



HUISHENG INTERNATIONAL HOLDINGS LIMITED

惠生國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1340



Interim Report **2025**

The board (the “**Board**”) of directors (the “**Directors**”) of Huisheng International Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 with the unaudited comparative figures for the corresponding period in 2024. These condensed consolidated interim financial statements have not been audited but have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	3	7,386	31,817
Cost of sales		(7,040)	(33,650)
Gross profit/(loss)		346	(1,833)
Other income	3	1,803	3,506
Net (loss)/gain arising from change in fair value of financial assets at fair value through profit or loss		(624)	282
Allowance for expected credit losses, net		(3,254)	(3,142)
Selling and distribution expenses		(23)	(23)
Administrative expenses		(4,816)	(7,389)
Finance costs	4	(5)	–
Loss before taxation		(6,573)	(8,599)
Taxation	5	–	–
Loss for the period	6	(6,573)	(8,599)

		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive (expense)/income for the period:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(1,544)	833
Other comprehensive (expense)/income for the period, net of income tax		(1,544)	833
Total comprehensive expense for the period		(8,117)	(7,766)
Loss for the period attributable to:			
Owners of the Company		(6,667)	(8,551)
Non-controlling interests		94	(48)
		(6,573)	(8,599)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(6,802)	(8,490)
Non-controlling interests		(1,315)	724
		(8,117)	(7,766)
Loss per share attributable to owners of the Company			
	7		
Basic and diluted (RMB cents per share)		(0.72)	(0.97)

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	9	38,186	40,197
Right-of-use assets	9	8,603	8,723
Financial assets at fair value through other comprehensive income		1,150	1,150
		47,939	50,070
Current assets			
Financial assets at fair value through profit or loss	10	4,617	5,379
Trade receivables	11	10,191	13,016
Loan receivables	12	–	–
Prepayments, deposits and other receivables	12	80,499	1,473
Bank balances and cash		315,982	397,768
		411,289	417,636
Current liabilities			
Trade payables	13	9,878	12,383
Accruals and other payables		63,498	61,341
Deferred revenue		25	25
Lease liabilities		2	2
		73,403	73,751

		As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
	Notes		
Net current assets		337,886	343,885
Total assets less current liabilities		385,825	393,955
Non-current liabilities			
Lease liabilities		98	99
Deferred revenue		140	152
		238	251
Net assets		385,587	393,704
Equity			
Share capital	14	7,698	7,698
Reserves		382,540	389,342
Equity attributable to owners of the Company		390,238	397,040
Non-controlling interests		(4,651)	(3,336)
Total equity		385,587	393,704

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

Equity attributable to owners of the Company											
	Share capital	Share premium	Exchange reserve	Statutory surplus reserve	Other reserve	Revaluation reserve	Share option reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024 (Audited)	7,308	445,247	4,214	43,233	16,329	2,416	900	(98,759)	420,888	(4,200)	416,688
Loss for the period	-	-	-	-	-	-	-	(8,551)	(8,551)	(48)	(8,599)
Other comprehensive income for the period	-	-	61	-	-	-	-	-	61	772	833
Total comprehensive expense for the period	-	-	61	-	-	-	-	(8,551)	(8,490)	724	(7,766)
Issue of shares	390	1,674	-	-	-	-	-	-	2,064	-	2,064
As at 30 June 2024 (Unaudited)	7,698	446,921	4,275	43,233	16,329	2,416	900	(107,310)	414,462	(3,476)	410,986
As at 1 January 2025 (Audited)	7,698	446,928	4,065	43,233	16,329	-	(350)	(120,863)	397,040	(3,336)	393,704
Loss for the period	-	-	-	-	-	-	-	(6,667)	(6,667)	94	(6,573)
Other comprehensive expense for the period	-	-	(135)	-	-	-	-	-	(135)	(1,409)	(1,544)
Total comprehensive expense for the period	-	-	(135)	-	-	-	-	(6,667)	(6,802)	(1,315)	(8,117)
As at 30 June 2025 (Unaudited)	7,698	446,928	3,930	43,233	16,329	-	(350)	(127,530)	390,238	(4,651)	385,587

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(81,572)	1,867
Investing activities		
Purchase of property, plant and equipment	–	(50)
Interest received	196	575
Net cash generated from investing activities	196	525
Net (decrease)/increase in cash and cash equivalents	(81,376)	2,392
Cash and cash equivalents at the beginning of the period	397,768	389,836
Effect of foreign exchange rate changes, net	(410)	115
Cash and cash equivalents at the end of the period	315,982	392,343

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). They have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period. The condensed consolidated interim financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and method of computation used in preparing the condensed consolidated interim financial statements for the six months ended 30 June 2025 are consistent with those used in the annual financial statements for the year ended 31 December 2024 except as described below.

