
Deposits and other receivables	20,748	20,595
	<u>137,681</u>	<u>136,803</u>
Less: Portion classified as non-current assets	<u>(1,993)</u>	<u>(2,455)</u>
Current portion included in prepayments, other receivables and other assets	<u>135,688</u>	<u>134,348</u>

## 15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Cash and bank balances	5,781	6,346
Pledged deposits	708	191
	<u>6,489</u>	<u>6,537</u>
Cash and cash equivalents are denominated in:		
RMB	4,533	4,697
Hong Kong Dollar	878	1,489
United States Dollar (USD)	370	160
	<u>5,781</u>	<u>6,346</u>

## 16. TRADE PAYABLES

An ageing analysis of the trade payables of the Group based on invoice date, is as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Within 3 months	25,912	30,858
3 to 6 months	19,553	17,969
Over 6 months	11,676	9,211
	<u>57,141</u>	<u>58,038</u>

Trade payables of the Group are non-interest-bearing and are normally settled on terms of one to six months, extending to longer period for those long standing suppliers. The carrying amounts of the trade payables approximate to their fair values.

## 17. OTHER PAYABLES AND ACCRUALS

		As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
	Notes		
Contract liabilities		9,242	50,729
Other tax payables	(a)	37,011	38,822
Other payables and accruals	(b)	355,392	353,345
Amount due to a director		7	7
Salary payables		5,040	9,233
		<u>406,692</u>	<u>452,136</u>

Notes:

- (a) Included in the balances was mainly the value added tax payable of approximately RMB26,255,000 (31 December 2024: RMB26,086,000).
- (b) Included in the balances was mainly the provision of surcharge for overdue tax payment and equipment and construction costs payables of approximately RMB262,144,000 and RMB7,376,000 (31 December 2024: RMB247,472,000 and RMB22,470,000).



## 18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
<b>Current</b>		
Lease liabilities	1,358	1,638
Bank loans — unsecured	49,000	49,000
Bank loans — secured	20,000	10,000
Other borrowings — unsecured	229,212	217,739
Other borrowings — secured	3,270,383	3,031,570
	<u>3,569,953</u>	<u>3,309,947</u>
<b>Non-current</b>		
Lease liabilities	<u>966</u>	<u>1,393</u>
<b>Total</b>	<u><u>3,570,919</u></u>	<u><u>3,311,340</u></u>

*Notes:*

- (a) As at 30 June 2025, the Group's total facilities of bank loans amounting to RMB69,000,000 (31 December 2024: RMB59,000,000), of which RMB69,000,000 (31 December 2024: RMB59,000,000) had been utilised.
- (b) As at 30 June 2025, included in the balances was bank loans amounting to RMB49,000,000 (31 December 2024: RMB49,000,000), which was unsecured, guaranteed by the intermediate holding company of the Group, 湖州吳興城市, bearing interest at 5.80% (31 December 2024: 5.80%) per annum and repayable within one year (2024: repayable within one year).

## 18. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

- (c) As at 30 June 2025, included in the balances were bank loans amounting to RMB20,000,000 (31 December 2024: RMB10,000,000), which were secured, bearing interest at 3.80%-3.90% (31 December 2024: 3.25%) per annum and repayable within one year (31 December 2024: within one year).
- (d) As at 30 June 2025, included in the balances was other borrowings amounting to approximately RMB229,212,000 (31 December 2024: RMB217,739,000) which were unsecured, bearing interest at 7.00% (31 December 2024: 7.00%) per annum and repayable within one year (31 December 2024: repayable within one year).
- (e) As at 30 June 2025, included in the balances was other borrowings amounting to approximately RMB3,270,383,000 (31 December 2024: approximately RMB3,031,570,000) which were secured, bearing interest at 7.00%-15.32% (31 December 2024: 7.00%-15.32%) per annum and repayable within one year (31 December 2024: repayable within one year), in which RMB432,785,000, RMB2,471,615,000 and RMB365,983,000 (31 December 2024: approximately RMB376,788,000, RMB2,315,145,000 and RMB339,637,000) were from the intermediate holding company and fellow subsidiaries of the Group, 湖州吳興城市, 南太湖, and 湖盛融資 respectively.
- (f) As at 30 June 2025, the Group's other borrowings amounting to approximately RMB1,919,775,000 (31 December 2024: RMB1,822,775,000) in principal amount were overdue and the related overdue interest expense of approximately RMB121,069,000 (30 June 2024: RMB114,367,000) was recognised for the six months ended 30 June 2025.
- (g) At the end of the reporting period, certain of the Group's assets were pledged to the lenders for securing the bank and other borrowings granted to the Group.

