神冠
SHENGUAN

Shenguan Holdings (Group) Limited

(incorporated in the Cayman Islands with limited liability)
Stock Code: 00829

Interim Report 2026

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Ms. Zhou Yaxian *(Chairman and President)*
Mr. Sha Junqi
Mr. Mo Yunxi
Mr. Li Chenglin

NON-EXECUTIVE DIRECTOR
Dato' Sri Low Jee Keong

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Tsui Yung Kwok
Mr. Meng Qinguo
Mr. Zhou Xiaoxiong

COMPANY SECRETARY
Mr. Ng Yuk Yeung *CFA FCCA FCPA*

LEGAL ADVISOR AS TO HONG KONG LAWS
Loong & Yeung
Room 1603, 16/F
China Building
29 Queen's Road Central
Central, Hong Kong

REGISTERED OFFICE
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTER
Unit 2902, Sino Plaza
255–257 Gloucester Road
Causeway Bay
Hong Kong

MAINLAND OFFICE
39, Xijiang Fourth Road
Wuzhou, Guangxi
People's Republic of China

PRINCIPAL BANKERS
Agricultural Bank of China
Industrial and Commercial Bank of China
Bank of China
Bank of Communications
China Construction Bank
The Hongkong and Shanghai Banking Corporation

AUDITOR
Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
27/F One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

INFORMATION FOR INVESTORS

LISTING INFORMATION

Listing: The Stock Exchange of Hong Kong Limited

Stock code: 00829

Ticker symbol

Reuters: 0829.HK

Bloomberg: 829: HK Equity

KEY DATES

13 October 2009

Listing on the Hong Kong Stock Exchange

25 August 2026

Announcement of 2026 Interim Results

REGISTRAR & TRANSFER OFFICES

Principal:

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman
KY1-1100, Cayman Islands

Hong Kong Branch:

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

SHARE INFORMATION

Board lot size: 2,000 shares

Shares in issue as at 30 June 2026
3,230,480,000 shares

Market capitalization as at 30 June 2026
HK$497,493,920

Basic loss per share for 2026
Half year RMB1.39 cents

ENQUIRIES CONTACT

Wonderful Sky Financial Group Holdings Limited

Email: *shenguan@wsfg.hk*

WEBSITE

www.shenguan.com.hk

KEY FINANCIAL HIGHLIGHTS

FINANCIAL AND OPERATING SUMMARY

	For the six months ended 30 June		
	2026	2025	Change
Revenue (RMB million)	**456.0**	443.9	+2.7%
Loss Attributable to Owners of the parent (RMB million)	**(44.9)**	(40.6)	+10.5%
Basic Loss Per Share (RMB cents)	**(1.39)**	(1.26)	+10.3%
Interim Dividend Per Share (HK cents)	**–**	–	N/A
Net cash flows from/(used in) operating activities (RMB million)	**3.0**	(188.3)	N/A

	1H 2026	FY 2025	1H 2025
Total Assets (RMB million)	**2,674.3**	2,764.6	2,843.6
Inventory Turnover Day – Raw Materials (days)*	**62.1**	65.7	79.3
Inventory Turnover Day – Finished Goods & Work in Progress (days)*	**292.1**	262.0	322.4
Trade Receivables Turnover Day (days)*	**59.0**	62.2	63.2
Trade Payables Turnover Day (days)*	**61.6**	78.0	62.4

* Calculated based on the average value between the beginning of the period and the end of the period.

MARKET AND BUSINESS REVIEW

During the six months ended 30 June 2026 (the "Period"), market demand for collagen sausage casings in the People's Republic of China (the "PRC") remained stable. Looking forward, as consumer market potential continues to be unlocked, industry demand is expected to maintain its growth momentum. During the Period, facing external challenges such as fluctuations in raw material supply and rising electricity costs due to adjustments to the national electricity pricing mechanism, Shenguan Holdings (Group) Limited (the "Company") and its subsidiaries (collectively, the "Group"), under the leadership of the board (the "Board") of directors (the "Director(s)") of the Company, closely adhered to the core guiding principles of "ensuring quality, stabilising production, strengthening management, and clarifying responsibilities". Through refined operations, the Group proactively addressed these challenges and maintained steady overall production and business operations.

In terms of technological innovation, the Group made every effort to advance the construction of the key "Intelligent Digital Control Innovation Project for Sausage Casings", conducting multiple special studies in areas such as production processes and equipment upgrades, and achieving notable verification results, thereby providing solid technical solutions for the continuous enhancement of product quality for the new project. In terms of market expansion, the Group actively implemented a diversified strategy. In the Chinese mainland market, through ongoing optimisation of customer structure and product mix, the number of customers adopting new products and the sales share of such products have steadily increased. During the Period, the sales revenue in the Chinese mainland recorded a year-on-year increase of approximately 4.9% as compared to the six months ended 30 June 2025 (the "Prior Period"). In the international market, the Group also achieved significant breakthroughs, with phased progress in its business deployment for the Halal market, which is expected to become a new growth driver for the Group's business.

Furthermore, the Group has taken the formulation of the "15th Five-Year Plan" development strategy as an opportunity to comprehensively and thoroughly review and optimise its internal production and business processes, thereby further clarifying its medium- and long-term development blueprint and lay a solid foundation for sustained high-quality development in the future.

Collagen Sausage Casings

During the Period, the Group continued to intensify the promotion of its S-series products, actively expanded its new customer base, and strove to advance the precise matching of new products to customers' end-use applications. During the Period, the Group successfully developed several customers for new products. Sales volume of new products increased significantly by 43% compared with the Prior Period, with sales amounting to RMB197 million, up 47% from RMB134 million in the Prior Period; and the sales share of new products increased significantly from 31% in the Prior Period to 43%, demonstrating remarkable results in product mix optimisation.

On the other hand, in response to market research indicating an increasingly strong demand from the downstream sausage industry for high-end sausage casings and an accelerating shrinkage of the traditional low-end product market, the Group has designated the "Intelligent Digital Control Innovation Project for Sausage Casings" as a core strategic priority for the year to address the adaptability of existing production lines and the shortfall in high-end production capacity. During the Period, the Group conducted in-depth technical research on production processes and equipment, as well as automation and intelligent upgrades, making every effort to enhance product quality under the project and lay a solid foundation for seizing opportunities in the high-end market.

Polymer Collagen Medical Biomaterials, Collagen Food Products and Collagen Skincare Products

The endotoxin content of the Group's medical collagen raw materials extracted through its proprietary technology was only 0.01 EU/ml, which is better than the 0.5 EU/ml standard set by the U.S. Food and Drug Administration ("FDA"). The Group proactively advanced product registration and operational compliance, and various research and development projects including the "Collagen Bone Filling Biomaterials (Artificial Bone) (膠原蛋白骨填充材料(人工骨))" were also progressing steadily as planned, with all initiatives advancing in an orderly manner. Due to factors such as trade frictions and tariff policies, revenue from the sales of collagen medical biomaterials decreased by approximately 31.5% year-on-year. The Group will continue to closely monitor the external environment and proactively adjust its strategies to address market challenges.