The preparation of the condensed consolidated interim financial statements 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 expenses. Actual results may differ from these estimates.

Other than the changes in accounting policies resulting from application of new HKFRS Accounting Standards, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

Application of new and amendments to HKFRS Accounting Standards

The accounting policies used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024, except for the impact of the adoption of the new and revised HKASs, HKFRS Accounting Standards, amendments and interpretations described below.

Amendments to HKFRS Accounting Standards adopted by the Group

In the current interim period, the Group has adopted the following amendments to HKFRS Accounting Standards as issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2025 for the preparation of the Group's condensed consolidated interim financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

2. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("CODMs"), being the executive director of the Company, in order to allocate resources to segments and to assess their performance.

The Group is principally engaged in slaughtering and trading of pork products and pipe system products.

The two reportable segments of the Group under HKFRS 8 are as follows:

- (a) Slaughtering and trading of pork products – slaughtering and trading of pork products
- (b) Pipe system products – provision of technical advisory services on the design, application, implementation and installation, and selling and distributing of pipe system products

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Slaughtering and trading of pork products RMB'000 (Unaudited)	Pipe system products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended 30 June 2025			
Segment revenue	7,386	–	7,386
Segment results	(4,026)	–	(4,026)
Net loss arising from change in fair value of financial assets at fair value through profit or loss			(624)
Unallocated corporate income			–*
Unallocated corporate expenses			(1,918)
Finance costs			(5)
Loss before taxation			(6,573)

* The amount represents less than RMB1,000.

2. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	Slaughtering and trading of pork products RMB'000 (Unaudited)	Pipe system products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended 30 June 2024			
Segment revenue	31,817	–	31,817
Segment results	(4,545)	(1)	(4,546)
Net gain arising from change in fair value of financial assets at fair value through profit or loss			282
Allowance for expected credit losses, net			(160)
Unallocated corporate income			159
Unallocated corporate expenses			(4,334)
Loss before taxation			(8,599)

Segment results represent the profit earned by or loss from each segment without allocation of net (loss)/gain arising from change in fair value of financial assets at fair value through profit or loss, allowance for expected credit losses, net, unallocated corporate income, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

2. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	Slaughtering and trading of pork products RMB'000 (Unaudited)	Pipe system products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 30 June 2025			
Segment assets	453,161	203	453,364
Segment liabilities	(38,328)	(13,669)	(51,997)
	Slaughtering and trading of pork products RMB'000 (Audited)	Pipe system products RMB'000 (Audited)	Total RMB'000 (Audited)
At 31 December 2024			
Segment assets	460,568	173	460,741
Segment liabilities	(41,703)	(11,671)	(53,374)

2. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

Reconciliation of reportable segments' assets and liabilities:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Assets		
Total assets of reportable segments	453,364	460,741
Unallocated and other corporate assets:		
Financial assets at fair value through profit or loss	4,617	5,379
Prepayments, deposits and other receivables	986	1,154
Bank balances and cash	261	432
Consolidated total assets	459,228	467,706
Liabilities		
Total liabilities of reportable segments	51,997	53,374
Unallocated and other corporate liabilities:		
Accruals and other payables	21,644	20,628
Consolidated total liabilities	73,641	74,002

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated and other corporate assets (mainly comprising financial assets at fair value through profit or loss, prepayments, deposits and other receivables and bank balances and cash); and
- all liabilities are allocated to operating segments other than unallocated and other corporate liabilities (mainly comprising accruals and other payables).

2. SEGMENT INFORMATION (CONTINUED)

Information about geographical areas

During the reporting period, the Group was mainly operating in the People's Republic of China (the "PRC") (six months ended 30 June 2024: the PRC). The Group's revenue from external customers based on the location of the operation by geographical location is presented below.

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue		
– The PRC	7,386	31,817

Information about major customers

For the six months ended 30 June 2025, revenue generated from one customer which has individually accounted for over 10% of the Group's total revenue (six months ended 30 June 2024: seven).

