HUNG FOOK TONG

HUNG FOOK TONG GROUP HOLDINGS LIMITED

鴻福堂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1446)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

HIGHLIGHTS

- Revenue for the six months ended 30 June 2025 ("**1H2025**") decreased by 5.1% to HK$292.3 million, when compared with HK$308.0 million for the six months ended 30 June 2024 ("**1H2024**").

  – Revenue from the Hong Kong retail business decreased by 4.2% to HK$226.5 million (1H2024: HK$236.3 million), with a retail network comprising 107 self-operated shops in Hong Kong as at 30 June 2025.

  – Revenue from the wholesale business decreased by 8.2% to HK$65.8 million (1H2024: HK$71.7 million).

- Gross profit for 1H2025 decreased by 2.4% to HK$177.1 million (1H2024: HK$181.5 million), while gross profit margin for 1H2025 increased by 1.7 percentage points to 60.6% (1H2024: 58.9%).

- Administrative and operating expenses decreased by 3.6% to HK$158.7 million (1H2024: HK$164.7 million).

- Loss attributable to owners of the Company for 1H2025 was HK$10.9 million as compared with a loss of HK$7.9 million in 1H2024. The increase was mainly due to one-off expenses of approximately HK$2.1 million, arising from additional sewage charges for the prior years, recognized during 1H2025.

- Cash and cash equivalents as at 30 June 2025 amounted to HK$117.0 million, as compared with HK$110.2 million as at 31 December 2024.

INTERIM RESULTS

The board of directors (the "**Board**") of Hung Fook Tong Group Holdings Limited (the "**Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2025 together with comparative figures for the corresponding period in 2024.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		(Unaudited) Six months ended 30 June	
		2025	2024
	Note	***HK$'000***	*HK$'000*
Revenue	*4,5*	**292,313**	308,032
Cost of sales	*6*	**(115,196)**	(126,503)
Gross profit		**177,117**	181,529
Other income and other gains, net	*5*	**604**	1,281
Selling and distribution costs	*6*	**(24,192)**	(24,032)
Administrative and operating expenses	*6*	**(158,725)**	(164,674)
Operating loss		**(5,196)**	(5,896)
Finance income		**57**	36
Finance costs		**(4,489)**	(4,967)
Finance costs, net		**(4,432)**	(4,931)
Loss before income tax		**(9,628)**	(10,827)
Income tax (expense)/credit	*7*	**(195)**	62
Loss for the period		**(9,823)**	(10,765)
(Loss)/profit attributable to:			
Owners of the Company		**(10,909)**	(7,925)
Non-controlling interests		**1,086**	(2,840)
		(9,823)	(10,765)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		(Unaudited)	
		Six months ended 30 June	
		2025	2024
	Note	***HK$'000***	*HK$'000*
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss			
– Currency translation differences		**4,052**	(4,389)
Other comprehensive income/(loss), net of tax		**4,052**	(4,389)
Total comprehensive loss for the period		**(5,771)**	(15,154)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(6,977)**	(12,216)
Non-controlling interests		**1,206**	(2,938)
		(5,771)	(15,154)
Loss per share for loss attributable to owners of the Company			
– Basic and diluted (HK cents)	*8*	**(1.66)**	(1.21)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	As at 30 June 2025 HK$'000 (Unaudited)	As at 31 December 2024 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**228,726**	233,150
Right-of-use assets		**161,198**	172,034
Intangible assets		**1,241**	1,593
Prepayments and deposits		**21,112**	21,083
Deferred income tax assets		**10,777**	10,568
		423,054	438,428
Current assets			
Inventories		**27,401**	24,938
Trade receivables	*11*	**45,565**	53,049
Prepayments, deposits and other receivables		**43,277**	43,291
Prepaid tax		**296**	296
Cash and cash equivalents		**117,049**	110,247
		233,588	231,821
Total assets		**656,642**	670,249
EQUITY			
Equity attributable to owners of the Company			
Share capital		**6,559**	6,559
Reserves		**246,215**	253,192
		252,774	259,751
Non-controlling interests		**(23,344)**	(24,550)
Total equity		**229,430**	235,201

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2025

	Note	**As at 30 June 2025** *HK$'000* **(Unaudited)**	As at 31 December 2024 *HK$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**48,627**	55,464
Provision for reinstatement costs		**7,100**	5,057
Deferred income tax liabilities		**5,014**	5,014
Bank borrowings		**4,929**	5,001
Employee benefit obligations		**4,297**	3,992
		69,967	74,528
Current liabilities			
Trade payables	*12*	**33,126**	30,140
Accruals and other payables		**53,404**	52,277
Provision for reinstatement costs		**2,478**	3,485
Receipts in advance		**161,563**	162,555
Lease liabilities		**73,542**	77,551
Bank borrowings		**32,067**	33,753
Taxation payable		**1,065**	759
		357,245	360,520
Total liabilities		**427,212**	435,048
Total equity and liabilities		**656,642**	670,249
Net current liabilities		**(123,657)**	(128,699)
Total assets less current liabilities		**299,397**	309,729

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Hung Fook Tong Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 10 January 2014 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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "**Group**") are principally engaged in the retail, wholesale and distribution of bottled drinks, other herbal products, soups and snacks in Hong Kong and other parts of the People's Republic of China ("**PRC**" for the purpose of this condensed consolidated interim financial information).

