



2025 INTERIM REPORT

Incorporated in the Cayman Islands with limited liability
Stock Code: 09930.HK



宏信建发
CDHORIZON



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CORPORATE INFORMATION

BOARD

Chairman and Non-executive Director

Mr. KONG Fanxing (孔繁星先生)

Executive Directors

Mr. ZHAN Jing (詹靜先生)

(Chief Executive Officer)

Mr. TANG Li (唐立先生)

(Co-Chief Financial Officer)

Non-executive Directors

Mr. XU Huibin (徐會斌先生)

Mr. HE Ziming (何子明先生)

Mr. YUAN Shaozhen (袁少震先生)

Ms. GUO Lina (郭麗娜女士)

Independent Non-executive Directors

Mr. LIU Jialin (劉嘉凌先生)

Mr. XU Min (徐敏先生)

Ms. JIN Jinping (金錦萍女士)

Mr. SUM Siu Kei (岑兆基先生)

COMPOSITION OF COMMITTEES

Audit Committee

Mr. XU Min(徐敏先生) (*Chairman*)

Ms. JIN Jinping (金錦萍女士)

Mr. SUM Siu Kei (岑兆基先生)

Nomination Committee

Ms. JIN Jinping (金錦萍女士)

(*Chairwoman*)

Mr. LIU Jialin (劉嘉凌先生)

Mr. XU Huibin (徐會斌先生)

Remuneration Committee

Ms. JIN Jinping (金錦萍女士)

(*Chairwoman*)

Mr. LIU Jialin (劉嘉凌先生)

Ms. GUO Lina (郭麗娜女士)

Environmental, Social and Governance Committee

Mr. SUM Siu Kei (岑兆基先生)

(*Chairman*)

Mr. HE Ziming (何子明先生)

Mr. XU Min (徐敏先生)

COMPANY SECRETARY

Mr. CHIU Ming King (趙明璟先生)

AUTHORIZED REPRESENTATIVES

Mr. ZHAN Jing (詹靜先生)

Mr. CHIU Ming King (趙明璟先生)

REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion

Hibiscus Way

802 West Bay Road

Grand Cayman

KY1-1205

Cayman Islands



CORPORATE INFORMATION

HEADQUARTERS

No. 5, 6-610, Building 2
Minghai Center, 200 Xichang Road
Pilot Free Trade Zone
(Dongjiang Bonded Port Zone)
Tianjin
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKS

China Construction Bank Corporation
Bank of Communications Co., Ltd.
Bank of China Limited

AUDITOR

Ernst & Young
(Public Interest Entity Auditor registered
in accordance with the Financial
Reporting Council Ordinance)

LEGAL ADVISER

Baker & McKenzie

COMPANY WEBSITE

www.hongxinjianfa.com

STOCK CODE

The Company's shares are listed on the
Main Board of The Stock Exchange of
Hong Kong Limited
Stock code: 9930



COMPANY PROFILE

Horizon Construction Development Limited (the “Company” or “Horizon Construction Development”) and its subsidiaries (collectively the “Group”) are leading equipment operation service providers in China. Being a leading global rental company, the Group is committed to providing one-stop comprehensive solutions of “product + service” for domestic and overseas clients in the construction and industrial sectors. Since its establishment in 2011, the Group has built up comprehensive and diversified equipment offerings and strong service capacities, and maintained industry-leading positions in numerous product lines, providing clients with comprehensive and multi-dimensional services covering the full cycle of projects. Leveraging the synergies among its various product lines and diversified service categories, as well as the ever-improving independent R&D innovation and digital operational capabilities, the Group has fostered a diverse, blue chip, loyal and high-quality customer base. To date, the number of service outlets of the Group ranks first among equipment operation service providers in China. The Group has deployed outlets in several overseas markets, thus continuously improving its global service capabilities.

The Company’s shares have been officially listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange” or the “Hong Kong Stock Exchange”) since 25 May 2023 (the “Listing Date”). The shares of Far East Horizon Limited (“Far East Horizon”), the immediate holding company of the Company and a company incorporated in Hong Kong, have been listed on the Main Board of the Stock Exchange (stock code: 3360).



INTERNATIONAL BUSINESS NETWORK



*The presentation of the map is for artistic purposes only, the actual geographic information published in accordance with the laws shall prevail.

BUSINESS OVERVIEW

	For the six months ended 30 June		For the year ended 31 December			
	2025	2024	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results						
Total revenue	4,350,062	4,872,421	11,581,062	9,610,581	7,877,646	6,141,168
Operating lease services	2,265,244	1,895,622	4,620,986	5,139,275	5,189,949	4,463,348
Engineering and technical services	1,138,882	1,946,261	3,751,364	2,964,591	2,136,630	1,519,288
Asset management and other services (formerly "platform and other services")	945,936	1,030,538	3,208,712	1,506,715	551,067	158,532
Cost of sales	(3,409,395)	(3,313,096)	(7,806,466)	(5,849,180)	(4,744,640)	(3,295,231)
Operating lease services	(1,644,048)	(1,192,848)	(2,858,228)	(2,848,976)	(2,870,719)	(2,091,079)
Engineering and technical services	(967,475)	(1,420,770)	(2,761,118)	(2,098,931)	(1,496,266)	(1,076,646)
Asset management and other services (formerly "platform and other services")	(797,872)	(699,478)	(2,187,120)	(901,273)	(377,655)	(127,506)
Gross profit and gross profit margin	940,667	1,559,325	3,774,596	3,761,401	3,133,006	2,845,937
Operating lease services	621,196	702,774	1,762,758	2,290,299	2,319,230	2,372,269
Gross profit margin	27.4%	37.1%	38.1%	44.6%	44.7%	53.1%
Engineering and technical services	171,407	525,491	990,246	865,660	640,364	442,642
Gross profit margin	15.1%	27.0%	26.4%	29.2%	30.0%	29.1%
Asset management and other services (formerly "platform and other services")	148,064	331,060	1,021,592	605,442	173,412	31,026
Gross profit margin	15.7%	32.1%	31.8%	40.2%	31.5%	19.6%
Profit before tax	50,276	406,890	1,200,159	1,226,523	893,804	902,499
Profit for the period/year attributable to holders of ordinary shares of the Company	35,490	268,228	896,322	962,407	664,335	709,638
Basic earnings per share (RMB)	0.011	0.084	0.282	0.316	0.235	0.261
Diluted earnings per share (RMB)	0.011	0.084	0.282	0.316	0.235	0.261
Profitability Indicators						
Return on average equity ⁽¹⁾	0.6%	4.9%	8.1%	11.0%	10.5%	12.5%
Return on average total assets ⁽²⁾	0.2%	1.6%	2.6%	3.1%	2.3%	3.3%
Gross profit margin	21.6%	32.0%	32.6%	39.1%	39.8%	46.3%
EBITDA margin (a non-HKFRS measure) ⁽³⁾	45.3%	41.1%	40.0%	46.6%	51.8%	52.1%

BUSINESS OVERVIEW

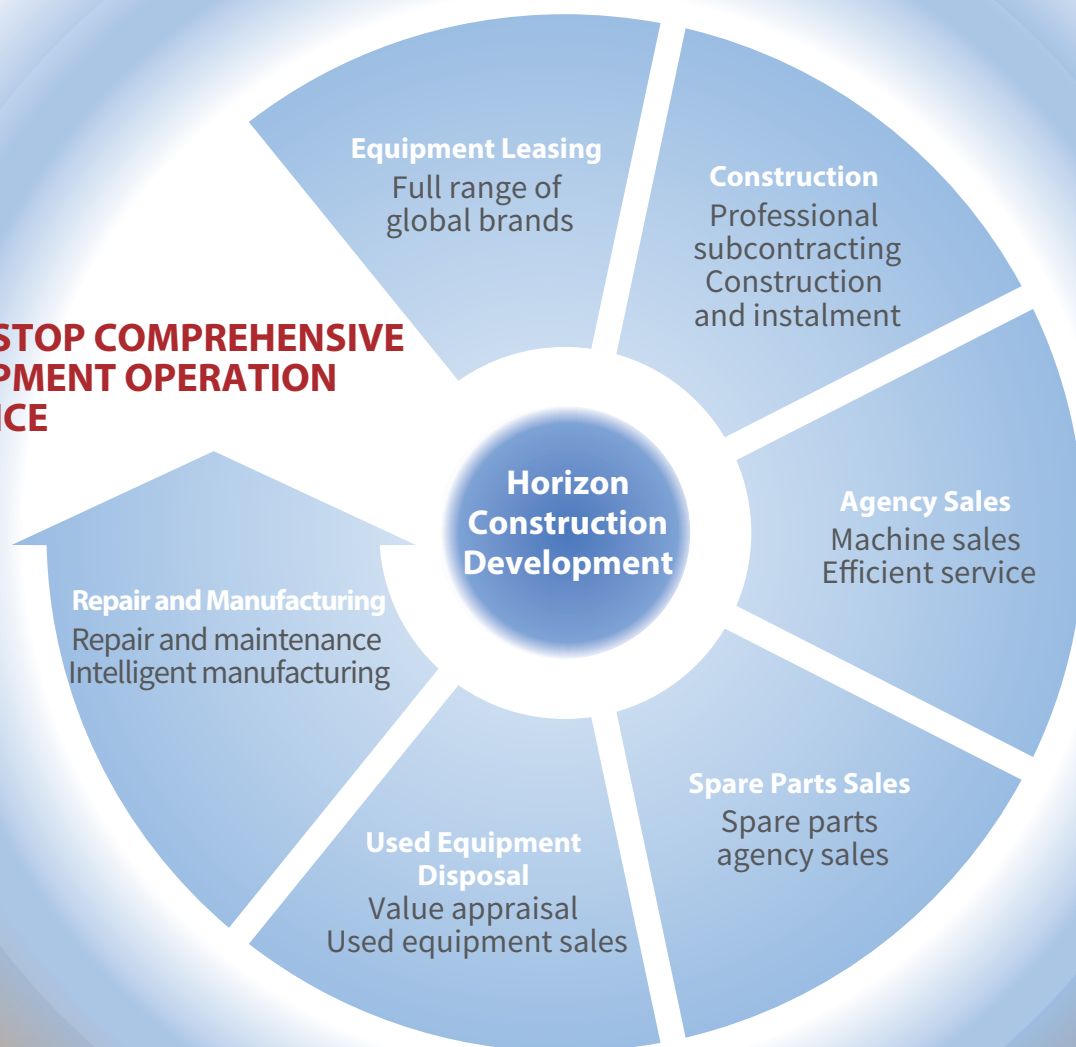
	30 June 2025	31 December 2024	31 December 2023	31 December 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	36,581,356	36,434,181	31,236,775	30,288,394	26,960,606
Total liabilities	25,253,610	24,975,831	20,459,108	23,616,202	20,949,645
Interest-bearing bank and other borrowings	21,224,692	20,902,895	17,339,232	21,212,114	17,697,766
Gearing ratio ⁽⁴⁾	69.0%	68.6%	65.5%	78.0%	77.7%
Total equity	11,327,746	11,458,350	10,777,667	6,672,192	6,010,961
Equity attributable to holders of ordinary shares of the Company	11,327,746	11,458,350	10,777,667	6,672,192	6,010,961
Net assets per share (RMB) ⁽⁵⁾	3.62	3.66	3.37	2.36	2.12

BUSINESS OVERVIEW

Notes:

- (1) Return on average equity = profit for the period or year attributable to holders of ordinary shares of the Company/average balance of total equity at the beginning and the end of the period or year attributable to holders of ordinary shares of the Company, presented on an annualized basis.
- (2) Return on average total assets = profit for the period or year attributable to holders of ordinary shares of the Company/average balance of total assets at the beginning and the end of the period or year, presented on an annualized basis.
- (3) EBITDA margin (a non-HKFRS measure) = EBITDA (a non-HKFRS measure)/total revenue for the period or year. EBITDA (a non-HKFRS measure) = profit for the period or year – interest income from the bank + income tax expenses + finance costs + depreciation and amortization.
- (4) Gearing ratio = total liabilities at the end of the period or year/total assets at the end of the period or year.
- (5) Net assets per share = total equity at the end of the period or year attributable to holders of ordinary shares of the Company/number of ordinary shares outstanding at the end of the period or year.

**ONE-STOP COMPREHENSIVE
EQUIPMENT OPERATION
SERVICE**



MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY ENVIRONMENT AND COMPANY'S SOLUTIONS

1.1 National and Regional Environment

Mainland China:

In 2025, global macroeconomic and policy uncertainties have notably escalated, marked by widespread tariffs imposed by the United States, the ongoing Russia-Ukraine war, and the resurgence of the Israeli-Iranian conflict. Despite this complex environment, China's economy has maintained steady growth, with its GDP growing by 5.3% year-on-year in the first half of the year, of which 5.4% in the first quarter and 5.2% in the second quarter.