The carrying values of these assets are:

	Carrying values	
	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Property, plant and equipment	160,265	169,160
Right-of-use assets	45,099	45,661
Inventories	405,578	442,122
	<u>610,942</u>	<u>656,943</u>

## 18. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

*Notes: (Continued)*

- (h) As at 30 June 2025, the Group's other borrowings amounting to approximately RMB209,250,000 (31 December 2024: RMB209,250,000) in principal amount included certain sale and leaseback arrangements of machinery and equipment that were overdue as at 30 June 2025 and 31 December 2024. According to the sale and leaseback agreements, if no default occurs during the lease term, the ownership of the plant and machinery shall be automatically transferred to the lessee at a nominal consideration.

The management assessed the accounting treatment and was of the view that the Group have control over the machinery and equipment as the Group had the option to acquire the assets at nominal consideration at the end of the lease period. Thus the transfer of the machinery and equipment to the lender did not satisfy the requirement of IFRS 15 to be accounted for as a sales of assets and the Group shall continue to recognise the transferred assets as property, plant and equipment and shall recognised transfer proceeds from the lender as other borrowings.

All the Group's bank and other borrowings are denominated in RMB. The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

## 19. DEFERRED GOVERNMENT GRANTS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Deferred government grants	<u>12,542</u>	<u>–</u>

*Note:*

The Group was entitled to receive grants from a Zhejiang provincial government in the PRC for further promoting enterprise technological transformation. The grant was to subsidise the Group for the upgrading its existing factory premises. The grants involved the acquisition of domestic automated filling lines and automated blending production lines. Upon the completion, the Group is expected to achieve a higher annual production capacity of various seasoning products. As at 30 June 2025, RMB12,542,000 was recognised as deferred government grants.

## 20. SHARE CAPITAL

Details of movement of the share capital of the Company are as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Authorised:		
1,000,000,000 ordinary shares of USD0.0005 (RMB0.00305) each	<u>3,050</u>	<u>3,050</u>
Issued and fully paid:		
578,750,000 ordinary shares of USD0.0005 (RMB0.00305) each	<u>1,767</u>	<u>1,767</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

We are one of the leading manufacturers of condiment products in the People's Republic of China (the “**PRC**” or “**China**”). We offer high quality and healthy brewed cooking wine as well as other condiments, including naturally-brewed soy sauce, naturally-brewed vinegar, soybean paste, sesame oil and fermented bean curd, which are organic without any additives. In the first half of 2025, we attained the following achievements:

1. Products of Lao Heng He, such as yellow wine, soy sauce, soybean paste and rosy rice vinegar, successfully obtained organic product certification.
2. Huzhou Laohenghe Wine Co., Limited\* (湖州老恒和酒業有限公司) (“**Laohenghe Wine**”), a subsidiary of Lao Heng He, obtained the FSSC22000 certification.
3. Lao Heng He actively participated in the revision of the manufacturing standard of Shaoxing soybean paste and the group standard of rosy rice vinegar.
4. Organic cooking wine products of Lao Heng He won “2025 Cereal-based Brew Cooking Wine Flavour Award (2025穀物釀造料酒“醞味獎”)” at the evaluation event of “2025 Cereal-based Brew Cooking Wine Flavour Award (2025穀物釀造料酒“醞味獎”)” at the 22th China International Wine Expo (第二十二屆中國國際酒業博覽會).
5. Laohenghe Wine has been awarded the title of “Outstanding Contributing Enterprise in Tax Revenue (稅收突出貢獻企業)” for 2024 by the Lin Township Committee of CPC and the People's Government of the Lin Town (中共林城鎮委員會暨林城鎮人民政府).