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information (the "**Interim Financial Information**") is presented in Hong Kong dollars ("**HK$**"), unless otherwise stated. The Interim Financial Information has been approved for issue by the Board of Directors (the "**Board**") on 28 August 2025.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which were prepared in accordance with HKFRS Accounting Standards.

As at 30 June 2025, the current liabilities of the Group exceeded its current assets by HK$123,657,000 (31 December 2024: HK$128,699,000). Besides, the Group recorded a loss for the six-month-period ended 30 June 2025 of HK$9,823,000 (period ended 30 June 2024: HK$10,765,000). Included in the current liabilities as at 30 June 2025 were non-refundable receipts in advance from customers of HK$161,563,000 which will gradually reduce over time through utilisation of coupons in exchange for products by customers and expiration of coupons. Excluding the non-refundable receipts in advance from customers, the net current liabilities of the Group as at 30 June 2025 would have become net current assets of HK$37,906,000. The directors are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations as well as the possible changes in its operating performance and the continued availability of the Group's banking facilities, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming 12 months from 30 June 2025. Accordingly, the Interim Financial Information has been prepared on a going concern basis.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those set out in the Group's annual financial statements for the year ended 31 December 2024.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 ACCOUNTING POLICIES (CONTINUED)

(a) Amendments to existing standards adopted by the Group

The following amendments to existing standards are effective to the Group for accounting periods beginning on or after 1 January 2025:

HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability

The above amendments to existing standards did not have any material impact on the results and financial position of the Group.

(b) New standards, amendments to existing standards and interpretation have been issued but not yet adopted

The following new standards, amendments to existing standards and interpretation have been issued but are not effective for the financial year beginning on or after 1 January 2025 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (Amendments)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impact on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statement of comprehensive income and providing management-defined performance measures within the consolidated financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

The Group will adopt the above new standards, amendments to existing standards and interpretation when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new standards, amendments to existing standards and interpretation, and except for HKFRS 18, none of the others are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 SEGMENT INFORMATION

Management has identified two reportable segments based on the Group's business model, namely the (1) Hong Kong Retail and (2) Wholesale.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, inventories, trade receivables, prepayments, deposits and other receivables and cash and cash equivalents. They exclude prepaid tax, deferred income tax assets and assets used for corporate functions.

Capital expenditure comprises additions to property, plant and equipment for the six months ended 30 June 2025 and 2024.

Geographically, management considers the distribution of bottled drinks, other herbal products, soups and snacks through retail and wholesale channels are mainly located in Hong Kong and the PRC, which the revenue and segment results are determined by the nature of the business. The assets are determined based on where the assets are located. Information relating to segment liabilities is not disclosed as such information is not regularly reported to the chief operating decision-maker.

Unallocated corporate expenses, finance income and costs and income tax (expense)/credit are not included in segment results.

There is no single external customer that contributed more than 10% revenue to the Group's revenue for the six months ended 30 June 2025 and 2024 respectively.

The segment information provided to the executive directors for the six months ended 30 June 2025 and 2024 are as follows:

	(Unaudited) Six months ended 30 June 2025		
	Hong Kong Retail	**Wholesale**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue	**229,459**	**66,839**	**296,298**
Less: Inter-segment revenue	**(2,959)**	**(1,026)**	**(3,985)**
Revenue from external customers	**226,500**	**65,813**	**292,313**
Segment results	**5,765**	**9,853**	**15,618**
Corporate expenses *(Note (a))*			**(20,814)**
Finance costs, net			**(4,432)**
Loss before income tax			**(9,628)**
Income tax expense			**(195)**
Loss for the period			**(9,823)**
Other segment items:			
Capital expenditure	**5,793**	**992**	**6,785**
Depreciation and amortisation (excluding depreciation of right-of-use assets)	**9,026**	**5,137**	**14,163**
Depreciation of right-of-use assets	**44,827**	**373**	**45,200**
Losses on disposal of property, plant and equipment	**119**	**8**	**127**

4 SEGMENT INFORMATION (CONTINUED)

	(Unaudited) Six months ended 30 June 2024		
	Hong Kong Retail	Wholesale	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	241,072	73,056	314,128
Less: Inter-segment revenue	(4,726)	(1,370)	(6,096)
Revenue from external customers	236,346	71,686	308,032
Segment results	5,339	8,780	14,119
Corporate expenses *(Note (a))*			(20,015)
Finance costs, net			(4,931)
Loss before income tax			(10,827)
Income tax credit			62
Loss for the period			(10,765)
Other segment items:			
Capital expenditure	2,785	3,050	5,835
Depreciation and amortisation (excluding depreciation of right-of-use assets)	12,036	4,655	16,691
Depreciation of right-of-use assets	47,927	390	48,317
Losses on disposal of property, plant and equipment	97	–	97