Honours of the Group

During the Period, the Group received further accolades in corporate governance and technological capabilities, as it was recognised as a "Contract-abiding and Creditworthy" publicised enterprise in the Guangxi Zhuang Autonomous Region, and was ranked among the "2025 Guangxi Top 100 High-Tech Enterprises", demonstrating the Group's outstanding performance in integrity-driven operations and independent innovation. In addition, the Group actively led the industry's standardisation development and participated in drafting the group standard entitled Safety Evaluation Specification for Synthetic Biology Strains Used in Food Processing (《食品加工用合成生物學菌株安全性評價規範》 (T/CIET2367-2026), and was officially released during the Period, which further consolidated the Group's leading position in industry technical specifications and scientific research innovation.

To break through production bottlenecks and build up a reserve of core technologies, the Group continued to deepen its strategic collaborations with higher education institutions such as Huazhong University of Science and Technology and Shaanxi University of Science and Technology, fully leveraging the advantages of these research institutions in cutting-edge technologies and professional talent, which effectively complements the Group's own research and development capabilities. During the Period, industry-university-research collaboration yielded fruitful results. Among the projects conducted in collaboration with Shaanxi University of Science and Technology, three technologies have entered the patent application stage. Meanwhile, substantial progress has also been made in multiple research topics conducted in collaboration with Huazhong University of Science and Technology, providing strong support for the Group's long-term technological innovation and industrial application.

Quality Control

The Group strictly controls every production link to ensure its products are of the highest quality and comply with all applicable food safety requirements. The Group has obtained certifications for the production and manufacture of collagen sausage casings under ISO9001 Quality Management System, ISO22000 Food Safety Management System, ISO10012 Measurement Management System, ISO45001 Occupational Health and Safety Management System and ISO14001 Environmental Management System, and has obtained the Food Production Licence and the Filing of Export Food Manufacturers (出口食品生產企業備案證). The Group has also registered with the FDA in the United States for the export of sausage casing products to Southeast Asia, Europe and the United States. In addition, the production of all the Group's sausage casing products has strictly complied with the national standards (GB14967-2015) and sausage casing manufacturing industry standards (SB/T10373-2012) of the PRC. In addition, the Group obtained the "SSPY International Halal Certificate" issued by ShaanXi Shang Pin Yuan Halal Food & Restaurant Management Co., Ltd (SSPY). All these certifications represent recognition of the Group as a trustworthy product supplier to its customers.

Guangxi Wuzhou Zhongguan Testing Technology Services Co., Ltd., a subsidiary of the Group, is able to examine over 600 indicators, including physicochemical indicators such as heavy metals and microelements, pesticide residues, microorganisms and proteins, and continues to independently undertake third-party inspection assignments, provide various food and relevant product testing services and issue officially recognised testing reports, thereby contributing to external sales revenue. Such qualifications recognition is going to lay a solid foundation for the Group to develop into a high-end collagen raw materials base, thereby facilitating the healthy development of the Group's collagen food products, collagen skincare products and polymer collagen medical biomaterials in the grand health industry.

Customer Relationship

The Group is committed to developing long-term cooperation relationships based on mutual trust with its business partners and has built a stable customer base. The Group has established a closely-knit yet extensive network with leading meat product processors and sausage manufacturers, not only in the PRC, also in various overseas markets, such as Southeast Asia, South America and the United States. During the Period, the Group continued to supply high-quality sausage casing products to a number of renowned food suppliers in the PRC. On the basis of stabilising existing customers, the Group continued to solicit new customers and achieved favourable outcomes.

Supply of Raw Materials

Cattle inner skin is a major raw material for collagen sausage casing production. During the Period, the overall supply of cattle inner skin remained stable.

Guangxi Zhiguan Industrial Development Co., Limited, one of the Group's major cattle inner skin providers, applied for the Food Production Licence under the Measures for the Administration of Food Production Licensing of the PRC and Food Safety Law of the PRC on a voluntary basis. The licence has been granted by Wuzhou Bureau for Administrative Examination and Approval and is valid until October 2027.

FINANCIAL ANALYSIS

Revenue

Revenue increased by approximately 2.7% to approximately RMB456.0 million for the Period from approximately RMB443.9 million for the Prior Period. During the Period, to release working capital and avoid further inventory write-offs and provisions, the Group implemented a strategy to boost sales volume with lower margin, striving to promote the sale of products manufactured using legacy processes and finished goods associated with trial production of new products and equipment transformations from previous years.

In terms of new product promotion, during the Period, the Group continued to promote its S-series products and actively expanded its customer base, striving to optimise the precise matching between new products and end-users. During the Period, the Company successfully acquired multiple new customers, driving robust growth in both the sales volume and revenue of its new products. The significant increase in the proportion of new product sales has continuously optimised the product mix, yielding remarkable results in transformation and upgrading.

Cost of sales

Cost of sales increased by approximately 11.2% to approximately RMB435.9 million for the Period from approximately RMB392.2 million for the Prior Period, including the inventory write-offs and provisions of approximately RMB46.7 million, as compared to RMB23.1 million for the Prior Period. The costs of raw materials for the Period increased by approximately 8.5% to approximately RMB177.0 million as compared with that of the Prior Period. In addition, the charges for energy increased by approximately 5.9% to approximately RMB80.7 million. The direct labor costs increased by approximately 4.8% to approximately RMB82.5 million.

The increase in inventory write-offs and provisions was primarily due to the large-scale product trial production and equipment transformations the Group undertook during the period from 2022 to 2024 to develop new products and install new production lines, and the finished goods inventory of such trial products had not yet been adequately absorbed by the market.

Gross profit

Gross profit decreased by approximately 61.3% to approximately RMB20.0 million for the Period from approximately RMB51.7 million for the Prior Period. Gross profit margin decreased to approximately 4.4% for the Period from approximately 11.7% for the Prior Period. Excluding factors such as inventory write-offs and provisions, gross profit margin decreased to approximately 14.6% for the Period from approximately 16.8% for the Prior Period. In addition to the increase in inventory write-offs and provisions, as the sales of the six new product series to downstream customers increased, the Group had to implement preferential policies to accelerate sales of legacy process products, which led to a decline in gross profit margin.

Other income and gains, net

Net other income and gains increased by approximately 3.4% to approximately RMB15.0 million for the Period from approximately RMB14.5 million for the Prior Period.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 4.8% to approximately RMB14.2 million for the Period from approximately RMB15.0 million for the Prior Period. Selling and distribution expenses as a percentage of revenue decreased to approximately 3.1% for the Period from approximately 3.4% for the Prior Period.

Administrative expenses

Administrative expenses increased by approximately 3.1% to approximately RMB67.9 million for the Period from approximately RMB65.9 million for the Prior Period. As compared with the Prior Period, the administrative expenses for the Period have not experienced material fluctuations.

Finance costs

Finance costs increased to approximately RMB4.4 million for the Period from approximately RMB2.5 million for the Prior Period.