In the first half of 2025, the Chinese government continued to focus on boosting consumption, further expanding domestic demand, and shifting the focus of economic policies towards improving livelihood and promoting consumption. The Chinese economy faced new phenomena and changes due to rapid change in the external environment and increased uncertainty. Consumption recovery fell short of expectations, with procurement in the catering sector contracting. The condiment industry experienced intensifying homogeneous competition. Small and medium brands sold their inventories at low prices, leading to pressure on end prices and a narrowed gross profit margin across the industry. In light of the intensification of the abovementioned situation, the Group adhered to the spirit of the “Year of Grasping Projects and Advocating Reform (大抓項目年、大促改革)” meeting held in 2025, and continued to enhance its market competitiveness and growth in product sales by enhancement of quality and efficiency, performance upgrade, product innovation and reform of channels.

In the first half of 2025, as for market strategy and promotion, the Group further enhanced the planning and design in terms of high-end product packaging, plans for promotional events, deployment of various online media platforms and key offline promotion channels. Also, the Group implemented a multi-tiered strategy across multiple channels to establish core markets and flagship stores and focused on supermarkets, online channels, and big single products to enhance customer loyalty, so as to adopt a brand new appearance under our “time-honored brand, big single product, high-end, cost-effective and time-honored national product (老品牌、大單品、高端化及高性價比的國民中華老字號產品)” strategy through multiple channels and capture the high ground of diversified condiment products by virtue of the well-established history and quality assurance of the brand.

In terms of product research and development as well as quality, in the first half of 2025, the Group continued to engage external technical professionals to form a research and development team, and established comprehensive product research and development system and procedures. Our team cooperated with tertiary institutions to carry out research on brewing theories. To pave the way for standardising our technological procedures of production, we have successfully developed new products while improving the technology of the new production lines of soy sauce and soybean paste as well as bringing them into production. In addition, the Group continued to strengthen its food safety technology protection capability by purchasing relevant equipment and testing instruments as well as enhancing technical support. We have strengthened staff training and improved the food safety control system to strictly monitor the whole process. We have built a whole-process digital food safety traceability system, formulated emergency plans and disposal plans for food safety accidents and established a sound risk management and control mechanism to gradually improve and enhance the establishment of the quality system and greatly enhance product quality .

In respect of production plant management, in the first half of 2025, the Group continued to reconstruct and upgrade the existing equipment, improve and innovate the process, formulate standardised systems, optimise the operation process, improve the operation level of the production management team, and streamline the production team. Meanwhile, in order to assist the sales and research and development teams in exploring and developing new products, the Group purchased certain equipment to enhance labour efficiency of the workshop and reduce production cost, so that the products of the Company have more core competitive strengths in the market.

In the first half of 2025, the Group achieved sales revenue of approximately RMB144.4 million, which remained flat as compared to approximately RMB144.3 million for the corresponding period of 2024.

In the first half of 2025, our cooking wine products remained as our major source of revenue, accounting for approximately 66.4% of our total revenue. On the other hand, with the market repositioning of our soy sauce products and the pursuit of product innovation, our sales revenue of soy sauce products in the first half of 2025 amounted to approximately RMB15.9 million, accounting for approximately 11.0% of our total revenue. In terms of market strategy, our existing distributors are located in fourth- and fifth-tier cities across 30 provinces, autonomous regions and municipalities in China. We continued to promote channel penetration and development of distribution and catering channels in the Yangtze River Delta, Pearl River Delta and the Circum-Bohai Sea regions, actively expand overseas markets, and increase investment in the promotion of the reach of our products at sales terminals through a number of preferential measures. In order to match with the aforementioned market penetration strategy and to cope with the adverse factors such as insufficient market consumption power and intensifying price involution, we have adjusted the Group's product structure to increase the proportion of sales of mid-and low-range products with higher popularity yet lower gross margins. As a result, the gross profit margin of the Group's products decreased from 32.7% for the first half of 2024 to 29.1% for the corresponding period of 2025.

The loss attributable to ordinary equity holders of the Company was approximately RMB251.7 million (the corresponding period of 2024: RMB247.6 million), representing an increase of approximately 1.6% as compared to the corresponding period of 2024, due to the combined effect of the abovementioned stable revenue and decrease in gross profit. Based on the expected growth in sales of cooking wine, soy sauce, rice vinegar, fermented bean curd and other products as a result of the diversified demand from existing customers and further development of sales channels, we believe that a rich and diversified condiment product portfolio will be more beneficial to the business development of the Group in the coming years. We uphold a natural, healthy and nutrition-oriented approach (such as low fat, low sugar, low salt, organic, additive-free and other healthy products). Meanwhile, we are planning to further develop the horizontal, customised and vertical condiment industry chain, and make Lao Heng He a diversified condiment manufacturer with cooking wine as the leading product.

