Newtrend

新琪安集團股份有限公司
NEWTREND GROUP HOLDING CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 2573

2025
Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Xiaoqiang *(Chairman, general manager)*
Mr. Wang Hao *(Deputy general manager)*
Ms. Chen Lijun *(Chief financial officer)*
Mr. Wu Dingfeng
Ms. Zuo Yue

Non-executive Directors

Mr. Xiao Fan

Independent Non-executive Directors

Dr. Song Jingjin
Dr. Li Ling
Mr. Lo Kwing Yu

SUPERVISORS

Mr. Shi Yueqiang *(Chairman)*
Ms. Guo Lideng
Mr. Liu Huojin

JOINT COMPANY SECRETARIES

Mr. Zheng Mo
Ms. Wong Wai Yee Ella

AUTHORISED REPRESENTATIVES

Ms. Zuo Yue
Ms. Wong Wai Yee Ella

AUDIT COMMITTEE

Dr. Song Jingjin *(Chairperson)*
Mr. Lo Kwing Yu
Dr. Li Ling

REMUNERATION COMMITTEE

Dr. Song Jingjin *(Chairperson)*
Mr. Lo Kwing Yu
Ms. Chen Lijun

NOMINATION COMMITTEE

Mr. Wang Xiaoqiang *(Chairperson)*
Dr. Song Jingjin
Dr. Li Ling

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Jinggangshan Economic and Technological Development Zone
Ji'an,
Jiangxi
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1915, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Confucius International CPA Limited
Certified Public Accountants
Room 1501-08, 15/F
Tai Yau Building
181 Johnston Road
Wanchai,
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Grandall Zimmern Law Firm
14/F, The Hong Kong Club Building
3A Chater Road
Central,
Hong Kong

As to PRC law:
Grandall Law Firm (Shenzhen)
24/F, 31/F, 41/F, 42/F, Tequbaoye Building
6008 Shennan Avenue
Shenzhen,
Guangdong Province
518034,
China

COMPLIANCE ADVISER

CMBC International Capital Limited
45/F, One Exchange Square
8 Connaught Place
Central,
Hong Kong

PRINCIPAL BANK

Agricultural Bank of China Limited
Ji'an Jizhou Branch
No. 1-01, Building S1
Hengda Dijing Commercial Building
No. 16, Shangde Road
Jizhou District,
Ji'an City
Jiangxi Province
China

COMPANY'S WEBSITE

www.newtrend-group.com

STOCK CODE

Stock Exchange of Hong Kong: 2573

DEFINITIONS

"Audit Committee"	the audit committee of our Company
"Board"	the board of Directors of our Company
"China" or "PRC"	the People's Republic of China
"Company" or "our Company"	Newtrend Group Holding Co., Ltd. (新琪安集團股份有限公司), formerly known as Ji An Newtrend Technology Co., Ltd. (吉安市新琪安科技有限公司) and Newtrend Technology Co., Ltd. (新琪安科技股份有限公司), a limited liability company established in the PRC on 8 September 2006 and converted from a limited liability company into a joint stock limited liability company on 4 December 2017
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
"Global Offering"	has the same meaning as defined in the Prospectus
"Group" or "our Group"	our Company and its subsidiaries
"H Share(s)"	the overseas-listed foreign shares in the share capital of our Company with a nominal value of RMB1.00 per H Share which is/are subscribed for and traded in HK dollars and listed on the Stock Exchange
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"HK$", "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Juhexing Investment"	Ji'an Jingkai District Juhexing Investment Consulting Partnership (Limited Partnership)* (吉安市井開區聚合興投資諮詢合夥企業(有限合夥))
"Listing"	the listing of our H Shares on the Main Board of the Stock Exchange
"Listing Date"	10 June 2025

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"Net Proceeds"	the net proceeds raised by the Company from the Global Offering
"Newtrend Industrial"	Shenzhen Newtrend Industrial Development Co., Ltd.* (深圳市新琪安實業發展有限公司)
"Period"	for the six months ended 30 June 2025
"Prospectus"	the prospectus of the Company dated 30 May 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	supervisor(s) of our Company

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

I RESULTS ANALYSIS

During the Period, the Group's principal business was the production and sales of foodgrade and industrial-grade glycine and sucralose. During the Period, the Group's total revenue amounted to RMB334.8 million, representing an increase of approximately 54.3% compared to the corresponding period last year. Gross profit reached RMB77.95 million, representing an increase of approximately 252.74% compared to the corresponding period last year.

The increases in the revenue and gross profit of the Group were contributed by its major products: (i) the total operating revenue from the food-grade and industrial-grade glycine business amounted to RMB168.0 million, representing an increase of approximately 25.9% compared to the corresponding period last year; and (ii) the total operating revenue from the sucralose business amounted to RMB152.1 million, representing an increase of approximately 116.8% compared to the corresponding period last year.

The significant increase in results was mainly due to the rise in sales of the Group's main products, sucralose and food-grade glycine, which led to higher revenue and gross profit during the Period.

II REVIEW OF PRINCIPAL BUSINESS

To improve the results of the Group, the Board proactively adjusted its production and operation strategies in response to the changes in internal and external environments of the Group and the market. The major business activities of the Group during the Period are summarised as follows:

(I) Major Operations

1. Glycine Business

During the Period, the average market price of food-grade and industrial-grade glycine remained stable. When selling glycine products, the Group continues to adopt different strategies for sales to the U.S. and non-U.S. markets. The U.S. government has imposed higher tariffs on glycine exports from Chinese Mainland to the US. As a result, all glycine sold by us to the U.S. customers is produced at our Indonesia Plant. During the Period, overseas sales of glycine produced at the Indonesia Plant increased.

2. Sucralose Business

During the Period, the market price of sucralose gradually returned to normal, and price competition among industry players for sucralose has ceased. In the first half of 2025, the market price of sucralose in the PRC ranged from approximately RMB180,000 per ton to approximately RMB200,000 per ton. Sucralose is not subject to the US Reciprocal Tariff, since sucralose falls under the exemption under Annex II concerning the reciprocal tariff pursuant to President Trump's Executive Order of 2 April 2025. Our Thailand Plant, which was put into production in 2024, further enhanced the overseas sales of sucralose.

3. Other Business

During the Period, the Group continued to enhance its R&D capabilities by expanding its R&D team and expanding its R&D center. In addition, the Group continued to prioritise and focus on overseas markets via, amongst others, producing isomalt in our Thailand Plant. In addition, the Group remains committed to the development and application of new products such as seaweed dietary fiber, and will allocate the proceeds from the Global Offering to the construction of new production plant and new production lines adjacent to the Ji'an Plant.

(II) Implementation of Internal Management

1. Human Resource Management

During the Period, the Group continued to promote its personnel restructuring. The Group is committed to investing significant resources to strengthen its R&D capabilities and expand its R&D team. As at 30 June 2025, the Group had its own R&D team consisting of 46 employees, and hired experts to enhance product capacity, optimise existing products as well as develop new products.

2. Financial Management

During the Period, the Group continued to strengthen its efforts in financial management, refreshed its product quotation system, optimized product quotation details, and ensured the efficiency of contract signing.

3. Asset Management

During the Period, the Group continued to standardize and strengthen its asset management.

4. Supply Chain Management

During this Period, the Group strengthened supply chain management, enhanced its resilience in response to market changes, and secured high-quality raw material supply with good bargaining power to procure raw materials at better price.

5. Quality Management

During the Period, the Group continued to upgrade its quality management system. The Group's plants are equipped with modern production facilities and equipment. The Group's products are strictly manufactured in accordance with standards and have obtained international certifications such as FSSC22000, BRC, Kosher, and Halal.

6. Safety Management

During the Period, the Group enhanced its control over work safety management objectives and indicators. During the Period, the Group did not experience any safety accidents or environmental protection accidents, and the overall status of work safety was under control.

7. Risk Control

During the Period, the Group continued to strengthen risk management and control, and conducted regular risk assessments, ensuring its capability to offer DDP delivery terms to overseas customers.

III FINANCIAL ANALYSIS

As at 30 June 2025, the Group's total assets amounted to RMB1,125,924,000, representing an increase of 38.5% from RMB812,908,000 as at the end of last year. Among them, its total non-current assets amounted to RMB432,184,000, accounting for 38.4% of the total assets and representing an increase of 3.2% from RMB418,607,000 as at the end of last year.

