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CHINA KANGDA FOOD COMPANY LIMITED

中國康大食品有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code (Primary Listing): 834)

(Singapore Stock Code (Secondary Listing): P74)

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

The board (the “**Board**”) of directors (the “**Director(s)**”) of China Kangda Food Company Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024 as set out below.

CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	6	861,918	768,711
Cost of sales		<u>(818,762)</u>	<u>747,687)</u>
Gross profit		43,156	21,024
Other income and other gains	6	7,976	3,964
Selling and distribution costs		(24,697)	(25,519)
Administrative expenses		(15,793)	(15,572)
Provision for impairment loss on trade receivables		–	(858)
Other operating expenses		(6,609)	(138)
Finance costs	8	<u>(5,394)</u>	<u>(2,951)</u>

		Six months ended 30 June	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Loss before taxation	7	(1,361)	(20,050)
Income tax credit	9	<u>37</u>	<u>25</u>
Loss for the period		<u>(1,324)</u>	<u>(20,025)</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences in translating foreign operations		<u>178</u>	<u>(6)</u>
Other comprehensive income for the period		<u>178</u>	<u>(6)</u>
Total comprehensive income for the period		<u>(1,146)</u>	<u>(20,031)</u>
Loss for the period attributable to:			
Owners of the Company		(1,535)	(20,290)
Non-controlling interests		<u>211</u>	<u>265</u>
		<u>(1,324)</u>	<u>(20,025)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		(1,357)	(20,296)
Non-controlling interests		<u>211</u>	<u>265</u>
		<u>(1,146)</u>	<u>(20,031)</u>
Loss per share for loss attributable to the owners of the Company during the period	11		
Basic (<i>RMB cents</i>)		(0.35)	(4.69)
Diluted (<i>RMB cents</i>)		<u>(0.35)</u>	<u>(4.69)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		217,365	223,680
Investment property		170,498	176,454
Goodwill		56,355	56,355
Biological assets		14,301	29,026
Right-of-use assets		161,635	170,352
Deferred tax assets		—	—
Loan receivable		13,500	13,500
Total non-current assets		633,654	669,367
Current assets			
Biological assets		42,908	20,656
Loan receivable		6,500	6,500
Inventories		165,213	104,995
Trade and bills receivables	12	111,829	91,297
Prepayments, other receivables and deposits		77,373	72,306
Amount due from a related party		—	4,232
Pledged deposits		309,000	120,000
Cash and cash equivalents		144,912	234,209
Total current assets		857,735	654,195
Current liabilities			
Trade and bills payables	13	497,572	269,811
Accrued liabilities and other payables		60,984	92,931
Contract liabilities		23,652	16,144
Interest-bearing bank borrowings	14	95,500	149,500
Amount due to a related party		21,643	—
Loans from related parties		38,434	38,993
Loans from immediate holding company		101,869	94,024
Deferred government grants		3,697	3,568
Lease liabilities		14,255	13,875
Tax payables		1,402	1,900
Total current liabilities		859,008	680,746
Net current liabilities		(1,273)	(26,551)
Total assets less current liabilities		632,381	642,816

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Non-current liabilities		
Deferred government grants	12,428	14,425
Lease liabilities	83,625	90,880
Deferred tax liabilities	<u>1,110</u>	<u>1,147</u>
Total non-current liabilities	<u>97,163</u>	<u>106,452</u>
Net assets	<u>535,218</u>	<u>536,364</u>
EQUITY		
Equity attributable to the owners of the Company		
Share capital	116,750	116,750
Reserves	<u>407,261</u>	<u>408,618</u>
	524,011	525,368
Non-controlling interests	<u>11,207</u>	<u>10,996</u>
Total equity	<u>535,218</u>	<u>536,364</u>

NOTES

For the six months ended 30 June 2025

1. CORPORATE INFORMATION

China Kangda Food Company Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 28 April 2006. The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The principal place of business of the Company is located at No. 8399, Binhai Boulevard, Huangdao District, Qingdao, the People’s Republic of China. The Company’s shares are primary listed on the Main Board of The Stock Exchange of Hong Kong Limited and secondary listed in the Main Board of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries (together with the Company referred as the “**Group**”) are production and trading of food products, breeding and sale of livestock, poultry and rabbits.