Our profitability mainly depends on product pricing, cost of sales, marketing strategies and product structure and composition, as well as factors during the reform of the Company. We actively monitor any potential risk factors that may affect our financial results and strive to mitigate the increase in costs and expenses with more efficient operations, higher profit margin, better product portfolio, and sales channel penetration. However, the Group also faces certain risks in its business development process, including: (1) risks of significant increase in production costs, such as increase in the prices of agricultural and sideline products, packaging costs and labour costs; (2) changes in consumer education, awareness and habits in the consumption of cooking wine products, as well as the competition between multiple sales channels, which have a negative impact on our sales; (3) significant increase in market expansion costs and sales expenses as compared with the Company's expectations; (4) risks that our new products may not be recognised by the market in the short term; (5) the more complicated sales policies and credit terms management due to challenging business environment, intensifying involution and cost pressure faced by the distributors; and (6) the impact of uncertainty in the new economic landscape.

## **Goals and Strategies**

In the second half of 2025, as the concluding year of “14th Five-Year” in China, the economic growth target is expected to reach around 5%. The Chinese economy continues to operate steadily with progress, achieving new results in high-quality development. Key economic indicators remain strong. New quality productive forces are developing actively, while reform and opening-up is deepening. Risks in key areas are being effectively managed and mitigated, and social safety nets are being further strengthened, demonstrating robust vitality and resilience. We will focus on stabilising employment, businesses, markets, and expectations, consolidating the domestic economic cycle, optimising the external economic cycle, and promoting the dual economic cycle. We will enhance efforts to stabilise investment and boost consumption, expand investment, strengthen the full-cycle management of government investment projects, and stimulate private investment. We will implement major national strategies and strengthen security capacity in key areas in a high-quality manner. We will also take part in large-scale equipment renewals and trade-in of old consumer goods to improve quality and efficiency, thereby enhancing market vitality and boosting consumption. In the new economic landscape, our market strategy remains consumer-centric, focusing on developing high-quality, affordable products with high cost-effectiveness that address diverse consumer needs. We will allocate resources to create products suitable for various sales channels, striving to enhance customer loyalty. Our commitment is to provide consumers with better quality, safer, faster, healthier, and more nutritious naturally brewed condiments.



In the second half of the year, the Group will concentrate on the “Year of Grasping Projects and Advocating Reform” initiated by Huzhou Wuxing City Investment Development Group Co., Ltd. (湖州吳興城市投資發展集團有限公司) in 2025. The focus will be on achieving the goals of reducing redundancy and burden, optimising structure and increasing efficiency. Meanwhile, the strategic approach of “One Heart, Two Wings” was implemented. The Group will exert significant effort in quality customer development, enhancing the customised model, establishing a robust quality control system, and increasing investment in research and development, introducing new technologies and techniques to enhance product and service quality, establishing long-term cooperative relationships with suppliers, optimising the procurement processes, reducing procurement costs, and strictly controlling various expenses. The objectives are to raise revenue, cut costs, increase efficiency, and achieve business goals swiftly and steadily, ultimately striving for higher operating performance. This approach will lay a solid foundation for the future development of the Group’s business. Despite market challenges, the Group remains optimistic about the future. Additionally, the Group will focus on developing other condiment areas to further promote business growth.

Our business objective for the second half of 2025 is to enhance our market position in the condiment industry by expanding diversified sales channels and conducting sales of portfolio products by leveraging our leading position in the base wine industry and multi-modal management of product production. On the one hand, we will focus on product innovation and quality enhancement. With the popularisation of healthy eating concepts, we will develop distinctive new condiments, such as low sodium, low fat, low sugar, low salt, organic, and additive-free healthy products, as well as natural or functional condiments by thoroughly understanding consumers’ needs and market trends. Meanwhile, we will strengthen quality control to ensure food safety and flavor consistency, thereby establishing a positive brand image. On the other hand, we will enhance marketing and brand promotion to enhance the brand’s online visibility and interactivity by utilising digital marketing tools such as social media and content marketing. Meanwhile, we will continue to cooperate with strong online platforms and offline distributors through diversified development channels to increase the market share of the “Lao Heng He” brand in the Chinese market.

