



CHINA LONGEVITY GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1863

2025 INTERIM REPORT





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Jun (*Chairman*)
Mr. Jiang Shisheng
Mr. Gao Juwen

Independent Non-executive Directors

Mr. Lau Chun Pong
Mr. Lu Jiayu
Ms. Jiang Ping

AUDIT COMMITTEE

Mr. Lau Chun Pong (*Chairman*)
Mr. Lu Jiayu
Ms. Jiang Ping

REMUNERATION COMMITTEE

Mr. Lu Jiayu
Ms. Jiang Ping
Mr. Lau Chun Pong

NOMINATION COMMITTEE

Ms. Jiang Ping (*Chairman*)
Mr. Lu Jiayu
Mr. Lau Chun Pong

COMPANY SECRETARY

Mr. Chow Yiu Wah, Joseph

AUTHORISED REPRESENTATIVES

Mr. Liu Jun
Mr. Chow Yiu Wah, Joseph

INDEPENDENT AUDITORS

ZHONGHUI ANDA CPA Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1307, 13/F., New East Ocean Centre,
9 Science Museum Road,
Tsim Sha Tsui East,
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road
P.O. Box 1586
George Town
Grand Cayman
KY1-1110

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

STOCK CODE

1863

CORPORATE WEBSITE

<http://www.chinalongevity.hk>

INVESTOR RELATIONS CONTACT

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Being one of the notable leaders among the industry of manufacturing new materials featuring eco-friendliness and special features around the globe, the Group, whose businesses cover over 100 nations and regions around the world, considers low carbon, emission reduction and technical innovation as our core value and functional new materials as our primary products. The Group is dedicated to leading the eco-friendly industrial chain development of the industry, offering technical consultancy and services for the industry, providing Sijia new materials and super core construction material products for modern transportation, medical care, architecture, outdoor leisure activities and athletic sports. The Group's high-performance PVC composite materials ("Material Products") business, located in Fuzhou and Shanghai, utilizes self-developed equipment and processes that have been granted national invention patents in manufacturing new materials, including drop stitch fabric, architectural film, waterproofing film, marquees materials, air tightness materials, inflatable boats materials and inflatable materials.

The Group's eco-friendly building materials ("Building Material Products") business, located in Fuzhou, sells products across the world which are applicable in a wide spectrum of public and household domains, including education, healthcare, commerce, sports, offices, industrial usage and transportation which are in compliance with EU and U.S. standards and environmental requirements under the brands of "Zero Formaldehyde Super Core Flooring" and "Carbon Crystal Stone Wall Panel".

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue for the period under review was approximately RMB591.6 million, representing an increase of approximately RMB59.4 million, or 11.2%, compared to revenue of approximately RMB532.2 million for the same period last year. The increase was primarily attributable to the surge in popularity for the Group's Material Products.

The Group's products can be categorised into two types: (i) Material Products and (ii) Building Material Products. The Group generated most of its revenue from the Material Products which accounted for approximately 93.3% (30 June 2024: 90.6%) of total revenue. Local sales continued to be the Group's major source of revenue, representing approximately 65.4% (30 June 2024: 67.3%) of the total revenue while export sales only accounted for approximately 34.6% (30 June 2024: 32.7%) of the total revenue.

The table below sets forth the Group's revenue by products:

	For the six months ended 30 June			
	2025		2024	
	<i>(RMB million)</i>	<i>% of Total Revenue</i>	<i>(RMB million)</i>	<i>% of Total Revenue</i>
Material Products	552.20	93.34	482.02	90.58
Building Material Products	39.37	6.66	50.13	9.42
	591.57	100.00	532.15	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's revenue by geographical locations:

	For the six months ended	
	30 June	
	2025	2024
	(RMB million)	(RMB million)
PRC	387.13	357.90
Others	204.44	174.25
	591.57	532.15

During the period under review, the economic downturn in Europe and America, the instability of international geopolitics and the conservative consumer demand have led to the economic downturn in the global market. Although the Group was faced with severe tests, it still faced difficulties and continued to develop new products to demonstrate its research and development strength to the market and provided high-quality products. There was still improvement in sales turnover as the economy seems to be gradually recovering from the downturn caused Covid-19.



MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, the Group owned a total of 150 patents with respect to the Material Products, of which 67 patents on inventions, 78 patents on practical new models and 5 patent on software copyrights.

Material Products

For the period under review, the Group's revenue generated from Material Products amounted to approximately RMB552.2 million (30 June 2024: RMB482.0 million) which accounted for approximately 93.3% (30 June 2024: 90.6%) of the Group's total revenue, representing an increase in sales of approximately 14.6%. The increase in revenue was mainly due to the growth in demand for Material Products.

Building Material Products

For the period under review, the Group's revenue generated from the Building Material Products amounted to approximately RMB39.4 million (30 June 2024: RMB50.1 million) which accounted for approximately 6.7% (30 June 2024: 9.4%) of total revenue, representing a decrease in sales of approximately 21.5%.

FINANCIAL REVIEW

Financial Results

Revenue

The Group's revenue for the six months ended 30 June 2025 was approximately RMB591.6 million, representing an increase of approximately RMB59.4 million, or 11.2%, compared to revenue of approximately RMB532.2 million for the same period last year. For the period under review, the Group's major sales segments, namely, (1) Material Products reported revenue of approximately RMB552.2 million (30 June 2024: RMB482.0 million) and (2) Building Material Products recorded a revenue of approximately RMB39.4 million (30 June 2024: RMB50.1 million).

Gross Profit and Gross Margin

Gross profit was approximately RMB100.9 million for the period under review (30 June 2024: RMB92.7 million), with the gross profit margin of approximately 17.0% (30 June 2024: 17.4%). The decrease in gross profit margin was mainly due to the drop in selling price arising from the economic downturn in European and American markets and the political turbulence in Sino-American trade relations.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's gross profit margin by products:

	For the six months ended	
	30 June	
	2025	2024
	%	%
Material Products	17.6	17.4
Building Material Products	9.8	17.8
Overall	17.0	17.4

Selling and Distribution Costs

For the period under review, selling and distribution costs increase by approximately RMB0.3 million to approximately RMB23.4 million, or 4.0% of revenue for the period under review, from approximately RMB23.2 million, or 4.4% of revenue for the same period last year.

Administrative Expenses

For the period under review, administrative expenses increased by approximately RMB1.5 million or by 2.6%, from approximately RMB58.3 million to approximately RMB59.8 million. The increase in administrative expenses was mainly due to an increase in staff cost.

Research and Development

For the period under review, research and development (the "R&D") costs amounted to approximately RMB26.5 million, or 4.5% of revenue (30 June 2024: RMB24.9 million, or 4.7% of revenue). The Group believes that its on-going R&D efforts are critical in maintaining long-term competitiveness, retaining existing customers, enhancing its ability to attract new customers and developing new markets. The Group continues to dedicate resources to the R&D activities in its Fuzhou and Shanghai plants and Fuqing Industrial Park aiming to lower the cost of raw materials, streamline manufacturing processes, increase production capacities, develop high value-added new materials, and expand new application of the products and customer sales market.

Finance Costs

Finance costs for the period under review was approximately RMB9.2 million (30 June 2024: RMB4.4 million). The increase was mainly due to the Group obtaining a new bank loan to facilitate operations.



MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and gains

Other income and gains amounted to approximately RMB11.1 million for the period under review (30 June 2024: approximately RMB17.6 million). The decrease for the period was mainly due to decrease in government subsidies.

Income Tax

For the period under review, the Group had an overall income tax expense of approximately RMB5.3 million (30 June 2024: RMB5.1 million). The slight increase was mainly due to an increase in deferred tax charged to profit or loss during the period.

Profit for the Period

For the period ended 30 June 2025, the Group recorded a profit attributable to owners of the Company approximately RMB17.2 million, or RMB2.02 cents for basic earnings per share. As at the same period last year, the Group recorded a profit attributable to owners of the Company of approximately RMB20.2 million, or RMB2.36 cents for basic earnings per share. The decrease in profit for the year was partly due to increase in finance cost. The weighted average number of ordinary shares of 852,612,470 in issue during the period ended 30 June 2025 (30 June 2024: 852,612,470).