Impairment of trade and bills receivables, net

The Group recorded a net impairment of trade and bills receivables of approximately RMB1.5 million for the Period, as compared to approximately RMB3.0 million for the Prior Period.

Income tax credit/expense

Income tax credit was approximately RMB9.2 million for the Period, as compared to an income tax expense of approximately RMB18.0 million for the Prior Period. The income tax credit for the Period was mainly due to a loss before tax of approximately RMB53.0 million recorded by the Group. Income tax expense for the Prior Period was mainly due to the adjustments in the Group's overall financial planning between the companies in the PRC and Hong Kong. During the Prior Period, one of the Hong Kong companies within the Group (the "HK Subsidiary") has already repaid, and plans to repay, part of the interest-bearing loans to another company in the PRC within the Group. The source of repayment funds for the HK Subsidiary came from dividends paid and planned to be paid by one of its PRC subsidiaries, resulting in expenses and provisions for the PRC dividend withholding tax.

The Company's major operating subsidiary, Guangxi Shenguan Collagen Biological Group Co., Ltd. (廣西神冠膠原生物集團有限公司) ("Shenguan Collagen") enjoys a preferential tax treatment due to its location in western China and falls within the industry category encouraged by government policies. The applicable tax rate for Shenguan Collagen is 15%.

Profit attributable to non-controlling interests

The profit attributable to non-controlling interests for the Period was approximately RMB1.0 million, which mainly represented the total profit attributable to the non-controlling interests in all non-wholly owned subsidiaries.

Loss attributable to owners of the parent

In light of the above, the Group recorded loss attributable to owners of the parent for the Period of approximately RMB44.9 million, as compared to loss attributable to owners of the parent for the Prior Period of approximately RMB40.6 million. During the Period, the Group recorded a loss, which was primarily attributable to prudent write-offs and provisions made against certain inventories during the Period. Such measures represented non-cash adjustments aimed at timely clearing historical inventories, optimising asset quality, and laying a solid foundation for a more agile future operation. Currently, the Group's production operations and cash position remain stable. Looking ahead to the second half of the year, management will implement stricter inventory controls and devote full efforts to improving operational efficiency.

LIQUIDITY AND CAPITAL RESOURCES

Cash and bank borrowings

The Group generally finances its business operations and capital expenditure with internally generated cash flows as well as the bank borrowings provided by its principal banks.

As at 30 June 2026, the cash and cash equivalents together with pledged and time deposits amounted to approximately RMB561.3 million, representing an increase of approximately RMB6.0 million (as at 31 December 2025: approximately RMB555.3 million) as compared to that as at the end of 2025. Among these balances, approximately 75.8% was denominated in Renminbi, and the remaining was denominated in Hong Kong dollars, Singapore dollars and U.S. dollars.

As at 30 June 2026, the total bank borrowings of the Group amounted to approximately RMB425.9 million, increased by approximately RMB25.7 million (as at 31 December 2025: approximately RMB400.2 million) as compared to that as at the end of 2025, and all bank borrowings were wholly repayable within one year and denominated in Renminbi. All bank borrowings were unsecured, with fixed interest rates ranging from 0.85% to 2.35% per annum.

The Group was in a net cash position (cash and cash equivalents together with the pledged and time deposits less total bank borrowings) of approximately RMB135.4 million as at 30 June 2026, representing a decrease of approximately RMB19.7 million (as at 31 December 2025: approximately RMB155.1 million) as compared to that as at the end of 2025. The debt-to-equity ratio was 20.7% as at 30 June 2026 (as at 31 December 2025: 19.1%). The debt-to-equity ratio was calculated by dividing total bank borrowings and lease liabilities by total equity.

Cash flows

During the Period, the net cash inflow of approximately RMB3.0 million was generated from operating activities. The net cash inflow of approximately RMB125.0 million was generated from investing activities and the net cash inflow of approximately RMB20.0 million was generated from financing activities, respectively. The net cash inflow from investing activities was mainly attributable to the cash inflow from decrease in pledged deposits and non-pledged time deposits with original maturity of over three months when acquired, partly offset by the cash outflow from the acquisition of property, plant and equipment. The net cash inflow from financing activities was mainly attributable to the combined effects of the repayment of bank borrowings and new bank borrowings.

Exposure to exchange risks

The Group mainly operates in the PRC with most of its transactions settled in Renminbi. The assets and liabilities, and transactions arising from the operations are mainly denominated in Renminbi. Although the Group may be exposed to foreign currency exchange risks, the Board believes that the future currency fluctuations will not have any material impact on the Group's operations. The Group had not adopted any formal hedging policies.

Capital expenditure

The capital expenditure of the Group during the Period amounted to approximately RMB11.7 million, which was mainly used for expansion of production capacity and equipment transformations, and the capital commitments as at 30 June 2026 amounted to approximately RMB109.1 million, which were mainly related to the expansion, improvement and upgrades of production facilities.

The estimated capital expenditure of the Group for 2026 of approximately RMB120.0 million will be mainly used for the upgrade of high-quality collagen sausage casing production lines and for the new investment production base mentioned in the paragraph headed "Events After the Period" below.

Pledge of assets

As at 30 June 2026, pledged bank deposits amounted to approximately RMB10.7 million in total.

Contingent liabilities

As at 30 June 2026, the Group was not aware of any material contingent liabilities.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

EVENTS AFTER THE PERIOD

Save as disclosed below, there has been no important event affecting the Group since 30 June 2026 and up to the date of this report.

On 13 August 2026, Inner Mongolia Shengguan Biotechnology Co., Ltd.* (內蒙古盛冠生物科技有限公司), an indirect wholly-owned subsidiary of the Group, entered into a non-legally binding framework investment agreement (the "Investment Agreement") with the People's Government of Horinger County* (和林格爾縣人民政府). Pursuant to the Investment Agreement, the Group intends to potentially invest in the construction of a collagen food production project in Horinger Dairy Development Zone, Inner Mongolia, the People's Republic of China, with its principal business covering collagen raw material preparation, food processing and production and sales of edible collagen sausage casing and collagen food products. The total investment amount of the Project is currently preliminarily estimated at RMB90.0 million, which will be primarily used for the acquisition of the land use rights of a parcel of industrial land with an area of approximately 219 mu, the construction of production facilities, and the procurement of machinery and equipment. The Investment Agreement is non-legally binding, and the aforementioned potential acquisition of land use rights remains subject to the Group's participation in and successful bid for the relevant land use rights auction, as well as the execution of a formal state-owned construction land use right grant contract. For further details, please refer to the announcement published by the Company on 13 August 2026.

HUMAN RESOURCES

As at 30 June 2026, the Group hired a total of approximately 2,793 contract employees (as at 30 June 2025: 3,010). During the Period, the total remuneration and employees' benefit expenses charged to profit or loss were approximately RMB146.3 million (Prior Period: approximately RMB134.7 million). The Group is committed to enhancing automated production, increasing production volume while reducing reliance on manpower, in order to offset rising labor costs as much as possible.

