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## LABIXIAOXIN SNACKS GROUP LIMITED

蠟筆小新休閒食品集團有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1262)**

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

### FINANCIAL HIGHLIGHTS

	<b>Unaudited</b>		
	<b>Six months ended 30 June</b>		
	<b>2025</b>	<b>2024</b>	<b>+ / (-)</b>
	<b>RMB' million</b>	<b>RMB' million</b>	
<b>Key income statement items</b>			
Revenue	<b>516.0</b>	493.8	+4.5%
Gross profit	<b>131.5</b>	135.6	-3.0%
EBITDA/(LBITDA) <sup>(1)</sup>	<b>28.6</b>	(11.1)	N/A
Profit/(loss) for the period	<b>2.5</b>	(43.6)	N/A
<b>Key performance indicators</b>			
Gross profit margin	<b>25.5%</b>	27.5%	-2.0%pts
EBITDA/(LBITDA) margin	<b>5.5%</b>	(2.2%)	+7.7%pts
Net profit/(loss) margin	<b>0.5%</b>	(8.8%)	+9.3%pts
Return on equity (LTM) <sup>(2)</sup>	<b>1.2%</b>	(21.7%)	+22.9%pts
Earning/(loss) per share			
– Basic	<b>RMB0.01</b>	(RMB0.33)	N/A
– Diluted	<b>RMB0.01</b>	(RMB0.33)	N/A
<i>Notes:</i>			
1.	EBITDA/(LBITDA) refers to profit/(loss) before interests, income tax, depreciation, amortization and allowance for expected credit losses.		
2.	Return on equity is calculated using profit/(loss) for the last six months divided by average of monthly ending equity balance for the relevant period.		

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

## **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2025*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	5	<b>515,996</b>	493,797
Cost of sales		<b>(384,462)</b>	(358,217)
Gross profit		<b>131,534</b>	135,580
Other income	6	<b>3,984</b>	4,831
Other gain, net	7	<b>78</b>	162
Allowance for expected credit losses, net		<b>(1,143)</b>	(6,911)
Selling and distribution expenses		<b>(71,104)</b>	(120,635)
Administrative expenses		<b>(51,234)</b>	(46,300)
Operating profit/(loss)		<b>12,115</b>	(33,273)
Finance income		<b>41</b>	129
Finance costs		<b>(8,659)</b>	(10,501)
Finance costs, net	8	<b>(8,618)</b>	(10,372)
Profit/(loss) before taxation	9	<b>3,497</b>	(43,645)
Taxation	10	<b>(973)</b>	–
Profit/(loss) and total comprehensive profit/(loss) for the period		<b>2,524</b>	(43,645)
Profit/(loss) per share attributable to equity holders of the Company ( <i>RMB per share</i> )	11		
– Basic		<b>0.01</b>	(0.33)
– Diluted		<b>0.01</b>	(0.33)

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

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 June</b>	<b>31 December</b>
	<i>Note</i>	<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets		<b>83,076</b>	84,316
Property, plant and equipment		<b>237,546</b>	237,420
Deposits for property, plant and equipment		<b>32,259</b>	33,098
		<b>352,881</b>	354,834
<b>Current assets</b>			
Inventories		<b>102,732</b>	91,748
Trade receivables	13	<b>162,728</b>	165,489
Prepayments and other receivables		<b>171,308</b>	129,269
Cash and bank balances		<b>47,481</b>	52,501
		<b>484,249</b>	439,007
<b>Total assets</b>		<b>837,130</b>	793,841
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		<b>1,546</b>	1,546
Reserves		<b>215,497</b>	212,973
<b>Total equity</b>		<b>217,043</b>	214,519

		Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Deferred tax liabilities		<u>15,846</u>	<u>15,846</u>
		<u>15,846</u>	<u>15,846</u>
<b>Current liabilities</b>			
Trade and other payables	14	145,178	107,076
Bank borrowings	15	458,090	456,400
Tax payable		<u>973</u>	<u>—</u>
		<u>604,241</u>	<u>563,476</u>
<b>Total liabilities</b>		<u>620,087</u>	<u>579,322</u>
<b>Total equity and liabilities</b>		<u>837,130</u>	<u>793,841</u>
<b>Net current liabilities</b>		<u>(119,992)</u>	<u>(124,469)</u>
<b>Total assets less current liabilities</b>		<u>232,889</u>	<u>230,365</u>

## **NOTES:**

### **1 General Information**

Labixiaoxin Snacks Group Limited (the “Company”) was incorporated in Bermuda on 4 May 2004 and domiciled in Bermuda. The Company’s immediate and ultimate holding company is Alliance Food and Beverages (Holding) Company Limited (“Alliance Holding”), a company incorporated in the British Virgin Islands (“BVI”). The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Wuli Industrial Area, Jinjiang, Fujian, the People’s Republic of China (“PRC”) (中國福建省晉江市五里工業園區).

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are manufacturing and sale of jelly products, confectionery products, beverages products and other snacks products. The Company’s shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. The condensed consolidated interim financial information has not been audited.

### **2 Basis of Preparation**

The condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Group recorded a net profit of approximately RMB2,524,000 (six months ended 30 June 2024: net loss of approximately RMB43,645,000) for the six months ended 30 June 2025. As at 30 June 2025, the Group’s current liabilities exceeded its current assets by approximately RMB119,992,000 (as at 31 December 2024: approximately RMB124,469,000). The directors of the Company have reviewed the Group’s cash flow projections prepared by management. The cash flow projections cover a period of twelve months from 30 June 2025. They are of the opinion that, taking into account the plans and measures as stated below, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2025. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

Notwithstanding the above results, the condensed consolidated interim financial information have been prepared on a going concern basis, the validity of which is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements. Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

**(1) Bank borrowings**

The Group had bank borrowings of approximately RMB458,090,000 as at 30 June 2025, of which approximately RMB300,120,000 is repayable within one year. The remaining bank borrowings, amounting to approximately RMB157,970,000 were classified as current liabilities due to the existence of a repayment on demand clause in the loan agreements. The directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

**(2) Financial support from substantial shareholder**

Mr. Zheng Yu Long, the substantial shareholder of the Company who has already provided the unutilised loan facility of RMB60,000,000 to the Group as at 30 June 2025, has to continuously provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from the date of this announcement.

**(3) Alternative sources of external funding**

The Group will take steps to obtain external funding in order to improve the working capital and liquidity and cash flow position of the Group.

**(4) Cost control measurements**

The Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations.

**(5) Business reorganisation**

The Group may consider the disposal of non-core business and/or financial assets if required.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. The effect of these adjustments has not been reflected in the condensed consolidated interim financial information.

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2024.

### **3 Changes in Accounting Policies**

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following new and revised IFRSs for the first time for the current period's financial information.

#### ***Application of amendments to IFRS Accounting Standards***

In the reporting period, the Group has applied the following new and amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group's condensed consolidated interim financial information:

Amendments to IAS 21	Lack of Exchangeability
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The nature and impact of the amended IFRS Accounting Standard are described below:

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

The application of the amendments in the current period had no material impact on the condensed consolidated interim financial information and the annual consolidated financial statements for the year ending 31 December 2025.

#### **4 Financial Risk Management**

The Group's activities expose it to market risks (including currency risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2024.

There have been no material changes in the risk management department since year end or in any risk management policies since the year end.

#### **5 Segment Information**

The Group is principally engaged in the manufacturing and sale of jelly products, confectionary products, beverages products and other snacks products.

The chief operating decision-maker (the "CODM") has been identified as the executive directors of the Company. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business by products and assesses the performance of the following operating segments:

- i. Jelly products
- ii. Confectionary products
- iii. Beverages products
- iv. Other snacks products



The CODM assesses the performance of the operating segments based on measure of segment results without allocation of corporate income (included the other income and other gain) and corporate expenses including the administrative expense and other loss. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements. The Company's executive directors make decisions based on the operating results of each segment and review reports on the ageing analysis of trade receivables and expected usage of inventories of the Group as a whole. No information of segment assets and liabilities is reviewed by the Company's executive directors for the assessment of performance of operating segments. Therefore, only the segment revenue and segment results are presented.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated statement of profit or loss and other comprehensive income.

