

GREEN FRESH BIOTECHNOLOGY COMPANY LIMITED

綠新生物科技有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 01084



2025 INTERIM REPORT

VISION MISSION CORE VALUES



Vision

Being a global leader in the technical development and manufacturing of all-natural performance materials



Mission

Keeping pace with the times and meeting the evolving application needs of customers with quality and innovation

Core values

Innovation, growth, and re-innovation



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. CHAN Kam Chung
(Chairman and Chief Executive Officer)
Mr. GUO Dongxu
(Vice Chairman and Vice President)
Mr. CHAN Shui Yip
(Vice Chairman and Vice President)
Mr. SHE Xiaoying
Ms. Chen Yi

Independent non-executive Directors

Mr. HO Kwai Ching, Mark
Mr. NG Man Kung
Mr. HU Guohua

COMPANY SECRETARY

Mr. SO Chi Man

AUTHORISED REPRESENTATIVES

Mr. CHAN Kam Chung
Mr. SO Chi Man

AUDIT COMMITTEE

Mr. HO Kwai Ching, Mark *(Chairman)*
Mr. NG Man Kung
Mr. HU Guohua

REMUNERATION COMMITTEE

Mr. NG Man Kung *(Chairman)*
Mr. HO Kwai Ching, Mark
Mr. CHAN Kam Chung

NOMINATION COMMITTEE

Mr. CHAN Kam Chung *(Chairman)*
Mr. HO Kwai Ching, Mark
Mr. NG Man Kung
Mr. HU Guohua
Ms. CHEN Yi

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER AS TO HONG KONG LAW

LCH Lawyers LLP

PRINCIPAL BANKERS

In Hong Kong:
Bank of China (Hong Kong) Limited
29-31 Lee Chung Street
Chai Wan
Hong Kong

In the PRC:
Industrial Bank Co., Ltd.
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Zi Guang Road
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Longhai City
Zhangzhou
Fujian Province
China

REGISTERED OFFICE

Cricket Square, Hutchins Drive
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Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A, 16th Floor
169 Electric Road
North Point
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Anshan Industrial Park
Zini Town
Longhai, Zhangzhou City
Fujian Province
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

COMPANY'S WEBSITE

<http://www.greenfreshfood.com>

STOCK CODE

01084



MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF COMPANY NAME

After considering feedback from various stakeholders over an extended period, the Company's previous Chinese and English names are considered not effectively conveying the Company's primary focus on the research, development, production, and sales of seaweed products under the context of advanced biotechnology. Seaweed is increasingly recognized as an eco-friendly resource, notable for its carbon-negative footprint during growth stage and its diverse applications as an alternative to fossil fuel-based materials. Subsequent to the passing of a special resolution for approval of the change of Company name by the shareholders at the Extra ordinary General Meeting (EGM) held on 6 June 2025, the certificate of incorporation on change of name was issued by the Registrar of Companies in the Cayman Islands on 10 June 2025 certifying that the English name of the Company has been changed from "Green Future Food Hydrocolloid Marine Science Company Limited" to "Green Fresh Biotechnology Company Limited" and the dual foreign name of the Company from "綠新親水膠體海洋科技有限公司" to "綠新生物科技有限公司". The certificate of registration of alteration of name of registered non-Hong Kong company in respect of the Change of Company Name was issued by the Registrar of Companies in Hong Kong on 9 July 2025.

LONG-TERM BUSINESS STRATEGY

The Group is a global leader in the technical development and manufacturing of all-natural performance materials. The current main products of the Company and its subsidiaries (the "**Group**") include agar-agar and carrageenan products made from naturally breeding seaweed, konjac gum products made from naturally breeding konjac, blended products with extended functions through blending different colloids and gums and professional solutions thereof. The hydrocolloid products developed and manufactured by the Group are mainly applied in processed food such as processed meat, confectioneries, dairy products, sauces, bakery products, pet foods and the rising trend of flavored tea beverages. Additionally, along with the development of functional applications, our products are widely used in beauty and household products such as 100% biodegradable face masks and air fresheners, as well as plastics-alternative wrapping and soil film. Agarose and agarophyte products manufactured through more complex processes are also primary materials of laboratory culture medium and medium for electrophoresis in genetic sequencing.

The Group has maintained a leading position in the market, ranking first in terms of the sales value, sales volume and the related market shares among manufacturers of agar-agar products and refined and semi-refined carrageenan products in the PRC for both 2020 and 2021, and again in 2023 and 2024. Additionally, the Group is recognized as the largest global manufacturer of these products during these years, according to a report prepared by Frost & Sullivan in March 2025. As an enterprise engaged in the essential supply chain of large-scale manufacturers, the capabilities of steady supply secured by a top-class production scale and technological acumen are the key competitive edges of the Group.

BUSINESS REVIEW

During the six months ended 30 June 2025 ("1H2025"), the economies of China and European countries, being the two major markets of the Group remained feeble amidst all the persistent challenges facing by them. First, the significant challenges that China faced in 2024 continue, characterized by sluggish growth and widespread "involution" where intensified price competition has led to diminishing business returns. This situation has been further exacerbated by disruptions from the tariff war emerged during the 1H2025. As global demand weakens amidst the uncertainties brought from the potential trade tariff, China's exports have also been impacted to a considerable extent. Affected by the decrease in demand and the effects of "involution," the sales quantity and average selling price of refined carrageenan decreased by approximately 4.2% and 5.5%, respectively, in the 1H2025 compared to the six months ended 30 June 2024 ("1H2024"). Additionally, alongside the decline in milk and premium leisure foods consumption both in China and globally, the sales quantity and average selling price of agar-agar dropped by approximately 12.8% and 1.8%, respectively, during the first half year of 2025, as compared to the same period of last year.

Notwithstanding the aforesaid, the decrease in interest rate of Renminbi ("RMB"), United States dollars ("USD") and Hong Kong dollars ("HKD") denominated loans resulted in the decrease in the Group's finance cost for the 1H2025, as compared to the 1H2024.

During the 1H2025, the Group's revenue was RMB410.0 million (the 1H2024: RMB459.0 million), decreased by 10.7% as compared to the same period of last year. The decrease in the Group's revenue was mainly attributable to the decrease in the revenue of carrageenan and agar-agar, caused mainly by the decrease in the sales quantities as well as the selling price of these products during the 1H2025. The total revenue of carrageenan and agar-agar products, contributing 75.8% of the total revenue of the Group, represented a decrease of 3.0% as compared to the 1H2024. This was mainly due to the decrease in the revenue of carrageenan and agar-agar alongside the increase in revenue of konjac products during the 1H2025.

For the 1H2025, the gross profit of the Group was RMB60.1 million (the 1H2024: RMB98.8 million), representing a decrease of RMB38.7 million or 39.2%. The overall gross profit margin for the 1H2025 was 14.7%, representing a decrease of 6.8 percentage points as compared to the 1H2024. The decrease in the overall gross profit margin was mainly due to the decrease in the selling price of carrageenan and agar-agar, caused by the sluggish economic condition both locally and globally, and widespread "involution" noted in China where intensified price competition has led to ever-diminishing business returns. This situation has been further exacerbated by disruptions from the tariff war emerged during the 1H2025. As global demand weakens amidst the uncertainties brought from the potential trade tariff, China's exports have also been impacted to a considerable extent. The net result of the Group turned from a net profit of RMB22.6 million in the 1H2024 to a net loss of RMB12.3 million in the 1H2025. The decrease in the net profit level, as compared to that of gross profit, was further aggravated by the decrease of other income and other gains of RMB3.2 million; the increase in net impairment losses on financial assets, selling and distribution expenses and administrative expenses of RMB1.4 million, RMB2.7 million and RMB3.8 million, respectively. The aforesaid negative effect was partly offset by the decrease in finance costs and income tax expenses incurred for the 1H2025 of RMB3.8 million and RMB11.4 million, respectively.

During the 1H2025, the revenue in the PRC and the overseas markets accounted for 46.2% and 53.8% of the Group's total revenue, respectively (the 1H2024: 53.6% and 46.4%). Revenue in the PRC market amounted to RMB189.3 million for the 1H2025, decreased by RMB56.6 million or 23.0% as compared to the 1H2024. Revenue in the overseas market amounted to RMB220.7 million for the 1H2025, increased by RMB7.6 million or 3.6% as compared to the 1H2024. Within the revenue in the overseas market, the total sales to European countries increased by RMB12.8 million or 11.5%, while the total sales to Asian countries decreased by RMB15.2 million or 19.7%, caused by the respective variations in market demand.



MANAGEMENT DISCUSSION AND ANALYSIS

ONGOING INVESTMENT IN PRODUCT TECHNOLOGY

The Group sets out its long-term goal of offering products carrying higher level of product technology which enables us to differentiate from its competitors in meeting the changing needs of customers. Through our ongoing investment in the product research and development capability, the Group has been able to enhance product mix and hence profitability in a sustainable manner. For instance, blended products provide customers with readily usable food additives solution which carries higher profit margin as compared to that of hydrocolloid products in raw form. Besides, fast-dissolvable agar-agar used in dairy products and deep-processed carrageenan products used in bakery products are products with ample market potential and the directors of the Company ("**Directors**") believe that these products shall become key contributors to the enhancement of the Group's profit margin in the foreseeable future. Furthermore, the konjac gum has become a key ingredient of various health foods for its rich soluble dietary fibers, and its development is on the momentum. As for the daily necessities, the markets for gel-type air fresheners and beauty products such as face masks were further developed during the period. Last but not the least, the Group has devoted additional research & development resources in the development of 100% bio-degradable plastics-alternative envelope window, wrapping film and soil cover. The Directors expect that the diversity in the end products and the applications will be key areas for expansion in the future.