PROSPECTS AND STRATEGIES

Under its core development blueprint for the second half of 2026, the Group will further deepen its internal management and resource optimisation, with a focus on a strategic enhancement of product quality and maximising asset efficiency. We are firmly focused on the key target of raising the rate of high-grade finished products, promoting a transformation of the product structure towards higher added value through technological innovation and process optimisation. In terms of asset revitalisation and inventory control, the Company has implemented a precise sales plan for finished casing products, setting rigid inventory level targets to effectively enhance working capital turnover. Simultaneously, it has initiated a thorough review of spare parts, strictly controlling stock levels to reduce capital tie-up. Under the cost reduction and efficiency enhancement strategy, we are concentrating on boosting product yield rates and minimizing product rework to achieve precise control over production costs.

The Group will also vigorously expand domestic and international markets. In terms of market development and customer relationship management, the Company is adopting multi-faceted measures to increase the proportion of new product usage among customers, establish an efficient sales processing system, implement time-bound mechanisms for critical stages such as contract signing and after-sales handling, optimise customer services, enhance user experience and boost product sales. At the same time, we are conducting in-depth suitability assessments for major strategic customers to ensure seamless supply-demand integration. In expanding international markets, the Group will strategically focus on the emerging markets such as halal products to ensure the achievement of annual sales targets. To this end, we are expediting filing-related procedures for overseas halal markets, and further improving the overall layout of our halal production lines to meet market demand, thereby providing strong momentum for long-term growth.

The trend towards tighter regulations and clean-label requirements has become an irreversible direction of transformation for the meat product industry. The mandatory national standard, Hygiene Practice for the Production of Prepared Meat Products (《調製肉製品生產衛生規範》) (GB 31661-2025), establishes comprehensive operational norms and strictly prohibits the use of additives beyond the specified scope and limits. With the successive upgrades of the Food Additive Usage Standard (《食品添加劑使用標準》) (GB 2760-2024) implemented in 2025, the General Standard for Labelling of Prepackaged Foods (《預包裝食品標籤通則》) (GB 7718-2025) to be implemented in 2027, and the Technical Requirements for Clean Label Products (《清潔標籤產品技術要求》) (T/CAS1082-2025), downstream enterprises are accelerating the substitution of meat ingredients with natural alternatives under the guiding principle of "no unnecessary additives (非必要不添加)".

Driven by the trends toward healthier products and stricter regulations, the meat industry is transitioning from "price wars" to "value wars", with high-end positioning becoming an inevitable trend. At the 2025 Meat Industry Innovation and Development Conference (2025肉類產業創新發展大會), consensus was firmly established in the ingredient sector that "clean labels are becoming mainstream and high protein is highly favoured". Clean labels have transformed from a "bonus feature" to a "core threshold" for entering the high-end market and achieving high margins. They not only precisely meet consumer demand for clean ingredient lists but also, backed by standards and regulations, compel technological upgrades across the entire industrial chain, serving as an "entry ticket" for products to access high-end distribution channels. At the same time, the growing demand for high-quality meat products is driving competition in the sausage industry towards quality and customisation. The rise of large-calibre high-end sausages, Western-style hams, and high-meat-content sausages has directly fueled a sustained increase in market demand for edible high-end collagen casings with medium-to-large diameters, high toughness, and superior adhesion. The Group's strategic decisions closely aligning with the two major industry trends, namely "clean labels" and "high-end positioning of sausages", and are highly consistent with market developments. The Group decisively phased out old low-end production lines and instead fully installed new high-end medium-to-large-calibre casing production lines. Leveraging over four decades of technological expertise and regional advantages, the Group will seize the dual opportunities of medium-to-large-calibre products and clean-label compound ingredients, steadily expanding production capacity for medium-to-large-calibre and S-series high-end casings. Through diversified upgrades and high-quality development, the Group aims to rapidly expand its business scale, seize a leading position in the profoundly reshaped value landscape of the meat product industry, and embrace a promising future.

Looking ahead, the Group will continue to actively optimise its industrial layout and explore new growth drivers. As mentioned in the paragraph headed "Events After the Period" above, on 13 August 2026, Inner Mongolia Shengguan Biotechnology Co., Ltd., an indirect wholly-owned subsidiary of the Group, entered into a framework investment agreement with the People's Government of Horinger County, intending to invest in the construction of a collagen food production project in Horinger Dairy Development Zone, Inner Mongolia. The project possesses unique geographical and resource advantages, which hold significant strategic investment value for the Group. If and when the transaction materialises, the project is expected to not only substantially enhance the production capacity and scale of medium- and large-calibre collagen casings, further enrich and optimise the existing product structure to closely align with current market trends toward consumption upgrading, but also effectively boost the Group's core competitiveness. In addition, the project site is adjacent to the primary production areas of high-quality cattle skins, in proximity to a high-quality raw material supply chain. This is expected to not only secures a long-term, stable supply of core raw materials, but also significantly reduce the logistics and transportation costs of raw materials, thereby comprehensively enhancing the quality of finished goods, operational efficiency and cost competitiveness of the Group, and injecting strong momentum into its long-term, steady development.

In the polymer collagen medical biomaterials industry, the Group will leverage cutting-edge collagen biotechnology to serve mankind and conduct more extensive and in-depth research on medical collagen application technology. The Group plans to undertake the following initiatives in 2026: continue to advance the production and sales of medical collagen raw materials; continue to advance the application for the Class III medical device production licence for collagen bone filling biomaterials (artificial bone); and continue to advance the research and development and pre-clinical preparations for other polymer collagen medical biomaterials.

Finally, the team of the Company will continue its efforts to accelerate the growth of the grand health industry of Shenguan, further broaden the application of collagen technology, and develop more market-oriented products along the collagen industry chain, so as to generate better investment returns for the shareholders of the Company (the "Shareholders").

SHARE OPTION SCHEME

In order to attract and retain the eligible persons, provide additional incentive to them and promote the success of the business of the Group, the Company adopted a share option scheme (the “Scheme”) on 29 May 2020 (the “Adoption Date”) and amended on 29 November 2024 whereby the Board is authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for Shares; or to transfer the treasury Shares (the “Treasury Shares”) to, the eligible participants (as defined under Chapter 17 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)) of the Group. The Scheme shall be valid and effective for a period of ten years commencing on 29 May 2020, subject to the early termination provisions contained in the Scheme. As at 30 June 2026, the remaining life of the Scheme is approximately 4 years.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the shares of the Company (the “Shares”) as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The maximum number of Shares issuable (including any Treasury Shares which may be utilised, as applicable) upon exercise of all options to be granted under the Scheme and any other share schemes of the Company as from the Adoption Date must not in aggregate exceed 10% of all the Shares (excluding Treasury Shares) on the Adoption Date. The Company may at any time refresh such limit, by shareholders’ approval once every three years. Refreshments within a three year period must be approved by shareholders of the Company other than the controlling shareholders of the Company and their associates (or if there is no controlling shareholder, the directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates).