Revenue from major customers, which contributed to 10% or more of the Group's revenue is set out below:

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Customer A from slaughtering and trading of pork products (<i>note</i>)	6,642	N/A
Customer B from slaughtering and trading of pork products (<i>note</i>)	N/A	3,808
Customer C from slaughtering and trading of pork products (<i>note</i>)	N/A	3,900
Customer D from slaughtering and trading of pork products (<i>note</i>)	N/A	3,760
Customer E from slaughtering and trading of pork products (<i>note</i>)	N/A	3,874
Customer F from slaughtering and trading of pork products (<i>note</i>)	N/A	5,169
Customer G from slaughtering and trading of pork products (<i>note</i>)	N/A	5,393
Customer H from slaughtering and trading of pork products (<i>note</i>)	N/A	3,955

Note:

The corresponding revenue did not contribute over 10% of the total revenue of the Group.

3. REVENUE AND OTHER INCOME

The reconciliation of revenue from contracts with customers for the reporting period is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
<i>Recognition at a point in time</i>		
Sale of pork products	7,386	31,817

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income on:		
Bank deposits	196	575
Loan receivables	–	159
Amortisation of deferred revenue	12	12
Total interest income	208	746
Dividend income from equity investment	105	1,261
Rental income	1,486	1,486
Sundry income	4	13
	1,803	3,506

4. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on:		
– Lease liabilities	5	–

5. TAXATION

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current tax – Japan		
Charge for the period	–	–
Current tax – PRC		
Charge for the period	–	–
Under provision in prior years	–	–
Income tax charge	–	–

Hong Kong

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.

PRC

The PRC Enterprise Income Tax (the “**PRC EIT**”) is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

Meat processing of primary produce is on the list of The Range of Processing of Primary Agricultural Produces to Be Given Preferential Enterprise Income Tax Treatment (Trial Implementation) (2008 version) (享受企業所得稅優惠政策的農產品初加工範圍 (試行) (2008年版)) promulgated by the Ministry of Finance (財政部) and the State Administration of Taxation (國家稅務總局) on 20 November 2008. Hunan Huisheng Meat Products Company Limited (湖南惠生肉業有限公司) (“**Hunan Huisheng**”) meets the required standard for preferential PRC EIT treatment.

According to the prevailing tax rules and regulations, Hunan Huisheng is operating in the business of primary processing of agriculture products, was exempted from the PRC EIT during the period under review.

According to the prevailing tax rules and regulations, the Group is operating in agricultural business, which is exempted from the PRC EIT, and no deferred taxation impact was considered for the reporting period.

5. TAXATION (CONTINUED)

Japan

Japan corporate income tax has been calculated on the estimated assessable profit at the rates of taxations prevailing in Japan in which the Group operates. The Group is subject to national corporate income tax, inhabitant tax, and enterprise tax in Japan, which in aggregate, resulted in effective statutory income tax rates of approximately 30.6%.

The income tax expense for the period can be reconciled to the loss before taxation per condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Loss before taxation	(6,573)	(8,599)
Tax at the applicable income tax rate	(1,427)	(1,805)
Tax effect of income not taxable for tax purpose	(230)	(825)
Tax effect of expenses not deductible for tax purpose	427	1,189
Tax effect of tax loss not recognised	416	669
Temporary difference not recognised	814	772
Income tax expense	–	–

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Directors' emoluments	137	180
Other staff costs:		
Salaries and other benefits	231	445
Retirement scheme contributions	29	37
Total staff costs	397	662
Depreciation of property, plant and equipment (<i>note</i>)	2,011	2,776
Depreciation of right-of-use assets	120	122
Cost of inventories recognised as expenses	7,040	33,031

Note: Depreciation of property, plant and equipment of approximately RMB119,000 was included in cost of sales (six months ended 30 June 2024: approximately RMB208,000).

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the six months ended 30 June 2025 of approximately RMB6,667,000 (six months ended 30 June 2024: approximately RMB8,551,000) and the weighted average number of 922,838,000 (six months ended 30 June 2024: 884,069,000) ordinary shares in issue during the reporting period.

The diluted loss per share was same as the basic loss per share as there were no potential dilutive ordinary shares in existence during the periods under review.

8. DIVIDENDS

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, no additions to property, plant and equipment (31 December 2024: RMB50,000) and no additions of right-of-use assets was recognised (31 December 2024: nil).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Held-for-trading investments:		
Equity securities listed in Hong Kong <i>(note)</i>	4,617	5,379

Note:

As at 30 June 2025, the fair value of the listed equity securities, amounting to approximately RMB4,617,000 (31 December 2024: approximately RMB5,379,000), was determined based on the quoted market bid prices available on the Stock Exchange.

11. TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables	27,302	25,779
Less: Allowance for expected credit losses	(17,111)	(12,763)
	10,191	13,016

The Group offered credit period on sale of pork products and pipe system products ranged from 30 to 90 days. The aging analysis of trade receivables, net of allowance for expected credit losses, based on the invoice date, is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 30 days	2,217	12,532
31 to 60 days	224	304
61 to 90 days	7,750	180
	10,191	13,016

Movement in the allowance for expected credit losses on trade receivables, is as follow:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Balance at the beginning of the period/year	12,763	13,125
Allowance for expected credit losses recognised	3,519	1,770
Reversal of allowance for expected credit losses	(268)	(1,698)
Exchange realignment	1,097	(434)
Balance at the end of the period/year	17,111	12,763

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aging analysis of the receivables which requires the use of judgement and estimates. Provisions would apply to the trade receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the management of the Group on the collectability of overdue balances.

12. LOAN RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Loan receivables (note (a))	2,624	2,699
Other receivables (note (b))	7,711	7,176
Deposits (note (c))	9,974	8,521
Prepayments (note (d))	80,155	1,299
	100,464	19,695
Less: Allowance for expected credit losses	(19,965)	(18,222)
	80,499	1,473

Notes:

- (a) As at 30 June 2025, there were loan receivables of approximately RMB2,624,000 (31 December 2024: approximately RMB2,699,000) net of allowances for expected credit losses of approximately RMB2,624,000 (31 December 2024: approximately RMB2,699,000). The loan receivables were unsecured, weighted average interest bearing at 12.0% per annum (31 December 2024: 12.0% per annum) and repayable within one year (31 December 2024: one year).
- (b) As at 30 June 2025, there were interest receivables included in the other receivables of approximately RMB551,000 (31 December 2024: approximately RMB567,000) net of allowances for expected credit losses of approximately RMB551,000 (31 December 2024: approximately RMB567,000).
- (c) As at 30 June 2025, included in the deposits mainly represented the deposit paid for inventories of approximately RMB9,945,000 (31 December 2024: approximately RMB8,491,000) net of allowances for expected credit losses of approximately RMB9,945,000 (31 December 2024: approximately RMB8,491,000).
- (d) As at 30 June 2025, included in the Prepayments mainly represented the prepayment for biological assets of approximately RMB80,155,000 (31 December 2024: nil)

13. TRADE PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade payables	9,878	12,383

The Group was offered credit period on purchase of goods within 60 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 30 days	734	5,051
Over 60 days	9,144	7,332
	9,878	12,383

14. SHARE CAPITAL

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

	Number of shares	Amount	
		HK\$'000	RMB'000
Authorised:			
Balances as at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025 of HK\$0.01 each	1,500,000,000	15,000	11,810
Issued and fully paid:			
Balances as at 1 January 2024 of HK\$0.01 each	880,838,000	8,808	7,308
Issue of shares (<i>note</i>)	42,000,000	420	390
Balance as at 31 December 2024, 1 January 2025 and 30 June 2025 of HK\$0.01 each	922,838,000	9,228	7,698

14. SHARE CAPITAL (CONTINUED)

Note: The Company completed the subscription of new shares on 17 June 2024. For this subscription, the Company issued 42,000,000 ordinary shares with par value of HK\$0.01 each at a price of HK\$0.053 per share. Accordingly, amount of approximately RMB390,000 are credited to share capital and the remaining proceeds (net of share issuance costs) of approximately RMB1,674,000 are credited to share premium.

15. MATERIAL RELATED PARTY TRANSACTIONS

Disclosed elsewhere in the condensed consolidated interim financial statements, the Group had entered into transactions with related parties which in the opinion of directors were carried out on normal commercial terms and in the ordinary course of the Group's business, as shown below:

Compensation of key management personnel

The directors of the Company are identified as key management members of the Group and their compensation during the six months ended 30 June 2025 and 2024 is set out in note 6.

16. EVENTS AFTER THE REPORTING PERIOD

No material subsequent event undertaken by the Company or by the Group after 30 June 2025 and up to the date of this report.

17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

This condensed consolidated interim financial statements were approved and authorised for issue by the Board on 29 August 2025.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period of review, the Group is principally engaged in the slaughtering of livestock and trading of pork products, including the production and sale of fresh, chilled and frozen pork, pork by-products and processed pork products (such as bacon and sausages). In addition, the Group has also been engaged in the sale of pipeline system products and related technical consulting services in the past.