As at 30 June 2025, the Group's total current assets amounted to RMB693,740,000, accounting for 61.6% of total assets and representing an increase of 75.9% from RMB394,301,000 as at the end of last year. The net cash flows from operating activities of the Group for the Period amounted to -RMB13,143,000, representing a decrease of 237.2% from RMB9,580,000 for the corresponding period last year.

As at 30 June 2025, the Group's bank balances and cash (including deposits with encumbrance) amounted to RMB250,087,000, representing an increase of 385.9% from RMB51,469,000 as at the end of last year.

As at 30 June 2025, the Group's total liabilities amounted to RMB447,530,000. Total liabilities to total assets ratio was 39.7%, representing a decrease of 1.4 percentage points as compared with 41.1% as at the end of last year. Among them, bank loans and other loans due within one year amounted to RMB155,856,000.

During the Period, the Group's average gross profit margin was 23.3%, representing an increase of 13.1 percentage points from 10.2% for the corresponding period last year.

(I) Liquidity Analysis

As at 30 June 2025, the Group's current ratio and quick ratio were approximately 2.0 and approximately 1.6, respectively.

(II) Financial Resources Analysis

As at 30 June 2025, the Group's bank borrowings amounted to RMB144,600,000. Due to its bank deposits and cash totaling RMB250,087,000, the Group had low exposure to short-term solvency risk.

(III) Capital Structure of the Group

The Group's capital resources are derived from bank loans and proceeds from the issuance of shares by the Company. To ensure reasonable utilisation of its capital, the Group has established a stringent and sound financial management system. During the Period, the Group had no inappropriate conduct such as default in repayment of due debts and failure of performance of due obligations.

In the future, the Group will continue to strengthen its capital allocation and management and make the most of the funds available under the condition of ensuring the normal operation of production and business activities.

(IV) Contingent Liabilities

As at 30 June 2025, the Group had no contingent liabilities.

(V) Gearing Ratio

The gearing ratio is calculated by dividing the total of bank borrowings, other borrowings and lease liabilities as at the end of the period by total equity and multiplying by 100%. For the six months ended 30 June 2025, the Group's gearing ratio was 0.36 (31 December 2024: 0.36).

IV BUSINESS OUTLOOK

The Company successfully listed on The Stock Exchange of Hong Kong in June 2025. In response to persistent uncertainty of international trade, in the second half of 2025, the Company will, under the guidance of the Board, reasonably utilise the funds raised from listing, invest most of its efforts in business growth, further reduce costs and increase efficiency, and optimise internal control, striving for the accomplishment of various business goals.

(I) Business Situation and Measures Taken

The food additives industry in which the Group operates plays a pivotal role in the broader food sector. Food additives are used for extending shelf life, enhancing product quality, enriching nutrition, improving food safety, and facilitating processing and storage and for other purposes, all of which significantly drive the development of food sector. Within specialized market segments including glycine and sweeteners where our main products operate, the Group is expected to maintain sustained growth over the coming years, driven by the ongoing expansion of their respective downstream industries. Additionally, as global end consumers increasingly prioritize health-related factors such as clean food labels and daily nutrient intake, the Group will continue to develop new products made from natural ingredients, such as curcumin, isomalt and seaweed dietary fiber, to closely follow industry trends.

In order to further develop our business and maintain our growth, we will continue to take the following measures:

1. Continuous prioritisation and focus on overseas markets

The Group has a diversified customer base worldwide and maintains business relationships with several reputable multinational companies for approximately 10 to 20 years. In the future, the Group will reduce international trade risks such as fluctuations in international relations and tariffs and continue to provide high-quality products and services to our global customers through the following measures: (i) expanding the production capacity of sucralose at its Thailand Plant; (ii) producing and selling isomalt products at its Thailand Plant; and (iii) fully leveraging the advantages of its Indonesia Plant and taking other measures.

2. Diversification of our product offerings through continuous development of new products

In the future, the Group will constantly strive to diversify its product offerings by developing new products, and commit to developing products which align with the industry trends and demand of customers. The Group has been recognised as a national high and new technology enterprise for 18 consecutive years since 2009, with multiple technology centers recognized by the government. Therefore, the Group possesses sufficient capabilities to develop new products and diversify its product offerings. In addition to its main products, sucralose and glycine, the Group continues to develop other products in line with industry demand, such as dietary syrup, seaweed dietary fiber, and serine.

3. Expansion of our international sales network

The Group has established its sales headquarters in Shenzhen, the PRC, which will be overseeing all sales activities conducted by its sales offices around the globe. The Group will continue to set up new sales offices across the globe in the future according to our plan. The Group will recruit local sales staff who have relevant sales experience to leverage on their local knowledge and connections for further expansion of our international sales network.

4. Enhancement of R&D capabilities

We plan to further enhance our R&D capabilities to focus on the development of new products by expanding our R&D centre in the PRC, purchasing further R&D equipment and recruiting more R&D staff. The Group's continuous product development and improvement following the latest market trend and changing needs and requirements of customers are key to maintaining our competitive position and allow our further growth and expansion of business.

(II) Management Improvement

1. Human Resource Management

As its future growth depends on the level of its global operations, such as the capabilities to maintain close relationships with its major global customers and maintain business at its Indonesia Plant and Thailand Plant, the Group will further enhance its human resources management level and retain and attract competent personnel through a reasonable remuneration mechanism.

2. R&D Department Management

Building on its existing R&D department, the Group will further enhance its R&D capabilities in the future by leveraging internal and external resources. The Group will continuously develop new products or technologies that meet market needs through internal training, external recruitment of R&D personnel, and collaboration with external research institutes, among other means, to actively address changes in consumer preferences regarding the taste, preferences, and perceptions of food additives.

3. Intellectual Property Management

The Group has committed to the industry for over 20 years and has established a good reputation in the industry. In addition, the Group protects its intellectual property rights and reputation by registering trademarks and patents in its business operation areas. In the future, the Group will continue to strictly execute its internal control system for asset management and further improve its management of application and registration of intellectual property in its business operation areas, so as to effectively prevent third-party infringement and maintain its competitiveness.

4. Raw Materials and Inventory Management

The Group is a manufacturer engaged in the food additive manufacturing industry. Our products must rely on a stable and adequate supply of high-quality raw materials. Meanwhile, we need to take control measures to raw materials and inventory, so as to effectively address the raw material price fluctuations and manage inventory. We will continue to strengthen our management of procurement and storage. For example, we will improve inventory turnover ratio and lower procurement costs through in-depth coordination between plants and procurement departments, selection of raw material suppliers based on different types of raw materials and utilization of the Group's branches worldwide, and execution of framework agreements with major suppliers.

5. Product Quality Management

The Group will continue to implement strict product quality management systems to effectively maintain its control over quality.

FIXED DEPOSITS OVERDUE

As at 30 June 2025, the Group did not have any other deposit and trust deposit with non-banking financial institutions nor fixed deposits that cannot be recovered on maturity.

INCOME TAX

Due to its accreditation as a high and new technology enterprise in the PRC and completion of registration with the local tax bureau, the Group has been subject to a reduced EIT rate of 15% for the financial year of 2025. During the Period, the Group's income tax expenses amounted to RMB4.0 million, representing an increase of 438.8% as compared with -RMB1.2 million for the first half of last year, which was mainly due to an increase in the net profit of the Group during the Period.

With respect to the Group's operation in Thailand, its subsidiary incorporated in Thailand, namely Newtrend Thailand, is subject to corporate income tax at a rate of 20%. Under the investment preferential BOI policy, Newtrend Thailand enjoyed preferential tax treatment for the Period and it is not subject to related taxes.

PLEDGE OF ASSETS

As at 30 June 2025, the Group maintained bank loans with assets as security. Please refer to Notes 11, 12, and 15 to the financial statements for information on bank balances, fixed assets, and land use rights subject to pledge.