In the opinion of the Company’s directors (the “**Directors**”), the Company’s immediate holding company is Zenith Hope Limited, incorporated in British Virgin Islands and the Company’s ultimate holding company is Eternal Myriad Limited, incorporated in British Virgin Islands.

The Group’s operations are principally conducted in the People’s Republic of China (the “**PRC**”), excluding Hong Kong and Macau.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as issued by International Accounting Standards Board (“IASB”).

(b) Basis of measurement and going concern assumption

The preparation of the condensed consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 December 2024 (the “**2024 Annual Report**”). The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Group’s 2024 Annual Report.

The condensed consolidated financial statements have been prepared under the historical cost basis except for biological assets which are stated at fair values less costs to sell and financial assets at fair value through other comprehensive income which are stated at fair values. The condensed consolidated financial statements are unaudited but have been reviewed by the Company’s audit committee.

The financial information relating to the financial year ended 31 December 2024 that is included in this interim financial report as being previously reported information does not constitute the Group’s statutory financial statements for that financial year but is derived from those financial statements. The auditor has expressed disclaimer of opinion on those financial statements in his report dated 31 March 2025.

In preparing the condensed consolidated financial statements, the Directors considered that the Group is able to continue as a going concern notwithstanding that the Group incurred a loss attributable to the owners of the Company of approximately RMB1,535,000 during the six months ended 30 June 2025, and as of that date, the Group had net current liabilities of approximately RMB1,273,000. As at 30 June 2025, the Group had bank borrowings of RMB95,500,000 (note 14), loans from related parties of RMB38,434,000 and loans from immediate holding company of RMB101,869,000, totalling approximately RMB235,803,000 as at 30 June 2025 that are repayable within 12 months from 30 June 2025, while the Group only maintained its cash and cash equivalents of RMB144,912,000.

With reference to note 30 of the Group's 2024 Annual Report, the related party loan of HK\$39,000,000 under an another deed (the "**New Deed**") with Hong Kong High Quality Limited ("**High Quality**") dated 21 March 2024 (the "**Related Party Loan**") and was matured on 22 April 2025. According to the New Deed, in the event of the Company's default of the New Deed, High Quality shall be at liberty to take legal action against the Company, including but not limited to issuing a fresh petition against the Company without further notice to the Company, and the Company undertakes not to oppose the new petition by reason of the withdrawal of the petition and/or whatsoever. In addition, the second related party loan of HK\$2,489,000 from another related party (the "**2nd Related Party Loan**") also matured on 22 April 2025. As disclosed in the Company's announcement dated 30 July 2025, both Related Party Loan and 2nd Related Party Loan were not yet renewed as of the date of the announcement.

When assessing the appropriateness of the use of the going concern basis for the preparation of the condensed consolidated financial statements, the Directors have prepared a cash flow forecast covering a period of 12 months from the date of approval of these condensed consolidated financial statements. The Directors have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing, having regard to the following plans and measure, in assessing whether the Group will have sufficient financial resources to continue as a going concern:

1. The Group has been maintaining strong relationship with the Group's existing lenders to seek renewal of extension for repayment of the Group's bank borrowings;
2. The Group has been actively negotiating with High Quality to formulate and agree a settlement plan or to extend the repayment period regarding the Related Party Loan;

3. The Group has been actively negotiating with the lender of the 2nd Related Party Loan to formulate and agree a settlement plan or to extend the repayment period regarding the 2nd Related Party Loan;
4. As disclosed in the Company's announcements dated 20 June 2025 and 30 July 2025, the Company has received verbal confirmation from the lenders of the Related Party Loans and 2nd Related Party Loan that they do not intend to take any legal action or file any winding up petition against the Company while negotiations for the loan extension agreement are ongoing;
5. The Group will explore the availability of alternative source of financing; and
6. The Group continues to expand its production volume by improving the efficiency of its facilities and implementing measures to tighten cost controls over various operating expenses in order to improve its profitability and cash inflow from its operations in the future.