In the construction sector, despite the overall downturn in China's construction industry, there has been an initial positive trend. From January to June this year, National fixed asset investment (excluding rural households) reached RMB24.9 trillion, marking a year-on-year increase of 2.8%. Infrastructure investment (excluding electricity, heat, gas and water production and supply) increased by 4.6% year-on-year. Notably, investment in water conservancy management increased by 21.8%, investment in rail transportation increased by 4.2%, and investment in manufacturing continued to grow rapidly. From January to June 2025, manufacturing investment increased by 7.5% year-on-year, with high growth rates in investments in sectors such as railway, shipbuilding, aerospace manufacturing and automobile manufacturing. The 2025 Government Work Report emphasizes promoting the transformation and upgrading of traditional industries and accelerating the high-quality development of key manufacturing industrial chains. Policies will focus on advancing the high-end, intelligent, green, and digital development of China's manufacturing industry structure. In the real estate sector, from January to June 2025, the housing construction area by real estate development enterprises was 6.33 billion square metres, a 9.1% year-on-year decrease, with the decline narrowing as compared to the same period last year.

Despite the challenging overall environment in the construction sector, China's construction machinery sector experienced pulsed growth in sales of major products during the first half of 2025. This was driven by a series of supportive policies, such as equipment renewal programs, and factors related to the equipment replacement cycle. Taking excavators as an example, domestic sales showed rapid growth from February to April 2025, but sales growth in May turned negative year-on-year and the sales in June falling below the absolute value of May, indicating that pressure persists within the broader construction sector.

MANAGEMENT DISCUSSION AND ANALYSIS

Overseas regions:

From January to June 2025, China's outward investment and cooperation maintained steady growth. The completed turnover for overseas contracted projects reached RMB561.21 billion, a year-on-year increase of 9.3%. Signed new contracts amounted to RMB933.19 billion, up 13.7% year-on-year. Geographically, Southeast Asia remains a key investment hub. Emerging markets in the Middle East and Africa are also increasing their shares, with a high concentration of projects particularly in transportation infrastructure and clean energy. The following sets forth the specific market environment in some countries where the Company has operated:

Malaysia's GDP grew by 4.4% year-on-year in the first quarter of 2025, with the construction sector being the fastest-growing area, expanding by 14.2% year-on-year. Government spending in the 2025 budget continues its upward trend. The Ministry of Works anticipates construction spending to reach RM200 billion in 2025, with a continued focus on advancing infrastructure projects such as roads and power. Benefiting from the accelerated implementation of major projects such as JS-SEZ, data centres and transportation infrastructure (such as Penang LRT), the industry will continue to boom.

Indonesia's GDP grew by 4.87% year-on-year in the first quarter of 2025, with strong medium to long-term prospects for the construction sector. The Indonesian government has approved a budget of IDR48.8 trillion (approximately USD3 billion) to advance the construction of the core area of the new capital, Nusantara (IKN). Simultaneously, driven by the 2025-2029 National Medium-Term Development Plan (RPJMN), eight key strategies, including infrastructure investment and digital transformation, are accelerating. This synergy of policy and investment is propelling the country's medium-term economic growth target towards 8%, indicating a sustained positive national development trend.

Vietnam's GDP grew by 7.52% year-on-year in the first half of 2025, marking the highest growth rate for the same period between 2011 and 2025. This growth was primarily driven by the manufacturing, services, and construction sectors. The industrial and construction sector saw a 8.33% increase, while the service sector saw a 8.14% increase. By 2030, Vietnam plans to build 221 new industrial parks and expand 76 existing ones. These, coupled with the advancement of major infrastructure projects such as the Lao Cai-Hanoi-Hai Phong cross-border standard gauge railway (valued at USD8.37 billion) and the Binh Duong province ultra-large-scale data centre hub, will continue to drive high-quality economic development.

Thailand's GDP grew by 3.1% year-on-year in the first quarter of 2025, continuing a steady growth trend. Key projects in 2025 are focused on upgrading transportation infrastructure with the total investment exceeding THB2.68 trillion, including the investment of RMB72.5 billion in phase II of the China-Thailand high-speed railway (Nakhon Ratchasima-Nong Khai section), THB298 billion in six double-track railway lines, and expansion projects like the U-Tapao Airport and Phuket Highway. Thailand's economy is projected to grow by 1.3%-2.3% for the full year 2025, with a median forecast of 1.8%.

Saudi Arabia's GDP grew by 3.4% year-on-year in the first quarter of 2025, with the non-oil economy showing significant contribution, increasing by 4.9% year-on-year. Key national projects, including the NEOM megacity valued at multi-trillion dollar and the King Salman International Airport expansion, are being actively advanced. Combined with the deepening implementation of the "Vision 2030" plan, the World Bank forecasts Saudi Arabia's GDP growth to increase to 3.0% in 2025. This indicates strong momentum for economic diversification and a robust, positive medium to long-term growth trend.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the UAE ranked tenth globally for Foreign Direct Investment (FDI), attracting AED167.6 billion (approximately USD45.6 billion) and securing the second position worldwide for 1,369 greenfield projects. The nation's strategy is deeply anchored in the Centennial Plan 2071, Plan Abu Dhabi 2030, and Dubai 2040. In 2025, the UAE is accelerating the implementation of key projects such as the Dubai Strategic Sewerage Tunnel, Tasreef Drainage Project, and Abu Dhabi Smart City project, all driving sustainable development. The World Bank forecasts the UAE's GDP growth at 4.6% in 2025, while S&P anticipates an average annual growth of 4% from 2025 to 2028, leading the Gulf region in the whole year.

Türkiye's GDP grew by 2% year-on-year in the first quarter of 2025, with the construction sector showing strong performance, increasing by 7.3% year-on-year. This growth was driven by post-earthquake reconstruction and urban transformation projects. In 2025, the Turkish government will allocate USD46.2 billion for 3,783 projects across various sectors. By the initiatives like prioritizing infrastructure development, promoting industrial advancement, and improving public services, the government aims to enhance economic resilience and foster sustainable growth. The World Bank has raised Türkiye's GDP growth forecast for 2025 to 3.1%.

1.2 Company Business Environment

The Group operates in the machinery leasing and service industry, with its main business inside and outside China covering the integrated operations services of products such as aerial work platform (AWP) equipment, neo-excavation support system, neo-formwork system, road equipment, and power generation equipment. Meanwhile, the Group actively explores the leasing operation of new products, such as special aerial work equipment (truck-mounted aerial work platforms, glass attachment boom lifts, track-based aerial trucks, etc.), material handling equipment (forklifts, telescopic handlers, etc.), lifting equipment (truck-mounted cranes, spider cranes, etc.) and mining equipment (wide-body dump trucks, mining excavators, etc.).

In mainland China, the market size of the engineering machinery leasing and services industry is primarily determined by two factors: the overall scale of engineering construction and the penetration rate of engineering machinery leasing. Regarding the overall scale of engineering construction, despite a decrease in China's real estate construction area, the total volume of engineering construction remains immense. This is especially true for infrastructure development and the construction of industrial plants, warehouses, and logistics facilities, which are highly relevant to the applications of the Group's equipment. As for the penetration rate of engineering machinery leasing, recent years have seen an anticipated continuous increase. This trend is driven by factors such as an aging population, rising labour costs, heightened demands for production safety and energy conservation, environmental protection, and increasingly stringent requirements from construction units for capital expenditure and cost control. Combining these two factors, the overall market size of China's engineering machinery leasing and service industry remains substantial and continues to exhibit growth potential.

MANAGEMENT DISCUSSION AND ANALYSIS

According to the IPAF Rental Market Report 2025, the fleet size of China's AWP leasing market in 2024 was 669,000 units, representing an increase of 12.4% year-on-year. AWP's are finding increasingly diverse applications, now widely used across various sectors including building construction, municipal engineering, operations and maintenance, landscaping, advertising installation, and film and television production. Despite this growth, the AWP leasing penetration rate in the Chinese market remains lower than that of mature markets such as Europe and America. As different industries continue to deepen their understanding of the practicality and economic benefits of AWP's, these equipments are expected to continuously expand into new application areas, further unlocking market demand.

The neo-excavation support systems primarily refer to steel structure shoring systems, which are widely applied across various fields, including municipal pipeline support, building foundation pits, and infrastructure construction. In recent years, with sustained water conservancy policy support and a continuous increase in water conservancy projects, the demand for neo-excavation support systems in the water conservancy construction sector is expected to further rise under policy-driven momentum. Compared with traditional excavation systems, neo-excavation support systems offer significant advantages in terms of environmental protection, safety, and efficiency. In the future, as the construction industry becomes more standardized and leaner, the penetration of neo-excavation support systems is likely to continue to increase.

Ringlock scaffolding, a key component of neo-formwork systems, offers significant advantages including high safety performance, labour savings, ease of assembly and disassembly, reduced material consumption, and overall aesthetic appeal. It's widely applicable across various sectors such as infrastructure development, factory construction, and residential building. According to statistics from the China Construction Materials Rental Contractor Association, by the end of 2024, the ringlock scaffolding inventory in the national construction market reached 27 million tons, a year-on-year increase of 4.7%. However, this growth rate was lower than that of the preceding year. Looking at the Purchasing Managers' Index (PMI) for the ringlock scaffolding industry, the sector has remained in a contracting phase since the beginning of 2025. Notably, prices have continued to slump, indicating that the current market persistently faces challenges like supply-demand imbalance, intense price competition, and extended return on investment cycles.

The global economic recovery, improved fiscal conditions in most countries, and deepening multilateral/bilateral and regional economic cooperation are creating favorable conditions in overseas markets. Infrastructure investment demand is burgeoning in countries across the Global South and the Belt and Road Initiative, with development needs accelerating. This presents broad international market opportunities for construction enterprises and engineering machinery manufacturers, prompting domestic industrial chain companies to accelerate their global expansion and broaden their business footprint. From January to June 2025, the value of newly signed contracts for China's overseas contracted engineering projects reached RMB933.19 billion, a year-on-year increase of 13.7%. Expanding overseas business has become a significant consensus within China's construction industry.

MANAGEMENT DISCUSSION AND ANALYSIS

1.3 Company's Strategies

Faced with the complex and ever-changing international situation and market environment, the Group actively responds to challenges and seeks breakthroughs amidst transformations. The Group focuses on promoting system innovation and management restructuring, adheres to the market-oriented principles, continuously engages in self-iteration, and is committed to achieving sustained value creation and improvement, firmly advancing towards the vision of becoming a "first-class global company."

In the first half of 2025, our domestic business focused on structural optimization and lean efficiency improvement. On one hand, through measures such as asset transformation, disposal of inefficient assets, and increment of high-performing assets, the Group has dynamically optimized the asset structure and regional layout, and focused resources on efficient areas. The Group has also fully leveraged domestic-international synergies to achieve tiered asset utilization and enhance operational efficiency. On the other hand, the Group has resolutely transitioned our development model from investment-driven growth in the past to lean operations, standardizing management practices, deeply exploring asset value, and controlling wastage. In addition, the Group has accelerated business diversification, breaking through the limitations of traditional construction and infrastructure and comprehensively upgrading client marketing across diversified sectors such as mining machinery leasing, marine shipyards and petrochemicals, to meet diverse client needs. In terms of management, the Group has promoted streamlined and flattened organizational structures, delegated functions to the front lines, provided close services and empowered business units, fully promoting lean cost reduction. These initiatives have enhanced our responsiveness and market competitiveness, helping us achieve quality and efficiency improvements through multiple measures.

The Group firmly implements the "3+3+3" overseas development strategy. In response to the intricate overseas market environment, the Group has transitioned from a single asset-driven model to a dual-engine iterative model focusing on scaling up and operational efficiency improvement. We have established a development echelon in regional markets, and implemented hierarchical and classified resource allocation. While consolidating our presence in the Southeast Asian market, we focus on deeply releasing the market potential of Saudi Arabia and the UAE in the Middle East. Meanwhile, we are enhancing the business portfolio and refining the systems of our existing markets, to build advanced systematic operational capacities and establish sustainable competitive advantages while accelerating our expansion into new countries. In addition, the Group is actively exploring opportunities of investment and mergers & acquisitions. During the reporting period, the Group completed the acquisition of TH Tong Heng Machinery Sdn. Bhd., a leading leasing enterprise in Malaysia, achieving in-depth expansion in asset categories and customer base and propelling our global layout into a new stage of in-depth integration featuring "industrial capital + local operation."

As of the first half of 2025, the Group operates 567 service outlets worldwide. Among them, 504 service outlets are located in Mainland China and Hong Kong, China, covering more than 230 cities, and 63 service outlets are located overseas, covering 7 countries.

MANAGEMENT DISCUSSION AND ANALYSIS

2. INCOME STATEMENT ANALYSIS

2.1 Income Statement Analysis (Overview)

In the first half of 2025, the Group experienced a complex and volatile external environment, with decreased revenue as compared to the same period of the previous year. Profit before tax was RMB50,276,000, representing a decrease of 87.6% from RMB406,890,000 for the same period of the previous year. The Group's EBITDA (a non-HKFRS measure) was RMB1,968,638,000, representing a decrease of 1.7% from RMB2,003,614,000 for the same period of the previous year.