### ***Geographical information***

No geographical information has been presented as all of the Group's operating activities are carried out in the PRC.

As at 30 June 2025 and 31 December 2024, majority of the Group's assets, liabilities and capital expenditure were located or utilised in the PRC.

### ***Information about major customers***

Revenue from customers which individually contributed over 10% of the Group's revenue for the six months ended 30 June 2025 and 2024 is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Customer A	<b>80,679</b>	<b>70,653</b>

***Segment revenue and results***

	Unaudited				
	Six months ended 30 June 2025				
	Jelly products <i>RMB'000</i>	Confectionary products <i>RMB'000</i>	Beverages products <i>RMB'000</i>	Other snacks products <i>RMB'000</i>	Reportable segments total <i>RMB'000</i>
<b>Revenue</b>					
Sales to external customers	470,686	25,676	1,112	18,522	515,996
Cost of sales	<u>(348,643)</u>	<u>(20,582)</u>	<u>(1,578)</u>	<u>(13,659)</u>	<u>(384,462)</u>
Gross profit/(loss)	<u>122,043</u>	<u>5,094</u>	<u>(466)</u>	<u>4,863</u>	<u>131,534</u>
<b>Results of reportable segments</b>	<u>56,057</u>	<u>2,213</u>	<u>(622)</u>	<u>2,782</u>	<u>60,430</u>

*Note:* For sales to external customer, the revenue is recognized at a point in time. All revenue contracts are for period of one year or less. As permitted by practical expedient under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

A reconciliation of results of reportable segments to profit for the period is as follows:

Unaudited Six months ended 30 June 2025					
Jelly products <i>RMB'000</i>	Confectionary products <i>RMB'000</i>	Beverages products <i>RMB'000</i>	Other snacks products <i>RMB'000</i>	Reportable segments total <i>RMB'000</i>	
<b>Results of reportable segments</b>					<b>60,430</b>
Corporate income					<b>4,062</b>
Corporate expenses					<b>(52,377)</b>
<b>Operating profit</b>					<b>12,115</b>
Finance income					<b>41</b>
Finance costs					<b>(8,659)</b>
<b>Profit before taxation</b>					<b>3,497</b>
Taxation					<b>(973)</b>
<b>Profit for the period</b>					<b>2,524</b>
Amounts included in the measure of segment profit or loss:					
Capital expenditure	<b>12,172</b>	<b>–</b>	<b>1,222</b>	<b>–</b>	<b>13,394</b>
Depreciation of right-of-use assets	<b>772</b>	<b>–</b>	<b>468</b>	<b>–</b>	<b>1,240</b>
Depreciation of property, plant and equipment	<b>13,929</b>	<b>–</b>	<b>33</b>	<b>144</b>	<b>14,106</b>
Allowance for expected credit losses on trade receivables	<b>1,043</b>	<b>57</b>	<b>2</b>	<b>41</b>	<b>1,143</b>

	Unaudited				
	Six months ended 30 June 2024				
	Jelly	Confectionary	Beverages	Other	Reportable
	products	products	products	snacks	segments
	products	products	products	products	total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>					
Sales to external customers	429,157	56,183	1,860	6,597	493,797
Cost of sales	<u>(309,758)</u>	<u>(41,570)</u>	<u>(1,623)</u>	<u>(5,266)</u>	<u>(358,217)</u>
Gross profit	<u>119,399</u>	<u>14,613</u>	<u>237</u>	<u>1,331</u>	<u>135,580</u>
<b>Results of reportable segments</b>	<u>13,604</u>	<u>1,693</u>	<u>(200)</u>	<u>(152)</u>	<u>14,945</u>