We are rapidly accelerating the development of new retail models and discount retail channels while continuously expanding our online product offerings and establishing various online channels that integrate traditional e-commerce with emerging retail platforms. These include Weixin, Weibo, Douyin, rednote, bilibili, online platforms for key account (KA) customer outlets in superstores, community e-commerce platforms, and group-buying e-commerce platforms. Each platform provides multi-dimensional coverage through digital marketing tools such as live streaming and short video content. Additionally, we strive to strengthen the connection between social e-commerce and communities, creating a community distribution model guided by all employees. We will also effectively engage with young consumer groups on social media, leverage fan economy, and build private communities to increase marketing exposure and brand visibility.

“Lao Heng He” is committed to becoming the brand of choice for consumers.

## Financial Review

### Overview

The key financial indicators of the Group are as follows:

	Six months ended 30 June		Period-to-period change
	2025	2024	
	RMB'000	RMB'000	%
<b>Income statement items</b>			
Revenue	144,422	144,277	0.1
Gross profit	42,055	47,108	(10.7)
Loss attributable to ordinary equity holders of the Company	(251,677)	(247,604)	1.6
Loss before interest, taxes, depreciation and amortisation (“ <b>LBITDA</b> ”)	(138,156)	(132,196)	4.5
Loss per share (RMB) ( <i>note a</i> ) — basic and diluted	(0.43)	(0.43)	0
<b>Selected financial ratios</b>			
Gross profit margin (%)	29.1	32.7	(11.0)
Net loss margin attributable to ordinary equity holders of the Company (%)	(174.3)	(171.6)	1.6
LBITDA margin (%)	(95.7)	(91.6)	4.5
	<b>30 June</b>	31 December	<b>Period-to-period change</b>
	2025	2024	
	RMB'000	RMB'000	%
Gearing ratio ( <i>note b</i> ) (%)	427.8	393.5	8.7

*Notes:*

- (a) Please refer to note 9 to the Interim Financial Information for the calculation of loss per share.
- (b) The gearing ratio is based on net debt divided by total equity and net debt as at 30 June 2025. Net debt includes total debt net of cash and cash equivalents. Total debt includes trade payables, other payables and accruals, amounts due to related companies, amount due to immediate holding company, interest-bearing bank and other borrowings, deferred government grants and provision for long service payment.

### ***Revenue***

The revenue of the Group amounted to RMB144.3 million for the six months ended 30 June 2024, which remained flat as compared with RMB144.4 million for the corresponding period of 2025.

Revenue from the Group's cooking wine products increased by 4.0% from RMB92.2 million for the six months ended 30 June 2024 to RMB95.9 million for the corresponding period of 2025, primarily due to the combined effect of continuous launch of new products and optimisation of structure of old products to better satisfy consumers' need for diversification as well as the increase in promotional efforts.

While introducing new products to the market, we have also continued to adjust our product portfolio of soy sauce, rice vinegar and other products by reducing the production volume of low-performing products during this period. As a result, the revenue from soy sauce, rice vinegar and other products decreased by 6.9% from RMB52.1 million for the six months ended 30 June 2024 to RMB48.5 million for the corresponding period of 2025.

### ***Cost of Sales***

The Group's cost of sales, including raw materials, manufacturing overhead and salaries and benefits, increased by 5.3% from RMB97.2 million for the six months ended 30 June 2024 to RMB102.4 million for the corresponding period of 2025, primarily attributable to the increase in the proportion of sales of mid-range products with lower gross margins within the Group's revenue.

### ***Gross Profit and Gross Profit Margin***

The Group's gross profit decreased by 10.7% from approximately RMB47.1 million for the six months ended 30 June 2024 to approximately RMB42.1 million for the corresponding period of 2025, and the gross profit margin decreased from 32.7% for the six months ended 30 June 2024 to 29.1% for the corresponding period of 2025. The decrease in gross profit margin is primarily due to the increase in promotional efforts of old products and the increase in the proportion of sales of mid-range products with higher popularity yet lower gross margins as a result of the adjustment of the Group's product structure in response to the market competition landscape characterised with changes in consumption behavior, price involution and significant pressure in the first half of 2025.