4 SEGMENT INFORMATION (CONTINUED)

The segment assets as at 30 June 2025 and 31 December 2024 are as follows:

	Hong Kong Retail *HK$'000*	Wholesale *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
As at 30 June 2025 (Unaudited)				
Segment assets	**408,352**	**208,187**	**(806)**	**615,733**
Prepaid tax				**296**
Deferred income tax assets				**10,777**
Corporate assets *(Note (b))*				**29,836**
Total assets				**656,642**
As at 31 December 2024 (Audited)				
Segment assets	436,237	204,682	(743)	640,176
Prepaid tax				296
Deferred income tax assets				10,568
Corporate assets *(Note (b))*				19,209
Total assets				670,249

Notes:

(a) Corporate expenses mainly included employee benefit expenses, depreciation of right-of-use assets and property, plant and equipment of headquarters office and auditors' remuneration for the six months ended 30 June 2025 and 2024.

(b) Corporate assets mainly included cash and cash equivalents, prepayment, deposits and other receivables, and right-of-use assets and property, plant and equipment of headquarters office as at 30 June 2025 and 31 December 2024.

The eliminations between the reportable segments are intercompany receivables and payables between the operating segments.

The Company is domiciled in the Cayman Islands while the Group operates its business primarily in Hong Kong and the PRC. For the six months ended 30 June 2025 and 2024, no revenue was generated from the Cayman Islands. As at 30 June 2025 and 31 December 2024, no assets were located in the Cayman Islands.

5 REVENUE, OTHER INCOME AND OTHER GAINS, NET

The Group's revenue, other income and other gains, net recognised during the six months ended 30 June 2025 and 2024 are as follows:

	(Unaudited) Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
Revenue recognised at a point in time		
Sale of goods	**292,313**	308,032
Other income		
Service income	**264**	178
Others	**917**	1,045
	1,181	1,223
Other (losses)/gains, net		
Exchange differences	**(456)**	150
Losses on disposal of property, plant and equipment	**(127)**	(92)
Others	**6**	–
	(577)	58
Other income and other gains, net	**604**	1,281

6 EXPENSES BY NATURE

	(Unaudited) Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
Cost of inventories sold	**92,734**	99,671
Lease rental in respect of retail outlets *(Note (a))*		
– Contingent rental	**26**	67
Lease rental in respect of storage spaces and office premises *(Note (a))*	**4,785**	5,159
Advertising and promotional expenditure	**5,567**	5,562
Depreciation of property, plant and equipment *(Note 10)*	**14,263**	16,863
Depreciation of right-of-use assets	**46,322**	49,417
Amortisation of intangible assets	**352**	352
Communication and utilities	**13,808**	13,489
Employee benefit expenses (including directors' emoluments)	**90,813**	93,701
Provision for impairment loss on right-of-use assets	**184**	472
Legal and professional fees	**1,988**	1,624
Auditor's remuneration		
– Audit services	**1,475**	1,400
Tools, repair and maintenance expenses	**5,273**	5,346
Transportation and distribution expenses	**12,312**	13,062
Others	**8,211**	9,024
Total cost of sales, selling and distribution costs and administrative and operating expenses	**298,113**	315,209

Note:

(a) These expenses included short-term leases expenses of HK$125,000 (2024: HK$153,000), variable lease payment expenses of HK$235,000 (2024: HK$245,000) and other rental-related expenses of HK$4,451,000 (2024: HK$4,828,000) for the six months ended 30 June 2025.

7 INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax and PRC Corporate Income Tax ("CIT") have been provided at the rate of 16.5% and 25%, respectively (2024: Same).

The amount of income tax expense/(credit) charged/(credited) to the condensed consolidated interim statement of comprehensive income represents:

	(Unaudited) Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
Current income tax		
– Current period's provision	**401**	150
– Under-provision in prior years	**3**	17
Deferred income tax	**(209)**	(229)
Income tax expense/(credit)	**195**	(62)

8 LOSS PER SHARE

	(Unaudited) Six months ended 30 June	
	2025	2024
Loss attributable to owners of the Company (HK$'000)	**(10,909)**	(7,925)
Weighted average number of ordinary shares for the calculation of basic loss per share (thousands)	**655,944**	655,944
Loss per share for loss attributable to owners of the Company		
– Basic loss per share (HK cents)	**(1.66)**	(1.21)
– Diluted loss per share (HK cents)	**(1.66)**	(1.21)

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted loss per share for the six months ended 30 June 2025 and 2024 equal basic loss per share as there were no potentially dilutive ordinary shares as at both period ends.