Slaughtering and Pork Product Trading Business

During the reporting period, the Group maintained its position as one of the pork suppliers in Changde City, Hunan Province, China. The Group's core business activities primarily comprise the production and sale of pork products, encompassing slaughtering, packaging, and processing. The company's product line encompasses fresh pork, chilled pork, frozen pork, as well as by-products and processed pork products such as cured pork and sausages.

During the six-month period covered by this interim report, average wholesale and market prices in Hunan Province remained stable. There was a marginal increase in live pig and fresh pork prices, and a slight decrease in piglet prices.

However, the commencement of operations by two slaughterhouses in proximity to the Group's facility in Hunan, China, has resulted in intensified price competition in the local pork market, leading to a sustained decline in the Group's revenue during the first six months of the year. In light of this, the Group has placed greater emphasis on order fulfilment than in previous years and strengthened its processing business. The Group has achieved a positive gross profit margin this year, reversing last year's gross loss, through the effective control of costs and strict quality control measures.

Pipe System Business

As of the reporting period, it has come to our attention that the cost of pipeline system products imported from German distributors has increased considerably compared to previous years. This is believed to be due to the sustained depreciation of the yen and the introduction of significant tariffs by the United States. This has resulted in a growing financial challenge when selling these products in Japan, particularly when purchasing pipeline system products in US dollars. Consequently, the Group has been compelled to suspend these projects and local sales orders. With regard to the pipeline system product business, which remains suspended in the first half of 2025, the Group has adopted the most cautious approach.

Financial Review

For the period ended 30 June 2025, the Group recorded revenue of approximately RMB7.4 million, representing a decrease of approximately 76.7%, or RMB24.4 million, as compared with the same period last year of approximately RMB31.8 million. Despite this decline, the company achieved a gross profit of RMB346,000 in the 2025 interim, marking an improvement from prior periods where gross loss was recorded, reflecting early effects of tighter cost controls and operational adjustments.

For the slaughtering and trading of pork products business, the revenue decreased by approximately RMB24.4 million, or 76.7%, to approximately RMB7.4 million. The revenue from the pipe system products business was nil (2024: nil).

The selling and distribution expenses of the Group for the six months ended 30 June 2025 were approximately RMB23,000 (2024: approximately RMB23,000).

The administrative expenses of the Group for the six months ended 30 June 2025 were decreased by approximately RMB2.6 million, or 35.1%, to approximately 4.8 million due to tighter cost controls.

The finance cost of the Group for the six months leading up to 30 June 2025 was approximately RMB5,000 (2024: nil).

Net loss for the period also narrowed to approximately RMB 6.6 million from approximately RMB8.6 million for the six months ended 30 June 2025, driven in part by reduced administrative expenses.

Liquidity, Financial Resources and Funding and Treasury Policy

As at 30 June 2025, the Group had bank balances and cash of approximately RMB316.0 million (31 December 2024: approximately RMB397.8 million). The Group also had net current assets of approximately RMB337.9 million as at 30 June 2025, while it was approximately RMB343.9 million as at 31 December 2024.

The Group intends to finance its operations and investing activities principally with funds generating from its operating revenue, internal resources and bank facilities. The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

Most of the Group's trading transactions, assets and liabilities were denominated in Renminbi, Japanese Yen and Hong Kong dollars for the six months ended 30 June 2025. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. As at 30 June 2025, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Gearing Ratio

As at 30 June 2025, the Group's gearing ratio (being its total debts, which are the summation of borrowings divided by its total equity and multiplied by 100%) was nil (31 December 2024: nil).

Foreign Exchange Exposure

The Group's assets, liabilities and cash flow from operations are mainly denominated in Hong Kong dollars, Renminbi and Japanese Yen. The Group currently does not have any related foreign exchange hedges, however the Company monitors its foreign exchange exposure and will consider hedges should the need arise.

Capital Commitments and Contingent Liabilities

Save as disclosed elsewhere in the condensed consolidated interim financial statements, for the six months ended 30 June 2025, the Directors were not aware of any material capital commitments and contingent liabilities.

Material Acquisition and Disposal

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the period under review, the Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures.

Significant Investment

During the period under review, there was no other significant investment.

Event after the Reporting Date

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2025 and up to the date of this report.