BUSINESS PROSPECTS

Despite the sluggish economic environment of the Group's major markets that restricted the resurgence of business performance of the Group during the 1H2025, the global demand for hydrocolloid products is expected to pick up in the foreseeable future soon following the likely conclusion of the war in Europe. Moreover, the Directors expect the sales performance in the PRC will continue to remain stable with manageable fluctuations and the uprising trend of blended products will continue. As the key applications of hydrocolloid products are basic consumer goods including food, household, skincare and 100% bio-degradable products, there is a strong resilience in demand at all times and the Group shall be benefited from the edges well-established for years as the industry leader.

In terms of the Group's effort to diversify the geographical location of the production facilities as well as ongoing endeavor in cost-reductions, the Group's subsidiary, PT Hongxin Algae International ("**Hongxin**"), a company incorporated in Indonesia engaged principally in the manufacturing of semi-refined carrageenan with clear advantages in lower operating cost and proximity to seaweed resources, has maintained its production scale on one hand and invested in the continuous enhancement of production facilities on the other hand with the aim to step up further its product quality as well as cost competitiveness in the foreseeable future.

Looking forward, the prospect of hydrocolloid products under the context of advanced biotechnology is promising and the Group is committed to powering sustainable growth of business and improving returns on investments by leveraging its strengths in business scale and technical expertise.

INTERIM DIVIDEND

The board of Directors ("**Board**") does not recommend the payment of interim dividend for the 1H2025.

FINANCIAL REVIEW

Revenue

During the 1H2025, the Group's revenue was RMB410.0 million (the 1H2024: RMB459.0 million), decreased by 10.7% as compared to the same period of last year. The revenue of carrageenan, agar-agar and blended products decreased by RMB30.0 million or 13.9%, RMB20.8 million or 14.3% and RMB5.7 million or 9.3%, respectively. On the other hand, the revenue of konjac and other products increased by RMB4.2 million or 13.2% and RMB3.2 million or 67.2%, respectively during the 1H2025, as compared to the 1H2024. The decrease in the revenue was mainly due to the decrease in the selling price of carrageenan and agar-agar (and blended products as a consequence which are made from various hydrocolloid materials) caused by the sluggish economic condition both locally and globally, and widespread "involution" noted in China where intensified price competition has led to ever-diminishing business returns. This situation has been further exacerbated by disruptions from the tariff war emerged during the 1H2025. As global demand weakens amidst the uncertainties brought from the potential trade tariff, China's exports have also been impacted to a considerable extent. The aggregated sales revenue of carrageenan and agar-agar products, contributing 75.8% of the revenue of the Group, represented a decrease of 3.0% as compared to 1H2024. This was mainly due to the decrease in the revenue of carrageenan and agar-agar alongside the increase in revenue of konjac products during the 1H2025.

Cost of Sales

For the 1H2025, the cost of sales of the Group was RMB349.9 million (the 1H2024: RMB360.2 million), representing a decrease of RMB10.3 million or 2.9%. The cost of sales mainly consisted of the cost of raw materials (seaweed and konjac) and ancillary materials and production cost. The mild decrease in the cost of sales during the 1H2025 was a composite effect of (i) decrease in the sales volume of carrageenan and agar-agar by approximately 9.0% in aggregate and (ii) decrease in average cost of inventory resulted from the decreasing purchase cost of seaweed materials over the past twelve months. The aforementioned factors were largely offset by the baseline effect resulting from the reversal of inventory provisions, which reduced the cost of sales in the 1H2024. This situation, however, no longer applies in the 1H2025.

Gross Profit and Gross Profit Margin

For the 1H2025, the gross profit of the Group was RMB60.1 million (the 1H2024: RMB98.8 million), representing a decrease of RMB38.7 million or 39.2%. The overall gross profit margin for the 1H2025 was 14.7%, representing a decrease of 6.8 percentage points as compared to the 1H2024. The gross profit margin of carrageenan and agar-agar products decreased by 14.7 percentage points and 1.6 percentage points, respectively in the 1H2025, as compared to the 1H2024. On the other hand, the gross profit margin of konjac and blended products increased by 1.8 percentage points and 0.5 percentage points, respectively in the 1H2025, as compared to the 1H2024. The decrease in the overall gross profit margin was mainly due to the decrease in the selling price of carrageenan and agar-agar, caused by the sluggish economic condition both locally and globally, and widespread "involution" noted in China where intensified price competition has led to diminishing business returns. This situation has been further exacerbated by disruptions from the tariff war emerged during the 1H2025. As global demand weakens amidst the uncertainties brought from the potential trade tariff, China's exports have also been impacted to a considerable extent.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

For the 1H2025, the selling and distribution expenses of the Group were RMB12.1 million (the 1H2024: RMB9.4 million), representing an increase of RMB2.7 million or 28.7%. The increase was mainly due to the increase in the number of sales representatives located overseas for market development. Besides, during the 1H2025, the Company has participated in an increased number of trade shows held locally and overseas, as well as increased number of customer visits with corresponding increase in travelling and accommodation expenses.

Administrative Expenses

During the 1H2025, the administrative expenses of the Group were RMB52.9 million (the 1H2024: RMB49.1 million), representing an increase of RMB3.8 million or 7.7%, which was mainly attributable to (i) the increase in staff salaries and social insurance expenses caused mainly by the intake of workforce and the annual salary increment; and (2) the increase in research & development expenses pertains to the technology and know-how associated with producing both current mainstream products and new products.

Net Finance Costs

During the 1H2025, the finance income and costs of the Group were RMB130,000 and RMB12.9 million, respectively, (the 1H2024: RMB287,000 and RMB16.7 million), representing a decrease of RMB157,000 for finance income and RMB3.8 million or 22.8% for finance costs. The decrease in finance income was directly linked to the amount and duration of bank deposit made during the 1H2025, while the decrease in finance costs was due to the decrease in market interest rate on RMB, USD and HKD denominated loans during the 1H2025.

Income Tax Expense

During the 1H2025, the income tax credit of the Group was RMB4.1 million (the 1H2024: RMB7.4 million expense), representing a decrease of RMB11.5 million, which was charged based on the Group's assessable profit level which was decreased by the deferred income tax credit during the 1H2025.

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current income tax	654	3,432
Deferred income tax/(credit)	(4,712)	3,935
Income tax (credit)/expense	(4,058)	7,367

Profit Attributable to Owners of the Company

During the 1H2025, loss attributable to owners of the Company was RMB12.1 million (the 1H2024: Profit attributable to owners of the Company - RMB23.1 million), representing a decrease of RMB35.2 million, as a result of the decrease in corresponding magnitude in the net profit of the Group for the 1H2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As of 30 June 2025, the Group's cash and bank balances amounted to RMB106.4 million, of which substantially were in RMB and HKD, representing a decrease of RMB35.0 million or 24.8% from 31 December 2024. The financial ratios of the Group as of 30 June 2025 were as follows:

	As at 30 June 2025	As at 31 December 2024
Current ratio	1.73	1.74
Gearing ratio ¹	36.1%	34.3%

Note 1: Gearing ratio is calculated as net debt divided by total of net debt and/equity.

Net Current Assets

As of 30 June 2025, the Group's net current assets were RMB434.5 million, representing a decrease of RMB8.4 million or 1.9% from RMB442.9 million as of 31 December 2024, primarily due to the increase of RMB25.5 million in inventories and the decrease of RMB24.1 million in the balance of short-term bank loans as of 30 June 2025. Such increase was partly off-set by the decrease of RMB3.4 million in trade and other receivables, the increase of RMB22.1 million in trade payables and the decrease of RMB35.0 million in cash and bank balances. These changes created a composite effect to the net change of net current assets level across the relevant periods.

Bank Borrowings

As of 30 June 2025, the total bank borrowings of the Group amounted to RMB530.7 million, of which RMB436.5 million shall be repaid within one year and RMB94.2 million shall be repaid after one year. The carrying amounts of bank borrowings were denominated in HKD, USD and RMB.

The Group did not use any financial instruments for hedging purposes and did not have any net foreign currency investments hedged against existing borrowings and/or other hedging instruments. As of 30 June 2025, the weighted average interest rate on bank borrowings (per annum) was 3.93% (2024: 5.34%).

INTEREST RATE RISK

The interest rate risk of the Group arises from short-term interest-bearing deposits and bank borrowings. The Group is exposed to the interest rate risk of cash flow on short-term deposits and bank borrowings at the variable rate. The Group does not have borrowings with fixed interest rate.