9 DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (2024: Nil).

10 PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
At 1 January	**233,150**	254,880
Additions	**6,816**	5,835
Disposals	**(127)**	(112)
Depreciation *(Note 6)*	**(14,263)**	(16,863)
Exchange difference	**3,150**	(3,201)
At 30 June	**228,726**	240,539

Depreciation of HK$4,203,000 (2024: HK$5,345,000) has been charged in 'cost of sales' and HK$10,060,000 (2024: HK$11,518,000) in 'administrative and operating expenses' for the six months ended 30 June 2025.

11 TRADE RECEIVABLES

	As at 30 June 2025 *HK$'000* **(Unaudited)**	As at 31 December 2024 *HK$'000* (Audited)
Trade receivables from third parties	**46,046**	53,530
Less: Provision for impairment on trade receivables	**(481)**	(481)
Trade receivables, net	**45,565**	53,049

The Group's credit terms granted to wholesale customers generally ranged from 30 to 105 days (31 December 2024: Same). As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade receivables, based on invoice date, is as follows:

	As at 30 June 2025 *HK$'000* **(Unaudited)**	As at 31 December 2024 *HK$'000* (Audited)
Less than 30 days	**15,957**	21,332
31 to 90 days	**26,629**	21,808
Over 90 days	**3,460**	10,390
	46,046	53,530

12 TRADE PAYABLES

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2025 *HK$'000* **(Unaudited)**	As at 31 December 2024 *HK$'000* (Audited)
0 to 30 days	**17,832**	14,480
31 to 60 days	**8,882**	7,929
61 to 90 days	**4,347**	4,862
Over 90 days	**2,065**	2,869
	33,126	30,140

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2025 ("**1H2025**" or the "**Review Period**"), the Group continued to be confronted by the challenges of weak consumption sentiment in both Hong Kong and Mainland China amid a tepid economy. Invariably affected by the difficult operating environment, the Group's total revenue declined by 5.1% to HK$292.3 million, compared with HK$308.0 million for the six months ended 30 June 2024 ("**1H2024**"). Gross profit slid by 2.4% to HK$177.1 million (1H2024: HK$181.5 million), though the gross profit margin rose to 60.6% (1H2024: 58.9%), owing to the Group's effective efforts in controlling costs and boosting production efficiency. However, the Group recorded a loss attributable to owners of the Company of HK$10.9 million for the Review Period (1H2024: loss of HK$7.9 million).

Despite the headwinds, the Group remains in a healthy financial position and has stable operating cash flows. It has sufficient cash and cash equivalents as well as unutilised banking facilities amounting to approximately HK$117.0 million and HK$83.4 million, respectively, as at 30 June 2025 (31 December 2024: HK$110.2 million and HK$82.3 million, respectively).

BUSINESS SEGMENT ANALYSIS

Hong Kong Retail

Remaining as the Group's largest revenue contributor, the Hong Kong retail operation generated HK$226.5 million in 1H2025 (1H2024: HK$236.3 million), down 4.2% year-on-year, and accounted for 77.5% of the total revenue. During the Review Period, both store traffic and same-store sales faced severe headwinds, especially on weekends and long weekends, when northbound consumption is particularly pronounced, compounded by overseas travel by Hong Kong residents. Despite these challenges, the Group made concerted efforts to stabilise overall sales performance. Notably, the popularity of its pre-paid coupons highlighted the loyalty of customers, and just as importantly, their appreciation of the Group's quality products. Thanks to an improvement in gross profit margin and reduction in administrative expenses, segment profit increased by 8.0% to HK$5.8 million (1H2024: HK$5.3 million).

In light of the current business climate, the Group has adhered to a prudent approach towards shop openings. As at 30 June 2025, the Group operated 98 HFT Shops and 9 HFT Life café concept stores, bringing the total number of self-operated shops in Hong Kong to 107. The Group has therefore maintained its position as the largest herbal retailer in Hong Kong based on retail network size.

To drive traffic to this retail network and enhance brand awareness, the Group has implemented strategic marketing campaigns, which have been complemented by further optimisation of the product portfolio to tap new revenue streams. Accordingly, the Group has sought to build on its success in the non-staple food segment, partnering with Nutribite to launch "Hung+ Dining" (鴻小飯堂). This tailor-made healthy meal plan (Healthy N-Dish Rice series) has been designed around specific health goals, such as weight loss, muscle gain and balanced nutrition, ensuring that every meal aligns with the customer's nutritional requirements and desired outcomes. Thoughtfully paired with Hong Fook Tong home-made soup or herbal tea, the meal plan provides a complete and nourishing dining experience for customers. Since its launch, "Hung+ Dining" has been well received by customers, achieving continuous sales growth.