During the Period, no options were granted to any Directors or senior management under the Scheme.

The total number of Shares available for issue (including any Treasury Shares which may be utilised, as applicable) under the Scheme as at: (a) 1 January 2026; (b) 30 June 2026 and (c) the date of this report was 323,048,000 Shares, which represented 10% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date, 1 January 2026, 30 June 2026 and the date of this report (the total number of Shares available for issue as at 1 January 2025 and 31 December 2025 was 323,048,000 Shares, which represented 10% of the total number of issued Shares (excluding Treasury Shares) as at 1 January 2025 and 31 December 2025). The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue (excluding Treasury Shares), unless approved by the Shareholders in general meeting in accordance with the Listing Rules.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine, which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The vesting period of options to be granted under the Scheme shall be determined by the Board at its discretion, subject to the requirements of the Listing Rules. As at the date of this report, no minimum vesting period is prescribed under the Scheme.

At no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

As there is no share option outstanding, granted, exercised, cancelled or lapsed since the adoption of the Scheme, the total number of options available for grant under the Scheme as at: (a) 1 January 2026; (b) 30 June 2026 and (c) the date of this report was 323,048,000 (the total number of options available for grant as at 1 January 2025 and 31 December 2025: 323,048,000). The number of Shares that may be issued in respect of options granted under the Scheme divided by the weighted average number of Shares in issue (excluding Treasury Shares) is 0%.

The Board may, at its absolute discretion, and on such terms as it may think fit, invite any person belonging to any of the following classes of persons of any member of the Group, to be a participant of the Scheme and to take up an option to subscribe for Shares:

(a) any employee (full-time or part-time) of the Group; or

(b) any director (including executive director, non-executive director and independent non-executive director) of the Group; or

(c) any consultant or adviser of the Group who provides necessary professional or business advice on the operation and management of the Group; or

(d) any substantial shareholder of the Group who has contributed or will contribute to the long-term business growth of the Group by introducing potential business opportunities to the Group; or

(e) any contractor, supplier, agent or service provider of the Group who provides valuable goods or services to the business development or product research and development of the Group; or

(f) any customer, business partner or distributor of the Group who has maintained a long-term business relationship with the Group or may refer more clients or introduce new business opportunities to the Group;

and for the purposes of the Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

PAYMENT OF INTERIM DIVIDENDS

In view of the capital expenditure to be incurred by the Group and market expansion in the foreseeable future, no interim dividend was proposed by the Board in respect of the Period (Prior Period: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including any sale of Treasury Shares) during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and short positions of the Directors and chief executive in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. Interests and Short Positions in the Shares of the Company

Name of Director	Capacity/Nature	No. of Shares held/ interested in	Approximate percentage of issued share capital of the Company
Ms. Zhou Yaxian ("Ms. Zhou")	Interest in a controlled corporation *(Note 2)*	1,646,015,510 (L)	50.95%
Mr. Sha Junqi	Beneficial owner	18,220,000 (L)	0.56%
Dato' Sri Low Jee Keong ("Dato' Sri Low")	Interest in a controlled corporation *(Note 3)*	414,906,424 (L)	12.84%
Mr. Mo Yunxi	Beneficial owner	800,000 (L)	0.02%
Mr. Li Chenglin	Beneficial owner	166,000 (L)	0.01%

2. Long Positions in the Ordinary Shares of Associated Corporations

Name of Director	Name of the associated corporation	Capacity/Nature	No. of shares held/ interested in	Approximate percentage of interest in the associated corporation
Ms. Zhou	Shenguan Biology Science & Technology Investment Company Limited	Interest in a controlled Corporation *(Note 2)*	10,000	100%

Notes:

1. The letters "L" denote a long position in the Shares.

2. Ms. Zhou holds 100% interest in Shenguan Biology Science & Technology Investment Company Limited ("Hong Kong Shenguan") which holds 100% interest in Glories Site Limited ("Glories Site"), which holds 100% interest in Rich Top Future Limited ("Rich Top Future"), which holds 1,282,821,510 Shares. Hong Kong Shenguan also holds 100% interest in Xian Sheng Limited ("Xian Sheng"), which holds 251,668,000 Shares. Hong Kong Shenguan also directly holds 111,526,000 Shares. Therefore, Ms. Zhou is deemed or taken to be, interested in all the Shares which are beneficially owned by Hong Kong Shenguan, Rich Top Future and Xian Sheng for the purpose of the SFO. Ms. Zhou is a director of each of Hong Kong Shenguan, Glories Site, Xian Sheng and Rich Top Future.

3. Dato' Sri Low holds 100% interest in Wealthy Safe Management Limited ("Wealthy Safe") and Brighten Lane Limited ("Brighten Lane") which holds 78,936,000 Shares and 335,970,424 Shares respectively. Therefore, Dato' Sri Low is deemed or taken to be, interested in all the Shares held by Wealthy Safe and Brighten Lane for the purpose of the SFO.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executives of the Company had registered any interests or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2026, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity/Nature	No. of Shares held/ interested in	Approximate percentage of issued share capital of the Company
Rich Top Future	Beneficial owner	1,282,821,510 (L)	39.71%
Xian Sheng	Beneficial owner	251,668,000 (L)	7.79%
Glories Site	Interest in a controlled corporation *(Note 2)*	1,282,821,510 (L)	39.71%
Hong Kong Shenguan	Interest in a controlled corporation *(Note 3)*	1,534,489,510 (L)	47.50%
	Beneficial owner	111,526,000 (L)	3.45%
Mr. Sha Shuming ("Mr. Sha")	Interest of spouse *(Note 4)*	1,646,015,510 (L)	50.95%
Brighten Lane	Beneficial owner *(Note 5)*	335,970,424 (L)	10.40%
Sky Green Limited	Beneficial owner *(Note 6)*	221,585,266 (L)	6.86%
Mr. Wei Cheng	Interest in a controlled corporation *(Note 6)*	273,545,266 (L)	8.47%

Notes:

1. The letters "L" denote a long position in the Shares.

2. Glories Site holds 100% interest in Rich Top Future. Therefore, Glories Site is deemed or taken to be, interested in all the Shares which are beneficially owned by Rich Top Future for the purpose of the SFO.

3. Hong Kong Shenguan holds 100% interest in Glories Site, which holds 100% interest in Rich Top Future. Hong Kong Shenguan also holds 100% interest in Xian Sheng. Therefore, Hong Kong Shenguan is deemed or taken to be, interested in all the Shares which are beneficially owned by Rich Top Future and Xian Sheng for the purpose of the SFO.

4. Ms. Zhou holds 100% interest in Hong Kong Shenguan and Hong Kong Shenguan in turn holds 100% interest in Glories Site, which holds 100% interest in Rich Top Future. Hong Kong Shenguan also holds 100% interest in Xian Sheng. Therefore, Ms. Zhou is deemed or taken to be, interested in all the Shares which are beneficially owned by Hong Kong Shenguan, Rich Top Future and Xian Sheng for the purpose of the SFO. Mr. Sha is the spouse of Ms. Zhou and therefore, Mr. Sha is deemed or taken to be, interested in all the Shares in which Ms. Zhou is interested for the purpose of the SFO.