The Group does not have any significant interest-bearing assets other than short-term interest-bearing deposits. The Directors do not expect any material impact on interest-bearing assets from interest rate movement, as interest rates on short-term deposits are not expected to fluctuate substantially.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As of 30 June 2025, the Group's bank borrowings were secured by the pledge of the Group's land use rights and buildings with a carrying value of RMB84.3 million (31 December 2024: RMB87.2 million). As of 30 June 2025, the amount of secured bank borrowings was RMB148.3 million (31 December 2024: RMB169.7 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As part of the Group's business strategy of diversifying production facilities geographically for enhancement of cost competitiveness, the Group is expected to invest further in the expansion of production capacity of Hongxin in the foreseeable future which shall be funded by the Group's internal resources.

Save as disclosed above, the Group did not have other future plans for material investments or capital assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures for the 1H2025.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group adopts a conservative approach for cash management and investment on funds. The Group's receipts and payments were mainly denominated in RMB and USD which enabled the Group to achieve a good degree of natural-hedging of foreign currency exposure. The Group will closely monitor foreign exchange fluctuations and will consider hedging should the need arises. During the 1H2025, the Group did not use any financial instrument for hedging purpose.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2025, the Group had 1,045 full-time employees, of whom 863 were based in Mainland China and 182 were based in Hong Kong and other countries and territories. The total staff cost during the 1H2025 was RMB61.0 million.

The management of the Group maintains good working relationship with its employees and provides training to keep the employees abreast of the latest developments of its products and production processes. Remuneration packages offered to the Group's employees are generally competitive and consistent with the prevailing levels in the market and are reviewed on a regular basis. Apart from basic remuneration and statutory retirement benefit scheme, discretionary bonuses and share award may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

Prior to the listing of the Company on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), the Group adopted the pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") on 5 August 2018 to recognise the important contributions of related employees and individuals. On 9 August 2018, the Company granted share options for 34,120,000 shares of the Company (the "**Shares**") upon exercise under the Pre-IPO Share Option Scheme. All the share options under the Pre-IPO Share Option Scheme have been fully vested and exercised on 21 May 2024 and there was no outstanding Pre-IPO share option subsisted as of 30 June 2025. No option had been granted, exercised, lapsed or cancelled during the 1H2025 under the Pre-IPO Share Option Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group adopted the post-IPO share option scheme (the “**Post-IPO Share Option Scheme**”) on 25 September 2019. During the 1H2025, no option had been granted, exercised, lapsed or cancelled under the Post-IPO Share Option Scheme.

The Group adopted the share award scheme (the “**Share Award Scheme**”) on 10 July 2020 for recognising and rewarding the contribution of the selected participants to the business growth of the Group. During the 1H2025, 1,596,000 Shares have been purchased on-market by the trustee (the “**Trustee**”) of the Share Award Scheme as part of the shares pool under the Share Award Scheme (the 1H2024: Nil) and the total consideration paid for the purchased Shares was HK\$1,120,700 (the 1H2024: Nil). An aggregate of 1,620,000 awarded shares were vested during the 1H2025. Save as disclosed above, no awarded share has been granted, vested, lapsed or cancelled during the 1H2025 under the Share Award Scheme.

CAPITAL EXPENDITURES

The Group’s capital expenditures primarily comprise cash expenditures for plant, equipment and land use rights. The capital expenditures for the 1H2025 were RMB18.6 million (31 December 2024: RMB48.0 million).

COMMITMENTS

The Group’s capital commitments in respect of those that have been contracted for as of 30 June 2025 and 31 December 2024 amounted to RMB7.8 million and RMB9.5 million, respectively.

LEASE LIABILITIES

Lease liabilities are related to building of the Group.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Minimum lease payments:		
Within one year	1,415	1,424
Later than 1 year and no later than 5 years	1,611	2,345
	3,026	3,769
Future finance charges	(183)	(235)
Total lease liabilities	2,843	3,534

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of 30 June 2025.

CAPITAL STRUCTURE

During the 1H2025, there has been no change in the capital structure of the Company.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Green Fresh Biotechnology Company Limited (formerly known as Green Future Food Hydrocolloid Marine Science Company Limited)

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 13 to 40, which comprises the interim condensed consolidated balance sheet of Green Fresh Biotechnology Company Limited (the “Company”, formerly known as Green Future Food Hydrocolloid Marine Science Company Limited) and its subsidiaries (together, the “Group”) as at 30 June 2025 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the HKICPA. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the HKICPA.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	6	409,977	459,015
Cost of sales	6	(349,924)	(360,168)
Gross profit		60,053	98,847
Other income		2,759	5,145
Other (losses)/gains - net		(173)	634
Net impairment (losses)/gains on financial assets		(1,233)	215
Selling and distribution expenses		(12,085)	(9,383)
Administrative expenses		(52,932)	(49,061)
Operating (loss)/profit		(3,611)	46,397
Finance income		130	287
Finance costs		(12,878)	(16,693)
Finance costs – net		(12,748)	(16,406)
(Loss)/Profit before income tax	7	(16,359)	29,991
Income tax credit/(expense)	8	4,058	(7,367)
(Loss)/Profit for the period		(12,301)	22,624
(Loss)/Profit for the period attributable to:			
Owners of the Company		(12,068)	23,086
Non-controlling interests		(233)	(462)
		(12,301)	22,624
Earnings per share for (loss)/profit attributable to owners of the Company			
Basic (loss)/earnings per share (RMB)	9	(0.014)	0.028
Diluted (loss)/earnings per share (RMB)	9	(0.014)	0.028

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
(Loss)/profit for the interim period	(12,301)	22,624
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
– Currency translation differences	3,661	(2,090)
Items that will not be subsequently reclassified to profit or loss		
– Currency translation differences	(2,691)	—
Total comprehensive (loss)/income for the interim period	(11,331)	20,534
Total comprehensive (loss)/income for the interim period attributable to:		
Owners of the Company	(10,891)	21,173
Non-controlling interests	(440)	(639)
	(11,331)	20,534

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Assets			
Non-current assets			
Land use rights	11	51,772	52,593
Property, plant and equipment	11	363,789	372,947
Intangible assets	11	65,329	67,143
Prepayments for non-current assets		7,758	4,231
Deferred income tax assets		41,121	36,669
Total non-current assets		529,769	533,583
Current assets			
Inventories		773,188	747,713
Trade and other receivables	13	146,119	149,536
Restricted cash	12	25,120	20,702
Cash and bank balances	12	81,315	120,734
Total current assets		1,025,742	1,038,685
Total assets		1,555,511	1,572,268
Equity			
Equity attributable to owners of the Company			
Share capital	14	7,892	7,892
Other reserves		277,646	285,052
Shares held for the share award scheme		(8,412)	(8,797)
Retained earnings		543,019	555,723
Capital and reserves attributable to the owners of the Company		820,145	839,870
Non-controlling interests		9,832	10,272
Total equity		829,977	850,142

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	17	111,229	100,995
Lease liabilities	17	1,573	2,196
Deferred income		17,918	19,318
Deferred income tax liabilities		3,597	3,857
Total non-current liabilities		134,317	126,366
Current liabilities			
Trade and other payables	16	151,337	129,242
Bank borrowings	17	436,481	460,597
Lease liabilities	17	1,270	1,338
Current income tax liabilities		2,129	4,583
Total current liabilities		591,217	595,760
Total liabilities		725,534	722,126
Total equity and liabilities		1,555,511	1,572,268

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

		Equity attributable to owners of the Company						
		Share capital RMB'000	Other reserves RMB'000	Shares held for the Share Award Scheme RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Note								
(Unaudited)								
Balance at 1 January 2025		7,892	285,052	(8,797)	555,723	839,870	10,272	850,142
Comprehensive income								
Loss for the period		—	—	—	(12,068)	(12,068)	(233)	(12,301)
Other comprehensive income								
– Currency translation differences		—	1,177	—	—	1,177	(207)	970
Total comprehensive income for the interim period		—	1,177	—	(12,068)	(10,891)	(440)	(11,331)
Transactions with owners								
2025 final dividend paid		—	(9,020)	—	—	(9,020)	—	(9,020)
Equity-settled share-based payment		—	1,227	—	—	1,227	—	1,227
Shares exercised from								
Share Award Scheme		—	(1,426)	1,426	—	—	—	—
Profit appropriation to statutory reserves		—	636	—	(636)	—	—	—
Buy-back of shares		—	—	(1,041)	—	(1,041)	—	(1,041)
Total transactions with owners		—	(8,583)	385	(636)	(8,834)	—	(8,834)
Balance at 30 June 2025		7,892	277,646	(8,412)	543,019	820,145	9,832	829,977
(Unaudited)								
Balance at 1 January 2024		7,485	251,462	(10,274)	496,570	745,243	8,869	754,112
Comprehensive income								
Profit/(loss) for the period		—	—	—	23,086	23,086	(462)	22,624
Other comprehensive income								
– Currency translation differences		—	(1,913)	—	—	(1,913)	(177)	(2,090)
Total comprehensive income for the interim period		—	(1,913)	—	23,086	21,173	(639)	20,534
Transactions with owners								
Equity-settled								
share-based payment		—	2,034	—	—	2,034	—	2,034
Shares issued due to options exercised during the period		40	—	—	—	40	—	40
Shares exercised from								
Share Award Scheme		—	—	784	—	784	—	784
Profit appropriation to statutory reserves		—	1,174	—	(1,174)	—	—	—
Total transactions with owners		40	3,208	784	(1,174)	2,858	—	2,858
Balance at 30 June 2024		7,525	252,757	(9,490)	518,482	769,274	8,230	777,504