As at 30 June 2025, the Group had pledged buildings, structures and machines with a book value of approximately RMB31,938,000 as security for bank borrowings granted to the Group. As at 30 June 2025, the Group had pledged leasehold land with a book value of approximately RMB6,370,000 as security for bank borrowings granted to the Group. As at 30 June 2025, the Group had pledged bank deposits of RMB7,360,000 as security for the issuance of bank acceptance bills.

As of June 2025, Xizang Newtrend has agreed to provide its leasehold land, properties, plant and machinery as security for the New Zang Qing Borrowings. As of the date of this report, the relevant pledging procedures were still in the process. Please refer to Note 20 to the financial statements.

PROFIT FOR THE PERIOD

As a result of the above changes, the Group's profit for the reporting period increased by 586.4% to RMB24.4 million from RMB3.6 million for the first half of last year.

RISK MANAGEMENT

The Group's basic risk management policies are to identify and analyze various risks faced by the Group, establish appropriate risk tolerance thresholds, conduct risk management, and monitor various risks in a timely and reliable manner, so as to keep them within defined limits.

I. International Trade Policy and Trade Barriers

Based on the destination of delivery, a substantial amount of our products is sold to customers in overseas markets, primarily in Europe, North America and Asia. As such, our operational results and profitability are more correlated with the demand and macroeconomic conditions in Europe, North America and Asia.

Among the countries where we sell our products, the US has consistently advocated tightening overall trade restrictions and significantly increasing tariffs on goods exported to the US. From April 2025, the U.S. government has constantly introduced the US Reciprocal Tariff on goods exported to the US from the PRC, Indonesia, Thailand and other countries, while one of the Group's major products, sucralose, was not subject to the US Reciprocal Tariff, since sucralose falls under the exemption under Annex II concerning the reciprocal tariff. Therefore, the US Reciprocal Tariff is expected to have only non-material adverse impacts on our overseas sales of glycine to the US. We will closely monitor the latest developments of tariff policies of the U.S. government and engage with our customers to discuss response strategies to the changes in U.S. tariffs.

In response to the volatility of trade policies, the Group will continue to enhance the production capacity of its overseas plants and maintain stable and long-term business relationships with customers. The Group offers DDP terms to overseas customers, is responsible for arranging transportation and related costs, including handling customs clearance for export and preparing the customs documents required for the destination port specified by the overseas customers. We believe that our capability to provide DDP delivery terms enables us to stand out among industry players.

II. Health, Safety and Environmental Risks

The health and safety risks faced by the Group include major safety accidents resulting in heavy casualties, new occupational disease incidents, environmental pollution incidents, or inadequate staffing of dedicated employees for safety management. The Group has implemented occupational health and safety policies, such as conducting health and safety training, regularly inspecting and maintaining production facilities, and establishing a safety production responsibility mechanism, to clarify the safety responsibilities of each department and workshop, and establish standardized safety management systems. In the course of business operation, all employees of the Group must strictly comply with all safety measures and procedures designed by the Group. The Group will continue to strengthen its management systems and strive to provide a safe working environment for its employees.

III. Currency Exchange Risk

The Group operates globally and is exposed to the foreign exchange risk. In its daily operations, the majority of the Group's revenues are denominated in USD, EUR, RMB, or THB. The Group's current liabilities are mainly denominated in RMB, and the Group mainly operates in the PRC. Therefore, it is exposed to foreign exchange risks due to various currency exchanges. These risks arise from future commercial transactions and recognized assets and liabilities. With regard to the foreign exchange risks arising from future settlements of customer funds related to its global payment services, the Group believes that, as customer funds and other payables are primarily denominated in their respective functional currencies, its operations in China or overseas will not face any significant foreign exchange risks.

IV. Human Resource Risk

The Group heavily depends on the experience and knowledge of its key executives and senior management team to formulate business strategies, maintain relationships with customers, drive product development, and oversee business operations. In the event of the departure of any key executive, it may be challenging to find a suitable replacement possessing a comparable background, experience and expertise. This could adversely affect our business, financial position and operating results. To attract and retain relevant personnel, the Group offers competitive compensation packages and benefits. The Group will prepare annual recruitment plans based on the Company's overall strategic planning and actual business needs, intensify efforts to attract talents, and supplement personnel shortages through campus recruitment and social recruitment.

GROUP'S EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had 751 employees. For the six months ended 30 June 2025, RMB33,922,000 was used for the remuneration of employees.

The Group determines the remuneration of employees based on their performance and experience and current industry practices. We participate in the social welfare schemes organised by local, municipal and provincial governments which provide housing provident funds and pension, medical, maternity, work-related injury and unemployment insurance for our employees in the PRC. Meanwhile, the Group provides corresponding social welfare schemes for employees in other countries (regions) in accordance with local government policies. The Group also provides employees with technical training opportunities.

MAJOR INVESTMENTS, MAJOR ACQUISITIONS, AND DISPOSALS

As of 30 June 2025, the Group did not hold any major investments (including any investments in investee companies whose value constitutes 5% or more of the Group's total assets as of 30 June 2025), and did not experience any major acquisitions or disposals of subsidiaries, associates, and joint ventures.

As at the date of this report, the Group currently has no other future major investments or capital and asset plans except the "Future Plans and Use of Proceeds" disclosed in the prospectus.

MATERIAL EVENT AFTER THE REPORTING PERIOD

The Board is not aware of any other material events required disclosure that have taken place subsequent to 30 June 2025 and up to the date of this report.

USE OF PROCEEDS FROM THE LISTING

The Company went listing on the Main Board on the Listing Date and 10,585,400 H shares were issued at an offer price of HK$18.90 per share. After deducting underwriting commissions, fees and other expenses in relation to the Global Offering, the net proceeds from the listing amounted to approximately HK$164.15 million. For details of the Global Offering, please refer to the Prospectus, the announcement of final offer price and allotment results of the Company dated 9 June, 2025 and Note 22 to the financial statements. The proceeds from the listing have been and will be utilised according to the plans disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, with details as follows:

Use of Net Proceeds	Percentage of the Net Proceeds	Net Proceeds Utilized from the Date of Listing up to 30 June 2025 (in millions of HK$)	Expected Timeframe for Full Utilization of the Net Proceeds	Remaining Amount (in millions of HK$)
The production of isomalt in our Thailand Plant				
– Construction works for the production line of isomalt	21.3%	–	End of 2025	35.0
Production of seaweed dietary fiber and serine	55.3%	–	End of 2026	90.8
Enhancement of our R&D capabilities	13.4%	–	End of 2026	22.0
Working capital and general corporate purposes	10.0%	–	End of 2026	16.4
Total	100%	–	End of 2026	164.2

As of 30 June 2025, to the best knowledge of the Directors, there have been no material changes to the planned use of the net proceeds. The remaining unutilized net proceeds have been deposited in short-term demand deposits with licensed commercial banks or financial institutions in Mainland China or Hong Kong. We will comply with the relevant PRC laws regarding foreign exchange registration and remittance of proceeds. The unutilized net proceeds and the proposed timeline for their use will be applied in the manner disclosed by our Company. However, the expected timeline for the use of the unutilized net proceeds is based on the Directors' best estimates and may be subject to change due to unforeseen circumstances, future business developments, and market conditions of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company recognises the value and importance of good corporate governance, which helps improve corporate performance and accountability. For the six months ended 30 June 2025, except for the deviation from the provisions of Code Provision C.2.1 of the Corporate Governance Code disclosed below, the Company has adopted good corporate governance practices and has consistently complied with the provisions of Part 2 of the Corporate Governance Code:

The roles of the Company's Chairman and General Manager have not been separated in accordance with Code Provision C.2.1 of the Corporate Governance Code. The Board believes that the same person serving as both Chairman and General Manager is beneficial to the management of the Group. Mr. Wang Xiaoqiang has extensive experience in the food additive manufacturing industry and has been employed by the Company since its establishment. Therefore, he is the most suitable Director to lead the overall management, business operations, strategic development, and R&D of the Group. The Board, Supervisors, and senior management are composed of experienced and visionary persons, whose operations ensure a balance of power and authority. The Board currently consists of five executive Directors (including Mr. Wang Xiaoqiang), one non-executive Director, and three independent non-executive Directors, ensuring sufficient independence in its composition. The Board will continue to review and consider the separation of the roles of Chairman and Chief Executive Officer of the Company in light of the overall situation of the Group.