Dividends

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

Liquidity and Financial Resources

Total Equity

As at 30 June 2025, total equity amounted to approximately RMB844.1 million, representing an increase of 2.0%, compared to approximately RMB827.4 million as at 31 December 2024.

Financial Position

As at 30 June 2025, the Group had total current asset of approximately RMB767.3 million (31 December 2024: RMB780.9 million) and total current liabilities of approximately RMB500.3 million (31 December 2024: RMB559.0 million), with net current assets of approximately RMB267.0 million (31 December 2024: net current assets of RMB222.0 million).

As at 30 June 2025, the Group's net gearing (expressed as a percentage of total interest-bearing liabilities to total assets) was at 36.4%, as compared to 35.1% as at 31 December 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

Cash and Cash Equivalents

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB110.7 million (31 December 2024: RMB83.4 million), most of which were denominated in Renminbi (“RMB”).

Bank Borrowings

As at 30 June 2025, the Group had interest-bearing bank borrowings of approximately RMB704.8 million (31 December 2024: RMB677.3 million). During the year, new bank loans of approximately RMB111.5 million was obtained.

Contingent Liabilities

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

Capital Commitments

As at 30 June 2025, capital commitment of the Group amounted to approximately RMB121.7 million (31 December 2024: RMB111.2 million). The capital commitment will be funded partly by internal resources and partly by bank borrowings.

Pledge of Assets

As at 30 June 2025, the Group’s buildings, plant and machinery and construction in progress of approximately RMB516.8 million (31 December 2024: RMB503.9 million), leasehold land of approximately RMB77.1 million (31 December 2024: RMB64.8 million), investment properties of approximately RMB20.3 million (31 December 2024: RMB20.3 million) and bank deposits of approximately RMB44.3 million (31 December 2024: RMB48.1 million) were pledged to banks to secure bank loans and general banking facilities granted.

Events After The Reporting Period

There were no significant events after the reporting period.



MANAGEMENT DISCUSSION AND ANALYSIS

Human Resources

As at 30 June 2025, the Group employed a total of 730 employees (31 December 2024: 718 employees).

The Group regards human capital as vital for its continuous growth and profitability and remains committed to improving the quality, competence and skills of all employees. The Group provided job related training throughout the organisation. The Group will continue to offer competitive remuneration packages and bonuses to eligible staffs, based on the performance of the employees.

Exposure to fluctuations in exchange rates and related hedge

The Group had some high-end products operated and sold on the European market. Given the reform of the Renminbi exchange rate, appreciation of US dollars and other factors, the exchange rate for Renminbi to US dollars fluctuated, resulting in exchange loss of certain trade orders to some extent. However, as the Group is principally engaged in business in Mainland China, most of the business transactions are settled in Renminbi ("RMB"). All subsidiaries of the Group do business within the RMB sphere, and their functional currency is RMB. The Group's reporting currency is RMB.

The Group's cash and bank deposits are predominantly in RMB. Based on the aforesaid, the Group does not enter into any agreement to hedge against any foreign exchange risk. The Company will pay dividends in Hong Kong Dollars if dividends are declared and it will continue to monitor the fluctuation of RMB closely and will introduce suitable measures as and when appropriate.

Save as disclosed above, there has been no material change in the development or future development of the Group's business and financial position, and no important event affecting the Group has occurred since the publication of the annual report of the Company for the year ended 31 December 2024.

Material Acquisitions or Disposals of subsidiaries, associates and joint venture

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

Prospects

During a period of continued global inflation, geopolitical tensions, energy crises, and other challenges, the Group actively responded to national policies by determining and adhering to the development policy of “prudent operation, green development, continuous innovation, and pursuit of excellence.” The Group ensured its stable operation through prudent operational strategies while seeking breakthroughs in green development, technological innovation, and other aspects to prepare for various challenges.

In the report on the implementation of the 2024 National Economic and Social Development Plan and the draft for the 2025 National Economic and Social Development Plan by the National Development and Reform Commission, the main tasks for the 2025 National Economic and Social Development Plan include leading the development of a modern industrial system through technological innovation, accelerating the formation of new productive forces, expanding domestic demand, and further leveraging the key role of consumption and investment. The development of the Group’s products is closely related to national economic development, and the industry will also see new development opportunities.