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	17,758	48,520
Income tax paid	(3,109)	(3,129)
Net cash inflow from operating activities	14,649	45,391
Cash flows from investing activities		
Proceeds from government grants	—	3,036
Purchases of property, plant and equipment	(18,306)	(23,928)
Purchases of intangible assets	(319)	—
Interest received	130	287
Proceeds from disposal of property, plant and equipment	—	15
Net cash used in investing activities	(18,495)	(20,590)
Cash flows from financing activities		
Proceeds from borrowings	339,413	323,184
Proceeds of share issued due to options exercised during the period	—	40
Dividend paid	(9,020)	—
Buy-back of shares	(1,041)	—
Repayments of borrowings	(351,206)	(339,226)
Interest paid	(13,118)	(16,039)
Settlements of lease liabilities	(734)	(1,088)
Net cash used in financing activities	(35,706)	(33,129)
Net decrease in cash and cash equivalents	(39,552)	(8,328)
Cash and cash equivalents at beginning of period	120,734	72,600
Effect of foreign exchange rates changes	133	284
Cash and cash equivalents at end of period	81,315	64,556

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

1 GENERAL INFORMATION OF THE GROUP

Green Fresh Biotechnology Company Limited (the “Company”, formerly known as Green Future Food Hydrocolloid Marine Science Company Limited) was incorporated on 3 July 2015 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands.

The English name and the dual foreign name in Chinese of the Company were changed from “Green Future Food Hydrocolloid Marine Science Company Limited” to “Green Fresh Biotechnology Company Limited” and from “綠新親水膠體海洋科技有限公司” to “綠新生物科技有限公司” respectively with effect from 10 June 2025 subsequent to the passing of a special resolution for approval of the change by the shareholders at an extraordinary general meeting held on 6 June 2025.

The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are in the business of manufacturing and sales of food manufacturing hydrocolloid products including carrageenan products, agar-agar products, blended products and konjac products in the People’s Republic of China (the “PRC”) and overseas.

The ultimate controlling parties of the Group are Mr. Chan Kam Chung, Mr. Chan Shui Yip, Mr. Guo Songsen, Mr. Guo Dongxu, Mr. Guo Yuansuo and Mr. Guo Donghuang who act in concert under a contractual agreement (the “Controlling Shareholders”).

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since 17 October 2019.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

This condensed consolidated interim financial information has been approved for issue by the board of directors of the Company on 28 August 2025.

This condensed consolidated interim financial information has been reviewed, not audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), except for the adoption of the new and amended standards as disclosed in note 3 below.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed consolidated interim financial information are consistent with those of the annual consolidated financial statements for the year ended 31 December 2024 and the corresponding interim financial period, except for the adoption of new and amended standards as set out below.

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

(i) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group assessed the adoption of these new and amended standards and concluded that they did not have a significant impact on the Group's interim results and financial position.

Standard and amendments	Effective for accounting periods beginning on or after
HKAS 21 (Amendments) - Lack of Exchangeability	1 January 2025

(ii) New and amended standards not yet effective

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2025 and have not been early adopted by the Group:

Standard and amendments	Effective for accounting periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments) - Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements project - Annual improvements to HKFRS Accounting Standards – volumes 11	1 January 2026
HKFRS 18 (Amendments) - Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 (Amendments) - Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group is assessing the full impact of the new standard, new interpretations and amendments to standards and interpretations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2024.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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

There have been no changes in the risk management policies since last year end.

(a) Liquidity risk

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2025 (Unaudited)					
Borrowings	436,481	44,950	66,029	250	547,710
Interest payable on borrowings	12,489	3,479	4,965	4	20,937
Lease liabilities	1,415	1,415	196	—	3,026
Trade and other payables (excluding non-financial liabilities)	132,050	—	—	—	132,050
	582,435	49,844	71,190	254	703,723

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(a) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024					
Borrowings	460,597	28,262	71,733	1,000	561,592
Interest payable on borrowings	14,065	3,589	6,178	30	23,862
Lease liabilities	1,424	1,424	921	—	3,769
Trade and other payables (excluding non-financial liabilities)	109,988	—	—	—	109,988
	586,074	33,275	78,832	1,030	699,211

5.2 Fair value estimation of financial assets and liabilities measured at amortised cost

The carrying amounts of the Group's current financial assets (including cash and bank balances, trade and other receivables) and current financial liabilities (including trade and other payables, bank borrowings and lease liabilities) approximated their fair values as at the balance sheet date due to their short maturities.

6 REVENUE AND SEGMENT INFORMATION

The Company's executive directors, the chief executive officer, the chief financial officer and the manager for corporate planning are regarded as the Group's chief operating decision maker. The chief operating decision maker examines the Group's performance from a product perspective and has identified five operating segments of its business as follows:

- (i) Manufacturing and sales of agar-agar;
- (ii) Manufacturing and sales of carrageenan;
- (iii) Manufacturing and sales of konjac products;
- (iv) Manufacturing and sales of blended products; and
- (v) Others, such as manufacturing and sales of algae powder and other operations.

The amounts provided to the chief operating decision maker with respect to total assets, total liabilities and capital expenditure are measured in a manner consistent with that of interim condensed consolidated financial information. The chief operating decision maker reviews the total assets, total liabilities and capital expenditure at Group level mainly because the manufacturing of the four categories of products of the Group is managed by the same management team and there are certain degree of sharing of production facilities and warehouses, therefore no segment information of total assets, total liabilities and capital expenditure information was presented.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment information

The segment information of the Group during the period is set out as follows:

	(Unaudited)					
	For the six months ended 30 June 2025					
	Sales of agar-agar RMB'000	Sales of carrageenan RMB'000	Sales of konjac products RMB'000	Sales of blended products RMB'000	Others RMB'000	Total RMB'000
Revenue recognised at a point-in-time:						
Sales to customers	124,418	186,443	35,865	55,250	8,001	409,977
Cost of sales	(92,147)	(182,228)	(29,711)	(40,882)	(4,956)	(349,924)
Segment results	32,271	4,215	6,154	14,368	3,045	60,053

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

	RMB'000 (Unaudited)
Results of reportable segments	60,053
Other income	2,759
Other losses – net	(173)
Net impairment losses on financial assets	(1,233)
Selling and distribution expenses	(12,085)
Administrative expenses	(52,932)
Finance income	130
Finance costs	(12,878)
Loss before income tax	(16,359)
Income tax credit	4,058
Loss for the period	(12,301)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment information (Continued)

	(Unaudited)					
	For the six months ended 30 June 2024					
	Sales of agar-agar RMB'000	Sales of carrageenan RMB'000	Sales of konjac products RMB'000	Sales of blended products RMB'000	Others RMB'000	Total RMB'000
Revenue recognised at a point-in-time:						
Sales to customers	145,213	216,434	31,673	60,910	4,785	459,015
Cost of sales	(105,241)	(179,785)	(26,813)	(45,366)	(2,963)	(360,168)
Segment results	<u>39,972</u>	<u>36,649</u>	<u>4,860</u>	<u>15,544</u>	<u>1,822</u>	<u>98,847</u>

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

	RMB'000 (Unaudited)
Results of reportable segments	98,847
Other income	5,145
Other gains – net	634
Net impairment gains on financial assets	215
Selling and distribution expenses	(9,383)
Administrative expenses	(49,061)
Finance income	287
Finance costs	<u>(16,693)</u>
Profit before income tax	29,991
Income tax expense	<u>(7,367)</u>
Profit for the period	<u>22,624</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

6 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment information (Continued)

Revenue from external customers by country/region, based on the destination of the shipment, is as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
China	189,308	245,862
Europe	124,373	111,562
Asia (excluding China)	61,766	76,934
South America	19,916	16,203
North America	11,796	7,644
Africa	2,700	682
Oceania	118	128
Total	409,977	459,015

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

7 (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is stated after crediting and charging the following:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Crediting		
Government grants	2,583	5,097
Net impairment gains on financial assets	—	215
Interest income from banks	130	287
Charging		
Employee benefit expenses, including directors' emoluments	61,026	56,056
Depreciation of property, plant and equipment (note 11)	21,634	23,225
Net foreign exchange loss on financing activities and operating activities	95	1,860
Amortisation of intangible assets (note 11)	1,290	1,713
Amortisation of land use rights (note 11)	599	592
Electricity and water expenses	14,831	13,178
Interest and finance charges on bank borrowings	13,118	16,039
Net impairment losses on financial assets	1,233	—
Consulting fee	624	681

8 INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current income tax	654	3,432
Deferred income tax	(4,712)	3,935
Income tax expense	(4,058)	7,367

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

8 INCOME TAX (CREDIT)/EXPENSE (Continued)

The Group's income tax comprises:

- (i) Cayman Islands, British Virgin Islands ("BVI"), Indonesia and Hong Kong profits tax

The Company is an exempted company incorporated in the Cayman Islands and is not liable for taxation in the Cayman Islands on its Cayman Islands or non-Cayman Islands income.