The following table sets forth the composition and changes in the Group's profit for the period:

For the six months ended 30 June			
	2025	2024	
	RMB'000	RMB'000	Change %
Revenue	4,350,062	4,872,421	-10.7%
Cost of sales	(3,409,395)	(3,313,096)	2.9%
Gross profit	940,667	1,559,325	-39.7%
Other income and gains	104,327	106,938	-2.4%
Selling and administrative expenses ⁽¹⁾	(758,331)	(694,651)	9.2%
Provision for assets ⁽²⁾	182,796	(162,720)	-212.3%
Other expenses	(18,113)	(19,905)	-9.0%
Finance costs	(401,070)	(382,097)	5.0%
Profit before tax	50,276	406,890	-87.6%
Income tax expenses	(14,786)	(138,662)	-89.3%
Profit for the period	35,490	268,228	-86.8%

Notes:

- (1) Selling and administrative expenses exclude impairment of repossessed assets under administrative expenses in the interim condensed consolidated statement of profit or loss.
- (2) Provision for assets includes expected credit losses ("ECL") on financial and contract assets, net and impairment of repossessed assets under administrative expenses in the interim condensed consolidated statement of profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-HKFRS Measures

To supplement our consolidated results which are prepared and presented in accordance with HKFRS, the Group uses EBITDA, which are not required by, or presented in accordance with HKFRS. The Group believes that such non-HKFRS measures facilitate comparisons of operating performance by eliminating the potential impact of these non-core items. The use of such non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial conditions as reported under HKFRS. In addition, such non-HKFRS financial measures may be defined differently by other companies, and may not be comparable to other similarly titled measures used by other companies.

The table below sets forth the reconciliation of our non-HKFRS measures presented to the most directly comparable HKFRS measures:

For the six months ended 30 June			
	2025	2024	
	RMB'000	RMB'000	Change%
Profit for the period	35,490	268,228	-86.8%
Less: Bank interest income	3,923	10,026	-60.9%
Add: Income tax expenses	14,786	138,662	-89.3%
Add: Finance costs	401,070	382,097	5.0%
Add: Depreciation and Amortization ⁽¹⁾	1,521,215	1,224,653	24.2%
EBITDA(a non-HKFRS measure)	1,968,638	2,003,614	-1.7%

Note:

- (1) Depreciation and amortization include depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets.

2.2 Revenue

In the first half of 2025, the Group recorded revenue of RMB4,350,062,000, representing a decrease of 10.7% as compared with RMB4,872,421,000 for the corresponding period last year. The decline in the Group's revenue was mainly based on the continued decline in equipment rental rates in the domestic market environment, the proactive reduction of the domestic materials business that is highly related to engineering and technical services, as well as the temporary impact arising from the shipment of domestic equipment to overseas business locations on the utilization rate. In the first half of 2025, the Group actively deployed overseas outlets and business teams, and achieved overseas revenue of approximately RMB597,380,000.

Attributable to our comprehensive and multi-dimensional service model covering the full cycle of projects, the Group has established a diversified, stable and high-quality customer base with years of deep cultivation in the industry. The number of the Group's customers (on a standalone basis) increased from approximately 232,000 in 2023 to approximately 325,000 in 2024 (including approximately 1,700 overseas customers), and further increased to approximately 367,000 in the first half of 2025 (including approximately 6,000 overseas customers), covering a wide range of industries such as municipal construction, housing construction, transportation construction, shipbuilding and offshore engineering, industrial manufacturing, green energy, warehousing and logistics, culture and art, business and entertainment.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth key operational information related to the Group's revenue:

For the six months ended 30 June		
	2025	2024
<i>Aerial work platform</i>		
Equipment volume (in thousand units) ⁽¹⁾	202.6	204.8
Utilization rate ⁽²⁾	64.0%	65.6%
<i>Neo-excavation support system</i>		
Equipment volume (in thousand tons)	1,371.1	1,613.2
Utilization rate ⁽²⁾	70.4%	66.9%
<i>Neo-formwork system</i>		
Equipment volume (in thousand tons)	638.3	748.4
Utilization rate ⁽²⁾	66.3%	75.6%

Notes:

- (1) As at 30 June 2025, among the 202,600 aerial work platforms operated and managed by the Group, 59,270 aerial work platforms were entrusted to the Group by equipment owners outside the Group to operate and manage through the asset management service model. The asset management service model primarily refers to the model in which the Group leases from other equipment suppliers and enters into sub-leases with customers.
- (2) Calculated as the average of total value of assets the Group leased out during the period divided by the average of total value of equipment the Group owned. "Average of total value of equipment" is the total asset value of all equipment, averaged between the beginning and the end of the period.

In the first half of 2025, according to the analysis on main product lines of the Group, the average utilization rate of aerial work platform and the neo-formwork system was lower than that of the corresponding period last year, with the average utilization rate of neo-excavation support system higher than that of the corresponding period last year. The Group actively deployed overseas outlets and business teams during the period. As most overseas markets were still in the preliminary development stage, the average utilization rate of aerial work platform in such markets is lower than the overall level of the domestic market due to the impact of shipping delivery cycle and new market development period. Subject to the factors from market environment, the average utilization rate of the neo-formwork system was lower than that of the corresponding period last year, while the average utilization rate of the neo-excavation support system was better than that of the corresponding period last year, which was benefited from the improved asset structure.

MANAGEMENT DISCUSSION AND ANALYSIS

2.2.1 Revenue analysis by business segment

The Group's revenue is derived from (i) operating leasing services, which primarily include aerial work platform, neo-excavation support system, neo-formwork system and other equipment; (ii) engineering and technical services, which represent the tailor-made one-stop solutions for different business or operation scenarios; and (iii) asset management and other services, which primarily consists of asset management services, and the sales of equipment, materials and spare parts.

The following table sets forth the composition and changes in the Group's revenue by business segment:

For the six months ended 30 June					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Operating lease services	2,265,244	52.1%	1,895,622	38.9%	19.5%
Engineering and technical services	1,138,882	26.2%	1,946,261	39.9%	-41.5%
Asset management and other services	945,936	21.7%	1,030,538	21.2%	-8.2%
Total	4,350,062	100.0%	4,872,421	100.0%	-10.7%

2.2.1.1 Operating lease services

The Group's portfolio of operating lease services includes various types of leased equipment and materials, and operating lease services are provided on a daily, weekly, monthly, annual or project-by-project basis according to customers' needs. In the first half of 2025, the Group's revenue from operating lease services amounted to RMB2,265,244,000, representing an increase of 19.5% as compared with RMB1,895,622,000 for the corresponding period last year, which was mainly driven by the rapid increase in operating lease services revenue from overseas markets.

The downstream application scenarios of the Group's equipment and material leasing services are diverse. For instance, in the manufacturing industry, the neo-excavation support system and neo-formwork system can be used for the construction of inner frames, outer frames and foundation pits of factories, whereas the aerial work platform can be used for the installation of steel structures, lighting, fire-proofing, curtain walls, etc., during the installation phase of a factory construction. In the commercial real estate industry, the neo-excavation support system and neo-formwork system can be used for the construction of the foundation pits and frames of commercial complexes and office buildings, whereas the aerial work platforms can be used for the installation of fixtures, billboard installation, cleaning or painting on commercial buildings. In cultural, entertainment and consumer industries, the aerial work platform can be used for high altitude video shooting, concerts and exhibitions or trade shows, and the neo-excavation support system and neo-formworks system can be used for building stadiums and exhibition centers. Meanwhile, the Group's operating lease of various new products can fulfil the diversified needs of customers in construction, production and operation.

MANAGEMENT DISCUSSION AND ANALYSIS

According to the statistics of the confirmed turnover derived from the equipment operated and managed by the Group during the first half of 2025, approximately 47.4% were served in the industrial projects (including industrial plants and logistics warehousing), approximately 27.7% in infrastructure and municipal projects, approximately 7.0% in commercial real estate projects (including shopping malls, hotels and offices), approximately 4.6% in residential projects, and approximately 13.3% in daily operations and other projects.

2.2.1.2 Engineering and technical services

In the first half of 2025, the Group's revenue from engineering and technical services amounted to RMB1,138,882,000, representing a decrease of 41.5% as compared with RMB1,946,261,000 for the corresponding period last year, which was mainly due to domestic materials business has adopted a contraction strategy as a whole, and has disposed of material assets on a certain scale since the second half of 2024, the Group's revenue from engineering and technical services recorded a year-on-year decrease during the period.

2.2.1.3 Asset management and other services

In the first half of 2025, the Group's revenue from asset management and other services amounted to RMB945,936,000, representing a decrease of 8.2% as compared to RMB1,030,538,000 for the corresponding period last year, mainly due to the Group's reduction in equipment asset management service entrustments received from leasing peers.

Asset management service revenue represent the revenue generated by the Group through the asset management service model, which refers to the model under which the Group provides management service to other equipment suppliers on the equipment owned by them, and enters into subleasing arrangements with customers. Leveraging on the Group's nationwide operation network, digitalized management system and profound equipment operation experience, the Group has strong equipment management capabilities and further expands its market share of equipment operation based on its own resources through entrusted management.

As at 30 June 2025, among the 202,600 aerial work platforms operated and managed by the Group, 59,270 aerial work platforms were entrusted to the Group by other equipment owners outside the Group to operate and manage through the asset management service model, which was decreased compared with the same period last year.

Trading revenue represents revenue generated from sales of equipment, materials and spare parts by the Group. In the first half of 2025, the Group sold 797 units of equipment and 50,884 tons of materials, thus achieving continuous asset structure optimization.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the composition and changes in the Group's asset management and other services:

For the six months ended 30 June					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Asset management services	659,715	69.7%	743,875	72.2%	-11.3%
Trade and others	286,221	30.3%	286,663	27.8%	-0.2%
Total	945,936	100.0%	1,030,538	100.0%	-8.2%

2.2.2 Revenue analysis by region

The following table sets forth the composition and changes in the Group's revenue by regions:

For the six months ended 30 June					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Domestic regions (including Hong Kong and Macau)	3,752,682	86.3%	4,799,552	98.5%	-21.8%
Overseas regions	597,380	13.7%	72,869	1.5%	719.8%
Total	4,350,062	100.0%	4,872,421	100.0%	-10.7%

As at 30 June 2025, the number of equipment under management in domestic regions (including Hong Kong and Macau) was 195,500 sets, while the number of equipment under management in overseas regions was 16,400 sets. In addition to aerial work equipment, equipment under the Company's management include material handling equipment (forklifts, telescopic handlers, etc.), lifting equipment (truck-mounted cranes, spider cranes, etc.) and mining equipment (wide-body dump trucks, mining excavators, etc.).

As at 30 June 2025, there were 1,346,000 tons of support materials and 496,000 tons of formwork assets under management in domestic regions (including Hong Kong and Macau); and there were 25,000 tons of support materials and 142,000 tons of formwork assets under management in overseas regions.

MANAGEMENT DISCUSSION AND ANALYSIS

2.3 Gross Profit and Gross Profit Margin

In the first half of 2025, the Group recorded a gross profit of RMB940,667,000, representing a decrease of 39.7% as compared with RMB1,559,325,000 for the corresponding period last year. The gross profit margin of the Group was 21.6%, representing a decrease of 10.4% as compared with 32.0% for the corresponding period last year, mainly due to the effects of rental or service price arising from market fluctuation.

2.3.1 Gross profit by business segment

The following table sets forth the Group's gross profit and gross profit margin by segment:

For the six months ended 30 June					
	2025		2024		
	RMB'000	Gross profit margin %	RMB'000	Gross profit margin %	Change in gross profit %
Operating lease services	621,196	27.4%	702,774	37.1%	-11.6%
Engineering and technical services	171,407	15.1%	525,491	27.0%	-67.4%
Asset management and other services	148,064	15.7%	331,060	32.1%	-55.3%
Total gross profit/gross profit margin	940,667	21.6%	1,559,325	32.0%	-39.7%

2.3.1.1 Operating lease services

In the first half of 2025, the gross profit of the Group's operating lease services amounted to RMB621,196,000, representing a decrease of 11.6% as compared with RMB702,774,000 for the corresponding period last year. The gross profit margin of the Group's operating lease services was 27.4%, representing a decrease of 9.7% as compared with 37.1% for the corresponding period last year, mainly due to the change in utilization rate of aerial work platform and neo-formwork system and the fluctuation of the market rent.

2.3.1.2 Engineering and technical services

In the first half of 2025, the gross profit of the Group's engineering and technical services amounted to RMB171,407,000, representing a decrease of 67.4% as compared with RMB525,491,000 for the corresponding period last year. The gross profit margin of the Group's engineering and technical services was 15.1%, representing a decrease of 11.9% as compared with 27.0% for the corresponding period last year, which was mainly due to the contraction strategy adopted by the material businesses such as the neo-excavation support system and the neo-formwork system during the period and the time lag in the settlement of labor and premise costs, which affected the gross profit margin of the engineering and technical services.