The Group will continue to upgrade its overall business and operating models with innovative technologies and up to date management:

1. vigorously developing ecological building materials products, further expanding overseas markets, speeding up deployment in the Chinese building materials market, and promoting the “Sijia super energy core” brand;
2. reinforcing the development of new materials business while developing new products actively, and exploring new application areas and new markets;
3. achieving the goals of digitalization of operation, efficient horizontal/vertical collaboration, integration of business and finance, as well as “refinement, profitability and standardization” of management in a phased manner, in order to capture the high ground in the new competitive dimension of the industry;
4. comprehensively implementing seven major development strategies: talent, safety, green, R&D, digitalization, supply chain management, and cultural strategies;
5. completing the first phase of the Fuqing Industrial Park project, with production operations entering the right track in the first phase;
6. establishing a safety management center of the Group to promote the informationization and centralized management of safety management in various subsidiaries;
7. implementing a high-level talent training plan, nurturing technical R&D and digital talents to lead the future development of business units;



MANAGEMENT DISCUSSION AND ANALYSIS

8. establishing an internal control audit center to continuously optimize internal control processes in procurement, production, sales, finance, and to improve operational efficiency;
9. establishing an Intelligent Manufacturing Technology Research Institute to promote the intelligent and automated transformation of production equipment in various subsidiaries;
10. enhancing the protection of intellectual property rights for new technologies and new processes, applying for more technology patents, building up the most innovative technology-based group in the industry, and creating value for the shareholders of the Company;
11. deepening the corporate culture construction of “Jia culture,” optimizing employee care work, conducting more cultural and sports activities, training activities, and promoting employees’ growth with the Group; and
12. actively fulfilling due corporate responsibilities, and actively participate in events of rural revitalization and hometown caring, participating in activities such as “1,000 enterprises helping 1,000 villages” and targeted education assistance for poverty alleviation.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
REVENUE	4	591,574	532,153
Cost of sales		(490,721)	(439,418)
GROSS PROFIT		100,853	92,735
Other income and gains	5	11,128	17,649
Selling and distribution costs		(23,437)	(23,160)
Administrative expenses		(59,810)	(58,300)
Share of profit of an associate		493	164
Other expenses		(112)	(1,871)
PROFIT FROM OPERATIONS		29,115	27,217
Impairment of trade receivables		(472)	–
Finance costs	6	(9,228)	(4,367)
PROFIT BEFORE TAX	7	19,415	22,850
Income tax expense	8	(5,264)	(5,059)
PROFIT FOR THE PERIOD		14,151	17,791
Other comprehensive income/(expense) after tax:			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company		1,287	2,109
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of the foreign operations		(1,233)	(2,102)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		14,205	17,798
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		17,211	20,153
Non-controlling interests		(3,060)	(2,362)
		14,151	17,791
TOTAL COMPREHENSIVE INCOME/(EXPENSE)			
Owners of the Company		17,265	20,160
Non-controlling interests		(3,060)	(2,362)
		14,205	17,798
EARNINGS PER SHARE (RMB cents)	10		
— Basic		2.02	2.36
— Diluted		2.02	2.36

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	11	892,967	909,006
Right-of-use assets		187,087	178,414
Investment properties		34,982	34,982
Intangible assets		1,312	1,377
Interest in an associate		16,031	14,558
Deposits paid for acquisition of property, plant and equipment		39,232	14,456
Equity investments at fair value through other comprehensive income		4,140	4,140
Deferred tax assets		2,584	2,622
Total non-current assets		1,178,335	1,159,555
Current assets			
Inventories		213,405	241,403
Trade and bills receivables	12	359,973	354,601
Prepayments, deposits and other receivables	13	38,849	53,422
Pledged bank deposits		44,296	48,143
Cash and cash equivalents		110,730	83,350
Total current assets		767,253	780,919
Current liabilities			
Trade and bills payables	14	280,166	303,613
Lease liabilities		810	841
Contract liabilities		6,549	6,543
Other payables and accruals	15	33,068	47,966
Interest-bearing borrowings	16	171,332	191,418
Deferred income		505	505
Due to a director		17	17
Tax payable		7,813	8,113
Total current liabilities		500,260	559,016
Net current assets		266,993	221,903
Total assets less current liabilities		1,445,328	1,381,458