### ***Other Income and Gains***

Other income and gains decreased by 78.6% from approximately RMB1.4 million for the six months ended 30 June 2024 to approximately RMB0.3 million for the corresponding period of 2025. Other income and gains primarily include government subsidies received and interest income. The decrease in other income and gains for the period was primarily due to the decrease in other interest income.

### ***Selling and Distribution Expenses***

Selling and distribution expenses primarily consist of advertising expenses, marketing expenses, travelling expenses, and remuneration for our sales employees. The Group's selling and distribution expenses increased by 1.4% from approximately RMB44.2 million for the six months ended 30 June 2024 to approximately RMB44.8 million for the corresponding period of 2025. The Group's selling and distribution expenses as a percentage of the Group's revenue increased from 30.6% for the six months ended 30 June 2024 to 31.0% for the corresponding period of 2025, primarily due to the combined effect of the increase in promotional efforts of old products as well as the increase in promotion expenses due to the development of new consumer products which are suitable for online channels.

### ***Administrative Expenses***

Administrative expenses decreased by 34.0% from approximately RMB19.1 million for the six months ended 30 June 2024 to approximately RMB12.6 million for the corresponding period of 2025, mainly due to the decrease in service and consultation fees other than sales and production.

### ***Finance Costs***

Finance costs decreased by 1.3% from approximately RMB100.3 million for the six months ended 30 June 2024 to approximately RMB99.0 million for the corresponding period of 2025. The decrease in finance costs is primarily attributable to the lower interest rate on new borrowings.

### ***Loss before Income Tax***

As a result of the foregoing, the loss before income tax increased by 1.6% from approximately RMB247.6 million for the six months ended 30 June 2024 to approximately RMB251.7 million for the corresponding period of 2025.

### ***Income Tax Expense***

The corporate income tax of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (corresponding period of 2024: 25%) on the taxable profits, in accordance with the existing legislation, interpretations and practices.

Income tax expenses remained nil for the six months ended 30 June 2025 and the corresponding period of 2024 mainly due to the continuous losses incurred by the Group.

### ***Loss per Share Attributable to Ordinary Equity Holders of the Company***

Basic loss per share remained at RMB0.43 for the six months ended 30 June 2024 and the six months ended 30 June 2025, mainly due to the reasons stated above.

### ***Net Loss Margin***

Net loss margin increased by 1.6% from 171.6% for the six months ended 30 June 2024 to 174.3% for the corresponding period of 2025, which was mainly attributable to the decrease in gross profit margin caused by the reasons stated above.

## Financial and Liquidity Position

### *Prepayments, deposits and other receivables*

Details of the Group's prepayments, deposits and other receivables as at 30 June 2025 and 31 December 2024 are as follows:

	<b>30 June 2025 RMB'000 (Unaudited)</b>	<b>31 December 2024 RMB'000 (Audited)</b>
Prepayments for fixed assets	<b>1,993</b>	2,455
Prepayments for procurement of condiment products	<b>588</b>	175
Other prepayments	<b>2,076</b>	2,053
Deposits and other receivables	<b>23,561</b>	23,408
	<b>28,218</b>	28,091
Less: Portion classify as non-current assets	<b>(1,993)</b>	(2,455)
Current portion included in prepayments, deposits and other receivables	<b>26,225</b>	25,636

### **Trade Receivables**

Trade receivables primarily represented the receivables for goods sold to the distributors. Trade receivables turnover days increased from 33 days for the year ended 31 December 2024 to 34 days for the six months ended 30 June 2025, which is attributable to overall market fluctuations.

### **Inventories**

Inventories decreased from approximately RMB586.1 million as at 31 December 2024 to approximately RMB564.4 million as at 30 June 2025 primarily due to the combined effect of the increase in the use of work in progress and sales of finished goods resulting from the significant increase in sales of mid-range products and provision of impairment loss for certain inventories during the period.