In view of the positive response to its meal plan initiative, the Group also expanded its efforts to enhance other food categories. In particular, the shao mai category was revitalised through the introduction of new flavours such as parsley shao mai (芫茜燒賣) and spicy shao mai (麻辣燒賣), reigniting interest and excitement among customers.

Additionally, the Group has expanded the breakfast selection by launching Chinese buns and light sandwiches paired with soybean milk drinks. To reinforce a health-focused brand image, it continues to promote sugar-free herbal teas and no add sugar soybean milk drink, appealing to wellness-conscious consumers. Meanwhile, chicken essence and fish essence have been positioned as premium gift options, catering to the growing demand for nutritious and thoughtful presents.

Other efforts to increase foot traffic at retail shops include marketing campaigns aimed at engaging expectant mothers, who are an important demographic of the Joyous & Festive Series. To further expand its festive product range, a new vegetarian rice dumpling was introduced, catering to growing demand for plant-based options. Besides, additional engaging campaigns were launched during the Golden Week in May to boost customer participation and drive sales.

To further stimulate member engagement and drive purchases, a series of new product e-coupons were launched, including breakfast coupons and "Hung+ Dining" healthy meal e-coupons. These digital incentives provide multiple redemption options, catering for diverse consumer preferences and encouraging spending across various product categories.

The Group has also leveraged diverse business ties to drive sales, including collaborating with various telecommunication companies and banks, providing exclusive offers to their customers. Furthermore, it has proactively participated in several exhibitions, such as the Hong Kong Brands and Products Expo, Wedding and Baby Expo, etc., to raise awareness of the Group among Hong Kong consumers and the market.

Given the current economic climate, the Group has taken different courses of action to sustain the performance of the retail operation. During the Review Period, it continued to secure more favourable rental concessions and preferable terms for the majority of lease renewals.

Separately, on the JIKA CLUB (自家 CLUB) membership card front, the Group focused on strengthening customer loyalty and delivering exclusive services that result in highly personalised membership experiences. Testifying to the success of the Group's efforts, total membership exceeded 1,500,000 as at 30 June 2025, or an increase of more than 45,000 members in 1H2025. Given that more than 60% of coupons redeemed by JIKA CLUB members are through electronic means, the Group has focused on optimising the Hung Fook Tong mobile application to enhance the user experience.

Wholesale

Both the Hong Kong and Mainland China markets were affected by more cautious consumer sentiment. As a result, the wholesale segment recorded a year-on-year revenue decline of 8.2% to HK$65.8 million (1H2024: HK$71.7 million), which accounted for 22.5% of the Group's total revenue. Despite the drop in revenue, segment profit increased by 12.2% to HK$9.9 million (1H2024: HK$8.8 million), reflecting the Group's effective cost control measures and operational efficiency.

Hong Kong

The Group's Hong Kong wholesale segment reported a 7.7% decrease in revenue to HK$56.7 million (1H2024: HK$61.5 million), which is consistent with the contraction in overall retail sales in Hong Kong. Nonetheless, the Group remains committed to strengthening the business in preparation for an eventual market recovery.

To better reach young, health-conscious consumers, the Group collaborated with beverage brand Mr. Juicy to launch new products, including Red Bean and Coix Seeds Drink (纖爽。養生水) and Lemon and Coix Seeds Drink (美白。養生水). These products are now available across key account (KA) and general trade (GT) channels, as well as Hung Fook Tong retail stores, ensuring wide accessibility and market reach. The Group also partnered with Wellcome supermarket to launch the Deluxe Drink With Mango, Nata de Coco and Pomelo (芒果椰果柚子甘露). To tap the online space, the Group introduced shao mai package deals to the e-shopping platform Neigbuy (鄰住買).

Aligning with seasonal trends, a dynamic new packaging design for the Group's "Zero Sugar" summer theme was introduced for five of its signature low-sugar and sugar-free products. The vibrant visuals have brought fresh energy to the product line, while the drinks themselves reflect the Group's thoughtful and strategic response to consumers' growing pursuit of a healthy lifestyle.

Other initiatives taken by the Group to support its Hong Kong wholesale business include adding city'super among its premium retail partners, facilitating greater visibility among more affluent consumers. At the same time, it has strengthened collaboration with existing Group-affiliated brand stores, such as Beef Station (牛站), The Aquatic Market (千海水產) and Chow Tai Fook (周大福), to develop staff-exclusive sales channels.

The Group has also introduced more food items from the Mainland China and Southeast Asia markets, providing greater options and better catering for the needs of a wider range of customers.