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	Notes		
Non-current liabilities			
Interest-bearing borrowings	16	533,513	485,852
Lease liabilities		2,253	2,635
Deferred income		46,080	46,332
Deferred tax liabilities		19,344	19,206
Total non-current liabilities		601,190	554,025
NET ASSETS		844,138	827,433
Capital and reserves			
Issued capital		747	747
Reserves		765,799	748,534
		766,546	749,281
Non-controlling interests		77,592	78,152
TOTAL EQUITY		844,138	827,433

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Issued capital RMB'000	Capital surplus/share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserve * RMB'000	Exchange fluctuation reserve * RMB'000	Revaluation reserve * RMB'000	Accumulated losses * RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024 (audited)	747	566,403	28,994	158,161	(9,320)	109,537	(178,098)	676,424	81,732	758,156
Total comprehensive income/(expenses) for the period (unaudited)	-	-	-	-	7	-	20,153	20,160	(2,362)	17,798
At 30 June 2024 (unaudited)	747	566,403	28,994	158,161	(9,313)	109,537	(157,945)	696,584	79,370	775,954
At 1 January 2025 (audited)	747	566,403	28,994	164,411	(8,964)	126,038	(128,348)	749,281	78,152	827,433
Total comprehensive income/(expenses) for the period (unaudited)	-	-	-	-	54	-	17,211	17,265	(3,060)	14,205
Transfer (unaudited)	-	-	-	-	-	(58)	58	-	-	-
Capital contribution by a non-controlling shareholder (unaudited)	-	-	-	-	-	-	-	-	2,500	2,500
At 30 June 2025 (unaudited)	747	566,403	28,994	164,411	(8,910)	125,980	(111,079)	766,546	77,592	844,138

* These reserve accounts comprise the consolidated reserves in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash generated from operating activities	59,110	40,953
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30,736)	(63,370)
Proceeds from disposals of property, plant and equipment	12	–
Capital injection to an associate	(980)	–
Acquisition of land use right	–	(432)
Decrease/(increase) in pledged bank deposits	3,847	(5,522)
Payment of deposits for acquisition of property, plant and equipment	(24,776)	(21,044)
Other investing cash flows	379	391
Net cash used in investing activities	(52,254)	(89,977)
CASH FLOWS FROM FINANCING ACTIVITIES		
New interest-bearing borrowings	111,500	124,200
Contribution from a non-controlling shareholder	2,500	–
Repayment of interest-bearing borrowings	(83,925)	(80,626)
Other financing cash flows	(9,636)	(4,816)
Net cash generated from financing activities	20,439	38,758
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	27,295	(10,266)
Cash and cash equivalents at beginning of period	83,350	64,355
Effect on exchange rate changes	85	21
Cash and cash equivalents at end of period	110,730	54,110
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	110,730	54,110



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands on 7 October 2009. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is located at Room 1307, 13/F., New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited and have been suspended for trading since 14 February 2013.

The Company acts as an investment holding company. The Company, through its major subsidiaries, is principally engaged in the design, development, manufacture and sale of (i) polymer processed high strength polyester fabric composite materials and other reinforced composite and conventional materials ("Material Products") and (ii) PVC and Non-PVC composite materials of floorings and wall panels ("Building Material Products") during the year.

In the opinion of the directors of the Company (the "Directors"), as at the date of issue of these consolidated financial statements, Hopeland International Holdings Company Limited ("Hopeland International") is the ultimate holding company of the Company; and Mr. Lin Shengxiong ("Mr. Lin") is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Statements does not included all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's 2024 annual consolidated financial statements for the year ended 31 December 2024 ("2024 Annual Report"). The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in 2024 Annual Report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting period beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years except as stated below.