The Directors believe that the aforementioned financing/business plans and operational measures will be successful, based on the continuous efforts and commitment given by the management and consider that Group would have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due over the period of the cash flow forecast and therefore it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

(c) Functional and presentation currency

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company and its subsidiaries in the PRC.

3. PRINCIPAL ACCOUNTING POLICIES

The Group has applied the same accounting policies in these condensed consolidated interim financial statements as in its 2024 Annual Report.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same those that applied to 2024 Annual Report.

5. SEGMENT INFORMATION

The Group is organised into four main business segments:

- Production and sale of processed food;
- Production and sale of chilled and frozen chicken meat;
- Production and sale of chilled and frozen rabbit meat; and
- Production and sale of other products.

Information regarding the Group's reportable segments as provided to the Directors is set out below:

	Six months ended 30 June 2025				
	Processed foods <i>RMB'000</i> (Unaudited)	Chilled and frozen rabbit meat <i>RMB'000</i> (Unaudited)	Chilled and frozen chicken meat <i>RMB'000</i> (Unaudited)	Other products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue from external customers and reportable segment revenue, recognised at a point in time	<u>380,788</u>	<u>96,437</u>	<u>378,163</u>	<u>6,530</u>	<u>861,918</u>
Reportable segment profit/(loss)	<u><u>46,145</u></u>	<u><u>(7,389)</u></u>	<u><u>(27,200)</u></u>	<u><u>1,079</u></u>	<u><u>12,635</u></u>
Timing of revenue recognition					
At a point in time	<u><u>380,788</u></u>	<u><u>96,437</u></u>	<u><u>378,163</u></u>	<u><u>6,530</u></u>	<u><u>861,918</u></u>

	Six months ended 30 June 2024				Total <i>RMB'000</i> (Unaudited)
	Processed	Chilled and	Chilled	Other	
	foods	frozen	and frozen	products	
	<i>RMB'000</i>	rabbit meat <i>RMB'000</i>	chicken meat <i>RMB'000</i>	<i>RMB'000</i>	
Revenue from external customers and reportable segment revenue, recognised at a point in time	354,598	79,630	320,010	14,533	768,711
Reportable segment profit/(loss)	35,649	(14,172)	(26,368)	457	(4,434)
Timing of revenue recognition					
At a point in time	354,598	79,630	320,010	14,533	768,711

Reportable segment revenue represented revenue of the Group in the condensed consolidated statement of comprehensive income. A reconciliation between the reportable segment profit/(loss) and the Group's loss before taxation is set out below:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Reportable segment profit/(loss)	12,635	(4,434)
Other income and other gains	7,976	3,964
Administrative expenses	(15,793)	(15,572)
Other operating expenses	(785)	(1,057)
Finance costs	(5,394)	(2,951)
Loss before taxation	(1,361)	(20,050)

6. REVENUE AND OTHER INCOME AND OTHER GAINS

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods	861,918	768,711

An analysis of the Group's other income and other gains is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income and other gains		
Interest income on financial assets stated at amortised cost	167	2,790
Amortisation of deferred income on government grants	1,868	204
Government grants related to income	500	–
(Losses)/Gains arising from changes in fair value less estimated costs to sell of biological assets, net	–	(694)
Insurance claims	46	–
Rental income	3,090	1,611
Others	2,305	53
	7,976	3,964

7. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of inventories recognised as an expense	600,382	606,654
Depreciation of property, plant and equipment	20,084	26,450
Depreciation of right-of-use assets	8,717	2,928
Depreciation of investment property	5,956	3,537
Employees costs (including Directors' remuneration)	100,108	80,806
Retirement scheme contribution	5,475	4,610
Total employees costs	105,583	85,461
Exchange gain, net	(4,560)	(2,161)

8. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest charges on bank borrowings	1,960	2,217
Interest on lease liabilities	3,434	734
	5,394	2,951

9. INCOME TAX CREDIT

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Deferred tax credit	<u>(37)</u>	<u>(25)</u>
Total income tax credit	<u><u>(37)</u></u>	<u><u>(25)</u></u>

No Hong Kong profits tax has been provided for the six months ended 30 June 2025 as the Group did not derive any assessable profit arising in Hong Kong during the period (six months ended 30 June 2024: Nil).