*Note:* For sales to external customer, the revenue is recognized at a point in time. All revenue contracts are for period of one year or less. As permitted by practical expedient under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

A reconciliation of results of reportable segments to loss for the period is as follows:

	Unaudited				
	Six months ended 30 June 2024				
	Jelly products <i>RMB'000</i>	Confectionary products <i>RMB'000</i>	Beverages products <i>RMB'000</i>	Other snacks products <i>RMB'000</i>	Reportable segments total <i>RMB'000</i>
<b>Results of reportable segments</b>					14,945
Corporate income					4,993
Corporate expenses					<u>(53,211)</u>
<b>Operating loss</b>					(33,273)
Finance income					129
Finance costs					<u>(10,501)</u>
<b>Loss before taxation</b>					(43,645)
Taxation					<u>–</u>
<b>Loss for the period</b>					<u><u>(43,645)</u></u>
Amounts included in the measure of segment profit or loss:					
Capital expenditure	<u>20,197</u>	<u>–</u>	<u>4,403</u>	<u>–</u>	<u>24,600</u>
Depreciation of right-of-use assets	<u>772</u>	<u>–</u>	<u>468</u>	<u>–</u>	<u>1,240</u>
Depreciation of property, plant and equipment	<u>13,846</u>	<u>–</u>	<u>42</u>	<u>98</u>	<u>13,986</u>
Allowance for expected credit losses on trade receivables	<u>6,007</u>	<u>786</u>	<u>26</u>	<u>92</u>	<u>6,911</u>

**6 Other Income**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Rental income	<b>1,291</b>	1,825
Government subsidy	<b>835</b>	105
Sundry income	<b>2,418</b>	2,994
Loss on sale of scrap materials	<b>(560)</b>	(93)
	<b><u>3,984</u></b>	<b><u>4,831</u></b>

**7 Other Gain, Net**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Net exchange gain	<b><u>78</u></b>	<u>162</u>
	<b><u>78</u></b>	<b><u>162</u></b>

## 8 Finance Costs, Net

	Unaudited	
	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Finance costs:</b>		
Interest expenses on bank borrowings	(8,638)	(10,140)
Interest expenses on loan from a director	(21)	(361)
Total finance costs	(8,659)	(10,501)
<b>Finance income:</b>		
Interest income on bank deposits	41	129
Total finance income	41	129
<b>Finance costs, net</b>	<b>(8,618)</b>	<b>(10,372)</b>

## 9 Profit/(Loss) Before Taxation

Profit/(loss) before taxation is arrived at after charging the following:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventory sold	306,411	295,322
Advertising and promotion expenses	27,873	59,510
Freight and transportation expenses	18,282	18,851
Staff cost (including directors' remunerations)		
– Salaries and bonuses	55,997	60,071
– Employer's contribution to defined contribution plans	4,045	3,353
Subcontracting expenses	27,413	18,844
Depreciation of property, plant and equipment	14,106	13,986
Depreciation of right-of-use assets	1,240	1,240
Allowance for expected credit losses, net	1,143	6,911

## 10 Taxation

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current income tax – PRC Enterprise Income Tax	<b>973</b>	–
Deferred tax, net	<u>–</u>	<u>–</u>
	<b><u>973</u></b>	<b><u>–</u></b>

### ***Hong Kong Profits Tax, Bermuda and BVI income tax***

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision of Hong Kong Profits Tax, Bermuda and BVI Income Tax has been made, as the Group did not generate any assessable profits in these jurisdictions during the six months ended 30 June 2025 and 2024.

### ***PRC Enterprise Income Tax***

PRC Enterprise Income Tax has been provided at rate of 25% (2024: 25%) on taxable profit of the Group's PRC subsidiaries during the six months ended 30 June 2025.