The Group's subsidiaries incorporated in BVI are exempted companies and are not liable for taxation in BVI on their BVI or non-BVI income.

The Group's subsidiaries in Indonesia are subject to Indonesian profits tax at the rate of 22% (2024: 22%) on the estimated assessable profits for the year.

The Group's subsidiaries in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the year with certain concession. Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department from the year of assessment 2024/2025 onwards, the first HK\$ 2 million of assessable profits of one of the Group's companies incorporated in Hong Kong under Hong Kong profits tax during the year is subject to a tax rate of 8.25%. The Group's remaining Hong Kong assessable profits above HK\$ 2 million will continue to be subject to a tax rate of 16.5% (2024: 16.5%).

- (ii) PRC corporate income tax ("CIT")

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group's subsidiaries operate. The Company's subsidiaries incorporated in the PRC are subject to CIT at the rate of 25% (2024: 25%), except for Fujian Province Lvqi Food Colloid Company Ltd. ("Lvqi (Fujian)"), Longhai City Donghaiwan Seaweed Breeding Comprehensive Development Company Limited ("Donghaiwan") and Blandaway (Xiamen) Biotechnology Co., Ltd. ("Baidemei") which are subject to CIT at the preferential rate of 15%, 12.5% and 5% for six months ended 30 June 2025 and 2024, respectively.

Lvqi (Fujian) obtained the qualification of certified high and new technology enterprises and has been entitled to preferential income tax rate of 15% since 2015, subject to renewal of the qualification for every three years interval. The latest approval of the qualification is for years 2024 to 2027.

Donghaiwan is qualified as an agricultural products enterprise and is subject to a CIT reduction of 50% granted by the local tax bureau, and the CIT rate is 12.5% for the six months ended 30 June 2025 and 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

8 INCOME TAX (CREDIT)/EXPENSE (Continued)

(iii) PRC withholding income tax

According to the CIT Law, a 10% withholding tax on dividends received/receivable will be levied on the PRC companies' immediate holding companies established outside PRC. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. For the six months ended 30 June 2025 and 2024, the holding companies of the Group's subsidiaries in the PRC are Hong Kong incorporated companies and are subject to a withholding tax rate of 5%.

The Group has undistributed earnings of RMB558,602,000 as at 30 June 2025 (31 December 2024: RMB563,217,000), which, if paid out as dividends, would be subject to income tax borne by their overseas holding companies. An assessable temporary difference exists, but no deferred income tax liability has been recognised as the parent entities are able to control the timing of distributions from their subsidiaries and the subsidiaries are expected to retain these profits for future development purpose and not to distribute the profits in the foreseeable future.

9 EARNINGS PER SHARE

(a) Basic and diluted (loss)/earnings per share

	Six months ended 30 June	
	2025 RMB (Unaudited)	2024 RMB (Unaudited)
Basic (loss)/earnings per share attributable to the ordinary equity holders of the Company	(0.014)	0.028
Diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company	(0.014)	0.028

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company, by the weighted average number of ordinary shares in issue during the financial period, excluding ordinary shares held for the share award scheme.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversation of all dilutive potential ordinary shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

9 EARNINGS PER SHARE (Continued)

(b) Reconciliations of (loss)/earnings used in calculating (loss)/earnings per share

	Six months ended 30 June	
	2025 RMB (Unaudited)	2024 RMB (Unaudited)
<i>Basic and diluted (loss)/earnings per share</i>		
(Loss)/profit attributable to the ordinary equity holders of the Company	(12,068)	23,086

(c) Weighted average number of shares used as the denominator

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	863,153,800	818,610,666
Adjustments for calculation of diluted earnings per share:		
– Share options	—	4,185,778
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	863,153,800	822,796,444

10 DIVIDENDS

No interim dividend was proposed by the board of directors of the Company in 2025 (2024: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

11 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS

	(Unaudited)			
	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets Goodwill RMB'000	Others RMB'000
At 1 January 2025	372,947	52,593	47,655	19,488
Additions	13,100	—	—	17
Depreciation/amortisation	(21,634)	(599)	—	(1,290)
Disposal	(76)	—	—	—
Currency translation differences	(548)	(222)	(365)	(176)
At 30 June 2025	363,789	51,772	47,290	18,039

	(Unaudited)			
	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets Goodwill RMB'000	Others RMB'000
At 1 January 2024	374,851	53,913	47,138	19,752
Additions	21,281	—	—	—
Depreciation/amortisation	(23,225)	(592)	—	(1,713)
Disposal	(14)	—	—	—
Currency translation differences	(905)	(278)	170	(34)
At 30 June 2024	371,988	53,043	47,308	18,005

The bank borrowings of the Group as at 30 June 2025 were secured by the pledge of the Group's land use rights, buildings as stated in note 17(a).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

12 CASH AND BANK BALANCES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Cash and cash equivalents		
Cash on hand	242	180
Cash in banks	81,073	120,554
Cash on hand and in banks	81,315	120,734
Restricted cash - cash in banks	25,120	20,702
Total of cash and bank balances	106,435	141,436

The restricted cash are deposits held at bank as deposit and pledged for issue of notes payable and letter of credit of the Group.

13 TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Trade receivables	116,476	114,636
Loss allowance provision	(3,117)	(1,883)
	113,359	112,753
Prepayments for purchases of raw materials	8,096	12,095
Export tax rebate receivables and deductible value-added tax	12,842	10,568
Other receivables	11,822	14,120
	32,760	36,783
Total trade and other receivables	146,119	149,536

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

13 TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of the trade receivables as at the 30 June 2025 based on invoice date was as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Up to 30 days	62,269	60,328
31 to 90 days	32,028	33,554
91 to 180 days	2,056	4,502
181 to 365 days	8,774	14,268
Over one year	11,349	1,984
	116,476	114,636

14 SHARE CAPITAL

	(Unaudited) 2025		(Unaudited) 2024	
	Shares	RMB'000	Shares	RMB'000
As at 1 January	874,120,000	7,892	829,688,000	7,485
Shares issued upon exercise of share options	—	—	4,432,000	40
As at 30 June	874,120,000	7,892	834,120,000	7,525

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

15 EQUITY-SETTLED SHARE-BASED PAYMENT

The equity-settled share-based payment expenses charged to the consolidated statement of profit or loss during the period ended 30 June 2025 are as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Share option scheme (a)	—	341
Share award scheme (b)	837	1,502
Share award scheme (c)	390	191
	1,227	2,034

(a) Share option scheme

On 5 August 2018, the then sole director of the Company approved a pre-IPO share option scheme of the Company. On 9 August 2018, the Company granted pre-IPO share options to the three employees, the former non-controlling shareholder of a subsidiary and a personal consultant to the directors of the Company. For the shares options grant to the three employees, the vesting period is 5 years from the listing date. No vesting period was set for share options grant to the other two parties.

The total amounts of the fair value of the share options to the three employees are expensed over the vesting period of 5 years and recorded in 'employee benefit expenses' in the consolidated statement of profit or loss. Those to the other two parties were expensed and recorded in 'administrative expenses' in the consolidated statement of profit or loss in 2019.

Movements in the number of the options outstanding are as follows:

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
As at 1 January	—	4,432,000
Exercised during the period	—	(4,432,000)
	—	—

There are no share options outstanding as at 30 June 2025 as the share option scheme has been fully exercised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

15 EQUITY-SETTLED SHARE-BASED PAYMENT (Continued)

(b) Share award scheme

On 10 July 2020, the Company's board of directors approved a share award scheme of the Company.

On 5 December 2022, the Company granted awarded shares to three employees, and the first vesting date is 1 April 2023, and the remaining vesting dates shall fall on the subsequent anniversary dates during the vesting period, and the total vesting period is 5 years.

The Company planned to use "shares held for the share award scheme" to award the grantees of the awarded shares.

The total amounts of the fair value of the awarded shares to the three employees are expensed over the vesting period of 5 years and recorded in 'employee benefit expenses' in the consolidated statement of profit or loss. For the six months ended 30 June 2025, the amounts of this awarded shares expensed in the consolidated statement of profit or loss is RMB837,000 (2024: RMB1,502,000).

Movements in the number of awarded shares outstanding are as follows:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024
As at 1 January	2,580,000	3,440,000
Vested during the period	(860,000)	(860,000)
	<u>1,720,000</u>	<u>2,580,000</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

15 EQUITY-SETTLED SHARE-BASED PAYMENT (Continued)

(b) Share award scheme (Continued)

Awarded shares outstanding as at 30 June 2025 have the following vesting period and purchase prices:

	Date of grant	Number of awarded shares outstanding as at June 30		Vesting period and maximum % of awarded share	Vesting period	Purchase price
		2025 (Unaudited)	2024 (Unaudited)			
Awarded shares granted to three employees	5 December 2022	1,720,000	2,580,000	20% each year starting from 1 April 2023	1 April 2023 to 1 April 2027. All unvested awarded shares after the relevant vesting periods or upon resignation will be subject to re-granting at management's discretions	—

As at 30 June 2025, the remaining unamortised fair value of awarded shares transferred to the three employees amounted to approximately RMB1,763,000 which will be charged to the consolidated statement of profit or loss in the future.