5. Dato' Sri Low, our non-executive Director, holds 100% interest in Brighten Lane, which holds 335,970,424 Shares.

6. Mr. Wei Cheng holds 100% interest in Sky Green Limited and Cheng Sheng International Company Limited, which holds 221,585,266 and 51,960,000 Shares respectively. Therefore, Mr. Wei is deemed or taken to be, interested in all the Shares held by Sky Green Limited and Cheng Sheng International Company Limited for the purpose of the SFO.

Save as disclosed above, as at 30 June 2026, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CORPORATE GOVERNANCE CODE

Save as disclosed below, the Company had complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix C1 to the Listing Rules during the Period.

Under code provision C.2.1 of the Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual.

Ms. Zhou Yaxian, who acts as the chairman (the "Chairman") and the president of the Company, is also responsible for overseeing the general operations of the Group. The Company has not appointed any chief executive officer and the daily operations of the Group are delegated to other executive Directors, the management and various department heads. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

The Company understands the importance to comply with code provision C.2.1 of the Code and will continue to consider the feasibility of appointing the chief executive. The Company will make timely announcement if the chief executive has been appointed.

The duties of the Chairman include:

(i) ensuring that all Directors are properly briefed on issues arising at Board meetings;

(ii) ensuring that Directors receive, in a timely manner, adequate information which is accurate, clear, complete and reliable;

(iii) provide leadership to the Board;

(iv) ensuring that the Board works effectively, performs its responsibilities, and that all key and appropriate issues are discussed in a timely manner; and

(v) ensuring that good corporate governance practices and procedures are established.

The Chairman takes the lead in ensuring that the Board makes a full and active contribution to the Board's affairs and acts in the best interests of the Company. The Chairman also ensures that there is effective communication with the Shareholders and that their views are communicated to the Board as a whole. The Chairman meets at least annually with the independent non-executive Directors without the presence of the other Directors.

MODEL CODE TO THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company has also adopted the Model Code for the members of senior management of the Group.

The Company has made specific enquiry with all the Directors and all the Directors have confirmed that they had complied with the Model Code during the Period. Moreover, no incident of non-compliance of the Model Code by the senior management was noted by the Company during the Period.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Tsui Yung Kwok, Mr. Meng Qinguo and Mr. Zhou Xiaoxiong. Mr. Tsui Yung Kwok, who possesses professional accounting qualification and relevant accounting experience, is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the Period and considered that the interim results had complied with all applicable accounting standards and the Listing Rules. The Audit Committee has also reviewed this report.

The unaudited interim condensed consolidated financial information of the Group for the Period has been reviewed by the Company's auditor, Ernst & Young.

By order of the Board
Shenguan Holdings (Group) Limited
Zhou Yaxian
Chairman

Hong Kong, 25 August 2026

Ernst & Young
27/F, One Taikoo Place
979 King's Road,
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌
英皇道979號
太古坊一座27樓

Tel 電話：+852 2846 9888
Fax 傳真：+852 2868 4432
ey.com

To the board of directors of Shenguan Holdings (Group) Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 51, which comprises the condensed consolidated statement of financial position of Shenguan Holdings (Group) Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2026 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and 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* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

25 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
REVENUE	4	**455,957**	443,914
Cost of sales		**(435,943)**	(392,193)
Gross profit		**20,014**	51,721
Other income and gains, net	5	**15,022**	14,525
Selling and distribution expenses		**(14,248)**	(14,961)
Administrative expenses		**(67,936)**	(65,862)
Finance costs	6	**(4,382)**	(2,548)
Impairment of trade and bills receivables, net		**(1,519)**	(3,027)
Reversal of impairment/(impairment) of financial assets included in prepayments, other receivables and other assets, net		**11**	(922)
LOSS BEFORE TAX	7	**(53,038)**	(21,074)
Income tax credit/(expense)	8	**9,156**	(18,012)
LOSS FOR THE PERIOD		**(43,882)**	(39,086)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(5,362)**	(2,110)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
NET OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		**(5,362)**	(2,110)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(49,244)**	(41,196)
Profit/(loss) attributable to:			
Owners of the parent		**(44,863)**	(40,586)
Non-controlling interests		**981**	1,500
		(43,882)	(39,086)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(50,225)**	(42,696)
Non-controlling interests		**981**	1,500
		(49,244)	(41,196)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted (RMB cents per share)		**(1.39)**	(1.26)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**800,944**	826,159
Investment properties		**151,976**	156,169
Net investments in sublease		**–**	144
Right-of-use assets		**96,142**	98,560
Investment in an associate		**–**	–
Deferred tax assets		**32,897**	23,569
Prepayments, other receivables and other assets		**46,767**	47,297
Total non-current assets		**1,128,726**	1,151,898
CURRENT ASSETS			
Inventories		**856,553**	835,549
Trade and bills receivables	12	**104,795**	190,191
Prepayments, other receivables and other assets		**21,360**	28,457
Net investments in sublease		**286**	281
Tax recoverable		**1,253**	2,897
Pledged deposits	17	**10,669**	21,501
Cash and bank balances		**550,658**	533,845
Total current assets		**1,545,574**	1,612,721
CURRENT LIABILITIES			
Trade and bills payables	13	**58,096**	84,948
Other payables and accruals		**84,635**	120,630
Interest-bearing bank borrowings		**425,940**	400,195
Lease liabilities		**2,341**	2,660
Tax payable		**8,344**	9,943
Total current liabilities		**579,356**	618,376

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2026

	Note	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NET CURRENT ASSETS		**966,218**	994,345
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,094,944**	2,146,243
NON-CURRENT LIABILITIES			
Lease liabilities		**2,220**	3,001
Deferred income		**15,114**	16,353
Deferred tax liabilities		**538**	573
Total non-current liabilities		**17,872**	19,927
Net assets		**2,077,072**	2,126,316
EQUITY			
Equity attributable to owners of the parent			
Issued capital	14	**27,807**	27,807
Reserves		**2,048,689**	2,098,914
		2,076,496	2,126,721
Non-controlling interests		**576**	(405)
Total equity		**2,077,072**	2,126,316