The Group has not applied the new HKFRS Accounting Standards that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRS Accounting Standards but is not yet in a position to state whether these new HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. REVENUE

	Six months ended 30 June	
	2025 (Unaudited) RMB’000	2024 (Unaudited) RMB’000
Sales of goods	591,574	532,153

There is only one operating segment which is principally engaged in the design, development, manufacture and sale of (i) Material Products and (ii) Building Material Products during the year. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer’s acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, payment in advance is normally required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE (continued)

Disaggregation of revenue from contracts with customers:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Geographical markets		
PRC	387,135	357,906
Others	204,439	174,247
Total	591,574	532,153
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Major products		
Material products	552,199	482,025
Building Material Products	39,375	50,128
Total	591,574	532,153

The revenue was recognised at a point in time.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Interest income	379	384
Government subsidies (<i>note</i>)	2,419	9,962
Gain on lease termination	16	55
Gross rental income	2,150	2,173
Exchange gain, net	897	2,317
Sundry income	5,267	2,758
	11,128	17,649

Note: Government subsidies are received and used for development of new products, implementation of environmental protection development programmes and acquire long-term assets. During the six months ended 30 June 2025 and 2024, the Group recognised the subsidies with no other specific conditions attached upon receipt, and the subsidies related to assets on a systematic basis over the useful life of the assets.

6. FINANCE COSTS

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Lease interest	62	95
Interest on bank loans	9,157	10,131
Interest on other loans	9	429
Total borrowing cost	9,228	10,655
Less: interests capitalised	–	(6,288)
	9,228	4,367

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

7. PROFIT BEFORE TAX

The Group's profit before tax is stated after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Directors' remuneration	839	928
Depreciation of property, plant and equipment	35,266	25,231
Depreciation on right-of-use assets	3,579	1,804
Amortisation of intangible assets	2,193	64
Net loss on disposals of property, plant and equipment	3	14

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax — the PRC		
Charge for the year	4,136	2,265
Under-provision in prior years	952	2,715
Deferred tax	176	79
	5,264	5,059

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 operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has to be provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong for the six months ended 30 June 2025 and 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

8. INCOME TAX EXPENSE *(continued)*

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), Fujian Sijia Industrial Material Co., Ltd.# (福建思嘉環保材料科技有限公司) ("Fujian Sijia"), Sijia New Material (Shanghai) Co., Ltd.# (思嘉環保材料科技(上海)有限公司) ("Shanghai Sijia") and Fujian Sijia New Materials Technology Co., Ltd.# (福建思嘉新材料科技有限公司) ("Fujian Sijia New Materials") are subject to the tax rate of 15% for being a high-tech enterprise. Other subsidiaries are subject to a corporate income tax rate of 25% according to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法).

The English name is for identification only

9. DIVIDEND

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the six months ended 30 June 2025 attributable to owners of the Company of approximately RMB17,211,000 (six months ended 30 June 2024: RMB20,153,000) and the weighted average number of approximately 852,612,470 (six months ended 30 June 2024: 852,612,470) ordinary shares in issue during the year.

Diluted earning per share

Diluted earning per share for the six months ended 30 June 2025 and 2024 is the same as the basic earning per share as the Company did not have any dilutive potential ordinary shares during the periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment at a total cost of RMB19,983,000 (six months ended 30 June 2024: RMB87,416,000).

During the six months ended 30 June 2025, property, plant and equipment with a carrying amount of RMB15,000 (six months ended 30 June 2024: RMB14,000) were disposed of by the Group, resulting in a loss on disposals of RMB3,000 (six months ended 30 June 2024: RMB14,000).

12. TRADE AND BILLS RECEIVABLES

The Group's trading terms with customers mainly comprise credit and cash on delivery. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

The aging analysis of trade receivables at the end of the reporting period, based on the date the Group is entitled to receive, and net of allowance, is as follows:

	As at 30 June 2025 (Unaudited) RMB'000	As at 31 December 2024 (Audited) RMB'000
Within 3 months	214,668	270,797
More than 3 months but within 6 months	76,944	54,281
More than 6 months but within 1 year	65,504	27,179
More than 1 year	2,857	2,344
	359,973	354,601
Represented by:		
— third parties	359,972	354,591
— a related party (note)	1	10
	359,973	354,601

Note: The Group has receivable from a related party at the end of reporting period for sales of material products.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2025 (Unaudited) RMB'000	As at 31 December 2024 (Audited) RMB'000
Advances to suppliers (<i>note 1</i>)	7,508	9,742
Prepaid sales tax and government surcharges	23,142	24,488
Prepaid expenses	940	614
Other receivables	7,259	18,578
	38,849	53,422
Represented by:		
— third parties	37,294	52,566
— a related party (<i>note 2</i>)	1,555	856
	38,849	53,422

Note 1: The advances were paid to suppliers to secure the supply of raw materials at the end of the reporting period.