## 11 Earning/(loss) per Share

### (a) *Basic earning/(loss) per share*

Basic earning/(loss) per share is calculated by dividing the net profit/(loss) attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the period.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
Net profit/(loss) attributable to the equity holders of Company ( <i>RMB'000</i> )	<b><u>2,524</u></b>	<b><u>(43,645)</u></b>
Weighted average number of ordinary shares in issue for basic earning/(loss) per share ( <i>'000</i> )	<b><u>218,416</u></b>	<b><u>132,898</u></b>
Basic earning/(loss) per share ( <i>RMB per share</i> )	<b><u>0.01</u></b>	<b><u>(0.33)</u></b>

### (b) *Diluted earning/(loss) per share*

There were no potential ordinary shares in issue for both the six months ended 30 June 2025 and 2024. Therefore, the diluted earning/(loss) per share of the Company is the same as the basic earning/(loss) per share.

## 12 Dividends

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (2024: Nil).

### 13 Trade Receivables

	Unaudited 30 June 2025 <i>RMB'000</i>	Audited 31 December 2024 <i>RMB'000</i>
Trade receivables	218,754	220,372
Less: Allowance for expected credit losses	<u>(56,026)</u>	<u>(54,883)</u>
	<b><u>162,728</u></b>	<b><u>165,489</u></b>

For the six months ended 30 June 2025, the Group's revenue are generally on credit term of 180 days (For the six months ended 30 June 2024: 180 days). As at 30 June 2025, the ageing analysis of trade receivables, based on pass due, and net of allowance for credit losses, is as follows:

	Unaudited 30 June 2025 <i>RMB'000</i>	Audited 31 December 2024 <i>RMB'000</i>
Less than 30 days	156,605	155,418
31 days – 90 days	3,752	6,410
91 days – 180 days	<u>2,371</u>	<u>3,661</u>
	<b><u>162,728</u></b>	<b><u>165,489</u></b>

Included in the above allowance for expected credit losses on trade receivables is approximately RMB56,026,000 (As at 31 December 2024: approximately RMB54,883,000). The individually impaired trade receivable relates to consumers that were in default or delinquency in payments and only a portion of the receivables is expected to be recovered.

## 14 Trade and Other Payables

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Trade payables	69,321	39,560
Bills payable ( <i>Note (i)</i> )	10,000	–
Accrued expenses	17,509	13,751
Directors' fees and emoluments payable	3,520	2,201
Loan from a director ( <i>Note (ii)</i> )	3,853	–
Other payables and sundry creditors ( <i>Note (iii)</i> )	40,975	51,564
	<u>145,178</u>	<u>107,076</u>

### Notes:

- (i) The bills payable were unsecured and with maturity period of within one year.
- (ii) As at 30 June 2025, the Company has drawn down an aggregate amount of approximately RMB3,853,000 (31 December 2024: Nil) from a loan facility of RMB60,000,000 (31 December 2024: RMB70,000,000) entered into with Mr. Zheng Yu Long, an executive director of the Company. The amount is unsecured, repayable within 12 months and bears fixed interest at 2% per annum.
- (iii) As at 30 June 2025, other payables included interest payable of approximately RMB21,000 (31 December 2024: Nil) due to a director.

The credit periods granted by suppliers generally range from 30 to 60 days. As at 30 June 2025, the ageing analysis of trade payables based on invoice date is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Less than 30 days	<b>39,599</b>	28,297
31 days – 90 days	<b>25,912</b>	9,008
Over 90 days	<b>3,810</b>	2,255
	<b>69,321</b>	39,560

## 15 Bank Borrowings

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Secured bank borrowings	<b>458,090</b>	456,400
Unsecured bank borrowings	–	–
Total bank borrowings	<b>458,090</b>	456,400
Carrying amount of bank borrowings wholly repayable:		
On demand or within 1 year	<b>458,090</b>	456,400