Mainland China

Revenue from the Mainland China wholesale segment declined by 10.9% year-on-year to HK$9.1 million (1H2024: HK$10.2 million) during 1H2025. The Group has nonetheless been able to increase the availability of its products owing to close partnerships with key accounts and a major distributor. Consequently, the Group's long shelf-life and fresh beverage products are now available at over 15,000 convenience stores in 13 cities, including Guangzhou, Dongguan, Shenzhen and Shanghai, as well as various supermarkets and department stores. With respect to key accounts involving established retail partners, they consist of FamilyMart (全家), Sanyuan (賽壹), China Resources Vanguard (華潤), and RT-Mart (大潤發), among others. As for new channels secured during the Review Period, they include Hema Supermarket (盒馬超市), now covering 18 cities such as Beijing, Shanghai, Chengdu, Hangzhou, and Changsha, as well as at the strategic retail point Yuanmingyuan (圓明園) in Beijing. In addition, the Group's products are available at the Palace Museum Cultural and Creative Products Hong Kong Space (故宮文創香港空間) located within the Palace Museum in Beijing, further reinforcing its presence in culturally significant and premium retail locations. This diversified channel strategy reflects the Group's commitment to deepening partnerships and expanding its reach across both premium and closed-loop retail platforms.

The Group has also continued to devote resources to promoting sales via popular online platforms such as JD.com (京東), Taobao (淘寶), Tmall (天貓), Meituan (美團), Douyin (抖音) and Xiaohongshu (小紅書). In addition, over 20 products – including sugar-free products, have been introduced to diversify the product portfolio and tap the health-conscious trend in Mainland China.

Other Markets

The Group's overseas wholesale performance was affected by weak global economic growth, strict import policies and tariff increases. This has motivated the Group to maintain close communication with key accounts across different geographical regions to preserve its market share. During the Review Period, it also continued to examine opportunities for potential collaborations with clients from several Southeast Asian countries.

Recognition

In response to ever stricter food safety requirements, the Group's Kaiping factory successfully obtained the FSSC 22000 Food Safety Management System certification in 1H2025. Built on the ISO 22000 certification, this enhanced scheme is tailored for food manufacturers, processors and packaging companies, incorporating all of the ISO 22000 standards along with additional requirements such as food defence, food fraud prevention, allergen management and environmental monitoring. It also includes sector-specific modules such as the ISO/TS 22002 series, ensuring its relevance across various food industry operations. Unlike ISO 22000, FSSC 22000 is fully recognised by the Global Food Safety Initiative (GFSI), making it the preferred choice for organisations seeking to be internationally compliant and striving to strengthen their position on food safety in the global markets.

PROSPECTS

Looking ahead, the Group cautiously expects a modest improvement in retail sentiment in the second half of 2025, supported by the wealth effect resulting from a rebound in the stock market. However, the Group is fully aware that the operating environment remains difficult due to ongoing economic uncertainties, changing consumption habits, and fierce competition. It will therefore stay highly adaptable and exercise financial prudence, continuing to implement cost-saving measures such as rental negotiations and tighter controls on logistics, labour, and merchandise, as well as increasing the utilisation rate of its manufacturing plant in Mainland China.

To return to a growth trajectory, the Group will actively seek new revenue sources and strengthen its market position by diversifying its product portfolio, expanding sales channels, and exploring cross-brand collaborations. These initiatives will ultimately position the Group to better capitalise on emerging opportunities as market conditions improve.

Hong Kong Retail

During the second half year, the Group will continue to closely monitor the Hong Kong retail network to ensure its cost effectiveness. Hence, this will include negotiating more favourable terms with landlords as leases expire. At the same time, the Group will seek to diversify its product offerings to better address the evolving retail landscape.

The Group's "Hung+ Dining" healthy meal product series has been met with enthusiastic market response since its launch. Looking ahead, the Group will intensify its focus on serving the needs of health-conscious customers and expanding its footprint in the healthy dining segment.

To this end, the Group will further strengthen the "Hung+ Dining" product portfolio by introducing a wider selection of Hong Kong-style dishes, such as the Guangdong-inspired Dong Po Rou (東坡肉) and seasonal festive delicacies. The enlarged portfolio will go beyond the core offerings of everyday healthy meals, embracing a more indulgent and flavourful taste experience that blends wellness with tradition. By celebrating local culinary heritage and diversifying its menu, the Group aims to entice a broader spectrum of customers who seek both good nutrition and traditional flavours, reinforcing the brand's commitment to cultural authenticity and innovative dining. "Hung+ Dining" will also offer a more diverse selection of nutritious confinement meals. This initiative integrates Hung Fook Tong's signature wellness products, including herbal soups, Chicken, Auricularia Polytricha and Red Dates with Chinese Wine for Supplementing Blood and Qi (補氣血白背木耳紅棗雞煮酒), and Chicken Essence (原味滴雞精) for boosting physical health, creating a comprehensive and scientifically proven meal programme. The product expansion not only strengthens the brand's commitment to holistic wellness, but also deepens its presence in the maternal health and confinement meal segment.

Other initiatives that the Group will undertake include reinforcing the exposure of tailor-made and standard ginger gift cards to boost sales of the ginger category. To generate excitement in the market, it will launch thematic promotions for hero products with strong consumer appeal. The Group also plans to introduce new products during key festival seasons to align with heightened demand and seasonal preferences. To further expand its reach, the Group will roll out strategic campaigns targeting Mainland Chinese customers, particularly during peak travel periods such as Golden Week in October. These efforts will leverage the Xiaohongshu e-commerce platform to strengthen cross-border engagement and drive conversion among high-potential consumer segments.