Note 2: The Group has prepaid for certain operating expenses, including utilities expenses to a related party at the end of reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. TRADE AND BILLS PAYABLES

	As at 30 June 2025 (Unaudited) RMB'000	As at 31 December 2024 (Audited) RMB'000
Trade payables	138,314	147,735
Bills payables	141,852	155,878
	280,166	303,613
Represented by:		
— third parties	278,875	300,693
— a related party (note)	1,291	2,920
	280,166	303,613

Note: The Group has payable to a related party at the end of reporting period for purchase of raw materials.

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

	As at 30 June 2025 (Unaudited) RMB'000	As at 31 December 2024 (Audited) RMB'000
Within 3 months	181,142	211,095
More than 3 months but within 6 months	85,979	81,308
More than 6 months but within 1 year	10,460	6,271
More than 1 year	2,585	4,939
	280,166	303,613

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2025 (Unaudited) RMB'000	As at 31 December 2024 (Audited) RMB'000
Accrued liabilities	13,653	16,447
Payroll payables	3,510	3,576
Payable for the acquisition of property, plant and equipment	9,422	20,175
Others	6,483	7,768
	33,068	47,966
Represented by:		
— third parties	33,068	47,966

16. INTEREST-BEARING BORROWINGS

During the period ended 30 June 2025, the Group obtained new interest-bearing borrowings of RMB111,500,000 as additional working capital (six months ended 30 June 2024: RMB124,200,000) and made repayments of interest-bearing borrowings of RMB83,925,000 (six months ended 30 June 2024: RMB80,626,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. COMMITMENTS

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

	As at 30 June 2025 (Unaudited) RMB'000	As at 31 December 2024 (Audited) RMB'000
Property, plant and equipment		
Contracted but not provided for	112,176	100,725
Capital contribution to an associate	9,526	10,507
	121,702	111,232

18. CONTINGENT LIABILITIES

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

19. RELATED PARTY TRANSACTIONS

- (a) Other than as disclosed elsewhere in the consolidated financial statements, as at 30 June 2025 the Group had the following transactions with its related party during the period.

	As at 30 June 2025 (Unaudited) RMB'000	As at 30 June 2024 (Unaudited) RMB'000
Revenue received from an associate	13	8
Raw materials purchased from an associate	19,533	11,894
Utilities expenses paid to an associate	1,555	427



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

19. RELATED PARTY TRANSACTIONS *(continued)*

- (b) The ultimate shareholder and a family member of the ultimate shareholder have guaranteed bank loans made to the Group of approximately RMB649,168,000 (as at 31 December 2024: RMB632,789,000).

20. EVENTS AFTER THE REPORTING PERIOD

There will be no significant events after the reporting period.

21. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2025.



OTHER INFORMATION

RESULTS AND APPROPRIATIONS

The results of the Group for the six months ended 30 June 2025 are set out in the condensed consolidated statement of profit or loss and other comprehensive income on page 13.

The board of directors (the “Directors”) of the Company (the “Board”) does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: Nil).