## 16 Event After the Reporting Period

There were no significant events that have occurred subsequent to the end of the reporting period.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the six months ended 30 June 2025, the Group recorded revenue of RMB516.0 million, representing an increase of approximately 4.5% as compared with the corresponding period in 2024 mainly due to increase in sales of jelly products and other snacks products by 9.7% and 180.8%, respectively. During the six months ended 30 June 2025, the consumer sentiment in the People's Republic of China (the "PRC") continued to recover from the impact of the Coronavirus Disease 2019 ("COVID-19") outbreak. The Group's sales benefited from the continual recovery of the consumer sentiment in the PRC. In addition, in the past few years, the Group had put immense efforts in expanding its new sales channels ("New Sales Channels") e.g. sales through major snacks convenience stores chains in the PRC ("Snacks Convenience Stores Chains") and e-commerce on major social media platforms e.g. Douyin. The expansion of these New Sales Channels had boosted the sales of our jelly products and other snacks products.

The gross profit margin of the Group decreased slightly from 27.5% in the six months ended 30 June 2024 to 25.5% in the six months ended 30 June 2025 as the profit margin from the sales through the Snacks Convenience Stores Chains are in general lower than the sales through traditional distributors.

For the six months ended 30 June 2025, the Group recorded a net profit of RMB2.5 million (six months ended 30 June 2024: net loss of RMB43.6 million). The reasons for the turnaround from net loss to net profit were mainly attributable to the fact that less advertising and promotion expenses and allowance for expected credit losses were incurred during the six months ended 30 June 2025, as compared to the corresponding period in 2024.

## **Revenue**

Revenue increased by approximately 4.5% to RMB516.0 million in the first half of year 2025 when compared with the same period in year 2024. During the period under review, the Group's sales performance has been positively impacted by the recovery of consumer sentiments of the PRC. In addition, the expansion of the New Sales Channels had also boosted the sales of our jelly products and other snacks products.

## **Jelly products**

Revenue of jelly products increased by approximately 9.7% from RMB429.2 million in the first half of year 2024 to RMB470.7 million in the first half of year 2025 due to the reasons explained above. During the six months ended 30 June 2025, revenue attributable to jelly snacks increased by approximately 14.3% to RMB289.1 million while sales attributable to jelly beverages increased by approximately 3.1% to RMB181.6 million.

## **Confectionary products**

Revenue of confectionary products decreased by approximately 54.3% from RMB56.2 million in the first half of year 2024 to RMB25.7 million in the first half of year 2025. The Group's confectionary products are mainly for Chinese New Year festival. Since the Chinese New Year festival of 2025 was in early February 2025, many of the Group's customers had already purchased the confectionary products in December 2024.

## **Beverages products**

The beverages market in the PRC remained highly competitive and was dominated by several major brands. Revenue of beverages products of the Group decreased by approximately 40.2% to RMB1.1 million in the first half of year 2025 mainly because the Group did not launch new major products in this category in the six months ended 30 June 2025 as the contribution of these products is minimal to the Group.

## **Other snacks products**

Revenue of other snacks products increased by approximately 180.8% to RMB18.5 million, mainly due to strong growth in sales performance through Snacks Convenience Stores Chains and e-commerce channels and the launch of new bean curd products during the period.

## **Cost of Sales and Gross Profit**

Cost of sales increased by approximately 7.3% to RMB384.5 million in the first half of year 2025, mainly attributable to the corresponding increase in sales. The gross profit decreased by approximately 3.0% to RMB131.5 million in the first half of year 2025. The gross profit margin decrease slightly from 27.5% in the first half of year 2024 to 25.5% in the first half of year 2025 mainly due to increase in the proportion of sales through Snacks Convenience Stores Chains which in general have lower gross profit margin.

## **Selling and Distribution Expenses**

Selling and distribution expenses decreased by approximately 41.1% to RMB71.1 million in the first half of year 2025 primarily due to decrease in advertising and promotion expenses incurred during the period as the proportion of sales through Snacks Convenience Stores Chains increases, which in general requires less advertising and promotion activities.

## **Administrative Expenses**

Administrative expenses increased by approximately 10.7% to RMB51.2 million in the first half of year 2025 as compared with the same period in year 2024. This was mainly due to increase in various administrative costs due to inflation.