COMPLIANCE WITH THE MODEL CODE

During the Period, the Company adopted the Model Code as the code of conduct regarding securities transactions by the Directors and Supervisors.

Following specific inquiries made to the Board, the Board is pleased to report that all Directors and Supervisors have confirmed that they have fully complied with the Model Code during the period.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as of 30 June 2025, none of the Directors, Supervisors and chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(1) Interests in our Company

Name	Position	Nature of interest	Class of Shares (1)	Number	Approximate percentage of shareholding interest in the total share capital (Approximate)	Approximate percentage of shareholding in our Domestic Shares/ H Shares (Approximate)
Mr. Wang Xiaoqiang	Executive Director	Beneficial interest	Domestic Shares	5,923,286	6.16%	14.42%
		Interest in controlled corporation(2)	Domestic Shares	35,159,054	36.54%	85.58%
		Interests of spouse(3)	H Shares	5,803,817	6.03%	10.52%
Ms. Chen Lijun	Executive Director	Beneficial interest	H Shares	1,028,659	1.07%	1.87%

Notes:

(1) All interests are long positions.

(2) Newtrend Industrial is owned as to 50% by Mr. Wang Xiaoqiang and 50% by Ms. Ding Dan. By virtue of the SFO, Mr. Wang Xiaoqiang is deemed to be interested in the Shares held by Newtrend Industrial.

(3) Mr. Wang Xiaoqiang and Ms. Ding Dan are spouses. Juhexing Investment is a limited partnership controlled by Ms. Ding Dan as the sole general partner. Accordingly, by virtue of the SFO, Ms. Ding Dan is deemed to be interested in the Shares held by Juhexing Investment and Mr. Wang Xiaoqiang is deemed to be interested in the Shares indirectly held by Ms. Ding Dan through Juhexing Investment.

(2) Interests in associated corporations of the Company

Name	Position	Capacity/ nature of interest	Name of associated corporation	Approximate percentage of interest in the associated corporation
Mr. Wu Dingfeng	Executive Director	Beneficial interest[1]	Juhexing Investment	3.04%
Mr. Shi Yueqiang	Supervisor	Beneficial interest[2]	Juhexing Investment	3.04%
Ms. Guo Lideng	Supervisor	Beneficial interest[3]	Juhexing Investment	1.52%

Notes:

(1) Mr. Wu Dingfeng is a limited partner of Juhexing Investment, holding approximately 3.04% of its partnership interests.

(2) Mr. Shi Yueqiang is a limited partner of Juhexing Investment, holding approximately 3.04% of its partnership interests.

(3) Ms. Guo Lideng is a limited partner of Juhexing Investment, holding approximately 1.52% of its partnership interests.

INTERESTS OF PERSONS OTHER THAN THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES AND UNDERLYING SHARES

As of 30 June 2025, the following persons other than the Directors, Supervisors and chief executive of the Company had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Nature of interest	Class of Shares [1]	Number	Approximate percentage of shareholding interest in the total share capital (Approximate)	Approximate percentage of shareholding in our Domestic Shares/ H Shares (Approximate)
Mr. Wang Xiaoqiang[2][3][4]	Interest in controlled corporation	Domestic Shares	35,159,054	36.54%	85.58%
	Beneficial interest	Domestic Shares	5,923,286	6.16%	14.42%
	Interests of spouse	H Shares	5,803,817	6.03%	10.52%
Ms. Ding Dan[2][3][4]	Interest in controlled corporation	Domestic Shares	35,159,054	36.54%	85.58%
	Interests of spouse	Domestic Shares	5,923,286	6.16%	14.42%
	Interest in controlled corporation	H Shares	5,803,817	6.03%	10.52%
Newtrend Industrial[3]	Beneficial interest	Domestic Shares	35,159,054	36.54%	85.58%
Juhexing Investment[4]	Beneficial interest	H Shares	5,803,817	6.03%	10.52%
Shenzhen Guoxin Hongsheng Equity Investment Fund (Limited Partnership) ("**Guoxin Hongsheng**")[5]	Beneficial interest	H Shares	8,366,425	8.69%	15.17%
Shenzhen Taisheng Investment Management Enterprise (Limited Partnership) ("**Taisheng Investment**")[5]	Interest in controlled corporation	H Shares	8,366,425	8.69%	15.17%
Shenzhen Taisheng Junhe Investment Management Co., Ltd. ("**Taisheng Junhe**")[5]	Interest in controlled corporation	H Shares	8,366,425	8.69%	15.17%
Mr. Long Yong[5]	Interest in controlled corporation	H Shares	8,366,425	8.69%	15.17%
Mr. Huang Hui[5]	Interest in controlled corporation	H Shares	8,366,425	8.69%	15.17%
Guangzhou Fuxing Investment Partnership (Limited Partnership) ("**Fuxing Investment**")[6]	Beneficial interest	H Shares	5,138,740	5.34%	9.32%
Ms. Chen Lin[6]	Interest in controlled corporation	H Shares	5,138,740	5.34%	9.32%
Industrial Capital Management Co., Ltd. ("**Industrial Capital Management**")[7]	Interest in controlled corporation	H Shares	9,796,753	10.18%	17.76%
Fujian Xingzheng Strategic Venture Capital Enterprise (Limited Partnership) ("**Xingzheng Strategic Venture**")[7]	Beneficial interest	H Shares	4,898,377	5.09%	8.88%

Name	Nature of interest	Class of Shares [1]	Number	Approximate percentage of shareholding interest in the total share capital (Approximate)	Approximate percentage of shareholding in our Domestic Shares/ H Shares (Approximate)
Pingtan Xingzheng Saifu Equity Investment Partnership (Limited Partnership) ("**Xingzheng Saifu Investment**")[7]	Beneficial interest	H Shares	3,876,255	4.03%	7.03%
Mr. Zhang Chaoyi	Beneficial interest	H Shares	3,672,268	3.82%	6.66%
Ms. He Qingfeng	Beneficial interest	H Shares	3,291,710	3.42%	5.97%

Notes:

(1) All interests are long positions.

(2) Mr. Wang Xiaoqiang and Ms. Ding Dan are spouses. Accordingly, Mr. Wang Xiaoqiang and Ms. Ding Dan are deemed to be interested in the Shares held by each other under the SFO.

(3) Newtrend Industrial is owned as to 50% by Mr. Wang Xiaoqiang and 50% by Ms. Ding Dan. By virtue of the SFO, each of Mr. Wang Xiaoqiang and Ms. Ding Dan is deemed to be interested in the Shares held by Newtrend Industrial.

(4) Juhexing Investment is a limited partnership controlled by Ms. Ding Dan as its sole general partner. By virtue of the SFO, each of Mr. Wang Xiaoqiang and Ms. Ding Dan is deemed to be interested in the Shares held by Juhexing Investment.

(5) Guoxin Hongsheng is a limited partnership established in the PRC and its general partner is Taisheng Investment. Taisheng Investment is also a limited partnership established in the PRC and its general partner is Taisheng Junhe, which is a limited liability company established in the PRC and is owned as to 65.4% by Mr. Long Yong (龍涌) and 34.6% by Mr. Huang Hui (黃暉). Accordingly, Mr. Long Yong and Mr. Huang Hui are deemed to be interested in the Shares held by Guoxin Hongsheng, Taisheng Investment and Taisheng Junhe.

(6) Fuxing Investment is a limited partnership established in the PRC and its general partner is Ms. Chen Lin (陳琳), who also serves as the supervisor of Newtrend Health. Accordingly, Ms. Chen Lin is deemed to be interested in the Shares held by Fuxing Investment.

(7) Industrial Capital Management is the sole general partner of Xingzheng Strategic Venture, Xingzheng Saifu Investment and Pingtan Xingzheng Saifu No. 1 Equity Investment Partnership (Limited Partnership)* (平潭興證賽富一股權投資合夥企業(有限合夥)) ("**Xingzheng Saifu No. 1 Investment**"). As of 30 June 2025, each of Xingzheng Strategic Venture, Xingzheng Saifu Investment and Xingzheng Saifu No. 1 Investment holds approximately 5.1%, 4.0% and 1.1% of the Shares in our Company, respectively. As such, Industrial Capital Management is deemed to be interested in the Shares held by Xingzheng Strategic Venture, Xingzheng Saifu Investment and Xingzheng Saifu No. 1 Investment.