MANAGEMENT DISCUSSION AND ANALYSIS

2.3.1.3 Asset management and other services

In the first half of 2025, the gross profit of the Group's asset management and other services amounted to RMB148,064,000, representing a decrease of 55.3% as compared to RMB331,060,000 for the corresponding period last year. The gross profit margin of the Group's asset management and other services was 15.7%, representing a decrease of 16.4% as compared to 32.1% for the corresponding period last year, which can be further divided into:

In the first half of 2025, the gross profit of the Group's asset management services amounted to RMB106,162,000, representing a decrease of 50.4% as compared to RMB214,248,000 for the corresponding period last year. The gross profit margin of the Group's asset management service was 16.1%, representing a decrease of 12.7% as compared to 28.8% for the corresponding period last year, mainly due to the fluctuation of the market rent of assets under operation and management of the Group and the Group's proactive reduction in accepting equipment asset management service entrustments from leasing peers.

In the first half of 2025, the Group actively adjusted the structure of self-owned lease and service assets by disposal of certain equipment and materials assets that did not meet the efficiency requirements. The gross profit of the Group's sales of equipment, materials and spare parts amounted to RMB41,902,000, representing a decrease of 64.1% as compared to RMB116,812,000 for the corresponding period last year. The gross profit margin of the Group's sales of equipment, materials and spare parts amounted to 14.6%, representing a decrease of 26.1% as compared to 40.7% for the corresponding period last year, mainly due to the decline in steel prices.

2.3.2 Gross profit by region

The following table sets forth the composition and changes in the Group's gross profit by regions:

For the six months ended 30 June					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Domestic regions (including Hong Kong and Macau)	669,585	71.2%	1,549,427	99.4%	-56.8%
Overseas regions	271,082	28.8%	9,898	0.6%	2,638.8%
Total	940,667	100.0%	1,559,325	100.0%	-39.7%

MANAGEMENT DISCUSSION AND ANALYSIS

2.4 Cost of Sales and Selling and Administrative Expenses

In the first half of 2025, the Group's cost of sales amounted to RMB3,409,395,000, representing an increase of 2.9% as compared with RMB3,313,096,000 for the corresponding period last year. The Group's selling and administrative expenses (excluding impairment of repossessed assets) amounted to RMB758,331,000, representing an increase of 9.2% as compared with RMB694,651,000 for the corresponding period last year. The total amount of the above costs and expenses was RMB4,167,726,000, representing an increase of 4.0% as compared with RMB4,007,747,000 for the corresponding period last year, which was mainly due to the increase in depreciation and amortization, trading and re-rent costs.

The following table sets forth a breakdown of the Group's cost of sales and selling and administrative expenses (excluding impairment of repossessed assets) by nature:

For the six months ended 30 June					
	2025		2024		
	RMB'000	% of revenue	RMB'000	% of revenue	Change in amount%
Depreciation and amortization ⁽¹⁾	1,486,981	34.2%	1,196,156	24.5%	24.3%
Depreciation and amortization-right-of-use assets ⁽¹⁾	33,001	0.8%	28,495	0.6%	15.8%
Staff and labour subcontracting costs ⁽²⁾	944,183	21.7%	1,014,150	20.8%	-6.9%
Trading and re-rent costs ⁽³⁾	658,887	15.1%	571,953	11.7%	15.2%
Maintenance and consumable materials costs ⁽⁴⁾	304,680	7.0%	344,969	7.1%	-11.7%
Logistics and lifting costs ⁽⁵⁾	304,439	7.0%	448,274	9.2%	-32.1%
Research and development expenses ⁽⁶⁾	106,442	2.4%	70,910	1.5%	50.1%
Transportation, travelling and information expenses ⁽⁷⁾	106,337	2.4%	124,910	2.6%	-14.9%
Rental and property management services expenses ⁽⁸⁾	53,430	1.2%	41,931	0.9%	27.4%
Taxes and surcharges	31,279	0.7%	25,116	0.5%	24.5%
Professional services fee ⁽⁹⁾	41,624	1.0%	35,937	0.7%	15.8%
Other expenses ⁽¹⁰⁾	96,443	2.2%	104,946	2.2%	-8.1%
Total	4,167,726	95.8%	4,007,747	82.3%	4.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) Depreciation and amortization are depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets, but excluding depreciation and amortization included in research and development expenses. The actual economic life of assets used in operating leases and engineering and technical services in the industry is generally up to 15-20 years after regular maintenance and repair. On 12 March 2024, the Group announced that the expected useful life of the hot-dip galvanizing scaffolds in the neo-formwork system would be changed from 10 years to 20 years and the expected net residual value rate would be changed from 10% to 30%. In the first half of 2025, the Group's depreciation and amortization (including the depreciation of leasehold and leased equipment use rights) amounted to RMB1,519,982,000, representing an increase of 24.1% as compared with the RMB1,224,651,000 for the corresponding period last year, which was mainly due to the increase in the size of the Group's equipment compared to the corresponding period last year.
- (2) The Group's staff and labour subcontracting costs mainly represent the remuneration expenses of the Group's employees and the labour subcontracting costs incurred in connection with the demand for temporary staff in engineering and technical service projects. In the first half of 2025, the Group's staff and labour subcontracting costs amounted to RMB944,183,000, representing a decrease of 6.9% as compared with the corresponding period last year, which was mainly due to the downsizing of engineering service personnel due to the contraction of materials business.
- (3) Trading and re-rent costs mainly represent trading costs of sales of equipment, materials and spare parts and the Group's equipment leasing costs. In the first half of 2025, the Group's trading and re-rent costs amounted to RMB658,887,000, representing an increase of 15.2% as compared with the corresponding period last year, of which re-rent costs amounted to RMB414,569,000, representing an increase of 3.1% as compared with the corresponding period last year. Trading costs amounted to RMB244,318,000, representing an increase of 43.8% as compared with the corresponding period last year, which was mainly due to the Group's disposal of material assets on a continuous basis since the second half of 2024, resulting in a significant increase in trading costs.
- (4) The maintenance and consumable materials costs mainly represent the cost of spare parts for the Group's maintenance and repair of equipment and materials (including the equipment leased under the asset management service model), and the cost of materials consumed by the Group's engineering and technical service projects. In the first half of 2025, the Group's maintenance and consumable materials costs amounted to RMB304,680,000, representing a decrease of 11.7% as compared with the corresponding period last year, which was mainly due to the Group's strengthening of the standardized and modularized management of its maintenance system.
- (5) The logistics and lifting costs mainly represent the logistics costs of equipment for transfers between different projects under the Group's operating lease services and asset management services, and the lifting costs of equipment on site of engineering and technical service projects. In the first half of 2025, the Group's logistics and lifting costs amounted to RMB304,439,000, representing a decrease of 32.1% as compared with the corresponding period last year, mainly due to the decrease in logistics costs driven by the decrease in the utilization of the Group's assets. Meanwhile, the Group has established a tracking management system for the rapid delivery of equipment and a cost reduction management system for rapid adjustment of freight rates, which effectively guarantees the timeliness of equipment transportation in all aspects and effectively controls the transportation price of equipment. By continuously improving the logistics monitoring system, improving the delivery mode and capacity structure, and optimizing the allocation and transportation distance, the Group has greatly contributed to the efficiency and cost reduction of the Company's operations, and the unit price of logistics in the first half of 2025 decreased by 4.2% as compared with the corresponding period last year.
- (6) The Group's research and development expenses are mainly depreciation, materials and staff cost from research and development activities which are used for the upgrade and digitalization of engineering and technical services and internet of things ("IoT"). In the first half of 2025, the Group's research and development expenses amounted to RMB106,442,000 (including depreciation and amortization amounting to RMB1,233,000), representing an increase of 50.1% as compared with the corresponding period last year, mainly because the Group's promotion of the internationalization and upgrading of the digitalization system.
- (7) The Group incurred transportation, travelling and information expenses of RMB106,337,000, representing a decrease of 14.9% as compared with the corresponding period last year, which was mainly due to the decrease in travel expenses as a result of the decrease in overseas market development projects of the Group as compared with the corresponding period last year.
- (8) The Group incurred rental and property management services expenses of RMB53,430,000, representing an increase of 27.4% as compared with the corresponding period last year, mainly due to an increase rental and property management services expenses as a result of the further increase of total number of service outlets of the Group.
- (9) The Group incurred professional service fees of RMB41,624,000, representing an increase of 15.8% as compared with the corresponding period last year, mainly due to the Group's steady progress in various compliance work, as well as fees incurred by the Group's external professional lawyers' team to diversify collection methods and strengthen collection efforts.
- (10) Other expenses mainly include fuel costs consumed by engineering and technical service projects, office expenses and business entertainment and promotion expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

2.5 Other Income and Gains

In the first half of 2025, the Group realised other income and gains of RMB104,327,000, representing a decrease of 2.4% as compared with RMB106,938,000 for the corresponding period last year, mainly due to the decrease in interest income for the period.

For the six months ended 30 June			
	2025	2024	
	RMB'000	RMB'000	Change %
Interest income	3,923	10,026	-60.9%
Government grant and gain on additional reduction	83,250	82,009	1.5%
Gain on disposal of items of property, plant and equipment and early termination of right-of-use assets	6,448	6,559	-1.7%
Net fair value gains:			
Derivative financial instruments-not for hedge accounting	—	3,732	-100.0%
Other	10,706	4,612	132.1%
Total	104,327	106,938	-2.4%

2.6 Provision for Assets

The provision for assets of the Group is expected credit losses ("ECL") of the financial assets and impairment of repossessed assets under administrative expenses. The Group adopts a prudent strategy to assess the risk of asset provision, to carry out multi-dimensional quantitative assessment on the imported customers and to strengthen the monitoring of the repayment ability of customers through the linkage mechanism of risk review and risk control, so as to ensure the security of assets of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of the ECL of the financial assets of the Group:

For the six months ended 30 June					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Trade receivables and contract assets	-163,029	87.3%	168,004	98.2%	N/A
Notes receivables	-26,765	14.3%	-5,183	-3.0%	416.4%
Other	2,917	-1.6%	8,296	4.8%	-64.8%
Total	-186,877	100.0%	171,117	100.0%	N/A

For details, please refer to the discussion and analysis in 3.3, 3.4 and 3.5 of this section.

2.7 Other Expenses

Other expenses of the Group primarily consist of (i) foreign exchange losses, mainly arising from bank borrowings denominated in foreign currencies of the Group; and (ii) commission expenses, representing commission fees and handling fees charged by banks and non-bank financial institutions in connection with the bank and other borrowings of the Group.

In the first half of 2025, the Group's other expenses amounted to RMB18,113,000, representing a decrease of 9.0% as compared with RMB19,905,000 for the corresponding period last year, mainly due to the decrease in foreign exchange losses during the period.

2.8 Finance Costs

Finance costs of the Group primarily consist of (i) interest on borrowings; and (ii) interest on lease liabilities.

In the first half of 2025, the Group's finance costs amounted to RMB401,070,000, representing an increase of 5.0% as compared with RMB382,097,000 for the corresponding period last year, mainly due to the increase in interest on borrowings of the Group by RMB21,965,000. For details, please refer to the discussion and analysis in 2.8.1 and 3.11 of this section.

MANAGEMENT DISCUSSION AND ANALYSIS

2.8.1 Interest on borrowings

The following table sets forth the average balance of interest-bearing bank and other borrowings, interest expense, and average financing rate of the Group:

For the six months ended 30 June						
	2025			2024		
	Average Balance ⁽¹⁾	Interest expense	Average financing rate ⁽²⁾	Average Balance ⁽¹⁾	Interest expense	Average financing rate ⁽²⁾
	RMB'000	RMB'000		RMB'000	RMB'000	
Interest-bearing bank and other borrowings	21,063,794	388,992	/	18,382,079	367,027	/
Including: interest-bearing bank and other borrowings, deducting redemption liabilities on ordinary shares	21,063,794	388,992	3.69%	18,382,079	367,027	3.99%

Notes:

(1) Average balance = (balance of interest-bearing bank and other borrowings at the beginning of the period + balance of interest-bearing bank and other borrowings at the end of the period)/2.

(2) Average financing rate = interest expense during the period/corresponding average balance, presented on an annualized basis.

In the first half of 2025, the average financing rate of interest-bearing bank and other borrowings of the Group was 3.69%, representing a decrease of 0.30% as compared with 3.99% for the corresponding period last year, mainly due to the lower domestic financing rate as a result of the interest rate deduction by the central bank, and the preferential interest rate available to the Group as the Group's main businesses were encouraged by the country.

2.9 Income Tax Expenses

In the first half of 2025, the Group's income tax expenses amounted to RMB14,786,000, representing a decrease of 89.3% as compared with RMB138,662,000 for the corresponding period last year, mainly due to the decrease in profit before tax of the Group; the effective tax rate of the Group was 29.4%, representing a decrease of 4.7% as compared with 34.1% for the corresponding period last year, mainly due to the fact that the Group withheld income tax in the first half of 2024 on the proposed cross-border dividend distribution, but no provision for such expenses was required during this period.

MANAGEMENT DISCUSSION AND ANALYSIS

2.10 Profit for the Period

Based on the above discussion and analysis, the Group's profit for the period was RMB35,490,000, representing a decrease of 86.8% as compared with RMB268,228,000 for the corresponding period last year.