(c) Share award scheme

On 21 May 2024, the Company's board of directors granted awarded shares to five employees, and the first vesting date is 21 May 2024, and the remaining vesting dates shall fall on the subsequent anniversary dates during the vesting period, and the total vesting period is 5 years.

The Company planned to use "shares held for the share award scheme" to award the grantees of the awarded shares.

The total amounts of the fair value of the awarded shares to the five employees are expensed over the vesting period of 5 years and recorded in 'employee benefit expenses' in the consolidated statement of profit or loss. For the six months ended 30 June 2025, the amounts of this awarded shares expensed in the consolidated statement of profit or loss is RMB390,000 (2024: RMB191,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

15 EQUITY-SETTLED SHARE-BASED PAYMENT (Continued)

(c) Share award scheme (Continued)

Movements in the number of awarded shares outstanding are as follows:

	As at 30 June 2025 (Unaudited)	As at 31 December 2024
As at 1 January	3,040,000	—
Granted during the period	—	3,800,000
Vested during the period	(760,000)	(760,000)
	2,280,000	3,040,000

Awarded shares outstanding as at 30 June 2025 have the following vesting period and purchase prices:

	Date of grant	Number of awarded shares outstanding as at June 30		Vesting period and maximum % of awarded share	Vesting period	Purchase price
		2025 (Unaudited)	2024 (Unaudited)			
Awarded shares granted to five employees	21 May 2024	2,280,000	3,040,000	20% each year starting from 21 May 2024	21 May 2024 to 21 May 2028. All unvested awarded shares after the relevant vesting periods or upon resignation will be subject to re-granting at management's discretions	—

As at 30 June 2025, the remaining unamortised fair value of awarded shares transferred to the five employees amounted to approximately RMB1,032,000 which will be charged to the consolidated statement of profit or loss in the future.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

16 TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Trade payables	116,322	93,302
Payables for property, plant and equipment	1,950	3,873
Contract liabilities - advance receipts from customers	7,597	7,500
Employee benefit payables	8,372	8,094
Other taxes payable	3,318	3,660
Others	13,778	12,813
	151,337	129,242

Trade payables are usually paid within 90 days of recognition.

The ageing analysis of trade payables as at 30 June 2025 based on invoice date was as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
0-90 days	96,020	67,896
91-180 days	10,018	16,959
181-365 days	10,284	8,447
	116,322	93,302

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

17 BORROWINGS AND LEASE LIABILITIES

	(Unaudited) As at 30 June 2025 RMB'000			(Audited) As at 31 December 2024 RMB'000		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings (a)						
– secured	83,100	65,188	148,288	94,769	74,975	169,744
– unsecured	353,381	29,041	382,422	365,828	9,020	374,848
	<u>436,481</u>	<u>94,229</u>	<u>530,710</u>	<u>460,597</u>	<u>83,995</u>	<u>544,592</u>
Loan from third party (b)						
– unsecured	—	17,000	17,000	—	17,000	17,000
Total borrowings	<u>436,481</u>	<u>111,229</u>	<u>547,710</u>	<u>460,597</u>	<u>100,995</u>	<u>561,592</u>
Lease liabilities (c)						
– unsecured	1,270	1,573	2,843	1,338	2,196	3,534
Total borrowings	<u>437,751</u>	<u>112,802</u>	<u>550,553</u>	<u>461,935</u>	<u>103,191</u>	<u>565,126</u>
Total secured borrowings	83,100	65,188	148,288	94,769	74,975	169,744
Total unsecured borrowings	<u>354,651</u>	<u>47,614</u>	<u>402,265</u>	<u>367,166</u>	<u>28,216</u>	<u>395,382</u>
Total borrowings	<u>437,751</u>	<u>112,802</u>	<u>550,553</u>	<u>461,935</u>	<u>103,191</u>	<u>565,126</u>

(a) Bank borrowings

The bank borrowings of the Group as at 30 June 2025 were secured by the pledge of the Group's land use rights, buildings as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Land use rights	28,484	28,895
Buildings	<u>55,812</u>	<u>58,307</u>
Total assets pledged as security	<u>84,296</u>	<u>87,202</u>

For the six months ended 30 June 2025, the weighted average effective interest rates on bank borrowings were 3.93% (for the six months ended 30 June 2024: 5.34%).

The unsecured bank borrowings of the Group were supported by guarantees from Mr. Chan Kam Chung and Mr. Guo Dongxu to the extent of RMB73,791,000 and RMB10,000,000, respectively, as at 30 June 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

17 BORROWINGS AND LEASE LIABILITIES (Continued)

(b) Loan from third party

The Group's long-term loan from third party, namely Zhangzhou City Longhai District Xinwan Industrial Investment Company Limited ("Longhai District Xinwan"), amounting to RMB17,000,000 as at 30 June 2025, was arising from the first tranche capital injection of quadripartite investment agreement in relation to an incubation project of bio-degradable bio-polysaccharides membrane of Xiamen Blue Ocean Algae Membrane Technologies Co., Ltd. ("Xiamen Blue Ocean Algae", a subsidiary of the Company), entered into between Green Fresh (Fujian) Foodstuff Co., Ltd. ("Green Fresh", an indirect wholly-owned subsidiary of the Company), Longhai District Xinwan, and other independent non-controlling shareholders, pursuant to which Longhai District Xinwan agreed to inject up to RMB63,850,000 in Xiamen Blue Ocean Algae, for a fixed rate of return of 8.0% per annum.

(c) Lease liabilities

Lease liabilities are related to buildings of the Group.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Minimum lease payments:		
Within one year	1,415	1,424
Later than 1 year and no later than 5 years	1,611	2,345
	3,026	3,769
Future finance charges	(183)	(235)
Total lease liabilities	2,843	3,534
Payable:		
Within one year	1,270	1,338
Over one year	1,573	2,196
Total lease liabilities	2,843	3,534

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

18 COMMITMENTS

Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is set out below:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Contracted but not recognised as liabilities: Property, plant and equipment	<u>7,754</u>	<u>9,476</u>

19 CONTINGENT LIABILITIES

At 30 June 2025, the Group had no material contingent liabilities (31 December 2024: nil).

20 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the period, and significant balances arising from related party transactions as at the end of the reporting period.

(a) Transactions with related parties

Two directors provided personal guarantees for the Group's bank borrowings. Details are set out in note 17.

(b) Key management compensation

For the six months ended 30 June 2025, the key management compensation amounted to approximately RMB4,584,000 (2024: RMB4,520,000).

OTHER INFORMATION

DONATIONS

Charitable donations made by the Group during 1H2025 amounted to approximately RMB95,000 (2024: RMB205,000.00).

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

As of 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were (a) 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 in which they were taken or deemed to have taken under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), were as follows:

(i) Interests in the Company

Name of Directors	Nature of interest and capacity	Number of shares or underlying shares held ⁽⁶⁾	Approximate percentage of shareholding ⁽⁷⁾
Mr. CHAN Kam Chung	Interest in a controlled corporation ⁽¹⁾	161,700,000	18.50%
	Interest under the Concert Party Agreement ⁽²⁾	588,000,000	67.27%
Mr. CHAN Shui Yip	Interest in a controlled corporation ⁽³⁾	161,700,000	18.50%
	Interest under the Concert Party Agreement ⁽²⁾	588,000,000	67.27%
Mr. GUO Dongxu	Interest in a controlled corporation ⁽⁴⁾	66,150,000	7.57%
	Interest under the Concert Party Agreement ⁽²⁾	588,000,000	67.27%
Ms. CHEN Yi	Beneficial owner ⁽⁵⁾	818,000	0.09%

OTHER INFORMATION

Notes:

- (1) Mr. CHAN Kam Chung held all issued share in COS Kreation Investment Development Company Limited ("**COS Kreation**"). Therefore, Mr. CHAN Kam Chung is deemed to be interested in all shares held by COS Kreation for the purpose of the SFO. Mr. CHAN Kam Chung is the sole director of COS Kreation.
- (2) All shareholders are controlling shareholders and concert parties by virtue of the Concert Party Agreement, a summary of which is set forth in the section headed "Controlling Shareholders and Substantial Shareholders — Summary of terms of the Concert Party Agreement" in the Prospectus of the Company dated 30 September 2019.
- (3) Mr. CHAN Shui Yip held all issued share in Epoch Investment Development Co., Limited ("**Epoch**"). Therefore, Mr. CHAN Shui Yip is deemed to be interested in all shares held by Epoch for the purpose of the SFO. Mr. CHAN Shui Yip is the sole director of Epoch.
- (4) Mr. GUO Dongxu held all issued share in Strong Achievement (BVI) Investment Company Limited ("**Strong Achievement**"). Therefore, Mr. GUO Dongxu is deemed to be interested in all shares held by Strong Achievement for the purpose of the SFO. Mr. GUO Dongxu is the sole director of Strong Achievement.
- (5) These interests include interest in 480,000 shares awarded under the Share Award Scheme which remain unvested as at 30 June 2025.
- (6) All the interests disclosed represent long positions in the shares and underlying shares of the Company.
- (7) As of 30 June 2025, the total number of issued shares of the Company was 874,120,000.