We regularly monitor the inventory level maintained by our distributors. Our sales representatives maintain frequent telephone or email communications with our distributors to inquire about their monthly inventory reports, and pay regular visits to their warehouses. Our sales representatives conduct statistics on the inventory of distributors at least once a month, which is reported to the Company weekly, and pay regular visits to the warehouses of distributors to ensure that they keep optimal stock level and our products are sold to end sellers within the shelf life. We generally expect our distributors to maintain sufficient stock for 30 to 60 days of supply. In the event a distributor maintains stocks of more than 45 days of supply, the relevant sales representatives will assist such distributor in marketing and promotional activities and suggest orders with a smaller amount to be placed for the subsequent periods to minimise excess inventory.

### **Borrowings**

As at 30 June 2025, the Group's total borrowings amounted to approximately RMB3,570.9 million (31 December 2024: RMB3,311.3 million). The Group's principal sources of liquidity include cash generated from business operations and bank and other borrowings. The cash from these sources was primarily used for the Group's working capital and the expansion of production capacity. Presently, the Group does not employ any financial instruments to hedge against the interest rate exposure.

### **Exchange Risk**

The Group conducted its business primarily in China with the majority of its revenue and expenditures denominated in Renminbi. The Group does not have a foreign currency hedging policy. However, the management will monitor the situation and will consider hedging any significant foreign currency exposure should the need arise.

### **Liquidity and Financial Resources**

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB5.8 million (31 December 2024: RMB6.3 million). As at 30 June 2025, we had interest-bearing bank and other borrowings of an aggregate amount of RMB3,570.9 million (31 December 2024: RMB3,311.3 million), which were denominated in RMB with interest rates from 3.80% to 15.32% per annum.

Our principal sources of liquidity include cash generated from business operation and bank and other borrowings. We used cash from such sources for working capital, production facility expansions, other capital expenditures and debt repayment. We expect these uses will continue to be our principal uses of cash in the future, and that our cash flow will be sufficient to fund our ongoing business requirements. Meanwhile, we have decided to further broaden our financing channel to improve our capital structure.

### **Capital Commitments**

Capital commitments as at 30 June 2025 amounted to approximately RMB12.4 million (31 December 2024: RMB6.2 million), mainly due to payment of part of the cost of equipment and construction in progress.

### **Contingent Liabilities**

As at 30 June 2025, the Group did not have any material contingent liability.

### **Pledge of Assets**

Please refer to note 18 of Interim Financial Information for details of pledge of assets of the Group.

Except as disclosed in this announcement, the Group has not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third party. The Group does not have any interest in any unconsolidated entity to which the Group provides financing, liquid capital, market risk or credit support or for which the Group engages in leasing or hedging or research and development or other services.

## **FUTURE PROSPECTS**

Looking forward to the second half of 2025, China will focus on stabilising employment, businesses, markets, and expectations, consolidating the domestic economic cycle, optimising the external economic cycle, and promoting the dual economic cycle. It strives to achieve the annual targets and complete various tasks outlined in the 14th Five-Year Plan, laying a solid foundation for the commencement of the 15th Five-Year Plan. For the first time, the government has placed “expanding domestic demand with a focus on boosting consumption” at the forefront, clearly shifting the focus of economic policies towards improving livelihood and promoting consumption. Specific measures include increasing residents’ income through various channels to enhance the consumption capacity of middle- and low-income groups. Service consumption will be a key focus, driving the upgrade of consumption structure towards high quality and diversification. While the condiment industry faces challenges such as weak consumer demand, lack of consumer confidence and intensified market competition, it will also



encounter new opportunities amidst changing market conditions. The trend of market differentiation continues, with the coexistence of high-end and high value products. The time-honoured Chinese brand products with premium quality and high cost performance will remain largely popular among consumers given their brand history and quality assurance. Furthermore, as consumers pay more attention to health, safety and nutrition, the condiment industry will emphasise product innovation and upgrades. Nutritiousness, safety, tastiness and convenience will become the main themes of industry innovation and development, driving the industry towards intelligence and environmental friendliness.

The Group adheres to a consumer-oriented approach and maintains unwavering quality, delivering the operating philosophy of “perseverance combined with good-naturedness and creditworthiness (恒以持之、和信為本)” to consumers through products to resonate with them. With the popularisation of healthy eating concepts, consumers are increasingly focused on the nutritional content and health attributes of seasonings. We uphold a natural, healthy and nutrition-oriented approach (such as low fat, low sugar, low salt, organic, additive-free and other healthy products), leveraging our own strengths to continuously innovate, meet consumers’ needs for personalisation, diversity, health and convenience, and deliver a visually appealing, high-quality, safe, nutritious and delicious experience to our consumers. We actively promote the integration of food technology and production practices, and are committed to becoming a publicity ambassador for the cooking wine industry as well as a trusted and reliable seasoning knowledge consultant for consumers.