The following table sets forth the composition and changes in the Group's net profit after tax by regions:

For the six months ended 30 June					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Domestic regions (including Hong Kong and Macau)	-77,861	-219.4%	296,955	110.7%	N/A
Overseas regions	113,351	319.4%	-28,727	-10.7%	N/A
Total	35,490	100.0%	268,228	100.0%	-86.8%

2.11 Basic Earnings per Share

In the first half of 2025, basic earnings per share of the Group amounted to RMB0.011, representing a decrease of RMB0.073 or 86.9% from RMB0.084 for corresponding period last year.

For the six months ended 30 June			
	2025	2024	Change %
Profit for the period attributable to holders of ordinary shares of the Company (RMB'000)	35,490	268,228	-86.8%
Weighted average number of ordinary shares in issue (share) ⁽¹⁾	3,133,375,000	3,196,827,500	-2.0%
Basic earnings per share (RMB)	0.011	0.084	-86.9%

Note:

- (1) Weighted average number of ordinary shares in issue (share) = (the number of outstanding ordinary shares at the beginning of the period + positive or negative change of the number of ordinary shares during the period × number of change months)/6

MANAGEMENT DISCUSSION AND ANALYSIS

3. ANALYSIS OF FINANCIAL CONDITION

3.1 Assets (Summary)

As at 30 June 2025, total assets of the Group were RMB36,581,356,000, representing an increase of RMB147,175,000 or 0.4% as compared with that of the end of last year. The following table sets forth assets of the Group as at the dates indicated:

	30 June 2025		31 December 2024		Change %
	RMB'000	% of total	RMB'000	% of total	
Property, plant and equipment	21,720,292	59.4%	22,245,403	61.1%	-2.4%
Trade receivables and contract assets	6,810,439	18.6%	6,624,774	18.2%	2.8%
Notes receivables ⁽¹⁾	697,052	1.9%	871,920	2.4%	-20.1%
Prepayments, other receivables and other assets	3,214,244	8.8%	3,377,515	9.3%	-4.8%
Cash and bank balances	2,476,599	6.8%	1,793,336	4.9%	38.1%
Right-of-use assets	853,558	2.3%	905,139	2.5%	-5.7%
Goodwill	173,979	0.5%	–	–	100.0%
Other assets	635,193	1.7%	616,094	1.6%	3.1%
Total assets	36,581,356	100.0%	36,434,181	100.0%	0.4%
Including: non-current assets	23,800,675	65.1%	24,225,463	66.5%	-1.8%
Including: current assets	12,780,681	34.9%	12,208,718	33.5%	4.7%

Note:

- (1) Notes receivables are recorded under “debt investments at fair value through other comprehensive income” in the interim condensed consolidated statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth assets of the Group as at the dates indicated:

	30 June 2025		31 December 2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Domestic regions (including Hong Kong and Macau)	31,160,957	85.2%	32,886,413	90.3%	-5.2%
Overseas regions	5,420,399	14.8%	3,547,768	9.7%	52.8%
Total	36,581,356	100.0%	36,434,181	100.0%	0.4%

3.2 Property, Plant and Equipment

As at 30 June 2025, the property, plant and equipment of the Group amounted to RMB21,720,292,000, representing a decrease of RMB525,111,000 or 2.4% as compared with that of the end of last year, due to the combined effect of the following factors: (i) in the first half of 2025, the Group has adopted a proactive contraction strategy for its materials business in mainland China as a whole.; and (ii) the provision on depreciation of property, plant and equipment amounted to RMB1,315,971,000 for the period.

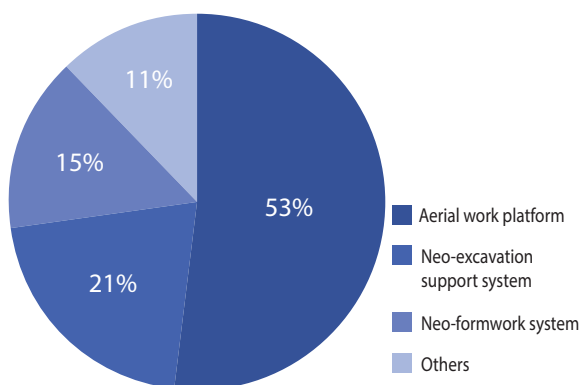
The following table sets forth the property, plant and equipment of the Group as at the dates indicated:

	30 June 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Equipment, materials and moulds for leasing and services	21,090,339	97.1%	21,611,798	97.2%	-2.4%
Buildings	513,749	2.4%	519,141	2.3%	-1.0%
Leasehold improvements and others	116,204	0.5%	114,464	0.5%	1.5%
Total	21,720,292	100.0%	22,245,403	100.0%	-2.4%

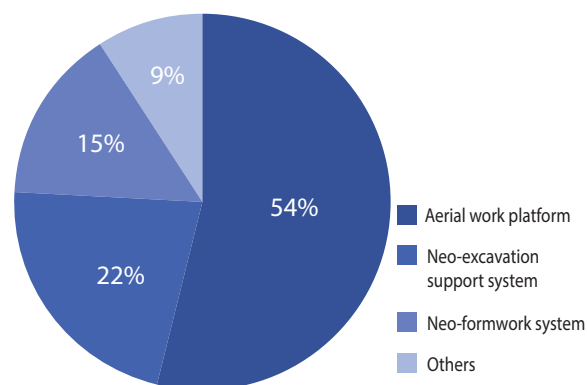
As at 30 June 2025, the equipment, materials and molds for leasing and services of the Group mainly included aerial work platform of RMB11,435,278,000 (RMB11,739,849,000 as at the end of last year), neo-excavation support system of RMB4,471,340,000 (RMB4,850,942,000 as at the end of last year) and neo-formwork system of RMB3,317,338,000 (RMB3,187,393,000 as at the end of last year). During the period, the Group held products such as material handling equipment (forklifts, telescopic handlers, etc.), lifting equipment (truck-mounted cranes, spider cranes) and mining equipment (wide-body dump trucks, mining excavators, etc.).

MANAGEMENT DISCUSSION AND ANALYSIS

Asset distribution by product lines in the first half of 2025



Asset distribution by product lines in 2024



The Group researches the operating lease markets by product category and by geography (both domestic and overseas) to estimate appropriate time for further actions. The Group would consider disposing of the equipment and material assets which did not meet the efficiency requirements of the Group to second-hand market after such equipment and material assets have been used for a certain period of time.

For equipment maintenance and management, the equipment asset service and maintenance team of the Group has a comprehensive decision-making and balance mechanism comprising front-end monitoring and handling, middle-office process control and back-end supervision and support, and establishes a management system covering the full life circle of asset maintenance, which realises a whole process closed-loop management of "equipment procurement-equipment leasing services flow and process maintenance-equipment overhaul-equipment disposal", with the support of organizational guarantee, technical guarantee and material guarantee to improve the overall efficiency of equipment operation.

3.3 Trade Receivables and Contract Assets

Trade receivables represent amounts receivable by the Group for services rendered and goods sold to customers.

Contract assets represent the right to receive payment arising from the provision of engineering and technical services by the Group to customers; contract assets are initially recognized for revenue earned from engineering and technical services as the receipt of consideration is conditional on successful completion of services and acceptance by the customer, respectively. Upon completion of services and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the composition of the trade receivables and contract assets of the Group as at the dates indicated:

	30 June 2025	31 December 2024	
	RMB'000	RMB'000	Change %
Trade receivables and contract assets			
Gross carrying amount ⁽¹⁾	7,881,043	7,817,941	0.8%
Provision ⁽¹⁾	-1,070,604	-1,193,167	-10.3%
Net carrying amount	6,810,439	6,624,774	2.8%

(1) In the first half of 2025, the reversal bad debts of trade receivables of the Group amounted to RMB40,466,000 (for the corresponding period last year: written-off RMB26,155,000).

3.3.1 Total trade receivables and contract assets

As at 30 June 2025, the total trade receivables and contract assets of the Group amounted to RMB7,881,043,000, representing an increase of RMB63,102,000 or 0.8% as compared with that of the end of last year, mainly due to the expansion in the scale of the Group's businesses.

3.3.2 Provision for trade receivables and contract assets

As at 30 June 2025, the provision for trade receivables and contract assets of the Group amounted to RMB1,070,604,000 in aggregate, representing a decrease of RMB122,563,000 or 10.3% as compared with that of the end of last year, mainly because the Company started to implement a rating management system for customers in the period, and supplemented and improved the management system for blacklisted customers accordingly. During the period, customers who made repayment within one year and were classified as high-level customers with good qualifications were removed from the blacklist, so as to better maintain customer relationships and carry out normal business cooperation.

The Group has implemented systematic risk management assessment policies to evaluate the credit and performance of our customers. The Group has a large number of customers, in particular, it needs to deal with a large number of small and medium-sized customers in aerial work platform business, among which the Group used a "Hongxin Score" ("宏信分") model to carry out quantitative risk assessment for such customers. By superimposing historical transaction data, external monitoring data and internal cooperation records accumulated in the course of operation from multiple dimensions, such model performs quantitative analysis on 70 subdivision indicators to screen out the characteristics of high-quality customers, thus realising intelligent and automatic evaluation of small and medium-sized customers. For large-scale engineering projects, the Group selected customers and projects through quantitative and manual evaluation, fully evaluated the potential risks such as project compliance risk, construction technology risk, supply guarantee risk, HSE risk and credit risk from multiple dimensions, and formulated corresponding solutions. In terms of trade receivables management, the Group strengthened risk awareness through risk review and risk control and debt linkage mechanism, and realised effective isolation of risk customers through management mechanisms such as blacklist, and conducted on-site evaluation of our customer's operation as necessary. The Group reviews the trade receivables balance and follows up with our customers with overdue trade receivables on a quarterly basis. At the same time, the Group classified trade receivables into different risk levels and recognized provisions accordingly with reference to our past recoverability, the quarterly review of ageing of trade receivables and observable changes in economic conditions that correlate with default on trade receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

3.3.3 Trade receivables turnover days and ageing distribution

In the first half of 2025, the Group's trade receivables turnover days were 248 days, representing an increase as compared with 193 days of the same period of the previous year, which is mainly due to an increase in turnover days resulted from the net accounts receivable remaining basically stable compared to the beginning of the year and the decrease in the revenue for the period.

The table below sets forth the ageing distribution of the trade receivables of the Group as at the dates indicated based on the billing date:

	30 June 2025				31 December 2024				
	Total	Provision	Net	Net	Total	Provision	Net	Net	Change, net %
	RMB'000	RMB'000	RMB'000	% of total	RMB'000	RMB'000	RMB'000	% of total	
Trade receivables									
Within 1 year	5,027,109	-429,568	4,597,541	75.2%	5,209,993	-590,038	4,619,955	78.7%	-0.5%
More than 1 year	2,086,021	-570,625	1,515,396	24.8%	1,778,584	-527,613	1,250,971	21.3%	21.1%
Total	7,113,130	-1,000,193	6,112,937	100.0%	6,988,577	-1,117,651	5,870,926	100.0%	4.1%

The table below sets forth the trade receivables turnover days for the period indicated:

	Six months ended 30 June	
	2025	2024
Trade receivables turnover days during the period	248	193

Note:

- (1) The trade receivables turnover days equals the average net trade receivables at the beginning and end of the period divided by the total revenue for the period and multiplied by 180.

MANAGEMENT DISCUSSION AND ANALYSIS

3.4 Notes Receivables

As at 30 June 2025, the notes receivables of the Group amounted to RMB697,052,000, representing a decrease of RMB174,868,000 or 20.1% as compared with that of the end of previous year, which is mainly due to the Group's prudent collection strategy.

The following table sets forth the notes receivables of the Group as at the dates indicated:

	30 June 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Bank acceptances	132,133	19.0%	296,947	34.1%	-55.5%
Commercial acceptance bills and letters of credit	564,919	81.0%	574,973	65.9%	-1.7%
Total	697,052	100.0%	871,920	100.0%	-20.1%

3.5 Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of (i) prepayments and deposits, mainly including expenditures related to our procurement and rental of equipment or materials, deposits paid to providers for the re-renting of equipment, deposits paid for financing, and deposits paid to bid for projects; and (ii) tax recoverable, which primarily includes our input VAT to be credited.

As at 30 June 2025, the net prepayments, other receivables and other assets of the Group amounted to RMB3,214,244,000, representing a decrease of RMB163,271,000 or 4.8% as compared with that of the end of previous year, which was mainly due to the decrease in the prepayments and deposits.

The following table sets forth a breakdown of the Group's prepayments, other receivables and other assets as at the dates indicated:

	30 June 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Prepayments and deposits	1,346,337	41.2%	1,451,147	42.3%	-7.2%
Tax recoverable	1,488,823	45.6%	1,524,137	44.5%	-2.3%
Other receivables	25,905	0.8%	69,204	2.0%	-62.6%
Other	405,952	12.4%	382,883	11.2%	6.0%
Total	3,267,017	100.0%	3,427,371	100.0%	-4.7%
Provision	-52,773		-49,856		5.9%
Net	3,214,244		3,377,515		-4.8%

MANAGEMENT DISCUSSION AND ANALYSIS

3.6 Cash and Bank Balances

As at 30 June 2025, the cash and bank balances of the Group amounted to RMB2,476,599,000, representing an increase of RMB683,263,000, or 38.1% as compared with that of the end of the previous year, mainly due to the maintenance of liquidity by the Group.