On the membership front, the Group will introduce a new recruitment drive to enlarge the JIKA CLUB membership base. In addition, a series of collaborative products featuring popular cartoon characters will be launched, strategically curated to appeal to the younger demographics and niche fan communities.

Wholesale

To invigorate the Hung Fook Tong brand in the Hong Kong wholesale market, the Group will further diversify its product offerings. This will involve expanding the herbal bottled drinks range with a younger demographic in mind. Concurrently, the Group will enhance promotional efforts to broaden its reach and foster deeper engagement with this customer segment.

New product categories will also be explored, such as flavourful and convenient ready-to-eat wellness meals that can satisfy the evolving needs of a broad spectrum of customers. Collaborations and co-branding are other efforts that the Group will pursue; hence, it will engage with well-known partners across various industries, including Mr. Juicy, to launch a greater variety of joint offerings and collaborative campaigns. Through these initiatives, the Group can cater for young working professionals by providing healthy, convenient, and delicious wellness beverages via expanded distribution channels.

In Mainland China, the Group plans to participate in more exhibitions to increase brand visibility. It will also focus on launching additional sugar-free products and homemade soups to diversify revenue streams. These offerings align with growing consumer demand for healthier, functional food and beverage options.

Moreover, the Group will strengthen collaboration with influencers across various media platforms. By partnering with content creators from diverse backgrounds, the Group aims to reinforce its presence in the social media space, intensify promotional efforts, and ultimately capture the attention of younger consumer segments.

As for other markets, the Group will encourage close communication with distributors in the United Kingdom, Thailand, Indonesia and Japan, to explore more business opportunities and bolster Hung Fook Tong's brand presence.

CONCLUSION

Going forward, Hung Fook Tong will further sharpen its competitive edges by capitalising on its in-depth understanding of consumer needs, expanding into new markets and upholding the highest quality standards. With its resilient operations and proven adaptability, the Group is poised to unlock new growth opportunities and deliver sustainable long-term value to stakeholders as market recovers.

FINANCIAL REVIEW

Revenue

In 1H2025, continued northbound and overseas travel, along with shifting spending habits of visitors and locals, adversely impacted our business performance. The Group's revenue amounted to HK$292.3 million, representing a decrease of 5.1% from HK$308.0 million in 1H2024. Revenue from Hong Kong retail operations declined to HK$226.5 million, representing a decrease of 4.2% from HK$236.3 million in 1H2024. Meanwhile, revenue from wholesale business also decreased to HK$65.8 million, representing a decrease of 8.2% from HK$71.7 million in 1H2024.

Cost of Sales

In 1H2025, the Group's cost of sales amounted to HK$115.2 million, representing a decrease of 8.9% from HK$126.5 million in 1H2024. As a percentage of revenue, cost of sales represented 39.4% and 41.1% in 1H2025 and 1H2024 respectively.

Gross Profit and Gross Profit Margin

In 1H2025, the Group's gross profit amounted to HK$177.1 million, representing a decrease of 2.4% from HK$181.5 million in 1H2024. The Group's gross profit margin increased by 1.7 percentage points to 60.6% as compared to 58.9% in 1H2024. This improvement in gross profit margin was achieved through the consolidation of our manufacturing capacity in both Hong Kong and Mainland China and the optimization of sales mix.

Staff Costs

In 1H2025, the Group's staff costs amounted to HK$90.8 million, representing a decrease of 3.1% from HK$93.7 million in 1H2024. The staff costs-to-revenue ratio is 31.1% as compared to 30.4% in 1H2024.

Rental Expenses

In 1H2025, rental expenses in relation to the Group's retail shops in Hong Kong (being the aggregate of lease rental in respect of retail outlets, depreciation of right-of-use assets for shop properties and the interest expense arisen from lease liabilities) amounted to HK$47.2 million, representing a decrease of 7.0% from HK$50.8 million in 1H2024 arising from closure of underperforming shops. Rental expenses-to-revenue ratio for the Hong Kong retail shops is 20.8% as compared to 21.5% in 1H2024.

Advertising and Promotion Expenses

In 1H2025, the Group's advertising and promotion expenses amounted to HK$5.6 million, representing an increase of 0.1% from HK$5.6 million in 1H2024. The advertising and promotion-to-revenue ratio is 1.9% as compared to 1.8% in 1H2024.

Depreciation

In 1H2025, the depreciation of property, plant and equipment of the Group amounted to HK$14.3 million, representing a decrease of 15.4% from HK$16.9 million in 1H2024. The depreciation-to-revenue ratio is 4.9% as compared to 5.5% in 1H2024.