In response to the increasingly stringent food safety regulatory environment and environmental protection policy requirements, the Group, as a leader in the realm of base wine manufacturing, has demonstrated remarkable competitiveness in terms of technological advantages, market influence and risk resilience. Riding on its brand recognition, modernised and upgraded traditional craftsmanship, a well-developed and mature quality control system and an efficient product research and development system, the “Lao Heng He” brand cooking wine products are poised to achieve broader room of development and value growth.

In addition to consolidating its leading position in the mid-to-high-end cooking wine and cereal-based brewed cooking wine markets, the Group maintains a diversified product structure strategy by expanding the breadth of its product lines laterally and deepening its product mix vertically to address market demand proactively and deliver a variety of green, healthy and palatable condiments. We will continue to innovate and upgrade alongside dimensions ranging from bacterial strain research, smart and digital brewing, online quality control and spice craft process improvement, with a view to driving the enterprise’s sustainable development through technological innovation, solidifying and strengthening the leading position of “Lao Heng He” in the cooking wine market, fulfilling its promise of being the “most trusted partner” and delivering safe, healthy and delectable cooking wine product experience to consumers. In the face of fierce market

competition, we will differentiate ourselves with our distinguished high-quality products, strive to achieve outstanding business performance, gain deep trust from consumers, and ultimately achieve sustainable development and value growth of the enterprise.

Therefore, we believe that “Lao Heng He” products will maintain growth momentum in China’s market.

## **MATERIAL EVENTS AFTER THE REPORTING PERIOD**

There are no material subsequent events undertaken by the Company or the Group after 30 June 2025.

## **EMPLOYEES & REMUNERATION POLICIES**

As at 30 June 2025, the Group had a total of 462 full time employees (31 December 2024: 509). The employees’ cost (excluding directors’ and chief executive’s remuneration) of the Group was RMB21.1 million during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB22.9 million). The remuneration policies, bonus and training programs for employees of our Group were implemented continuously according to the policies disclosed in the Group’s annual report for the year ended 31 December 2024 and no change has been made during the six months ended 30 June 2025.

## **SIGNIFICANT INVESTMENTS HELD**

The Group did not hold any significant investments as at 30 June 2025 (31 December 2024: nil).

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There was no material acquisition and disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2025.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2025, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities (including sale of treasury shares). As at 30 June 2025, the Company did not hold any treasury shares.

## CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management structures and internal control procedures of the Company as well as preserving the interests of the shareholders as a whole.

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**Code**”) contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) since the Listing Date as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time to maintain and improve the high standard of corporate governance practices.

The Company has complied with the Code for the six months ended 30 June 2025.

The Board will continue to review and monitor the practices of the Company with an aim to maintain and implement a high standard of corporate governance practices.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuer” (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company’s securities.

Upon specific enquiry, all the Directors confirm that they have complied with the Model Code during the six months ended 30 June 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the six months ended 30 June 2025.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) is comprised of three Directors, namely Mr. Ng Wing Fai (chairman), Mr. Shen Zhenchang and Mr. Sun Jiong.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial information, financial reporting system, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group’s policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed the accounting principles and policies adopted by the Group together with the management and discussed auditing, internal controls and financial reporting matters.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025.

## **REVIEW OF FINANCIAL INFORMATION**

The Audit Committee has discussed with the management of the Company and reviewed and passed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025 and recommended its adoption by the Board.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.hzlaohenghe.com](http://www.hzlaohenghe.com). The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be published on the above websites in due course.

I would again like to express my sincere appreciation to all shareholders, diligent employees and friends from all sectors for their support to the Company.

By Order of the Board  
**Honworld Group Limited**  
**Huang Dachun**  
*Chairman*

Hong Kong, 28 August 2025

*As at the date of this announcement, the executive Directors are Huang Dachun and Zhu Bing; the non-executive Director is Wang Yanping; and the independent non-executive Directors are Shen Zhenchang, Ng Wing Fai and Sun Jiong.*