The Group retains relatively abundant cash and cash equivalents to support its business development needs and ensure the liquidity safety of the Group. The cash and cash equivalents of the Group are mainly RMB-denominated assets, as well as a small amount of foreign currencies, including Hong Kong Dollar, US Dollar, Malaysian Ringgit, Indonesian Rupiah, Thai Baht, Vietnamese Dong, Singapore Dollar, UAE Dirham, Saudi Riyal, Turkish Lira, Omani Rial, Macanese Pataca, etc.

3.7 Right-of-Use Assets

As at the lease commencement date, the Group recognizes right-of-use assets and the corresponding lease liabilities, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. As at 30 June 2025, the right-of-use assets of the Group amounted to RMB853,558,000, representing a decrease of RMB51,581,000, or 5.7% as compared with that of the end of the previous year, mainly due to the normal depreciation of right-of-use assets.

The following table sets forth a breakdown of right-of-use assets of the Group as at the dates indicated:

	30 June 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Equipment	581,349	68.1%	609,296	67.3%	-4.6%
Leasehold land	174,340	20.4%	176,693	19.5%	-1.3%
Offices and others	97,869	11.5%	119,150	13.2%	-17.9%
Total	853,558	100.0%	905,139	100.0%	-5.7%

3.8 Goodwill

As at 30 June 2025, the Group's goodwill amounted to RMB173,979,000. On 30 May 2025, the Group completed the acquisition of TH Tong Heng Machinery Sdn. Bhd..

3.9 Other Assets

As at 30 June 2025, the Group's other assets amounted to RMB635,193,000, mainly including (i) RMB383,088,000 of the balance of deferred tax assets recognized for the provision for asset and other deductible temporary differences; and (ii) RMB245,162,000 of balance of inventories for the purpose of raw materials used for manufacturing neo-formwork system and spare parts used for repairing aerial work platform, self-manufactured neo-formwork system and finished goods held for sale in the ordinary course of business.

MANAGEMENT DISCUSSION AND ANALYSIS

3.10 Liabilities (Overview)

As at 30 June 2025, the total liabilities of the Group were RMB25,253,610,000, representing an increase of RMB277,779,000, or 1.1% as compared with that of the end of previous year.

The following table sets forth the details of the Group's liabilities as at the dates indicated:

	30 June 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Interest-bearing bank and other borrowings	21,224,692	84.0%	20,902,895	83.7%	1.5%
Trade and bills payables	2,244,433	8.9%	2,395,257	9.6%	-6.3%
Other payables and accruals	1,001,932	4.0%	886,686	3.5%	13.0%
Lease liabilities	615,281	2.4%	633,582	2.5%	-2.9%
Tax payables	87,781	0.3%	141,922	0.6%	-38.1%
Derivative financial instruments	1,619	0.0%	1,732	0.0%	-6.5%
Financial liabilities at fair value through profit or loss	73,937	0.3%	–	–	100.0%
Deferred revenue	3,935	0.1%	13,757	0.1%	-71.4%
Total liabilities	25,253,610	100.0%	24,975,831	100.0%	1.1%
Including: Current liabilities	11,162,091	44.2%	10,149,736	40.6%	10.0%
Including: Non-current liabilities	14,091,519	55.8%	14,826,095	59.4%	-5.0%

3.11 Interest-bearing Bank and Other Borrowings

In the face of the complex domestic and international financial environment, the Group has made good progress in financing and continued to optimize its debt structure. In the first half of 2025, the Group actively expanded its range of long-term products with a maturity of five to seven years to further enhance liquidity security. The Group's pipeline resources and credit scale in Tianjin and Guangzhou have been enhanced, further improving the stability of financing. The Group actively promoted green syndicated financing, supply chain financing and science and technology innovation loan products to further reduce financing costs.

As at 30 June 2025, the Group's interest-bearing bank and other borrowings were RMB21,224,692,000, representing an increase of RMB321,797,000, or 1.5% as compared with that of the end of previous year, and the average financing rate was 3.69%. The increase in the balance of interest-bearing bank and other borrowings was mainly due to the Group's expansion of overseas business.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the compositions of the Group's interest-bearing bank and other borrowings as at the dates indicated:

	30 June 2025		31 December 2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Secured	7,080,783	33.4%	8,036,093	38.4%	-11.9%
Unsecured	14,143,909	66.6%	12,866,802	61.6%	9.9%
Total	21,224,692	100.0%	20,902,895	100.0%	1.5%
Including: Current liabilities	7,687,391	36.2%	6,535,498	31.3%	17.6%
Non-current liabilities	13,537,301	63.8%	14,367,397	68.7%	-5.8%

In the first half of 2025, the Group has prudentially managed financial risk. As at 30 June 2025, the unsecured interest-bearing bank and other borrowings represented an increase to 66.6% as compared with that of 61.6% at the end of the previous year, while the proportion of secured interest-bearing bank and other borrowings represented a decrease as compared with that of the end of previous year. Changes in the Group's secured and unsecured structure are mainly attributable to that the Group optimized its financing structure and adjusted the proportion of interest-bearing bank and other borrowings.

3.12 Trade and Bills Payables

Trade and bills payables are amounts payable to suppliers.

As at 30 June 2025, the Group's trade and bills payables were RMB2,244,433,000, representing a decrease of RMB150,824,000 or 6.3% as compared with that of the end of the previous year, which is mainly due to the decrease in the scale of procurement of the Group's own asset in the first half of 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

3.13 Other Payables and Accruals

The Group's other payables and accruals primarily include (i) deposits, which represent deposits paid by our customers; (ii) salary and welfare payable to our employees; (iii) advanced rentals and contract liabilities, which represent amounts received from customers by the Group in advance for services according to the payment schedule as agreed in the contract; (iv) interest payables relating to bank and other borrowings; and (v) other tax payables, primarily VAT payables.

As at 30 June 2025, the Group's balance of other payables and accruals was RMB1,001,932,000, representing an increase of RMB115,246,000 or 13.0% as compared with that of the end of previous year, which is mainly due to the provision of dividends to be paid by the Group in the first half of 2025.

3.14 Lease Liabilities

As mentioned in 3.7, other than part of leases, the right-of-use assets and corresponding lease liabilities are recognized by the Group at the commencement date of the lease. The land leased by the Group has been prepaid and no subsequent payment is required, therefore there is no balance of land lease liabilities. The lease liabilities of the Group mainly arise from leases of office and equipment.

As at 30 June 2025, the lease liabilities of the Group amounted to RMB615,281,000, representing a decrease of RMB18,301,000 as compared with that of the end of previous year, which is mainly due to the normal amortization of lease liabilities.

3.15 Derivative Financial Instruments

The Group's derivative financial instruments liability is interest rate swap financial instrument, which is used to hedge for interest risk exposure of floating rate borrowings of the Group. The Group adopted hedge accounting, the change in fair value of interest rate swap amount instrument was recorded in change in equity.

3.16 Financial Liabilities at Fair Value Through Profit or Loss

The Group's financial liabilities at fair value through profit or loss arose from the acquisition of TH Tong Heng Machinery Sdn. Bhd. Pursuant to the shareholders' agreement, the Group may purchase the remaining 20% equity interest in TH Tong Heng Machinery Sdn. Bhd. at exercise prices determined based on key metrics, including the average adjusted earnings before interest, taxes, depreciation, and amortisation ("EBITDA") from the accounts for the three years ending 31 December 2027 and 31 December 2034, as well as the cash and debt position as of 31 December 2027 and 31 December 2034, respectively. As the Group has practical control or obtainable access over the minority interests, the Group actually controlled 100% equity interests over TH Tong Heng Machinery Sdn. Bhd. as of the acquisition date. The contingent consideration was initially recognised by RMB73,937,000, which is presented under financial liabilities at fair value through profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

3.17 Shareholders' equity

As at 30 June 2025, the Company's total equity was RMB11,327,746,000, representing a decrease of RMB130,604,000 or 1.1% as compared with that of the end of the previous year.

The following table sets forth the analysis of the Company's equity as at the dates indicated:

	30 June 2025	31 December 2024	
	RMB'000	RMB'000	Change%
Share capital ⁽¹⁾	421	421	–
Reserves	11,327,325	11,457,929	-1.1%
Total equity	11,327,746	11,458,350	-1.1%

Note:

(1) The changes in the Company's equity in the first half of 2025 are shown in the table below.

	Equity of the Company
	RMB'000
31 December 2024	11,458,350
Profit for the period	35,490
Dividend distribution	-132,874
Other changes in equity	-33,220
30 June 2025	11,327,746

On 14 April 2025, the annual general meeting of the Company considered and approved the distribution of 2024 final dividend of HK\$0.045 per share, which was paid on 2 July 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

4. CAPITAL MANAGEMENT

For the purpose of stable capital management and subject to the changes of economic environment, the Group has adopted prudential capital management strategy. The Group regulates capital structure and financial management efficiency through financial return criteria (i.e. "return on average equity", "return on average total assets" and others) and leverage ratio (i.e. "gearing ratio").

The following table sets forth the key financial ratios of the Group:

For the six months ended 30 June		
	2025	2024
Return on average equity ⁽¹⁾	0.6%	4.9%
Return on average total assets ⁽²⁾	0.2%	1.6%
Gearing ratio ⁽³⁾	69.0%	68.7%

Notes:

- (1) Return on average equity = profit for the period attributable to holders of ordinary shares of the Company/average balance of total equity at the beginning and the end of the period attributable to holders of ordinary shares of the Company, presented on an annualized basis.
- (2) Return on average total assets = profit for the period attributable to holders of ordinary shares of the Company/average balance of total assets at the beginning and the end of the period, presented on an annualized basis.
- (3) Gearing ratio=the total liabilities for the end of year or period/the total assets for the end of year or period. As at 31 December 2024, the Group's gearing ratio was 68.6%.

4.1 Return on Average Equity

In the first half of 2025, the Group's return on average equity was 0.6%, representing a decrease of 4.3% as compared with the same period of the previous year, primarily due to the decrease in the Group's profit for the period and the increase in average equity.

4.2 Return on Average Total Assets

In the first half of 2025, the Group's return on average total assets was 0.2%, representing a decrease of 1.4% as compared with the same period of the previous year, primarily due to the decrease in the Group's profit for the period and the increase in average total assets.

4.3 Gearing Ratio

As at 30 June 2025, the Group's gearing ratio was 69.0%, representing an increase of 0.4% as compared with that of 68.6% at the end of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

5. CAPITAL EXPENDITURE

The Group's capital expenditure consisted of additions to property, plant and equipment and other intangible assets. In the first half of 2025, our capital expenditure amounted to RMB824,817,000, representing a significant decrease of 81.1% as compared with RMB4,372,002,000 of the same period of the previous year. Net capital expenditure after deduction of sales of used equipment and materials amounted to RMB384,301,000, representing a significant decrease of 90.3% from RMB3,955,807,000 of the same period of the previous year. The Group intends to finance future capital expenditure plans through cash flow from operating activities and bank and other borrowings.

6. RISK MANAGEMENT

The Group is exposed to various types of financial risks in the ordinary course of business, including foreign currency risk, liquidity risk etc. Overall risk management strategy of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

6.1 Foreign Currency Risk

The Group's monetary assets, liabilities and transactions are principally denominated in RMB, and the business dominated in other currencies is still in the preliminary stage of development with a relatively small scale. As at 30 June 2025, the Group adopted prudent currency risk management, and most of currencies, excluding those hedged by derivative financial instruments against foreign exchange exposure, owned by the Group were dominated with RMB. Therefore, the Group's foreign exchange risk exposure is limited and there is a low foreign currency risk.

6.2 Liquidity Risk

The Group's objective is to maintain balance between continuity of funding and flexibility by using interest-bearing bank and other borrowings. The Group managed to control the liquidity risk through the following measures: (i) optimize our financing structure by expanding long-term financing products to mitigate the maturity mismatches between assets and liabilities; and (ii) operate effective capital plan and management mechanism and maintain a certain percentage of capital position to ensure the safe liquidity.

7. PLEDGE OF ASSETS

As at 30 June 2025, the Group had pledged its property, plant and equipment of RMB7,632,561,000 to non-bank financial institutes in order to secure other borrowings, and used time deposits of RMB300,000,000 as collateral for bank borrowings.

8. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2025 and 31 December 2024, the Group did not have any material contingent liability, guarantees or any other material litigation or claims outstanding or threatened against the Group that could have a material adverse effect on its business, financial condition or results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS

As at the dates indicated, the capital commitments of the Group are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
Contracted, but not provided for:		
Purchase of plant and machinery	385,593	212,503

9. MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

On 8 May 2025, Horizon Construction Development Investment (HongKong) Limited (the “Purchaser”, being a wholly-owned subsidiary of the Company) entered into the share purchase agreement with Mr. Chan Heng Choy (“Mr. Chan”) and Ms. How Mee Cheng (collectively, the “Sellers”), pursuant to which the Purchaser conditionally agreed to purchase and (i) Mr. Chan agreed to sell his 395,000 ordinary shares held in TH Tong Heng Machinery Sdn. Bhd. (the “Target Company”), representing 79% of the total issued share capital of the Target Company; and (ii) Ms. How Mee Cheng agreed to sell her 5,000 ordinary shares held in the Target Company, representing 1% of the total issued share capital of the Target Company (collectively, the “Sale Shares”), for the consideration in cash (subject to adjustment), the indicative total amount of which is MYR176,000,000 (equivalent to approximately RMB299,294,278, based on the approximate exchange rate of the RMB central parity of MYR1.00 to RMB1.7005 published by the People’s Bank of China on 8 May 2025) (the “Acquisition”). Upon completion of the transactions contemplated under the share purchase agreement, the Target Company and TGCore Trading Sdn. Bhd. (“TGCore”, a company controlled by the family of Mr. Chan, being a trading company necessary for the Target Company’s business operations, which is then being acquired by the Target Company) (collectively, the “Target Group Companies”) will become subsidiaries of the Company.

On the same date, the Purchaser entered into the shareholders’ agreement with Mr. Chan, being the remaining sole shareholder of the Target Company after the completion, and the Target Company to regulate the affairs of the Target Company and the respective rights, duties, covenants, and obligations of the Purchaser and Mr. Chan, as shareholders of the Target Company, pursuant to which, (i) Mr. Chan shall grant the call options to the Purchaser for it to purchase 20% of the remaining issued share capital of the Target Company (the “Option Shares”), and (ii) the Purchaser shall grant the put options to Mr. Chan for him to require the Purchaser to purchase the option shares. The shareholders’ agreement will come into effect on the completion date.

Pursuant to Rule 14.74(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), as the exercise of each of the put options is not at the Group’s discretion, the put options will be classified as if they had been exercised (with reference to the highest possible monetary value) upon the grant of put options under the shareholders’ agreement. As the Acquisition and the put options were entered into by the Group with the same party and involving the acquisition of the interests in the Target Company, they are required to be aggregated in accordance with Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio in respect of the transactions contemplated under the share purchase agreement and the put options, on an aggregated basis, exceeds 5% but is less than 25%, such transactions contemplated thereunder constitute discloseable transactions for the Company and are therefore subject to the announcement and reporting requirements, but exempt from shareholders’ approval requirement under Chapter 14 of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Rule 14.75(1) of the Listing Rules, as the exercise of each of the call options is at the discretion of the Group, on the grant of the call options, only the premium will be taken into consideration for purpose of classification of notifiable transaction. As the Purchaser did not and will not pay any premium for the call options, the call options are exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with all applicable requirements under Chapter 14 of the Listing Rules upon the exercise of the call options by the Group as and when appropriate.

On 30 May 2025, all the conditions precedent to the share purchase agreement had been fulfilled (or waived), and therefore the share purchase agreement had become unconditional. Accordingly, the completion of the acquisition of 80% equity interests in the Target Group Companies had taken place on the same day. On the same day, the Purchaser and Sellers entered into a supplemental letter (the "Supplemental Letter"), pursuant to which, the indicative total amount of the consideration was determined at MYR170,951,092 (equivalent to approximately RMB289,502,273, based on the approximate exchange rate of the RMB central parity of MYR1.00 to RMB1.6935 published by the People's Bank of China on 30 May 2025) after arm's length negotiation between the Purchaser and Sellers.

Pursuant to the Supplemental Letter, the consideration, being the total purchase price for the Sale Shares to be acquired by the Purchaser shall be calculated in accordance with the terms of the share purchase agreement (as supplemented) as follows:

$$\text{Consideration} = \frac{\text{Completion Enterprise Value} - \text{Completion Debt} + \text{Completion Cash} (+\text{Adjusted Net Working Capital (if it is a positive number)}) \text{ or } (-\text{Adjusted Net Working Capital (if it is a negative number)})}{80\% + \text{Accrued Ticker} - \text{TGCore Agreed Price}}$$

As disclosed in the announcement of the Company dated 30 May 2025 (the "Announcement"), the calculation of accrued ticker was based on the period beginning on 1 January 2025 and ended on 30 May 2025 (the "Accrued Ticker Period") and the indicative initial consideration of MYR168,085,367 at a ticker rate of 6.7% per annum. The amount was calculated based on the indicative initial consideration as adjusted based on the earlier effective time of 31 December 2024 (as opposed to the original closing date) pursuant to the Supplemental Letter. Meanwhile, the prevailing base lending rates of major banks in Malaysia were ranged from 6% to 7%, the calculation of which also considering into the locked-box mechanism adopted in the Supplemental Letter and the difference between the Accrued Ticker and the incremental cash generated by the Target Company during the Accrued Ticker Period.

As disclosed in the section headed "Reasons for and Benefits of the Entering into the Supplemental Letter" in the Announcement, parties adopted the locked-box mechanism in the Supplemental Letter after arm's length negotiation, which locked up the equity value of the Target Company in advance based on the balance sheet of the Target Company as at 31 December 2024. Therefore, the value of the Sale Shares, being the value of 80% equity interests of the Target Company, will also be determined based on such earlier effective time. Besides, under the locked-box mechanism, the Purchaser shall be entitled to the profits and losses of the Target Company during the Accrued Ticker Period, while the Sellers no longer enjoy these economic benefits. As a consideration, the Purchaser agreed to pay the accrued ticker to the Sellers according to the Supplemental Letter, which refers to the accumulated interest calculated based on the locked-box equity value. As a result, the accrued ticker was included in the consideration paid by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, as disclosed in the Announcement, the comparables were selected based on the following criteria: the companies are mainly engaged in equipment rental businesses for construction-related or industrial projects that fall into the asset-heavy and capital-intensive industry. Such companies provide their customers with a cost-effective alternative to buy pricey equipment, and offer flexibility for short-term needs allowing clients to adjust equipment types required for specific projects, with maintenance and relevant services such as assistance with the operation of equipment included, and keep projects up-to-date with reliable equipment and services. Therefore, in the acquisition and merger transactions in equipment rental industry, the corporate value of the Target Company to earnings before interest, taxes, depreciation and amortisation (EV/EBITDA) multiple is generally used as the basis for determining the transaction consideration to avoid the impact of different depreciation methodology, capital expenditure decisions or debt level of the asset-heavy and capital-intensive target company. It can more accurately reflect the cash flow status of the Target Company.

In terms of the comparability, based on the publicly available information on comparable transactions and comparable companies available to the Company through extensive review and taking into account the overall environment of the equipment rental market and the possibility to be affected by factors, including fluctuations in demand, price competition, technological advancement, financing conditions, regulatory requirements and regional market differences (such as the reputation and market position of the Target Group Companies in Malaysia), the Company considered that the selected comparable transactions and companies meet the comparability criteria for the following reasons: (i) given the acquisition is a transaction conducted by a listed company in the equipment rental industry with a view to acquiring the equity interests of a target company with a leading position in the local market, considering the industry characteristics referred to above, the selected comparable transactions are more recent precedents in the equipment rental industry; (ii) given that the Target Company is ranked first among local companies in Malaysia in terms of the fleet size of aerial work platforms with the features as disclosed in the Announcement, the Company determined the criteria with reference to such features and selected the comparable companies accordingly. However, such comparables are not the sole basis for the determination of consideration. As disclosed in the section headed “Consideration and the basis of determination” in the Announcement, after arm’s length negotiation, the parties determined the transaction consideration with reference to various factors including quantifiable factors such as the financial position of the Target Group Companies and non-quantifiable factors such as their future prospects and market condition as mentioned above. In addition, the willingness of the parties to proceed with the transactions and the Company’s bargaining power leveraged by its market position, as well as its strategic development plan in the regional market seeking synergetic investment, are also factors to be considered in determining the consideration.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that although the above transactions are not conducted in the ordinary and usual course of business of the Company, they are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

As of the end of the reporting period, the Target Group Companies have become the subsidiaries of the Company.

See the announcements of the Company dated 8 May 2025 and 30 May 2025, respectively, for details.

Save as disclosed above, the Group did not have any material investments, acquisitions or disposals of subsidiaries, associates and joint ventures in the first half of 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

10. HUMAN RESOURCES

As at 30 June 2025, the Group had a total of 4,317 employees (same period of 2024: 5,346 employees).

10.1 Share Incentive Scheme

With a view of promoting the Group to establish and improve the medium-long term incentive and restriction mechanisms for fully motivating initiative of the management, attracting and retaining the excellent management talents, and effectively integrating the interests of shareholders, the Company and the management to guarantee the long-term, stable and healthy development, the Company, as considered and approved by the board of directors, established an equity incentive plan in 2024, including a restricted share award scheme and a share option scheme.

The Company adopted the 2024 restricted share award scheme (the “2024 Restricted Share Award Scheme”) on 12 March 2024 and the 2024 share option scheme (the “2024 Share Option Scheme”) on 4 June 2024. For details of the 2024 Restricted Share Award Scheme, please refer to the announcement of the Company dated 12 March 2024. For details of the 2024 Share Option Scheme, please refer to the announcements of the Company dated 12 March 2024 and 4 June 2024 as well as the circular of the Company dated 2 May 2024.

10.1.1 2024 Share Option Scheme

During the reporting period, no options were granted under the 2024 Share Option Scheme. A summary of the movements of the outstanding share options under the 2024 Share Option Scheme during the reporting period is as follows:

Grantee	Grant date	Number of share options								Outstanding as at 30 June 2025
		Vesting period	Exercise period	Exercise price per Share HK\$	Outstanding as at 1 January 2025	Granted	Exercised	Lapsed	Cancelled	
		(Note 1)	(Note 2)	(Note 3)		(Note 4)	(Note 5)			
TANG Li Executive Director and co-chief financial officer	8 July 2024	8 July 2025 – 8 July 2027	8 July 2025 – 8 July 2034	1.45	610,000	–	–	–	–	610,000
Subtotal for Director					610,000	–	–	–	–	610,000
Employees	8 July 2024	8 July 2025 – 8 July 2027	8 July 2025 – 8 July 2034	1.45	10,810,000	–	–	1,330,000	–	9,480,000
Total					11,420,000	–	–	1,330,000	–	10,090,000



MANAGEMENT DISCUSSION AND ANALYSIS

Note 1: Subject to the 2024 Share Option Scheme Rules, the share options granted are subject to a vesting scheme in tranches: one-third shall be vested on the first anniversary of the grant date, one-third shall be vested on the second anniversary of the grant date, and the remaining shall be vested on the third anniversary of the grant date.

Note 2: According to the 2024 Share Option Scheme, the share options shall be exercised within the Share Option Period. "Share Option Period" shall mean, in respect of any particular share option, a period (which may not be later than 10 years from the offer date of that share option) to be determined and notified by the Board or the Administration Committee to the grantee thereof and, in the absence of such determination, from the offer date to the earlier of (i) the date on which such share option lapses; and (ii) 10 years from the offer date of such share option. There is no minimum period for which any vested share option must be held before it can be exercised, and no performance target is required for a grantee before the exercise of vested share options.

Note 3: The exercise price is not less than the higher of (i) the closing price of HK\$1.45 per Share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 8 July 2024 (i.e. the grant date); and (ii) the average closing price of HK\$1.35 per Share as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 8 July 2024. The closing price immediately preceding the date of grant of share options was HK\$1.56 per Share.

Note 4: The performance targets attached to the grant of options include (a) measurable performance benchmark which the Board considers relevant to the grantee, such as key performance indicators of respective department(s) and/or subsidiary(ies) to which the grantee belongs, individual position, ranking, annual appraisal results and performance of the grantee as determined under the Company's employee performance evaluation system; (b) the grantee's fulfilment of milestones with respect to, including but not limited to, the business development of the Group; (c) such performance targets as the Board considers appropriate, such as the Company's annual results, the annual growth in the revenue of the Group as compared to the previous financial year and the performance of the Group. The Board or the Administration Committee will conduct assessment by comparing the actual performance, operating or financial results of the Company, the Company's subsidiary(ies) and the actual performance of the grantee with the pre-determined targets or individual performance indicators to determine whether or to what extent the performance targets have been met. Such pre-determined targets or individual performance indicators specified in the Share Option Offer letter may be set by the Board or the Administration Committee on a case by case basis with reference to factors including the specific position and role of the relevant grantee, and the overall business plan, strategy and the expected financial performance of the Group in the relevant period. The performance targets will be deemed to be met when the actual level achieved reaches or exceeds the level of the pre-determined targets or individual performance indicators. For details, please refer to the section headed "V. Grant Of Share Options" set forth in Appendix I to the circular of the Company dated 2 May 2024.

Note 5: No options were exercised under the 2024 Share Option Scheme during the reporting period. Therefore, the weighted average closing price of such shares immediately prior to the exercise date of the options as required to be disclosed under Rule 17.07(1)(d) of the Listing Rules is not applicable.