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

		Attributable to owners of the parent											
	Note	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Reserve funds RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Other reserves RMB'000	Property revaluation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2024 (audited)		27,807	98,081	59	373,170	23,502	(80,152)	(264,343)	2,943	2,115,818	2,296,885	(4,194)	2,292,691
Profit/(loss) for the period		–	–	–	–	–	–	–	–	(40,586)	(40,586)	1,500	(39,086)
Other comprehensive loss for the period:													
Exchange differences on translation of foreign operations		–	–	–	–	–	(2,110)	–	–	–	(2,110)	–	(2,110)
Total comprehensive income/(loss) for the period		–	–	–	–	–	(2,110)	–	–	(40,586)	(42,696)	1,500	(41,196)
Acquisition of non-controlling interests		–	–	–	–	(837)	–	–	–	–	(837)	687	(150)
Final 2024 dividend and special dividend	9	–	–	–	–	–	–	–	–	(118,328)	(118,328)	–	(118,328)
At 30 June 2025 (unaudited)		27,807	98,081	59	373,170	22,665	(82,262)	(264,343)	2,943	1,956,904	2,135,024	(2,007)	2,133,017
At 31 December 2025 (audited)		27,807	98,081	59	373,170	22,665	(86,624)	(264,343)	28,189	1,927,717	2,126,721	(405)	2,126,316
Profit/(loss) for the period		–	–	–	–	–	–	–	–	(44,863)	(44,863)	981	(43,882)
Other comprehensive loss for the period:													
Exchange differences on translation of foreign operations		–	–	–	–	–	(5,362)	–	–	–	(5,362)	–	(5,362)
Total comprehensive loss for the period		–	–	–	–	–	(5,362)	–	–	(44,863)	(50,225)	981	(49,244)
Disposal of investment properties		–	–	–	–	–	–	–	(968)	968	–	–	–
At 30 June 2026 (unaudited)		27,807	98,081	59	373,170	22,665	(91,986)	(264,343)	27,221	1,883,822	2,076,496	576	2,077,072

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	**(8,680)**	(183,877)
Interest received	**11,766**	10,291
Proceeds from sublease	**145**	94
PRC corporate income tax paid	**(185)**	(14,849)
Net cash flows from/(used in) operating activities	**3,046**	(188,341)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(17,219)**	(27,299)
Proceeds from disposal of items of property, plant and equipment	**17**	1,635
Proceeds from disposal of right-of-use assets	**–**	17
Proceeds from disposal of investment properties	**1,636**	–
Placement of pledged time deposits	**(4,552)**	(20,121)
Withdrawal of pledged time deposits	**15,092**	22,150
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	**130,000**	81,182
Net cash flows from investing activities	**124,974**	57,564
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**373,110**	330,205
Repayment of bank loans	**(347,365)**	(160,195)
Acquisition of non-controlling interests	**–**	(150)
Principal portion of lease payments	**(1,359)**	(2,413)
Interest paid	**(4,382)**	(2,548)
Net cash flows from financing activities	**20,004**	164,899

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	**148,024**	34,122
Cash and cash equivalents at beginning of period	**343,845**	321,884
Effect of foreign exchange rate changes, net	**(1,211)**	(2,142)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**490,658**	353,864
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**422,549**	323,864
Non-pledged time deposits with original maturity of less than three months when acquired	**68,109**	30,000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**490,658**	353,864
Non-pledged time deposits with original maturity of over three months when acquired	**60,000**	214,738
Less: Non-pledged time deposits classified as non-current	**–**	(10,000)
Cash and bank balances as stated in the condensed consolidated statement of financial position	**550,658**	558,602

1. CORPORATE INFORMATION

Shenguan Holdings (Group) Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of edible collagen sausage casing products, collagen food products, collagen skin care products and polymer collagen medical biomaterials.

2.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2026 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

The nature and impact of the amended HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

(c) *Annual Improvements to HKFRS Accounting Standards – Volume 11* set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in the principal business of manufacture and sale of edible collagen sausage casing products. The Group is also involved in manufacture and sale of collagen food products, collagen skin care products and polymer collagen medical biomaterials.

Since over 90% of the Group's revenue is generated from its edible collagen sausage casing products, no operating segments have been aggregated to form the reportable operating segment.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Chinese mainland	**406,646**	387,600
Asia (excluding Chinese mainland)	**29,927**	36,246
Other countries/regions	**19,384**	20,068
Total	**455,957**	443,914

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

The non-current asset geographical information is not presented since over 90% of the Group's non-current assets are located in the Chinese mainland.

Information about a major customer

Revenue from a major customer of the Group, excluding value added tax, which individually accounted for 10% or more of the Group's revenue for the period is set out below:

	Six months ended 30 June 2025 (Unaudited) RMB'000
Customer 1	49,431

There is no individual customer accounted for 10% or more of the Group's revenue for the six months ended 30 June 2026.

4. REVENUE

Set out below is the disaggregation of the revenue:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Timing of revenue recognition		
Goods transferred at a point in time	**455,886**	443,885
Services transferred over time	**71**	29
Total	**455,957**	443,914

5. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other income		
Bank interest income	**5,624**	7,602
Government grants	**4,125**	1,826
Rental income	**1,825**	2,079
Finance income on net investments in sublease	**6**	4
Sales of auxiliary materials	**3,334**	1,930
Others	**108**	110
Total other income	**15,022**	13,551
Gains, net		
Gain on disposal of items of property, plant and equipment, net	**–**	286
Exchange gains, net	**–**	688
Total gains, net	**–**	974
Total other income and gains, net	**15,022**	14,525

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank loans	**4,295**	2,387
Interest on lease liabilities	**87**	161
Total	**4,382**	2,548

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold	**360,981**	335,472
Depreciation of property, plant and equipment	**34,424**	37,842
Depreciation of right-of-use assets	**2,678**	3,514
Deficit on revaluation of property, plant and equipment	**–**	2,933
Loss/(gain) on disposal of items of property, plant and equipment, net	**212**	(286)
Fair value losses on investment properties, net	**252**	258
Loss on disposal of investment properties	**135**	–
Impairment of trade and bills receivables, net	**1,519**	3,027
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets, net	**(11)**	922
Write-off of inventories	**4,528**	429
Provision of obsolete and slow-moving inventories	**42,204**	22,622
Exchange differences, net	**3,225**	(688)

8. INCOME TAX

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

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2025: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2025: 8.25%) and the remaining assessable profits are taxed at 16.5% (2025: 16.5%).

A subsidiary located in Wuzhou, Guangxi in the Western Region of China is entitled to the region's preferential corporate income tax ("CIT") rate of 15% as set out in the Announcement of the State Taxation Administration and the National Development and Reform Commission on the continuation of preferential enterprise income tax policies in the western region (Announcement No.23 [2020]).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – PRC – Income taxes	**(424)**	10,712
Current – Hong Kong profits tax	**561**	647
Deferred tax	**(9,293)**	6,653
Total tax charge/(credit) for the period	**(9,156)**	18,012

8. INCOME TAX (Continued)

Pillar Two Income taxes

As at reporting date, the Pillar Two model rules are not applicable to the Group, as the annual revenue reported in the consolidated financial statements of the ultimate parent entity did not reach 750 million Euros or more in at least two of the four fiscal years immediately preceding the tested fiscal year. Therefore, the Group did not disclose any information required by the amendments (i.e., HKAS 12.88A to 88D) in the 2025 annual consolidated financial statements and this interim condensed consolidated financial information.