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any person (other than the Directors, Supervisors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

From the Listing Date to 30 June 2025, there has been no change in the Company's directors, supervisors and senior management.

From the Listing Date to 30 June 2025, there has been no changes in information regarding the directors, supervisors, and chief executives of the Company that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

From the Listing Date to 30 June 2025, the Company or any of its subsidiaries has not purchased, sold, or redeemed any securities of the Company (including the sale of treasury shares, as defined in the Listing Rules). As at 30 June 2025, the Company did not hold any treasury shares.

CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR RELEVANT RIGHTS

During the Period, the Company did not issue any convertible securities, share options, warrants or relevant rights.

ARRANGEMENTS FOR PURCHASE OF SHARES OR DEBENTURES

At no time during the Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

INTERIM DIVIDEND

The Board proposes not to declare an interim dividend for the six months ended 30 June 2025.

AUDIT COMMITTEE

At present, the members of the Audit Committee are Dr. Song Jingjin (Chairman), Dr. Li Ling and Mr. Lo Kwing Yu, and all of them are independent non-executive Directors of the Company.

The Audit Committee is primarily responsible for the internal control and financial reporting matters of the Company and making recommendation to the Board on the appointment and/or removal of external auditors. The Audit Committee has reviewed the Group's unaudited interim consolidated financial statements and interim results for the six months ended 30 June 2025. The Audit Committee considers that the unaudited interim consolidated financial statements and interim results for the six months ended 30 June 2025 have complied with the requirements of applicable accounting standards and laws and adequate disclosures have been made.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors have confirmed their responsibility for preparing financial statements of the Company. The financial information set out in this interim report is unaudited.

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	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	**334,798**	217,015
Cost of sales		**(256,850)**	(194,917)
Gross profit		**77,948**	22,098
Other income, gains and losses	6	**6,461**	12,245
Selling and distribution expenses		**(2,696)**	(2,106)
Administrative expenses		**(19,915)**	(12,845)
Research and development costs		**(12,007)**	(7,130)
Listing expenses		**(12,661)**	(7,633)
Impairment loss under expected credit loss model, net of reversal		**(4,163)**	(900)
Finance costs		**(4,614)**	(1,352)
Profit before taxation	7	**28,353**	2,377
Income tax (expense) credit	8	**(3,978)**	1,174
Profit for the period		**24,375**	3,551
Other comprehensive income (expense) for the period			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**3,116**	(4,596)
Total comprehensive income (expense) for the period		**27,491**	(1,045)
Earnings per share (expressed in RMB per share)	10		
Basic and diluted		**0.28**	0.04

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	390,581	386,389
Right-of-use assets	12	20,640	12,465
Prepayments		977	1,862
Deferred tax assets	21	19,986	17,891
Total non-current assets		432,184	418,607
Current assets			
Inventories	13	112,644	91,903
Trade and bills receivables	14	302,533	224,613
Prepayments, deposits and other receivables		28,476	26,316
Bank balances and cash	15	250,087	51,469
Total current assets		693,740	394,301
Current liabilities			
Trade and bills payables	16	119,399	96,285
Other payables and accruals		53,958	48,852
Income tax payables		11,240	3,203
Contract liabilities	17	9,994	5,685
Lease liabilities	18	1,560	324
Bank borrowings	19	144,600	74,700
Other borrowing	20	11,256	95,650
Deferred income		969	909
Total current liabilities		352,976	325,608
Net current assets		340,764	68,693
Total assets less current liabilities		772,948	487,300

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Deferred income		7,636	8,181
Other borrowing	20	79,715	–
Lease liabilities	18	7,203	–
Total non-current liabilities		94,554	8,181
Net assets		678,394	479,119
Capital and reserves			
Share capital	22	96,231	85,646
Reserves		582,163	393,473
Total equity		678,394	479,119

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Safety production fund RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2025 (audited)	**85,646**	**250,543**	**12,475**	**5,372**	**21,597**	**103,486**	**479,119**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**24,375**	**24,375**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**3,116**	**–**	**–**	**3,116**
Total comprehensive income for the period	**–**	**–**	**–**	**3,116**	**–**	**24,375**	**27,491**
Issue of ordinary shares by initial public offering, net of issuance costs	**10,585**	**161,199**	**–**	**–**	**–**	**–**	**171,784**
Net movement of safety production fund	**–**	**–**	**–**	**–**	**(430)**	**430**	**–**
At 30 June 2025 (Unaudited)	**96,231**	**411,742**	**12,475**	**8,488**	**21,167**	**128,291**	**678,394**
At 1 January 2024 (audited)	85,646	250,543	10,417	4,589	20,752	62,983	434,930
Profit for the period	–	–	–	–	–	3,551	3,551
Exchange differences on translation of foreign operations	–	–	–	(4,596)	–	–	(4,596)
Total comprehensive income for the period	–	–	–	(4,596)	–	3,551	(1,045)
Net movement of safety production fund	–	–	–	–	906	(906)	–
At 30 June 2024 (Unaudited)	85,646	250,543	10,417	(7)	21,658	65,628	433,885

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 RMB'000 (Unaudited)	 2024 RMB'000 (Audited)
OPERATING ACTIVITIES			
Profit before taxation		**28,353**	2,377
Adjustments for:			
Interest income on bank deposits	6	**(841)**	(2,196)
Finance costs		**4,614**	1,352
Depreciation of property, plant and equipment	11	**18,974**	18,700
Depreciation of right-of-use assets	12	**710**	518
Provision for write-down of inventories		**1,975**	3,861
Impairment loss under expected credit loss model, net of reversal		**4,163**	900
Net loss on write-off/disposal of property, plant and equipment	6	**515**	15
Gain on lease termination	6	**(1)**	–
Release of assets-related government subsidies	6	**(485)**	(895)
Operating cash flows before movements in working capital		**57,977**	24,632
Increase in inventories		**(22,645)**	(18,917)
Increase in trade and bills receivables		**(81,257)**	(21,438)
Increase in prepayments, deposits and other receivables		**(5,617)**	(942)
Increase in pledged bank balances		**(2,020)**	(9,251)
Increase in trade and bills payables		**23,150**	30,629
Increase in other payables and accruals		**13,268**	8,445
Increase in contract liabilities		**4,309**	751
Cash (used in) generated from operations		**(12,835)**	13,909
Income tax paid		**(308)**	(4,329)
Net cash (used in) generated from operating activities		**(13,143)**	9,580

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Audited)
INVESTING ACTIVITIES			
Interest received		**841**	2,196
Purchase of property, plant and equipment		**(31,050)**	(9,027)
Proceeds from write-off/disposal of property, plant and equipment		**32**	19
Net cash used in investing activities		**(30,177)**	(6,812)
FINANCING ACTIVITIES			
Interest paid		**(5,513)**	(1,322)
New bank borrowings raised		**104,700**	43,700
Repayments of bank borrowings		**(34,800)**	(24,800)
Repayments of other borrowing		**(3,704)**	–
Repayments of lease liabilities		**(478)**	(234)
Payments of deferred issue costs		**(7,190)**	(1,630)
Proceeds from issuance of H shares		**183,299**	–
Net cash generated from financing activities		**236,314**	15,714
Net increase in cash and cash equivalents		**192,994**	18,482
Cash and cash equivalents at beginning of the period		**46,129**	105,194
Effects of foreign exchange rate changes		**3,604**	(345)
Cash and cash equivalents at end of the period		**242,727**	123,331

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Newtrend Group Holding Co., Ltd. (the "**Company**") (新琪安集團股份有限公司), formerly known as Ji An Newtrend Technology Co., Ltd. (吉安市新琪安科技有限公司) and Newtrend Technology Co., Ltd. (新琪安科技股份有限公司), was established in People's Republic of China (the "**PRC**") on 8 September 2006 as a limited liability company. The Company was converted from a limited liability company into a joint stock limited liability company on 4 December 2017. On 24 February 2025, the Company was renamed as Newtrend Group Holding Co., Ltd. (新琪安集團股份有限公司). The Company's H Shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 June 2025 (the "**Listing**").