Interim Dividend

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

Employees and Remuneration Policy

As at 30 June 2025, the Group employed 30 staff members in Hong Kong, Japan and the PRC (31 December 2024: 30). The Group remunerates its employees based on their performance and experience, and their remuneration package will be reviewed periodically by the management. Other employee benefits include contributions to social security, medical insurance and retirement schemes and provision of appropriate training program.

The Company has adopted a new share option scheme on 30 June 2023 which enables it to grant share options to, among others, eligible participants as incentives or rewards for their contributions to the Group.

Capital Structure

As at 30 June 2025, the total number of issued ordinary shares of the Company was 922,838,000 with a par value of HK\$0.01 per share.

There was no change in the capital structure of the Company during the six months ended 30 June 2025 and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPETING INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, the controlling shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or any of his/her respective close associates (as defined in the Listing Rules) were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the six months ended 30 June 2025.

DIRECTORS' INTERESTS IN CONTRACTS

Save for the service contracts and letters of appointment entered with the respective Directors, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or any time during the reporting period.

OUTLOOK AND FUTURE PROSPECTS

While the recent stabilization of pork prices presents opportunities for the Group, market uncertainties remain. Pork prices remain susceptible to volatility due to factors such as regulatory adjustments, shifting supply and demand dynamics, climate change, and potential epidemic outbreaks. These factors could significantly impact market trends and operational stability. To address these challenges, the Group will continue to closely monitor market dynamics, policy changes, and environmental factors, allowing for timely adjustments to its breeding, production, and sales strategies. Thanks to the continued cooperation of its joint venture partners, the Group successfully obtained its slaughtering license in 2024. The trial operation of the joint venture slaughterhouse is progressing smoothly and is now being gradually implemented. This strategic initiative is expected to enhance production efficiency, expand the company's market presence, and optimise cost structures.

The Group's management team is committed to implementing its future strategic of focusing on the production and sale of pork products, integrating its business encompassing hog slaughtering, hog breeding, and pig farming. It is expected that the financial performance in the second half of 2025 will continue to reflect the growth momentum of its core business. The Board remains optimistic about the Group's long-term development prospects and will create greater value for shareholders through a sound business strategy.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2025, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, no person (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 11 February 2014 (the “**2014 Share Option Scheme**”) was terminated with effect from 30 June 2023 and no more share options may be granted under the 2014 Share Option Scheme. The Company adopted a new share option scheme at the annual general meeting held on 30 June 2023 (the “**2023 Share Option Scheme**”) reflecting the latest changes and requirements under Chapter 17 of the Listing Rules.

The total number of securities available for issue under the 2023 Share Option Scheme as at 30 June 2025 was 88,083,800 shares (31 December 2024: 88,083,800 shares) which represented approximately 9.5% (31 December 2024: approximately 9.5%) of the issued share capital of the Company.

The 2023 Share Option Scheme provides the grantees with an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (1) to attract and retain the best quality personnel for the development of the Group's businesses;
- (2) to provide additional incentives or rewards to selected eligible participants for their contribution to the creation of the Company's value; and
- (3) to promote the long-term financial success of the Group by aligning the interest of grantees to those of the shareholders.

A summary of the principal terms of rules of the 2023 Share Option Scheme is set out in the circular of the Company dated 30 May 2023.

There was no share option outstanding as at 30 June 2025. During the six months ended 30 June 2025, no share option was granted (31 December 2024: Nil), lapsed (31 December 2024: 88,080,000) or cancelled (31 December 2024: Nil).

Save for the share option scheme as disclosed above, at no time during the six months ended 30 June 2025 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions of the Directors. The Company has confirmed, after making specific enquiries with the Directors in accordance with the code of practice, that all the Directors have complied with the Model Code during the six months ended 30 June 2025.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the “**Code Provision(s)**”) and certain recommended best practices contained in the Corporate Governance Code set out in Appendix C1 to the Listing Rules as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company’s standards of corporate governance practices.

During the six months ended 30 June 2025, the Company has complied with the Code Provisions.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee is primarily responsible for, among other things, reviewing the Group’s financial controls, risk management and internal control systems and monitoring the integrity of its financial statements and financial reports. The Audit Committee has reviewed with the management the financial and accounting policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025. It has also discussed the financial reporting process and the risk management and internal control systems of the Company with the management. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Luo Mingsheng, Dr. Wang Guiping and Mr. Huang Ruilin, with Mr. Luo Mingsheng as its chairman.

By order of the Board

HUISHENG INTERNATIONAL HOLDINGS LIMITED

Zhang Zhenghua

Executive Director

Hong Kong, 29 August 2025