PRC corporate income tax is provided at the rates applicable to the subsidiaries in the PRC on the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

Qingdao Kangda Foods Co., Ltd. (“**Kangda Foods**”) and Shandong Kaijia Food Company Limited (“**Kaijia Food**”) are established and operating in the PRC and subject to PRC corporate income tax. According to the PRC Corporate Income Tax Law, the profit arising from agricultural, poultry and primary food processing businesses of Kangda Foods and Kaijia Food are exempted from PRC corporate income tax. The taxable profits of Kangda Foods arising from profit from business other than agricultural, poultry and primary food processing are subject to corporate income tax at 25% for the six months ended 30 June 2025 and for the corresponding period of 2024.

Under the PRC Corporate Income Tax Law and Implementation Rules, enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full exemption of corporate income tax on profits derived from such business. Qingdao Kangda Animal Rearing Company Ltd., Qingdao Kangda Rabbit Company Ltd. and Gaomi Kaijia Rearing Co., Ltd. engaged in qualifying agricultural business, which include breeding and sales of livestock, and are entitled to full exemption of corporate income tax during the six months ended 30 June 2025 and for the corresponding period of 2024.

10. DIVIDENDS

The board of Directors did not recommend any payment of interim dividends for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately of RMB1,535,000 (six months ended 30 June 2024: RMB20,290,000) and on the weighted average number of 442,153,000 (six months ended 30 June 2024: 432,948,000) ordinary shares in issue during the period.

For the periods ended 30 June 2025 and 2024, the Company did not have any dilutive potential ordinary shares. Accordingly, diluted loss per share is the same as basic loss per share.

12. TRADE AND BILLS RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	113,092	87,200
Bills receivables	50	5,410
Less: provision for impairment	(1,313)	(1,313)
Trade and bills receivables – net	<u>111,829</u>	<u>91,297</u>

Trade and bills receivables are non-interest bearing and are generally on terms of 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values at initial recognition.

The ageing analysis of trade and bills receivables (net of impairment made) based on invoice dates as at the reporting date is as follows:

	30 June 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 30 days	88,664	71,867
31 – 60 days	4,149	15,368
61 – 90 days	6,575	2,725
Over 90 days	12,441	1,337
	111,829	91,297

Before accepting any new customer, the Group will assess the potential customer's credit quality and set credit limits for that customer. Limits attributed to customers are reviewed once a year.

13. TRADE AND BILLS PAYABLES

Trade payables are non-interest bearing and are normally settled on terms of 60 days.

	30 June 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade payables	150,572	117,811
Bills payables	347,000	152,000
	497,572	269,811

The ageing analysis of trade and bills payables based on invoice dates as at the reporting date is as follows:

	30 June 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 60 days	444,921	204,162
61 – 90 days	5,705	10,382
91 – 120 days	4,106	18,684
Over 120 days	42,840	36,583
	497,572	269,811

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Interest-bearing bank borrowings		
Classified as current liabilities	95,500	149,500

Total secured interest-bearing bank borrowings are RMB95,500,000 (31 December 2024: RMB149,500,000) as at 30 June 2025.

As at 30 June 2025, the Group's interest-bearing bank borrowings are guaranteed by certain related parties of the Group and secured against pledge of the Group's certain property, plant and equipment, right-of-use assets, and a related party's certain property, plant and equipment.

The Group's interest-bearing bank borrowings bear interests ranging from 2.9% to 3.25% (31 December 2024: 3.0% to 3.8%) per annum as at 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group reported its unaudited results for the six months ended 30 June 2025 (“**HY2025**”) with a loss attributable to owners of the Company of approximately RMB1.5 million (for the six months ended 30 June 2024 (“**HY2024**”) : RMB20.3 million).

The Group continued to adopt stable operation strategy. The revenue increased by 12.1% from approximately RMB768.7 million for HY2024 to approximately RMB861.9 million for HY2025. Due to the increase in selling price of products, the gross profit margin increased from 2.7% for HY2024 to 5.0% for HY2025. The loss for HY2025 decreased by 93.4% over HY2024, mainly due to the increase in gross profit and the increase in other income and partly offset by the increase in administrative expenses.