## **Income Tax Expense**

During the six months ended 30 June 2025, the Group did not have any assessable income in Bermuda, BVI and Hong Kong. The subsidiaries in the PRC are subject to income tax rate of 25% on their taxable profit during the period. The income tax expense during the period under review was primarily due to income tax expenses incurred by a PRC subsidiary.

## **Net Profit/(Loss) for the Period**

For the six months ended 30 June 2025, the Group recorded a net profit of RMB2.5 million (six months ended 30 June 2024: net loss of RMB43.6 million). The reasons for the turnaround from net loss to net profit were mainly attributable to the fact that less advertising and promotion expenses and allowance for expected credit losses were incurred during the six months ended 30 June 2025, as compared to the corresponding period in 2024.

## **FINANCIAL REVIEW**

### **Financial resources and liquidity**

The Group mainly finances its operations and capital expenditures by cash and bank balances, operating cash flows and bank borrowings. As at 30 June 2025, the bank balances and bank deposits amounted to RMB47.5 million which is RMB5.0 million less than the balance as at 31 December 2024. The decrease in bank balances and bank deposits was mainly because the Group has spent RMB13.4 million in investing activities in the first half of year 2025 mainly for the upgrade of production lines of the production plants.

As at 30 June 2025, the Group's gearing ratio (total borrowings divided by total equity) was 212.8% (As at 31 December 2024: 212.8%). The Group maintains sufficient cash and available banking facilities for its working capital requirements and for capitalizing on any potential investment opportunities in the future. The Group will from time to time make prudent financial arrangements and decisions to address changes in the domestic and international financial environment.



## **Cash flow**

The Group recorded net cash inflow from operating activities of RMB11.4 million in the first half of year 2025 (2024: RMB5.0 million). The improvement in operating cash inflow for the period under review was mainly because less advertising and promotion expenses were incurred by the Group during the period under review.

The Group has spent RMB13.4 million in investing activities in the first half of year 2025 mainly for the upgrade of production lines of the production plants. The Group has net cash outflow from financing activities of RMB3.1 million in the first half of year 2025 mainly due to payment of interest expenses for bank borrowings during the period under review.

## **Capital expenditure**

During the six months ended 30 June 2025, the Group incurred RMB13.4 million in capital expenditure mainly for the upgrade of production lines of the production plants.

## **Inventory analysis**

The Group's inventories primarily consist of finished goods of jelly products, confectionary products, beverage products and other snacks products, as well as raw materials and packaging materials. As at 30 June 2025, the balance of inventory has increased by 12.0% from the beginning of the year mainly due to the expected increase in sales to Snacks Convenience Stores Chains.

The inventory turnover days for the first half of year 2025 and year 2024 were 47 days and 45 days, respectively.

## **Trade receivables**

Trade receivables mainly represent the balance due from wholesale distributors and Snacks Convenience Stores Chains. The Group typically sells its products on credit and grant 180 days credit to most of the wholesale distributors and Snacks Convenience Stores Chains. There is no significant change in the balance from the beginning of the year.

The trade receivables turnover days for the first half of year 2025 and year 2024 were 60 days and 93 days, respectively. Subsequent to the period end and up to the date of this announcement, approximately RMB103.0 million of the trade receivables were settled by the wholesale distributors and Snacks Convenience Stores Chains.

## **Trade payables**

Trade payables mainly represent the balances due to the Group's suppliers who generally grant credit terms ranging from 30 days to 60 days to the Group.

Trade payable turnover days for the six months ended 30 June 2025 and 2024 were 39 days and 40 days respectively.

## **Foreign exchange fluctuations**

The Group earns revenue and incurs costs and expenses mainly in Renminbi. The Group is exposed to certain foreign exchange fluctuations arising mainly from the exposure of Renminbi against the Hong Kong dollar and United States dollar. During the six months ended 30 June 2025, the Group did not enter into any forward contracts to hedge the foreign exchange exposures as the Directors considered the financial benefits of such forward contracts might not outweigh their costs. The Company will continue to monitor foreign exchange exposures of the Group to best preserve the Group's cash value.