The Company and its subsidiaries (together, "**the Group**") are principally engaged in the manufacturing and sale of food-grade glycine, industrial-grade glycine and sucralose.

These unaudited interim condensed consolidated financial statements are presented in thousands of Renminbi ("**RMB**"), unless otherwise stated, and was approved for issue by the Board of Directors on 23 August 2025.

These unaudited interim condensed consolidated financial statements have not been audited but has been reviewed by the Audit Committee.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 has been prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The unaudited interim financial report contains unaudited interim condensed consolidated financial statements and notes to the unaudited interim condensed consolidated financial statements. The notes include an explanation of events and transactions that are material to an understanding of the changes in financial position and performance of the Group since historical financial information for the years ended 31 December 2024. The unaudited interim condensed consolidated financial statements and notes thereon do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). Accordingly, this unaudited interim financial report should be read in conjunction with the historical financial information for the years ended 31 December 2022, 2023 and 2024 (the "**Historical Financial Information**") as disclosed in Appendix I to the prospectus issued by the Company.

3. APPLICATION OF AMENDMENTS TO HKFRS

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, 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 unaudited interim condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

3. APPLICATION OF AMENDMENTS TO HKFRS *(Continued)*

The application of amendments to HKFRS Accounting Standards in the current period 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 the unaudited interim condensed consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the unaudited interim condensed consolidated financial statements require 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. The unaudited interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies and critical accounting estimates and judgments adopted in the Historical Financial Information as disclosed in Appendix I to the prospectus issued by the Company.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers by major products line for the six months ended 30 June 2025 and 2024 is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of sucralose products	**152,064**	70,125
Sales of food-grade glycine products	**141,428**	110,070
Sales of industrial-grade glycine products	**26,575**	23,350
Sales of other products	**14,731**	13,470
	334,798	217,015

The Group is mainly engaged in the manufacturing and sales of sucralose, food-grade glycine and industrial-grade glycine products. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. All revenue was recognised at a point in time. Based on the information available to the Group at the end of the reporting period, the management of the Group expects the transaction price allocated to the unsatisfied performance obligation as at 30 June 2025 and 2024 amounting to RMB9,994,000 and RMB1,545,000, respectively, would be recognised as revenue in the next year.

No segment of assets and liabilities are presented as no discrete financial information is available.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

A geographical analysis of the Group's revenue from external customers is presented based on the geographical areas where the goods are sold; while information about the carrying amount of non-current assets, excluding deferred tax assets, is presented based on the geographical areas of the assets, as follows:

	Revenue from external customers		Carrying amounts of non-current assets	
	Six months ended 30 June		30 June	31 December
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Mainland China	64,321	43,522	257,185	260,118
Asia (excluding Mainland China)	36,246	25,473	155,013	140,598
Europe	70,478	57,974	–	–
North America	147,365	68,124	–	–
South America	4,349	14,972	–	–
Africa	6,609	4,053	–	–
Oceania	5,430	2,897	–	–
	334,798	217,015	412,198	400,716

Revenue from major customers

The Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective periods are set out below:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	68,948	N/A*
Customer B	55,880	43,833
Customer C	N/A*	27,698

* Less than 10% of the Group's revenue in the respective periods.

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	**841**	2,196
Release of assets-related government subsidies	**485**	895
Income-related government grants (Note)	**3,525**	4,776
Sundry income	**476**	316
Sundry expenses	**(6)**	(11)
Net gain (loss) on write-off/disposal of property, plant and equipment	**(515)**	(15)
Gain on lease termination	**1**	–
Foreign exchange gains, net	**1,654**	4,088
	6,461	12,245

Note:

Government grants mainly represented the government subsidies received from the local governments in the PRC to support the research and development, industry development and employee stability and recruitment of the Group.

7. PROFIT BEFORE TAXATION

Profit before taxation has been arrived after charging:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provision for write-down of inventories	**1,975**	3,861
Cost of inventories recognised as expenses (Note)	**256,850**	194,917
Depreciation of property, plant and equipment (Note 11)	**18,974**	18,700
Listing expenses	**12,661**	7,633
Depreciation of right-of-use assets (Note 12)	**710**	518
Director's remuneration		
– Salaries and allowance	**1,076**	753
– Retirement benefits scheme	**37**	31
Other staff costs		
– Salaries and allowance	**25,421**	16,945
– Retirement benefits scheme	**7,388**	3,108

Note:

Cost of inventories include staff costs, depreciation and provision for write-down of inventories.

8. INCOME TAX EXPENSE (CREDIT)

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

The Group calculates the period income tax expense (credit) using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense (credit) in the condensed consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC enterprise income tax	**282**	–
– Overseas income tax	**5,454**	3,671
	5,736	3,671
Deferred taxation (Note 21)	**(1,758)**	(4,845)
	3,978	(1,174)

9. DIVIDENDS

The Board did not declare any interim dividend for the reporting period (six months ended 30 June 2024: Nil).

10. EARNINGS PER SHARE

The basic earnings per share attributable to owners of the Company are calculated as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	**24,375**	3,551
Weighted average number of ordinary shares in issue during the period (thousand shares)	**86,874**	85,646
Basic earnings per share for profit attributable to owners of the Company (in RMB)	**0.28**	0.04

No diluted earnings per share were presented for the six months ended 30 June 2025 and 2024, as the Company did not have any dilutive potential ordinary shares.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings and structures RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2024 (audited)	20,141	169,374	331,582	7,475	5,371	51,421	585,364
Additions	–	2,456	1,109	728	825	74,975	80,093
Transfer in/(out)	–	20,006	34,941	792	–	(55,739)	–
Write-off/disposal	–	(126)	(1,134)	(149)	(204)	–	(1,613)
Exchange realignment	(34)	132	(251)	23	19	509	398
At 31 December 2024 and 1 January 2025 (audited)	20,107	191,842	366,247	8,869	6,011	71,166	664,242
Additions	–	755	452	1,845	1,098	17,543	21,693
Transfer in/(out)	–	360	3,310	–	–	(3,670)	–
Write-off/disposal	–	(26)	(1,412)	(21)	–	–	(1,459)
Exchange realignment	(21)	251	(198)	99	(25)	2,216	2,322
At 30 June 2025 (unaudited)	20,086	193,182	368,399	10,792	7,084	87,255	686,798
DEPRECIATION AND IMPAIRMENT							
At 1 January 2024 (audited)	–	65,056	165,877	5,699	4,470	–	241,102
Charge for the year	–	8,532	28,319	714	229	–	37,794
Eliminated on write-off/disposal	–	(86)	(862)	(133)	(193)	–	(1,274)
Exchange realignment	–	163	25	20	23	–	231
At 31 December 2024 and 1 January 2025 (audited)	–	73,665	193,359	6,300	4,529	–	277,853
Charge for the period	–	5,022	13,045	669	238	–	18,974
Eliminated on write-off/disposal	–	(17)	(875)	(20)	–	–	(912)
Exchange realignment	–	236	4	30	32	–	302
At 30 June 2025 (unaudited)	–	78,906	205,533	6,979	4,799	–	296,217
CARRYING AMOUNTS							
At 31 December 2024 (audited)	20,107	118,177	172,888	2,569	1,482	71,166	386,389
At 30 June 2025 (unaudited)	20,086	114,276	162,866	3,813	2,285	87,255	390,581

11. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Buildings and structures	Shorter of the term of the lease, 3%–10%
Machinery	9%–33%
Office equipment	19%–33%
Motor vehicles	12%–20%

The Group has pledged buildings and structure and machinery with carrying amount of approximately RMB31,938,000 and RMB22,440,000 as at 30 June 2025 and 31 December 2024, respectively, to secure bank borrowings granted to the Group.

As disclosed in note 20, Xizang Newtrend agreed to provide its leasehold land and property, plant and machinery as a security to the New Zang Qing Borrowings. At the date of interim report, relevant pledging procedures were still in the process.

As at 30 June 2025 and 31 December 2024, the Group was still in the process of applying for the ownership certificates for buildings and structures with a total carrying amount of RMB24,124,000 and RMB25,435,000, respectively.

12. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Lease properties RMB'000	Total RMB'000
At 1 January 2024 (audited)	12,501	899	13,400
Additions	–	100	100
Depreciation charged during the year	(347)	(688)	(1,035)
At 31 December 2024 and 1 January 2025 (audited)	**12,154**	**311**	**12,465**
Additions	**–**	**9,005**	**9,005**
Write-off	**–**	**(118)**	**(118)**
Depreciation charged during the period	**(174)**	**(536)**	**(710)**
Exchange realignment	**–**	**(2)**	**(2)**
At 30 June 2025 (unaudited)	**11,980**	**8,660**	**20,640**

12. RIGHT-OF-USE ASSETS *(Continued)*

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation on right-of-use assets	**710**	518
Interest expenses on lease liabilities (included in finance costs)	**31**	19
Expenses relating to short-term leases or leases to low value assets (included in administrative expenses)	**26**	65
Total cash outflow for leases	**504**	299

The Group has obtained the land use right certificates for all leasehold lands in the PRC.

The Group has pledged leasehold land with carrying amount of approximately RMB6,370,000 and RMB7,563,000 to secure a bank borrowing granted to the Group as at 30 June 2025 and 31 December 2024, respectively.

13. INVENTORIES

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Raw materials and consumables	**20,788**	19,480
Work in progress	**24,537**	23,123
Finished goods	**53,059**	42,012
Goods in transit	**17,351**	12,518
	115,735	97,133
Less: provision for write-down	**(3,091)**	(5,230)
	112,644	91,903

13. INVENTORIES *(Continued)*

Provision for write-down of inventories was recognised for the amount by which the carrying amount of the inventories exceeds its net realisable value and was recorded in "cost of sales". Movements in provision for write-down of inventories for the period/year are as below:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
At the beginning of the period/year	5,230	7,702
Provided for the period/year	1,975	3,961
Write-off	(4,114)	(6,433)
At the end of the period/year	3,091	5,230

14. TRADE AND BILLS RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables – contract with customers	307,922	232,267
Less: Loss allowance	(16,397)	(12,103)
	291,525	220,164
Bills receivables	11,008	4,449
	302,533	224,613

The normal credit term for the customers is generally up to 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

14. TRADE AND BILLS RECEIVABLES *(Continued)*

The following is an ageing analysis of trade receivables (net of allowance) presented based on the date of transfer of goods or issue of invoice at the end of each reporting period:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 30 days	36,406	54,356
31 to 60 days	31,178	55,750
61 to 90 days	26,772	39,232
91 to 180 days	94,584	43,728
181 to 365 days	93,899	27,055
More than 1 year	8,686	43
	291,525	220,164

The movement in the allowance for trade receivables of the Group during the reporting period are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Balance at beginning of the period/year	12,103	6,441
Allowance for the period/year, net	4,225	5,696
Exchange realignment	69	(34)
Balance at end of the period/year	16,397	12,103

The fair values of trade and bills receivables of the Group approximated to their carrying amounts.

Bills receivables represent short-term bank acceptance bills receivables that entitle the Group to receive the full face amount from the banks at maturity, which generally within 12 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivables. The Group from time to time endorses bank acceptance bills to suppliers in order to settle trade payables.

14. TRADE AND BILLS RECEIVABLES *(Continued)*

The Group endorsed certain bills receivable accepted by banks in Mainland China (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB36,425,000 and RMB43,368,000 at 30 June 2025 and 31 December 2024, respectively. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes have the right of recourse against the Group if the Mainland China banks default (the "**Continuing Involvement**").

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain of the Endorsed Notes accepted by large and reputable banks with amounts of RMB25,693,000 and RMB38,936,000 at 30 June 2025 and 31 December 2024, respectively (the "**Derecognised Notes**"). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables settled by the Endorsed Notes.

The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

For the rest of the Endorsed Notes, the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Notes. As at 30 June 2025 and 31 December 2024, the aggregate carrying amounts of the trade payables settled by such Endorsed Notes to which the suppliers have recourse were RMB10,732,000 and RMB4,432,000, respectively.

During the reporting period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the reporting period or cumulatively.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Amounts of Endorsed Notes	**36,425**	43,368
Less: the amount of derecognition upon the endorsement	**(25,693)**	(38,936)
Endorsed bills receivables that have not been derecognised and not yet due	**10,732**	4,432

15. BANK BALANCES AND CASH

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Bank balances and cash	250,087	51,469
Less: Pledged bank deposits	(7,360)	(5,340)
Cash and cash equivalents	242,727	46,129

The Group's pledged bank deposits represented deposits pledged to banks for issuance of bank acceptance bills.

16. TRADE AND BILL PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade payables	94,865	78,486
Bills payables	24,534	17,799
	119,399	96,285

16. TRADE AND BILL PAYABLES *(Continued)*

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
0 to 30 days	27,435	34,281
31 to 60 days	24,825	12,808
61 to 90 days	14,809	8,171
91 to 180 days	16,404	10,957
181 to 365 days	4,838	3,324
More than 1 year	6,554	8,945
	94,865	78,486

At the end of each reporting period, the Group's bills payables were issued by banks with maturities within 12 months and were secured by the Group's pledged bank deposits.

17. CONTRACT LIABILITIES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Sales of goods	9,994	5,685

Contract liabilities represent advance from customers when the Group receives payments in advance of the sales of goods. Revenue recognised during the reporting period relates to carried-forward contract liabilities at the beginning of the period/year is RMB5,685,000 and RMB792,000 for the period ended 30 June 2025 and the year ended 31 December 2024, respectively.

18. LEASE LIABILITIES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Lease liabilities payable:		
Within one year	1,560	324
More than one year, but not exceeding two years	1,086	–
More than two years, but not more than five years	3,477	–
More than five years	2,640	–
	8,763	324
Less: Amount due for settlement within 12 months shown under current liabilities	(1,560)	(324)
Amount due for settlement after 12 months shown under non-current liabilities	7,203	–

The weighted average incremental borrowing rate applied to lease liabilities were ranging from 3.10% to 4.30% per annum and 4.30% per annum at 30 June 2025 and 31 December 2024, respectively.

19. BANK BORROWINGS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Fixed-rate bank borrowings	144,600	74,700
Secured and guaranteed	29,900	24,900
Secured and unguaranteed	19,800	19,800
Unsecured and guaranteed	60,000	10,000
Unsecured and unguaranteed	34,900	20,000
	144,600	74,700
Carrying amount repayable:		
Within one year	144,600	74,700

19. BANK BORROWINGS *(Continued)*

As at 30 June 2025 and 31 December 2024, all of the Group's bank borrowings are denominated in RMB. The effective interest rates of the Group's bank borrowings are as follows:

	As at 30 June 2025 % (Unaudited)	As at 31 December 2024 % (Audited)
Effective interest rate per annum:		
– Fixed-rate borrowings	**2.70–3.50**	2.80–3.50

Borrowings with carrying amounts RMB34,900,000 as at 31 December 2024, were guaranteed by related parties (Note 25(d)).

20. OTHER BORROWING

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Other borrowing	**90,971**	95,650
Secured and unguaranteed	**90,971**	–
Unsecured and guaranteed	**–**	95,650
	90,971	95,650
Carrying amount repayable:		
Within one year	**11,256**	95,650
More than one year, but not exceeding two years	**12,514**	–
More than two years, but not exceeding five years	**67,201**	–
	90,971	95,650
Less: Amount due for settlement within 12 months shown under current liabilities	**(11,256)**	(95,650)
Amount due for settlement after 12 months shown under non-current liabilities	**79,715**	–

20. OTHER BORROWING *(Continued)*

As at 30 June 2025 and 31 December 2024, all of the Group's other borrowing are denominated in RMB.