PROSPECT

Being a company focusing on consumer products industry, our business is always affected by economic growth, consumers’ preference, industry cycle and animal epidemics. In HY2025, with re-emergence of trade protectionism and global recession, the whole consumer industry is facing complicated external environment and greater challenges. In light of the challenges, the Group is trying to expand the production volume to meet the demand and lower the cost of sales by economies of scale at the same time. Also, the Group will strive to control the spending of expenses.

The food industry will continue to face challenges with low growth rate and intense competition. With the consumption upgrades, food safety and healthiness become the focus of consumers' attention, which is always our priority. With our stringent quality control and food safety systems, we will continue to provide customers with high quality products. To maintain the overall profitability and to enhance the competitiveness and resistance against market risk, the Group will increase investment in research and development of new products, focus on high value-added processed foods, safeguard the business relationship with the major customers and proactively explore new markets and new customers.

We will continue to optimise product portfolios, enhance cost management, promote brand building and expand new sales channels to strengthen the core competence and improve the overall performance of the Group.

OPERATING AND FINANCIAL REVIEW

REVENUE BY PRODUCTS

	Six months ended 30 June		
	2025	2024	
	<i>RMB'000</i>	<i>RMB'000</i>	% Change
	(Unaudited)	(Unaudited)	+ / (-)
Processed food	380,788	354,598	7.4
Chilled and frozen chicken meat	378,163	320,010	18.2
Chilled and frozen rabbit meat	96,437	79,630	21.1
Other products	6,530	14,533	(55.1)
Total	<u>861,918</u>	<u>768,771</u>	<u>12.1</u>

Revenue derived from the production and sales of processed food, chilled and frozen chicken meat, chilled and frozen rabbit meat and other products contributed 44.2%, 43.9%, 11.2%, 0.7% of the revenue for HY2025, respectively (HY2024: 46.1%, 41.6%, 10.4% and 1.9%).

Processed Food Products

Revenue derived from the production and sales of processed food products increased by 7.4% to approximately RMB380.8 million for HY2025. The increase in revenue was mainly due to the increase in sales volume of export as a result of increase in demand from international trading.

Chilled and Frozen Chicken Meat

Revenue derived from the production and sales of chilled and frozen chicken meat increased by 18.2% to approximately RMB378.2 million in HY2025. With the increase in market demand, the Group increased the number of broiler chickens raised and slaughter volume of broilers, resulting in an increase in the sales of chilled and frozen chicken meat.

Chilled and Frozen Rabbit Meat

The sales of chilled and frozen rabbit meat products increased by 21.1% to approximately RMB96.4 million in HY2025 which was mainly due to the increase in the selling price for both international and domestic market.

Other Products

Other products were mainly feed products and chicken and rabbit meat by-products. Revenue derived from the production and sales of other products decreased by RMB8.0 million to RMB6.5 million in HY2025. The decrease in other products' revenue of 55.1% was mainly due to the decrease in unit price of other products in HY2025.

Revenue by Geographical Markets

	Six months ended 30 June		% Change +/(–)
	2025 <i>RMB'000</i> (Unaudited)	2024 <i>RMB'000</i> (Unaudited)	
Export	226,964	197,324	15.0
PRC	634,954	571,447	11.1
Total	861,918	768,771	12.1

On a geographical basis, our revenue from PRC and overseas contributed 73.7% and 26.3% (HY2024: 74.3% and 25.7%) of the revenue in HY2025, respectively. The change of geographical mix was mainly due to the demand from domestic market remain relatively strong as we were focusing more on domestic market during HY2025.

PROFITABILITY

Gross Profit and Margin

	Six months ended 30 June 2025		Six months ended 30 June 2024		Change <i>RMB'000</i> (Unaudited)	% Change +/(–) (Unaudited)
	<i>RMB'000</i> (Unaudited)	<i>Margin %</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>Margin %</i> (Unaudited)		
Processed food	56,998	15.0	46,725	13.4	10,273	22.0
Chilled and frozen chicken meat	(16,422)	(4.3)	(15,746)	(4.9)	(676)	4.3
Chilled and frozen rabbit meat	1,315	1.4	(11,529)	(14.5)	12,844	(111.4)
Other products	1,265	19.4	1,574	8.2	(309)	(19.6)
Total	43,156	5.0	21,024	2.7	22,072	104.7

The overall gross profit margin was 5.0% for HY2025, representing an increase of 2.3 percentage points from 2.7% for HY2024.