### **Charges on assets**

As at 30 June 2025, land use rights and buildings of the Group with carrying values of RMB83,076,000 (31 December 2024: RMB84,316,000) and RMB125,508,000 (31 December 2024: RMB134,715,000) respectively, were pledged to banks as securities for banking facilities granted to the Group.

### **Contingent liabilities**

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

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 June 2025, the Group had approximately 920 employees (As at 31 December 2024: approximately 860 employees) and the total remuneration expenses for the six months ended 30 June 2025 amounted to RMB60.0 million. The employees' salaries are reviewed and adjusted annually based on employees' performance and experience. The Group's employee benefits include performance bonus, mandatory provident fund for Hong Kong employees, social insurance packages for the PRC employees and education subsidy to encourage continuous professional development of staff.

The emoluments of the Directors and senior management of the Company are decided by the Board with the recommendation of the remuneration committee of the Company, having regard to the Group's operating results, individual performance and comparable market statistics.

## **SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

There was no significant investments, material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2025. Further, there was no plan authorised by the Board for other material investments or additional capital assets as at the date of this announcement.

## **PROSPECT**

After the COVID-19 pandemic, the consumer sentiment in the PRC and the market demand for the Group's snack products continued to recover. During the six months ended 30 June 2025, the Group's revenue continued to grow steadily. The Directors expected that the steady and healthy recovery of the PRC's economy and our business will continue in the short to medium term. To build a solid foundation for mid-to-long term growth, the Group will continue to (i) take proactive steps in marketing its brand image and products in 2025 and onwards, (ii) launch new snacks products from time to time to offer better choices to the consumers and (iii) expand the New Sales Channels coverage in the PRC. The Directors believe that these measures will bring positive impacts to the Group's financial performance in the long run. While the near-term outlook for the snacks products sector of the PRC remains challenging due to stiff competition in the industry, the country's ongoing economic reforms and the continuous expansion of the middle and upper class population will propel growth in retail consumption in the long run. Therefore, the Directors are cautiously optimistic to the long term development of the Group's business.

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

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

## **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) was established in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with written terms of reference in compliance with the code provisions in Part 2 of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chung Yau Tong (chairman of the Audit Committee), Mr. Li Biao and Mr. So Ching Tung, JP. The Audit Committee has reviewed with the auditor and management the interim results for the six months ended 30 June 2025, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters for the six months ended 30 June 2025.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to promoting stringent corporate governance practices and procedures with a view to safeguarding the interests of the shareholders of the Company (the “Shareholders”) as well as enhancing investor confidence and the Company’s accountability and transparency. The Company sets out its corporate governance practices with reference to Part 2 of the CG Code. During the six months ended 30 June 2025, the Company has complied with all the code provisions set forth under Part 2 of the CG Code and there has been no deviation from the code provisions throughout the six months ended 30 June 2025.

The Company continues to review its corporate governance practices regularly to ensure compliance with the CG Code.

## **MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules and devised its own code of conduct regarding Directors’ dealings in the Company’s securities (the “Company Code”) on terms no less exacting than the Model Code.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code and the Company Code throughout the six months ended 30 June 2025.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “Employees Written Guidelines”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2025.

## **PUBLICATION OF INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.lbxxgroup.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 despatched to shareholders of the Company (if required) and made available for review on the aforesaid websites in due course.

For and on behalf of the Board  
**Labixiaoxin Snacks Group Limited**  
**Zheng Yu Huan**  
*Chairman*

Hong Kong, 29 August 2025

*As at the date of this announcement, the directors of the Company are Zheng Yu Long, Zheng Yu Shuang, Zheng Yu Huan and Wu Qiongyao as executive directors of the Company, Li Hung Kong as non-executive director of the Company and Li Biao, Chung Yau Tong and So Ching Tung, JP as independent non-executive directors of the Company.*

*This announcement is available for viewing on the website of the Company at [www.lbxxgroup.com](http://www.lbxxgroup.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*