9. DIVIDENDS

	Six months ended 30 June 2025 (Unaudited) RMB'000
Final dividend declared and paid for 2024 – HK2.0 cents per ordinary share	59,164
Final special dividend declared and paid for 2024 – HK2.0 cents per ordinary share	59,164
	118,328

The directors of the Company did not propose any interim dividend in respect of the reporting period (six months ended 30 June 2025: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts for the six months ended 30 June 2026 is based on the loss for the period attributable to ordinary equity holders of the parent of RMB44,863,000 (six months ended 30 June 2025: RMB40,586,000) and the weighted average number of ordinary shares of 3,230,480,000 (six months ended 30 June 2025: 3,230,480,000) outstanding during the six months ended 30 June 2026.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment at a cost of RMB11,144,000 (30 June 2025: RMB12,261,000).

During the six months ended 30 June 2026, property, plant and equipment with a net book value of RMB229,000 were disposed of by the Group (30 June 2025: RMB683,000), resulting in a net loss on disposal of RMB212,000 (30 June 2025: net gain on disposal of RMB286,000).

12. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Within 1 month	**35,910**	53,682
Over 1 month but within 3 months	**48,309**	61,007
Over 3 months but within 6 months	**14,485**	66,535
Over 6 months but within 1 year	**5,437**	8,221
Over 1 year	**654**	746
Total	**104,795**	190,191

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Within 1 month	**29,406**	39,633
Over 1 month but within 2 months	**5,797**	3,113
Over 2 months but within 3 months	**645**	805
Over 3 months but within 6 months	**14,231**	10,980
Over 6 months	**8,017**	30,417
Total	**58,096**	84,948

14. SHARE CAPITAL

Shares

	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
Authorised:		
20,000,000,000 ordinary shares of HK$0.01 each	**200,000**	200,000
Issued and fully paid:		
3,230,480,000 ordinary shares of HK$0.01 each	**32,305**	32,305
	RMB'000	RMB'000
Equivalent to	**27,807**	27,807

15. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Buildings	104,391	104,105
Plant and machinery	4,678	9,225
Total	109,069	113,330

16. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities (31 December 2025: Nil).

17. PLEDGE OF ASSETS

At the end of the reporting period, time deposits amounting to RMB1,338,000 and RMB9,331,000 (31 December 2025: RMB15,092,000 and RMB6,409,000) were pledged for bills payables amounting to RMB13,384,000 (31 December 2025: RMB15,092,000) and certain standby letter of credit from a bank, respectively.

18. RELATED PARTY DISCLOSURES

(a) The Group had the following transactions with related parties during the period:

	Notes	Six months ended 30 June 2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
Companies controlled by directors of the Company:			
Continuing connected transactions:			
Sales of products	(i)	**1,703**	2,521
Sales of calcium oxide	(i)	**–**	1,322
Purchases of cattle skin and provision of the cattle skin processing services	(ii)	**144,194**	183,219
Rental expense of commercial properties	(ii)	**106**	106
Rental income from lease of office	(ii)	**305**	216
Administrative support and liaising services	(ii)	**97**	160
Companies controlled by a spouse of a director of the Company:			
Continuing connected transactions:			
Purchases of packaging and printing materials	(ii)	**26,846**	21,536
Associate:			
Continuing connected transactions:			
Rental expense of industrial property	(ii)	**317**	–

Notes:

(i) The sales were made according to the published prices and conditions offered to the major customers of the Group.

(ii) These transactions were based on terms mutually agreed between the parties.

18. RELATED PARTY DISCLOSURES (Continued)

(b) Balances with related parties

As at 30 June 2026, the Group had trade receivables of RMB1,589,000 (31 December 2025: Nil) due from Exceltech Food Trading SDN. BHD. ("Exceltech Food Trading"), which is controlled by Dato' Sri Low Jee Keong, a director of the Company. The balance due from Exceltech Food Trading is unsecured, interest-free and has a repayment term of 30 days, which is on terms similar to those offered to other major customers of the Group.

As at 30 June 2026, the Group had trade receivables of RMB88,000 (31 December 2025: RMB102,000) due from Guangxi Zhiguan Industrial Development Co., Limited ("Guangxi Zhiguan"), which is controlled by Ms. Zhou Yaxian and Mr. Mo Yunxi, directors of the Company. The balance due from Guangxi Zhiguan is unsecured, interest-free and has a repayment term of 30 days, which is on terms similar to those offered to other major customers of the Group.

For the purpose of purchasing cattle hides and the cattle skin processing services, as at 30 June 2026, trade and bills payables of RMB27,097,000 (31 December 2025: RMB49,405,000) were due to Guangxi Zhiguan. The trade and bills payables are settled on terms no longer than 180 days.

As at 30 June 2026, there were RMB3,136,000 trade payables (31 December 2025: RMB7,003,000) due to Wuzhou Junye Trademark Printing Material Co., Ltd. ("Wuzhou Junye") for the purpose of purchasing packaging and printing materials. Wuzhou Junye is owned by Mr. Sha Shuming, the spouse of Ms. Zhou Yaxian, and Mr. Sha Junqi, a director of the Company.

As at 30 June 2026, there were RMB1,038,000 trade payables (31 December 2025: RMB1,996,000) due to Wuzhou Zhongbo Packaging Co., Ltd. ("Wuzhou Zhongbo") for the purpose of purchasing packaging and printing materials. Wuzhou Zhongbo is owned by Mr. Sha Shuming, the spouse of Ms. Zhou Yaxian, and Mr. Sha Junqi, a director of the Company.

18. RELATED PARTY DISCLOSURES (Continued)

(b) Balances with related parties (Continued)

As at 30 June 2026, the Group had other receivables of RMB1,038,000, RMB198,000 and RMB503,000 due from Wuzhou Tongrun Copper Co., Ltd. ("Tongrun Copper"), which is controlled by Mr. Sha Shuming, the spouse of Ms. Zhou Yaxian, Ferguson (Wuhan) Biotech Co., Ltd ("Ferguson"), an associate of the Group and Guangxi Shenguan Investment Co., Ltd ("Guangxi Shenguan"), which is controlled by Ms. Zhou Yaxian and Mr. Sha Junqi, directors of the Company, respectively. The balances due from Tongrun Copper, Ferguson and Guangxi Shenguan are unsecured, interest-free and have no fixed terms of repayment.

As at 31 December 2025, the Group had other receivables of RMB140,000 and RMB300,000 due from Ferguson and Guangxi Shenguan, respectively. The balances due from Ferguson and Guangxi Shenguan are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**7,588**	8,051
Retirement benefit contributions	**147**	62
Total compensation paid/payable to key management personnel	**7,735**	8,113

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group's finance department headed by the finance controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance controller reports directly to the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption were used to estimate the fair values:

The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2026 and 31 December 2025 were assessed to be insignificant.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2025: Nil).

20. EVENTS AFTER THE REPORTING PERIOD

On 13 August 2026, the Group entered into a non-legally binding framework investment agreement with the People's Government of Horinger County in relation to a potential investment in a collagen food production project in Horinger Dairy Development Zone, Inner Mongolia, the Chinese mainland for preliminary estimated investment amount of RMB90,000,000.

21. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the board of directors on 25 August 2026.