Processed Food Products

Processed food products were the main profit contributor. The gross profit margin increased by 13.4% to 15.0% in HY2025 as a result of sales growth in the domestic market with higher gross profit.

Chilled and Frozen Chicken Meat

The gross profit margin was negative during HY2025 which was mainly due to the decrease in selling prices in order to remain competitive in the market.

Chilled and Frozen Rabbit Meat

The gross profit margin was turning slightly positive during HY2025 which was mainly due to the increase in selling price from both domestic and international market.

Other Products

The gross profit margin of other products increased by 11.2% to 19.4% in HY2025. The increase was mainly due to the increase in selling price as a result of the strong demand in the market.

Other Income

Other income in HY2025 was RMB8.0 million, representing an increase of RMB4.0 million from RMB4.0 million in HY2024. Other income comprised mainly gains arising from changes in fair value less estimated costs to sell of biological assets, rental income, government grants, and interest income on financial assets. The increase in other income was a net effect of the following: no loss arising from changes in fair value less estimated costs to sell of biological assets, increase in amortisation of deferred income on government grant of RMB1.7 million, increase in recognition of government grants related to income of RMB0.5 million, increase of rental income of RMB1.5 million and decrease in interest income on financial assets stated at amortised cost of RMB2.6 million.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly salary and welfare, transportation costs and advertisement costs, and was decreased by RMB0.8 million to approximately RMB24.7 million in HY2025 which was mainly due to the decrease in advertising and promotion expenses.

Administrative Expenses

Administrative expenses comprised mainly staff costs, professional fees, depreciation charge, travelling expenses and other miscellaneous administrative expenses.

Other Operating Expenses

Other operating expenses for HY2025 was RMB6.6 million, representing an increase of RMB6.5 million from RMB0.2 million in HY2024. The increase was mainly due to reclassification of depreciation of investment property of RMB6.0 million in HY2025.

Finance Costs

Finance costs comprised interest charges on bank borrowings and interest on lease liabilities.

Taxation

The Group recorded an income tax credit of RMB0.04 million. In HY2025, the Group was in a position of tax loss and no current period taxation was provided. The income tax credit was mainly derived from the deferred tax credit. Some of the subsidiaries of the Group engaged in qualifying agricultural business, which include breeding and sales of livestock, were entitled to full exemption of corporate income tax during the period under review.

Review of the Group's Financial Position as at 30 June 2025

The Group's property, plant and equipment (“PPE”) were mainly leasehold buildings and plant and machinery. The PPE decreased by 2.8% to approximately RMB217.4 million as at 30 June 2025. The decrease was a net effect of depreciation charge and addition of plant and machinery.

The investment property represented leasehold buildings in property, plant and equipment and right-of-use assets in relation to rabbit farms held to earn rental income. The investment property was stated at cost less accumulated depreciation as the fair value cannot be reliably measured since there were no active market prices for similar properties. The investment property decreased by 3.4% to approximately RMB170.5 million as at 30 June 2025. The decrease was a result of depreciation charge.

Right-of-use assets represented operating lease assets and prepaid premium for land leases. The decrease was mainly due to the depreciation of the right-of-use assets during the current period.

Biological assets mainly referred to progeny chickens, progeny rabbits, breeder rabbits and hatchable eggs for sales and breeder rabbits and chickens for breeding purpose. These biological assets were valued by the management of the Group as at 30 June 2025 based on market-determined prices of rabbits/chickens of similar size, species and age. The valuation methodology is in compliance with IAS 41 and IFRS 13 to determine the fair values of biological assets in their present location and condition. Biological assets, including current and non-current biological assets, increased by RMB7.5 million as at 30 June 2025 as compared to that of 31 December 2024. The main reason for the increase was attributable to more progeny chickens raised.

Inventory increased by RMB60.2 million to approximately RMB165.2 million as at 30 June 2025. The inventory turnover days for HY2025 were 29.7 days as compared to 29.1 days for HY2024.