Loss Attributable to Owners of the Company

For the six-month period ended 30 June 2025, loss attributable to owners was HK$10.9 million, as compared to HK$7.9 million in 1H2024. In addition to the reasons as mentioned above, the increase was mainly due to one-off expenses of approximately HK$2.1 million, arising from additional sewage charges for the prior years, recognized during 1H2025. This was also due to the minority shareholders of the Company's non-wholly owned subsidiaries absorbed a larger share of the losses from certain retail shops in 1H2024 compared to 1H2025.

Loss per share attributable to owners amounted to HK1.66 cents for the six-month period ended 30 June 2025, as compared to HK1.21 cents in the corresponding period of the prior year.

Capital Expenditure

Capital expenditure incurred during 1H2025 amounted to HK$6.8 million (1H2024: HK$5.8 million), primarily for the opening of new shops, revamping of existing retail shops and acquiring computer equipment in retail shops.

Liquidity and Financial Resources Review

As at 30 June 2025, the Group had bank deposits and cash balance amounted to HK$117.0 million (31 December 2024: HK$110.2 million).

As at 30 June 2025, the gearing ratio of the Group was 0.63 (31 December 2024: 0.66), which was calculated based on total debts including bank borrowings and lease liabilities divided by equity attributable to owners of the Company.

As at 30 June 2025, the Group had total banking facilities of HK$122.5 million (31 December 2024: HK$122.5 million) of which HK$39.1 million (31 December 2024: HK$40.2 million) had been utilised.

As at 30 June 2025, the Group's current liabilities exceeded its current assets by HK$123.7 million (31 December 2024: HK$128.7 million). Included in current liabilities are receipts in advance relating to sales of prepaid coupons and credits to customers in Hong Kong of HK$161.6 million (31 December 2024: HK$162.6 million) which will reduce gradually over time through redemption by customers and are not expected to be settled by cash under normal business circumstances. Excluding the aforementioned receipts in advance, the Group would have net current assets of HK$37.9 million (31 December 2024: HK$33.9 million) and current ratio of 1.19 (31 December 2024: 1.17).

The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable it to continue its business in a manner consistent with its short-term and long-term financial strategies.

Material Acquisitions, Disposals and Significant Investments

There were no material acquisitions, disposals and significant investments during the six months ended 30 June 2025.

Foreign Currency Risk

The Group operates mainly in Hong Kong and Mainland China and conducts its business primarily in Hong Kong dollars and Renminbi ("**RMB**"). We are exposed to foreign exchange risk arising primarily with respect to RMB. The Group will continue to take proactive measures and monitor closely of its exposure to such currency movement.

Contingent Liabilities

Taclon Industries Limited, a wholly-owned subsidiary of the Company, has several pending litigations and claims with its former employees which the directors do not consider an outflow of resources to be probable.

Human Resources

As at 30 June 2025, the Group employed approximately 831 employees. Remuneration was based on market price, individual qualification and experience, and there was discretionary bonus based on years of service and performance appraisal.

During the six months ended 30 June 2025, various training activities, such as orientation on retail shop and back office operations, customer services and sales skills, product knowledge and retail operations, have been conducted to improve the quality of frontline services, as well as enhance customer experience and to ensure the smooth and effective operation of the Point-of-Sales ("**POS**") system. A supervisor trainee program was also implemented to attract production talents, enhancing the leadership skills of the participants including their professional and managerial techniques as well as their knowledge in machinery monitoring and production processes.

OTHER INFORMATION

Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

Corporate Governance Code

The Company has complied with the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 June 2025.

Model Code of Securities Transactions by Directors

The Company has adopted a code of conduct (the "**Code of Conduct**") based on the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "**Model Code**"). For the six months ended 30 June 2025, all of the Directors confirmed that they have complied with the required standards set out in the Model Code and the Code of Conduct.

Audit Committee

The Company has established an audit committee ("**Audit Committee**") which currently consists of all three independent non-executive Directors of the Company with written terms of reference which deal clearly with its authority and duties. Amongst the Audit Committee's principal duties is to review and supervise the Company's financial reporting process, risk management and internal control systems of the Group, including the review of the unaudited interim financial information for the six months ended 30 June 2025.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2025 have been reviewed by the external auditor, PricewaterhouseCoopers, 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 Accountants.

Purchase, Sale or Redemption of Listed Securities

For the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Publication of Interim Report

The 2025 interim report of the Company containing all the information required by the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.hungfooktongholdings.com) in due course.

On behalf of the Board of
Hung Fook Tong Group Holdings Limited
Tse Po Tat
Chairman and Executive Director

Hong Kong, 28 August 2025

As at the date of this announcement, the Board comprises Mr. Tse Po Tat, Dr. Szeto Wing Fu and Ms. Wong Pui Chu as executive Directors, and Prof. Sin Yat Ming, Mr. Andrew Look and Mr. Yeung Chu Kwong as independent non-executive Directors.