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is dedicated to compliance with the requirements of relevant laws and regulations. Any failure to comply with such requirements may result in termination of the operation permit. The Group has allocated financial and human resources to ensure continuing compliance with the applicable rules and regulations and to maintain good working relationship with regulators through effective communications. During the period under review, the Group has complied with the Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance, the Patent Law of the People’s Republic of China, the Contract Law and the Labour Law of the People’s Republic of China and other relevant laws and regulations.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries to all the Directors and all the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

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

DIRECTORS’ INTERESTS IN CONTRACTS

No director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Company to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party at the end of 30 June 2025 or at any time during the six months ended 30 June 2025.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2025, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") of the Listing Rules were as follows:

(a) Long Positions in shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding in the Company
Mr. Lin Shengxiong	Interests in controlled corporation <i>(Note)</i>	410,886,000 <i>(Note)</i>	48.19% <i>(Note)</i>
Mr. Huang Wanneng	Beneficial owner	5,060,000	0.59%

Note: As at 30 June 2025, Mr. Lin Shenxiong, through his 100% equity interest in Hopeland International Holdings Company Limited held 410,886,000 shares of the Company, representing approximately 48.19% of the entire issued share capital of the Company.

(b) Long positions in shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding in the associated corporation
Mr. Lin Shengxiong	Hopeland International Holdings Company Limited	Beneficial owner	1	100.00%



OTHER INFORMATION

SHARE OPTION SCHEME

The Company has adopted its share option scheme (the “Share Option Scheme”) on 8 April 2010, and had been expired since 7 April 2020 and there were no new scheme was introduced up to the date of this report. As at 30 June 2025, there were no outstanding share options granted.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 30 June 2025 was the Company, its subsidiaries or its associate a party to any arrangement to enable the Directors and chief executives of the Company or their spouses or children under the age of 18, to acquire benefits by means of acquisition of shares in, or debentures of the Company or its associated corporation.

Save as disclosed above and the section “Share Option Scheme”, as at 30 June 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interests in or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

As at 30 June 2025, the following persons or corporations, other than the interest disclosed above in respect of the directors, interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

Name of shareholder	Long/Short position	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding in the Company
Hopeland International Holdings Company Limited (<i>Note 1</i>)	Long position	Beneficial owner	410,886,000	48.19%
Mr. Lin Shengxiong (<i>Note 1</i>)	Long position	Interests in controlled corporation	410,886,000	48.19%
Ms. Lin Hongting (<i>Note 2</i>)	Long position	Interests of spouse	410,886,000	48.19%
Glory Bright Investments Enterprise Limited (<i>Note 3</i>)	Long position	Beneficial owner	59,011,000	6.92%
Mr. Lin Wanpeng (<i>Note 3</i>)	Long position	Interests in controlled corporation	59,011,000	6.92%
Ms. Wang Huiqing (<i>Note 4</i>)	Long position	Interests of spouse	59,011,000	6.92%

Notes:

- As at 30 June 2025, Mr. Lin Shengxiong through his 100% equity interest in Hopeland International Holdings Company Limited held 410,886,000 shares of the Company, representing approximately 48.19% of the entire issued share capital of the Company. Mr. Lin Shengxiong, is an executive Director of the Company.
- As at 30 June 2025, Ms. Lin Hongting, the spouse of Mr. Lin Shengxiong is deemed to be interested in 410,886,000 shares of the Company, representing approximately 48.19% of the entire issued share capital of the Company.
- Glory Bright Investments Enterprise Limited is beneficially owned by Mr. Lin Wanpeng. As at 30 June 2025, Mr. Lin Wanpeng is deemed to be interested in 59,011,000 shares of the Company, representing approximately 6.92% of the entire issued share capital of the Company.
- As at 30 June 2025, Ms. Wang Huiqing, the spouse of Mr. Lin Wanpeng is deemed to be interested in 59,011,000 shares of the Company, representing approximately 6.92% of the entire issued share capital of the Company.



OTHER INFORMATION

As at 30 June 2025, save as disclosed above, so far as was known to the Directors, no other person (other than the Directors or chief executive of the Company) had any interests or short position in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as notified to the Company.

MATERIAL ACQUISITION OR DISPOSALS

There was no material acquisition or disposal of subsidiaries by the Group during the six months ended 30 June 2025.

AUDIT COMMITTEE

The Audit Committee, comprises three independent non-executive Directors, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2025 have been reviewed by the audit committee, who is of the opinion that such accounts have complied with the applicable accounting standards, the Listing Rules and all legal requirements, and that adequate disclosures have been made.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended since 14 February 2013 and will remain suspended until further notice.

By Order of the Board

Liu Jun

Chairman

Hong Kong, 28 August 2025