Trade and bills receivables increased by RMB20.5 million to approximately RMB111.8 million as at 30 June 2025. The increase was mainly due to more sales during the second quarter of 2025 than the fourth quarter of 2024.

The pledged deposits were secured against the bills payables and bank borrowings of the Group.

Trade and bills payables increased by RMB227.8 million to approximately RMB497.6 million as at 30 June 2025. The increase in the trade and bills payables was mainly due to more bills payables were issued to settle payment with suppliers.

Accrued liabilities and other payables represented payables for salary and welfare payables, accrued expenses and deposit received, decreased by RMB31.9 million to approximately RMB61.0 million as at 30 June 2025.

Lease liabilities represented the present value of the lease payments that are not paid as the adoption of IFRS 16. The decrease in lease liabilities was mainly due to the payment of rentals in HY2025.

Contract liabilities represents advance consideration from customers which the performance obligation under the Group's existing contracts were unfulfilled. Contract liabilities increased by RMB7.5 million to approximately RMB23.7 million as at 30 June 2025.

The interest-bearing bank borrowings balances decreased by RMB54.0 million to approximately RMB95.5 million as at 30 June 2025 as a result of repayment of bank borrowings.

Loan from a related party is interest-free, unsecured and repayable on demand.

Loan from immediate holding company remained stable as at 30 June 2025. The loan is interest-free, unsecured and repayable on demand.

CAPITAL STRUCTURE

As at 30 June 2025, the Group had net assets of approximately RMB535.2 million (31 December 2024: RMB536.4 million), comprising of non-current assets of approximately RMB633.7 million (31 December 2024: RMB669.4 million), and current assets of approximately RMB857.7 million (31 December 2024: RMB654.2 million). The Group recorded a net current liabilities of approximately RMB1.3 million as at 30 June 2025 (31 December 2024: net current liabilities of RMB26.6 million). Cash and bank balances amounted to approximately RMB144.9 million (31 December 2024: RMB234.2 million), inventories amounted to approximately RMB165.2 million (31 December 2024: RMB105.0 million) and trade and bills receivables amounted to approximately RMB111.8 million (31 December 2024: RMB91.3 million) are the major current assets. Major current liabilities are trade and bills payables and interest-bearing bank borrowings amounted to RMB497.6 million (31 December 2024: RMB269.8 million) and RMB95.5 million (31 December 2024: RMB149.5 million), respectively.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders of the Company and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group had cash and bank balances of approximately RMB144.9 million (31 December 2024: RMB234.2 million) and had interest-bearing bank borrowings, loan from immediate holding company and loan from a related company of approximately RMB95.5 million, RMB101.9 million and RMB38.4 million, respectively (31 December 2024: RMB149.5 million, RMB94.0 million and RMB39.0 million, respectively). The Group's interest-bearing bank borrowings bear interests ranging from 2.9% to 3.25% (31 December 2024: 3.0% to 3.8%) per annum.

The gearing ratio for the Group was 67.8% as at 30 June 2025 (31 December 2024: 73.7%), based on a total debt of RMB355.3 million (31 December 2024: RMB387.3 million) and equity attributable to owners of the Company of RMB524.0 million (31 December 2024: RMB525.4 million). The Group would serve its debts primarily with cash flow generated from its operation, seeking renewal of the outstanding bank borrowings and new banking facilities and exploring the availability of alternative source of financing.

FOREIGN CURRENCY EXPOSURE

The Group is exposed to foreign exchange risk during the period under review arising from various currency exposures mainly to the extent of its receivables in currencies denominated in US dollars, Japanese Yen and EURO.

The Group does not have a formal foreign currency hedging policy or conducts hedging exercise to reduce its foreign currency exposure during the six months ended 30 June 2025. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should it be necessary.

CAPITAL COMMITMENTS

As at 30 June 2025, the Group's capital commitment which had been contracted for but not provided in the financial statements amounted to approximately RMB14.8 million (31 December 2024: RMB3.2 million).

CHARGE ON GROUP'S ASSETS

Total interest-bearing bank borrowings include secured liabilities of approximately RMB95.5 million as at 30 June 2025 (31 December 2024: RMB149.5 million).