Other borrowing of RMB95,650,000 as at 31 December 2024 is unsecured and interest-free on principal amount. In January 2025, the Company, Xizang Newtrend Fine Chemical Technology Co., Ltd. (the "**Xizang Newtrend**"), Shenzhen Newtrend Industrial Development Co., Ltd. (the "**Newtrend Industrial**") and Xizang Zang Qing Industrial Park Investment Co., Ltd. (the "**Zang Qing Investment**") entered into a supplemental agreement (the "**Xizang Settlement Agreement**"), pursuant to which each party agreed to re-arrange the repayment schedules of the borrowing with principal amount of RMB95,650,000, and Xizang Newtrend agreed to provide its leasehold land and property, plant and machinery as a security (the "**New Zang Qing Borrowings**"). With the effect of Xizang Settlement Agreement, each party also agreed not to claim for a breach relating to their rights and obligations of unrecovered subsidy and overdue penalty, and the respective guarantee provided by Newtrend Industrial was released. According to the re-arranged repayment schedule, Xizang Newtrend will repay part of the principal and interest by certain instalments in aggregate of approximately RMB37,540,000 from 2025 to 2027. The New Zang Qing Borrowings carried at prevailing market interest rate from 2025 to 2027 and the remaining balance should not be settled earlier than 1 January 2028 and subject to further negotiation.

No modification gain or loss was recognised in the consolidated statements of profit or loss and other comprehensive income in January 2025 as the fair value of the New Zang Qing Borrowings is approximate to the carrying amount of the Zang Qing Borrowings. The New Zang Qing Borrowings were subsequently carried at amortised cost using effective interest method.

21. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the condensed consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Deferred tax assets	**23,244**	20,040
Deferred tax liabilities	**(3,258)**	(2,149)
	19,986	17,891

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

The following are deferred tax assets and liabilities recognised and movements thereon during the reporting period:

	Impairment loss under ECL RMB'000	Provision for write-down of inventories RMB'000	Impairment loss on property, plant and, equipment RMB'000	Unused tax losses RMB'000	Unrealised profits RMB'000	Accelerated tax depreciation RMB'000	Lease liability RMB'000	Right-of-use asset RMB'000	Deferred income RMB'000	Total RMB'000
At 1 January 2024 (audited)	699	1,816	1,961	11,648	(126)	(2,267)	–	–	1,032	14,763
(Charged) credited to profit or loss	(100)	(301)	(23)	5,641	(297)	59	–	–	(134)	4,845
Exchange realignment	–	–	–	(93)	–	–	–	–	–	(93)
At 30 June 2024 (audited)	599	1,515	1,938	17,196	(423)	(2,208)	–	–	898	19,515
At 1 January 2025 (audited)	806	1,040	1,935	14,396	500	(2,149)	–	–	1,363	17,891
(Charged) credited to profit or loss	402	(369)	(10)	1,391	243	155	1,267	(1,249)	(72)	1,758
Exchange realignment	–	–	–	337	–	–	–	–	–	337
At 30 June 2025 (unaudited)	1,208	671	1,925	16,124	743	(1,994)	1,267	(1,249)	1,291	19,986

22. SHARE CAPITAL

	Number of shares '000	Share capital RMB'000
Ordinary share of RMB1 each		
Registered, issued and fully paid:		
At 1 January 2024, 31 December 2024 and 1 January 2025 (audited)	85,646	85,646
Issuance of H shares (Note)	10,585	10,585
At 30 June 2025 (unaudited)	96,231	96,231

Note:

On 10 June 2025, the Company issued 10,585,400 H shares with par value of RMB1 each at a price of HK$18.90 per share by initial public offering. The proceeds of RMB10,585,000, representing the par value, were credited to the Company's share capital. The remaining proceeds of RMB161,199,000 (net of issuance costs) was recognised in capital reserve.

23. CONTINGENT ASSET AND CONTINGENT LIABILITIES

Pursuant to an agreement (the "**Xizang Agreement**") entered into between Xizang Newtrend, a wholly owned subsidiary of the Company, the immediate holding Company of the Company, 西藏自治區藏青工業園管理委員會 (Tibet Autonomous Region Zangqing Industrial Park Management Committee*) (the "**Xizang Committee**") and Zang Qing Investment for the construction and development project in the Tibet Autonomous Region (the "**Xizang Project**"), Xizang Committee committed to provide subsidy for the natural gas expenses upon the operation of the boiler in the Project and 西藏藏青工業園投資股份有限公司 ("**Zang Qing Investment**") assisted to provide funds to the Xizang Newtrend as borrowings. Xizang Newtrend has outstanding principal amount of borrowings from Zang Qing Investment amounted to RMB95,650,000 as at 31 December 2024, the amount was defaulted in repayment in 2018 in accordance with the repayment schedule and is unsecured and interest-free on the principal amount. Newtrend Industrial, being one of our controlling shareholders, agreed to provide guarantee for Xizang Newtrend to repay the borrowing according to the agreement. Pursuant to the agreement, RMB40,000,000 would be repaid within the first year after the Xizang Project put into operation; and RMB60,000,000 would be repaid within the second year after the Xizang Project put into operation.

According to the liabilities for breach term in the agreement, Xizang Newtrend shall pay an overdue penalty amounting to one year benchmark loan interest rate of The People's Bank of China ("**PBOC**") of the overdue borrowing to Zang Qing Investment if Xizang Newtrend fails to repay the borrowing and the unrecovered subsidy mentioned below also subject to one year benchmark loan interest rate of the PBOC of the overdue subsidies from Xizang Committee.

Xizang Committee committed to grant a subsidy as monthly financial assistance to the actual natural gas expense which exceeds the base price stated in the agreement to Xizang Newtrend. Despite Xizang Newtrend has met the requirement with respect to the subsidy for the natural gas expenses on the operation of the boiler to the Xizang Project, our Group has not received any subsidy from the Xizang Committee.

As disclosed in note 20, the Company, Xizang Newtrend, Newtrend Industrial, and Zang Qing Investment entered into Xizang Settlement Agreement in January 2025, and each party agreed not to claim for a breach relating to their rights and obligations of unrecovered subsidy and overdue penalty. As a result of the foregoing, the Group did not have any contingent liabilities relating to the overdue penalty and contingent assets relating to the Xizang Funds as at 30 June 2025. The guarantee provided by Newtrend Industrial to our Group with respect to the Zang Qing Borrowings had also been released since the date of the Xizang Settlement Agreement.

24. COMMITMENTS

The Group has the following capital expenditures contracted but not provided for at the end of each reporting period.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Property, plant and equipment	5,883	4,664

25. RELATED PARTY TRANSACTIONS

Details of transactions between the Group and other related parties are disclosed below.

(a) Name and relationship with related parties

Name of related parties	Relationship with the Group
Mr. Wang	Controlling shareholder and director of the Company
Ms. Ding	Spouse of Mr. Wang and controlling shareholder

(b) Transactions with related parties

Save as disclosed elsewhere in the unaudited interim condensed consolidated financial statements, during the reporting period, the Group entered into transactions with the following related parties:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Payment of leases to Mr. Wang	276	–
Interest expenses on lease liabilities to Mr. Wang	5	11

25. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Lease liabilities due to Mr. Wang	**271**	266

(d) Guarantee from related parties

Bank borrowings

As at 31 December 2024, the Group's interest-bearing bank borrowings comprised:

(i) RMB34,900,000 guaranteed by Mr. Wang and Ms. Ding at interest rates ranging from 3.15% to 3.45% per annum.

(e) Compensation of key management personnel

The remuneration of key management personnel of the Group during the reporting period was as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Salaries and allowance	**1,782**	1,407
Retirement benefits	**101**	96
	1,883	1,503

Key management represents the directors of the Company and other senior management personnel of the Group. The remuneration of key management is determined with reference to the performance of the Group and the individuals.

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Financial assets		
At amortised cost:		
– trade and bills receivables	302,533	224,613
– deposits and other receivables (Note i)	1,232	1,477
– bank balances and cash	250,087	51,469
	553,852	277,559
Financial liabilities		
At amortised cost:		
– trade and bill payables	119,399	96,285
– other payables (Note ii)	48,202	48,852
– lease liabilities	8,763	324
– bank borrowings	144,600	74,700
– other borrowing	90,971	95,650
	411,935	315,811

Notes:

(i) Excluded prepayment for acquisition of property, plant and equipment, prepayment for raw materials, prepayment of expenses and deductible value-added tax.

(ii) Excluded other tax payables.

27. EVENTS AFTER THE REPORTING PERIOD

There was no event causing significant impact on the Group since 30 June 2025.

新琪安集團股份有限公司
NEWTREND GROUP HOLDING CO., LTD.