(ii) Interests in associated corporations

Name of Directors	Name of associated corporations	Nature of interest and capacity	Number of shares	Percentage of shareholding
Mr. CHAN Kam Chung	COS Kreation	Beneficial owner	One	100%
Mr. CHAN Shui Yip	Epoch	Beneficial owner	One	100%
Mr. GUO Dongxu	Strong Achievement	Beneficial owner	One	100%

Save as disclosed above, as of 30 June 2025, none of the directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 30 June 2025, so far as was known to the Directors, the person or corporations (not being a Director or chief executive of the Company) who had an interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of Shareholders	Nature of interest and capacity	Number of shares held ⁽⁹⁾	Approximate percentage of shareholding ⁽¹⁰⁾
COS Kreation	Beneficial owner	161,700,000	18.50%
	Interest under the Concert Party Agreement ⁽¹⁾	588,000,000	67.27%
Epoch	Beneficial owner	161,700,000	18.50%
	Interest under the Concert Party Agreement ⁽¹⁾	588,000,000	67.27%
Strong Achievement	Beneficial owner	66,150,000	7.57%
	Interest under the Concert Party Agreement ⁽¹⁾	588,000,000	67.27%
Green Forest (BVI) Investment Company Limited (" Green Forest ")	Beneficial owner	92,603,571	10.59%
	Interest under the Concert Party Agreement ⁽¹⁾	588,000,000	67.27%
Mr. GUO Songsen	Interest in a controlled corporation ⁽²⁾	92,603,571	10.59%
	Interest under the Concert Party Agreement ⁽¹⁾	588,000,000	67.27%
	Beneficial owner	866,000	0.10%
Winning Path Trading Company Limited (" Winning Path ")	Beneficial owner	66,150,000	7.57%
	Interest under the Concert Party Agreement ⁽¹⁾	588,000,000	67.27%
Mr. GUO Yuansuo	Interest in a controlled corporation ⁽³⁾	66,150,000	7.57%
	Interest under the Concert Party Agreement ⁽¹⁾	588,000,000	67.27%
East Prosperity (BVI) Investment Company Limited (" East Prosperity ")	Beneficial owner	39,696,429	4.54%
	Interest under the Concert Party Agreement ⁽¹⁾	588,000,000	67.27%
Mr. GUO Donghuang	Interest in a controlled corporation ⁽⁴⁾	39,696,429	4.54%
	Interest under the Concert Party Agreement ⁽¹⁾	588,000,000	67.27%
Ms. LI Shun Ching Louisa	Interest of spouse ⁽⁵⁾	588,000,000	67.27%
Ms. SHE Pin Pin	Interest of spouse ⁽⁶⁾	588,000,000	67.27%
Ms. WU Biling	Interest of spouse ⁽⁷⁾	588,000,000	67.27%
Ms. QIU Qiaoya	Interest of spouse ⁽⁸⁾	588,866,000	67.37%

Notes:

- All shareholders are controlling shareholders and concerted parties by virtue of the Concert Party Agreement, a summary of which is set forth in the section headed "Controlling Shareholders and Substantial Shareholders — Summary of terms of the Concert Party Agreement" in the Prospectus of the Company dated 30 September 2019.
- Mr. GUO Songsen held all issued share in Green Forest. Therefore, Mr. GUO Songsen is deemed to be interested in all shares held by Green Forest for the purpose of the SFO. Mr. GUO Songsen is the sole director of Green Forest.

OTHER INFORMATION

3. Mr. GUO Yuansuo held all issued shares in Winning Path. Therefore, Mr. GUO Yuansuo is deemed to be interested in all shares held by Winning Path for the purpose of the SFO. Mr. GUO Yuansuo is the sole director of Winning Path.
4. Mr. GUO Donghuang held all issued shares in East Prosperity. Therefore, Mr. GUO Donghuang is deemed to be interested in all shares held by East Prosperity for the purpose of the SFO. Mr. GUO Donghuang is the sole director of East Prosperity.
5. Ms. LI Shun Ching Louisa is the spouse of Mr. CHAN Kam Chung. By virtue of the provisions of Part XV of the SFO, Ms. LI Shun Ching Louisa is deemed to be interested in all the shares in which Mr. CHAN Kam Chung is interested or deemed to be interested.
6. Ms. SHE Pin Pin is the spouse of Mr. CHAN Shui Yip. By virtue of the provisions of Part XV of the SFO, Ms. SHE Pin Pin is deemed to be interested in all the shares in which Mr. CHAN Shui Yip is interested or deemed to be interested.
7. Ms. WU Biling is the spouse of Mr. GUO Dongxu. By virtue of the provisions of Part XV of the SFO, Ms. WU Biling is deemed to be interested in all the shares in which Mr. GUO Dongxu is interested or deemed to be interested.
8. Ms. QIU Qiaoya is the spouse of Mr. GUO Songsen. By virtue of the provisions of Part XV of the SFO, Ms. QIU Qiaoya is deemed to be interested in all the shares in which Mr. GUO Songsen is interested or deemed to be interested.
9. All the interests disclosed represent long positions in the shares and underlying shares of the Company.
10. As of 30 June 2025, the total number of issued shares of the Company was 874,120,000.

Save as disclosed above, as of 30 June 2025, the Directors were not aware of any other person or corporation having an interests or short positions in the shares and underlying shares of the Company as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE SCHEMES

a) Pre-IPO Share Option Scheme

On 5 August 2018, the Company approved a pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) which is considered to be a modification of the previous share transfer scheme adopted on 26 February 2018. The Pre-IPO Share Option Scheme is for the purpose of recognizing the contribution of certain parties in respect of the Company's successful listing on the Main Board and providing opportunity to them to enjoy the growth of the Group. All options under the Pre-IPO Share Option Scheme had been granted. Details of the Pre-IPO Share Option Scheme are set forth in note 15(a) to the condensed consolidated interim financial statements. All options under the Pre-IPO Share Option Scheme have been fully exercised on 21 May 2024 and no outstanding Pre-IPO share option subsisted as of 30 June 2025. No option had been granted, exercised, lapsed or cancelled during 1H2025 under the Pre-IPO Share Option Scheme.

b) Post-IPO Share Option Scheme

The Company adopted the post-IPO share option scheme (the “**Post-IPO Share Option Scheme**”) pursuant to the resolutions passed by the shareholders of the Company on 25 September 2019 which became unconditional and effective on 17 October 2019.

During 1H2025, no share option had been granted, exercised, lapsed or cancelled under the Post-IPO Share Option Scheme. There were no outstanding share options granted under the Post-IPO Share Option Scheme as at the date of this report. The number of share options available for grant under the Post-IPO Share Option Scheme was 80,000,000 as of 1 January 2025 and 30 June 2025.

A summary of the Post-IPO Share Option Scheme is set forth below:

1. Purpose:

The purpose of the Post-IPO Share Option Scheme is to enable our Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group and to provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (a) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; (b) attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group; and/or (c) for such purposes as the Board may approve from time to time.
2. Participants:
 - (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;
 - (b) a director or proposed director (including independent non-executive director) of any member of the Group;
 - (c) a direct or indirect shareholder of any member of the Group;
 - (d) a supplier of goods or services to any member of the Group;
 - (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
 - (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and
 - (g) an associate of any of the persons referred to in paragraphs (a) to (c) above.
3. Total number of shares available for issue under the Post-IPO Share Option Scheme and any other schemes of the Company together with the percentage of the issued shares that it represents as of the date of this report:

A maximum of 80,000,000 shares to be allotted and issued, representing 9.15% of the issued shares of the Company as of the date of this report.

OTHER INFORMATION

4. Maximum entitlement of each participant:

No option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of our shares in issue from time to time.
5. Option period:

The Board shall be entitled at any time within 10 years from the date of adopting the Post-IPO Share Option Scheme to offer the grant of an option to any eligible participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Post-IPO Share Option Scheme) determine. There is no minimum period for which an option must be held before it can be exercised.
6. Amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid:

The amount payable on acceptance of an option is HK\$1.0. An offer of an option must be accepted by the relevant eligible participant, not later than 30 days after the offer date.
7. Basis of determining the exercise price:

The subscription price of a share in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of:

 - (a) the nominal value of a share;
 - (b) the closing price of a share in the Stock Exchange's daily quotations sheet on the date of grant; and
 - (c) the average closing price of a share as stated in the Stock Exchange's daily quotations sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the date of grant.
8. Remaining life:

10 years from the date on which it becomes unconditional.

c) Share Award Scheme

The Company adopted the share award scheme (the “**Share Award Scheme**”) on 10 July 2020 for recognising and rewarding the contribution of the selected participants to the business growth of the Group. The Share Award Scheme also provides incentive to the selected participants to continue their contribution to the future business development of the Group. The Share Award Scheme includes (a) the rules relating to Share Award Scheme and (b) a trust deed, pursuant to which an independent trust company has been appointed as the trustee (the “**Trustee**”) of the Share Award Scheme. Pursuant to the Share Award Scheme, the Company would provide the Trustee with certain funds for on-market purchase by the Trustee of certain Shares or subscription for certain Shares from the Company at par value, which will be used to establish a shares pool for the benefit of the selected participants. All shares comprising the shares pool under the Share Award Scheme have been and will be purchased by the Trustee and will be held by the Trustee for the benefit of the selected participants until vesting. Further details of the Share Award Scheme are set forth in note 15 to the consolidated financial statements. The following table sets forth movements during 1H2025 in the share awards granted under the Share Award Scheme:

List A: Share Award Granted in 2022 Started Vesting from 2023

Category/name of grantee	Date of grant	Vesting period	Number of awarded shares					Fair value	
			As of 1 January 2025	Granted during 1H2025	Vested during 1H2025	Lapsed during 1H2025	Cancelled during 1H2025	As of 30 June 2025	for each of the awarded shares ⁽⁴⁾ HK\$
SHI Shuangquan	5 December 2022 ⁽²⁾	20% each year starting from 1 April 2023	1,200,000	—	(400,000) ⁽³⁾	—	—	800,000	3.38
SO Chi Man ⁽¹⁾	5 December 2022 ⁽²⁾	20% each year starting from 1 April 2023	900,000	—	(300,000) ⁽³⁾	—	—	600,000	3.38
LIN Kuncheng	5 December 2022 ⁽²⁾	20% each year starting from 1 April 2023	480,000	—	(160,000) ⁽³⁾	—	—	320,000	3.38
			<u>2,580,000</u>	<u>—</u>	<u>(860,000)</u>	<u>—</u>	<u>—</u>	<u>1,720,000</u>	

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The group used Binomial option-pricing model to determine the fair value of the share option as of the grant date. Key assumption are set as below:

	As at grant date 5 December 2022
Dividend yield (%)	1.74
Risk-free rate (%)	3.72~4.91
Expected volatility (%)	43.67
Fair value per share (HK\$)	3.27~3.50
Exercise price (HK\$)	—

List B: Share Award Granted in 2024 Started Vesting from 2024

			Number of awarded shares					Fair value	
Category/name			As of	Granted	Vested	Lapsed	Cancelled	As of	for each
of grantee	Date of grant	Vesting period	1 January	during	during	during	during	30 June	the awarded
			2025	1H2025	1H2025	1H2025	1H2025	2025	shares ⁽⁴⁾
									HK\$
Director									
CHEN Yi	21 May 2024 ⁽²⁾	20% each year starting from 21 May 2024	640,000	—	(160,000) ⁽³⁾	—	—	480,000	0.75
Senior Management									
LIN Penghui	21 May 2024 ⁽²⁾	20% each year starting from 21 May 2024	640,000	—	(160,000) ⁽³⁾	—	—	480,000	0.75
ZHOU Jianhua	21 May 2024 ⁽²⁾	20% each year starting from 21 May 2024	640,000	—	(160,000) ⁽³⁾	—	—	480,000	0.75
WU Zhiyong	21 May 2024 ⁽²⁾	20% each year starting from 21 May 2024	560,000	—	(140,000) ⁽³⁾			420,000	0.75
YANG Qigui	21 May 2024 ⁽²⁾	20% each year starting from 21 May 2024	560,000	—	(140,000) ⁽³⁾			420,000	0.75
			3,040,000	—	(760,000)	—	—	2,280,000	

OTHER INFORMATION

The group used Binomial option-pricing model to determine the fair value of the share option as of the grant date. Key assumption are set as below:

	As at grant date 21 May 2024
Dividend yield (%)	2.19
Risk-free rate (%)	3.60~4.25
Expected volatility (%)	63.75
Fair value per share (HK\$)	0.71~0.78
Exercise price (HK\$)	Nil

Notes:

1. Mr. SO Chi Man is one of the five highest paid employees of the Group.
2. The closing price of the shares immediately before the grant date in respect of awardees under List A and List B was HK\$3.54 and HK\$0.77, respectively.
3. All the awarded shares have been granted to the selected participants for nil consideration and the weighted average closing price of the shares immediately before the dates on which the awarded shares were vested was HK\$0.79 for awardees under List A and HK\$0.78 for those under List B, respectively. The vesting of each tranche of the awarded shares is subject to the satisfaction of such predetermined performance targets as determined by the Board (and its committees). The Group has established an appraisal system for the evaluation of the contributions and performance of the grantees against these performance targets.
4. During 1H2025, 1,596,000 Shares have been purchased on-market by the Trustee as part of the shares pool under the Share Award Scheme (1H2024: Nil) and the total consideration paid for the purchased Shares was HK\$1,120,700 (1H2024: Nil)
5. The total amounts of the fair value of the awarded shares at the date of grant are amortised over the vesting period of five years and recorded in "employee benefit expenses" in the consolidated statement of profit or loss.

The number of shares held by the Trustee which were available for grant under the Share Award Scheme were 4,934,000 and 6,530,000 (representing approximately 0.75% of the issued shares of the Company (excluding treasury shares, if any)) as of 1 January 2025 and 30 June 2025, respectively.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during 1H2025 divided by the weighted average number of Shares of the relevant class in issue (excluding treasury shares) for 1H2025 was Nil.

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A summary of the Share Award Scheme is set forth below:

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| 1. Purpose: | The purposes of the Share Award Scheme is, through as award of shares, to: (a) recognize and reward the contribution of certain eligible person(s) for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group. |
| 2. Participants: | <p>Eligible person(s) means any person belonging to the following classes of persons:</p> <ul style="list-style-type: none">(i) any employee of the Group;(ii) any executive director or non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any invested entity;(iii) any customer of the Group or any invested entity;(iv) any supplier of goods or services to any member of the Group or any invested entity;(v) any person or entity that provides research, development or other technological support to the Group or any invested entity;(vi) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity;(vii) any person or entity which has contributed to the Group or its business; and(viii) any other person selected by the Board as its sole discretion. |
| 3. Total number of shares available for award under the Share Award Scheme together with the percentage of the issued shares that it represents as of the date of this report: | A maximum of 6,530,000 shares available for award under the Share Award Scheme, representing 0.75% of the issued shares of the Company as of the date of this report. |
| 4. Maximum entitlement of each participant: | Not applicable, but the Board has decided that no more than 1.0% of the issued share capital of the Company could be granted to each selected participant. |

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| 5. | Amount, if any, payable on application or acceptance of the awarded shares and the period within which payments or calls must or may be made or loans for such purposes must be repaid: | All awarded shares have been granted to the grantees for nil purchase price. The awarded shares shall be deemed to be irrevocably accepted by the selected participant unless he/she shall within five (5) business days after receipt of notice of award notify the Company in writing that he/she would decline to accept such awarded shares. |
| 6. | Basis of determining the purchase price of shares awarded: | All awarded shares have been granted to the grantees for nil purchase price. The Trustee may purchase the shares on the Stock Exchange at the prevailing market price. If the Trustee effects any purchase off-market, the price for such purchase will not be higher than the lower of the following: (i) the closing market price on the date of such purchase and (ii) the average closing market price for the five preceding trading days on which the shares were traded on the Stock Exchange. |
| 7. | Remaining life: | The Share Award Scheme shall be valid and effective for a term of 10 years commenced from 10 July 2020. |

The Company has relied on the transitional arrangements provided for the existing share incentive schemes and will comply with the new Chapter 17 of the Listing Rules accordingly (effective from 1 January 2023).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During 1H2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Company believes that good corporate governance can enhance its overall effectiveness, and thus create additional value for our shareholders. The Company is committed to maintaining high standards and has applied the principles that are set forth in the Corporate Governance Code (the “**CG Code**”) in Part 2 of Appendix C1 to the Listing Rules. The Company's corporate governance practices are based on these principles. The Board believes that good corporate governance standards are essential in contributing to the provision of a framework for the Company to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies and enhance transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices since its listing.

The Directors confirmed that the Company has complied with the applicable code provisions of the CG Code during 1H2025, except for the deviation from code provision C.2.1 of the CG Code as described below.



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Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. CHAN Kam Chung ("**Mr. CHAN**") is the Chairman and Chief Executive Officer of the Group. Mr. CHAN is responsible for formulating overall strategic planning and business strategies and implementing major development policies and initiatives for the business development of the Group as a whole. Mr. CHAN's vision and leadership have played a pivotal role in the Group's success and achievements to date, and therefore the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The Group's long-serving and outstanding senior management team and the Board, which comprise experienced and high-caliber individuals, provide a check on balance of power and authority. The Board comprises five executive Directors (including Mr. CHAN) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Listing Rules).

The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during 1H 2025. The Company has made specific inquiries of relevant employees about their compliance with the guidelines on transactions of the Company's securities, without noticing any violation of the guidelines.

AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The Company established the audit committee (the "**Audit Committee**") pursuant to a resolution of Directors passed on 25 September 2019. The primary responsibilities of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting at least at half-year intervals, and oversee the risk management policies and internal control procedures of the Group constantly. The Audit Committee consists of three independent non-executive Directors, namely Mr. HO Kwai Ching, Mark, Mr. NG Man Kung and Mr. HU Guohua. Mr. HO Kwai Ching, Mark currently serves as the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the applicable code provisions in the CG Code. The Company's unaudited interim results for 1H2025, the condensed consolidated interim financial statements for 1H2025 and this report have been reviewed by the Audit Committee.

The condensed consolidated interim financial statements for 1H2025 is unaudited but has been reviewed by PricewaterhouseCoopers, the independent auditors of the Company, in compliance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.