As at 30 June 2025, the Group's interest-bearing bank borrowings are guaranteed by certain related parties of the Group and secured against pledge of the Group's certain property, plant and equipment, right-of-use assets, and a related party's certain property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any material contingent liabilities (31 December 2024: Nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2025, the Group employed a total of 2,528 employees (as at 31 December 2024: 2,344 employees) situated in the PRC. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the period under review, the total staff costs (including Directors' emoluments) amounted to approximately RMB100.1 million (for the six months ended 30 June 2024: RMB76.2 million). The Company does not have share option scheme for its employees.

INTERIM DIVIDEND

The Board resolved not to declare the distribution of any interim dividend for HY2025 (HY2024: Nil).

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2025, the Group did not have any significant investments, acquisitions and disposals.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2025. The Company did not hold any treasury shares as of 30 June 2025.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of all the independent non-executive Directors, namely Ms. Li Ying, Mr. Hua Shi and Mr. Wang Cheng. The chairlady of the Audit Committee is Ms. Li Ying. The Audit Committee has reviewed with the management the accounting principles and standards adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the Group’s unaudited condensed consolidated interim financial statements and this interim report for the six months ended 30 June 2025.

CODE ON CORPORATE GOVERNANCE PRACTICE

During the six months ended 30 June 2025, the Company has complied with all applicable code provisions (the “**Code Provision(s)**”) set out in the Corporate Governance Code (the “**Corporate Governance Code**”) as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), save for the deviations as listed below.

Code Provision C.2.1 of the Corporate Governance Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Under the current organisation structure of the Company, Ms. Lang Ying (“**Ms. Lang**”) is the chairlady of the Board and the chief executive officer of the Company (the “**CEO**”). Despite the deviation from Code Provision C.2.1 of the Corporate Governance Code, the Board believes that the appointment of Ms. Lang as both chairlady of the Board and CEO can provide the Group with consistent leadership going forward and allow more effective implementation of the overall strategy of the Group. Furthermore, this structure does not compromise the balance of power and authority, as major decisions are made in consultation with the Board. The current senior management team of the Group also possesses rich knowledge and experience in different professional fields to assist Ms. Lang to make decisions about the businesses and operations of the Group. The Company considers that it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

Code Provision C.1.8 of the Corporate Governance Code states that an issuer should arrange appropriate insurance cover in respect of legal action against its directors.

During the six months ended 30 June 2025 and up to the date of this announcement, the Company has not arranged liability insurance for the Directors in respect of legal proceedings that may be brought against the Directors due to the activities of the Company. The Company's Bye-Laws provides that each Director shall be entitled to be indemnified out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain in or about the execution of his/her duty. However, as the Company considered its risk management and internal control systems are effective and constantly under review, and as all the Executive Directors are familiar with the operation of the Group, the Company believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Company is of the view that the benefits of the insurance may not outweigh the cost.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”). Having made specific enquiry to all the Directors, all Directors confirmed that they had complied with the required standards as set out in the Model Code for the six months ended 30 June 2025 and up to the date of this announcement.

IMPORTANT EVENTS AFTER REPORTING PERIOD

Subsequent to the reporting period, the Group issued a quarterly update on the implementation of the Company's action plan to address the auditor's disclaimer of opinion regarding the going concern in the financial statements of the Company for the year ended 31 December 2024. Details are set out in the “Quarterly Update on Implementation of Action Plan to Address Disclaimer of Opinion” dated 30 July 2025.

Save as disclosed above, there are no other important events after the reporting period.

PUBLICATION OF UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The Company's 2025 interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk), SGX-ST (www.sgx.com) and the Company (www.kangdafood.com). The Company's 2025 interim report will also be published on the aforesaid websites in due course.

APPRECIATION

I would like to extend my gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and also to our business partners and the Company's shareholders for their continuing support.

On behalf of the Board
China Kangda Food Company Limited
Lang Ying
Executive Director

Hong Kong and Singapore, 29 August 2025

As at the date of this announcement, the executive directors of the Company are Ms. Lang Ying, Mr. Gao Yanxu and Mr. An Fengjun; and the independent non-executive directors of the Company are Mr. Hua Shi, Ms. Li Ying and Mr. Wang Cheng.