Note 6: On 1 January 2025, the number of share options that may be granted under the 2024 Share Option Scheme was 36,538,660, while the number of share options that may be granted under the 2024 Share Option Scheme was 37,868,660 and the number of shares to be issued under the share options granted but remain outstanding was 10,090,000 as at the end of the reporting period. No options were granted under the 2024 Share Option Scheme during the reporting period. Therefore, Rule 17.07(3) of the Listing Rules requires to disclose the weighted average number of Shares that may be issued in respect of options under all share options schemes of the Company during the reporting period divided by the Shares in issue during the reporting period is not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

10.1.2 2024 Restricted Share Award Scheme

During the reporting period, no shares were granted or vested pursuant to the 2024 Restricted Share Award Scheme. The number of shares available for grant under the 2024 Restricted Share Award Scheme was 88,403,540 Shares as at 30 June 2025. Grantees under such award scheme are not required to pay any amount upon acceptance of restricted shares awards granted.

Movements of the number of Restricted Shares during the reporting period								
Grantee	Grant date	Vesting period	Outstanding as at 1 January 2025	Granted	Vested	Lapsed	Cancelled	Outstanding as at 30 June 2025
		(Note 1)		(Note 2)	(Note 3)			
TANG Li Executive Director and co-chief financial officer	8 July 2024	8 July 2025 – 8 July 2027	1,420,000	–	–	–	–	1,420,000
Subtotal for Director			1,420,000	–	–	–	–	1,420,000
Employees	8 July 2024	8 July 2025 – 8 July 2027	25,160,000	–	–	3,080,000	–	22,080,000
Subtotal for employees			25,160,000	–	–	3,080,000	–	22,080,000
Total			26,580,000	–	–	3,080,000	–	23,500,000

Note 1: Subject to the 2024 Restricted Share Award Scheme Rules, upon satisfaction of vesting conditions, the Restricted Shares granted to the grantees are subject to a vesting scheme in tranches: one-third shall be vested on the first anniversary of the grant date, one-third shall be vested on the second anniversary of the grant date, and the remaining shall be vested on the third anniversary of the grant date. The exercise period for Restricted Shares granted has not been specified under the rules of the award scheme.

Note 2: According to the 2024 Restricted Share Award Scheme Rules, in determining the number of Restricted Shares to be granted to any selected grantee, the Board or the Administration Committee shall take into account certain matters, including but not limited to: i. the current and expected contribution of the the Group's profits from relevant selected grantees; ii. the expertise, skills or experience, performance and synergies at work and achievement of performance targets of relevant selected grantees; iii. the general financial condition, overall business objectives and future development plans of the Group; and iv. any other matters that the Board or the Administration Committee deems relevant. The grantee of Restricted Shares is not required to pay any consideration for the acceptance of the Restricted Share awards granted. For details, please refer to the announcement of the Company dated 12 March 2024.

Note 3: No shares were vested under the 2024 Restricted Share Award Scheme during the reporting period. Therefore, the weighted average closing price of such shares immediately prior to the vesting date as required to be disclosed under Rule 17.07(1)(d) of the Listing Rules is not applicable.

Note 4: As at 1 January 2025, the number of shares that may be granted under the 2024 Restricted Share Award Scheme was 85,323,540. As at 30 June 2025, the number of shares that may be granted under the 2024 Restricted Share Award Scheme was 88,403,540.

Note 5: The 2024 Restricted Share Award Scheme does not involve the issue of new shares. Therefore, the weighted average number of Shares that may be issued in respect of the Restricted Shares granted under the 2024 Restricted Share Award Scheme during the reporting period divided by the number of issued shares (excluding treasury shares) during the reporting period as required to be disclosed under Rule 17.07(3) of the Listing Rules is not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

10.2 Employee benefits

The Group provides competitive remuneration packages for employees based on their qualifications, capabilities, performance and comparable information on the market, in order to attract, retain and encourage excellent talents. The remuneration packages generally include salary, contributions to pension schemes and discretionary bonuses. The Group also offers training for employees. The Group will regularly review the remuneration packages to reflect market practices and employees' performance.

The Chinese employees of the Group are entitled to participate in several government-regulated housing fund, medical insurance and other social insurance schemes. The Group makes monthly contributions to those funds based on a certain percentage of employees' salaries, subject to certain ceilings. The Group's obligations in respect of these funds are limited to the contributions payable each year. The contributions to the housing fund, medical insurance and other social insurance are expensed when incurred. In accordance with the PRC Labor Law, the Group has made contributions to social insurance (including endowment insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and the housing fund for employees. The Group also provides supplemental medical insurance, group accident insurance and employer liability insurance in addition to those required under the PRC regulations. As at 30 June 2025, the Group complied with all statutory social insurance and housing fund obligations applicable to the Group under the PRC laws in all material aspects.

12. EVENTS AFTER THE REPORTING PERIOD

The Group had no significant subsequent events which are required to be disclosed after 30 June 2025 up to the date of this report.

13. FUTURE PROSPECT

In the second half of 2025, amid persistent uncertainties in the external environment, the Group will continue to be guided by the market-oriented principles, and adjust the layout and allocation by enhancing flexibility and responding to changing conditions. In China, the Group will cope with risks through lean management, and focus on deepening customer marketing, developing industry-specific solutions, and optimizing asset allocation to continuously create and elevate value throughout the entire asset lifecycle.

Overseas, the Group will implement the dual-driven strategy of "deepening presence in existing markets" and "expanding into emerging markets". In countries where the Group has already gained a foothold, we will refine operations, comprehensively improve operational efficiency, and optimize resource allocation to constantly consolidate and expand our competitive edges. Simultaneously, the Group will actively implement the "3+3+3" overseas development strategy, systematically identify potential markets worldwide. In our next phase, we will prioritize regions such as Africa, South America and Asia, and conduct in-depth evaluation to pinpoint countries with growth potential. We will prudently and firmly develop markets to broaden our international footprint and create stronger long-term returns for shareholders.

DISCLOSURE OF INTERESTS

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

As at 30 June 2025, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were detailed as follows:

(1) Interest in the Company:

Name of the director and chief executive	Capacity/nature of interest	Total number of ordinary Shares ⁽¹⁾	Approximate percentage of interest ⁽²⁾
KONG Fanxing	Beneficial owner	8,078,052 (L) ⁽³⁾	0.25%
ZHAN Jing	Beneficial owner	1,000,186 (L)	0.03%
TANG Li	Beneficial owner	2,269,125 (L) ⁽⁴⁾	0.07%
XU Huibin	Beneficial owner	1,215,290 (L) ⁽⁵⁾	0.04%
HE Ziming	Beneficial owner	3,031,665 (L) ⁽⁶⁾	0.09%
	Interest in a controlled corporation	177,090,112 (L) ⁽⁶⁾⁽⁷⁾	5.54%
	Interest of spouse	30,979,332 (L) ⁽⁶⁾⁽⁸⁾	0.97%
GUO Lina	Beneficial owner	122,184 (L) ⁽⁹⁾	0.00%
LIU Jialin	Beneficial owner	27,777 (L) ⁽¹⁰⁾	0.00%
	Interest of spouse	27,777 (L) ⁽¹⁰⁾	0.00%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the Company (the "Shares").

(2) The percentage is calculated on the basis of 3,197,244,000 Shares in issue of the Company as at 30 June 2025.

DISCLOSURE OF INTERESTS

- (3) These interests include (i) 1,346,342 ordinary Shares of the Company distributed to Mr. KONG Fanxing pursuant the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 6,731,710 ordinary Shares of the Company distributed to Mr. KONG Fanxing pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.
- (4) These interests include (i) 8,743 ordinary Shares of the Company distributed to Mr. TANG Li pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; (ii) 30,382 ordinary Shares distributed to Mr. TANG Li pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024; and (iii) according to the 2024 Share Option Scheme, the Company has granted options of 610,000 Shares thereof to Mr. TANG Li on 8 July 2024; on the same date, according to the 2024 Restricted Share Award Scheme, the Company has granted 1,420,000 restricted shares thereof to Mr. TANG Li.
- (5) These interests include (i) 202,531 ordinary Shares of the Company distributed to Mr. XU Huibin pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 1,012,759 ordinary Shares of the Company distributed to Mr. XU Huibin pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.
- (6) These interests include (i) 44,667, 104,889 and 81,519 ordinary Shares of the Company distributed to Mr. HE Ziming, his spouse, Ms. LIU Lifang and Shanghai Lanjin Stone Decoration Co., Ltd., (上海藍金石材裝飾有限公司) ("Shanghai Lanjin"), a corporation wholly-owned by Mr. HE Ziming respectively by the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 294,998, 524,443 and 407,593 ordinary Shares of the Company distributed to Mr. HE Ziming and his spouse, Ms. LIU Lifang and Shanghai Lanjin, a corporation wholly-owned by Mr. HE Ziming respectively pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.
- (7) Farsighted Wit Limited is wholly owned by Tianjin Hongjian Enterprise Management Consulting Center (Limited Partnership) ("Tianjin Hongjian"). The limited partner of Tianjin Hongjian holding 68.72% of partnership interest in Tianjin Hongjian is Tianjin Lanjin Enterprise Management Consulting Center (Limited Partnership) ("Tianjin Lanjin"), which is controlled by Tianjin Hongsheng Leasing Co., Ltd. ("Tianjin Hongsheng") as general partner, and Tianjin Lanjin is owned as to 79.37% of partnership interest by Mr. HE Ziming as limited partner. In addition, Shanghai Lanjin is wholly owned by Mr. HE Ziming. Accordingly, Mr. HE Ziming is deemed to be interested in the 176,600,000 Shares held by Farsighted Wit Limited and the 490,112 Shares held by Shanghai Lanjin for the purpose of Part XV of the SFO.

DISCLOSURE OF INTERESTS

- (8) Shares held by Ms. LIU Lifang, the spouse of Mr. HE Ziming, directly and through Lanjin Limited, which was incorporated in the British Virgin Islands as an exempted company with limited liability and is wholly owned by Ms. LIU Lifang.
- (9) These interests include (i) 20,364 ordinary Shares of the Company distributed to Ms. GUO Lina pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 101,820 ordinary Shares of the Company distributed to Ms. GUO Lina pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.
- (10) These interests include (i) 4,629 ordinary Shares of the Company distributed to each Mr. LIU Jialin and his spouse, Ms. WU Ke pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 23,148 ordinary Shares of the Company distributed to each Mr. LIU Jialin and his spouse, Ms. WU Ke pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.

(2) Interests in the Shares or Underlying Shares of Associated Corporations of the Company:

Name of the director or chief executive	Name of associated corporation	Nature of interest	Approximate percentage of interest in shares/underlying shares of associated corporation ⁽⁸⁾	
			Number of shares/ underlying shares ⁽¹⁾	
KONG Fanxing	Far East Horizon	Beneficial owner	96,127,463 (L) ⁽²⁾	2.01%
		Interest in a controlled corporation	868,947,897 (L) ⁽³⁾	18.24%
XU Huibin	Far East Horizon	Beneficial owner	16,503,450 (L) ⁽⁴⁾	0.34%
ZHAN Jing	Far East Horizon	Beneficial owner	18,037,912 (L) ⁽⁵⁾	0.37%
GUO Lina	Far East Horizon	Beneficial owner	1,524,315 (L) ⁽⁶⁾	0.03%
TANG Li	Far East Horizon	Beneficial owner	164,771 (L) ⁽⁷⁾	0.00%
HE Ziming	Far East Horizon	Beneficial owner	1,593,000 (L)	0.03%
		Interest in a controlled corporation	2,201,000 (L)	0.04%
		Interest of spouse	2,832,000 (L)	0.05%
LIU Jialin	Far East Horizon	Beneficial owner	125,000 (L)	0.00%
		Interest of spouse	125,000 (L)	0.00%

DISCLOSURE OF INTERESTS

Notes:

- (1) The letter "L" denotes long position in the shares/underlying shares.
- (2) These interests include Mr. KONG Fanxing's entitlement to receive shares in Far East Horizon pursuant to share schemes of Far East Horizon.
- (3) These interests include 272,237,062 shares held directly by Idea Delicacy Limited, 40,726,000 shares held directly by Powerful Force HK Limited, 159,670,000 shares held directly by Will of Heaven HK Limited, 107,503,000 shares held directly by Swallow Gird HK Limited, 197,945,000 shares held directly by Energon HK Limited and an aggregate of 90,866,835 shares held directly by certain employees of Far East Horizon. All of them and their employees had unconditionally, irrevocably and permanently entrusted Idea Prosperous Limited, a company 100% owned by Mr. KONG Fanxing, to exercise the voting rights attached to the shares.
- (4) These interests include Mr. XU Huibin's entitlement to receive shares in Far East Horizon pursuant to share schemes of Far East Horizon.
- (5) These interests include Mr. ZHAN Jing's entitlement to receive shares in Far East Horizon pursuant to share schemes of Far East Horizon.
- (6) These interests include Ms. GUO Lina's entitlement to receive shares in Far East Horizon pursuant to share schemes of Far East Horizon.
- (7) These interests include Mr. TANG Li's entitlement to receive shares in Far East Horizon pursuant to share schemes of Far East Horizon.
- (8) The percentage is calculated on the basis of 4,761,515,040 shares in issue of Far East Horizon as at 30 June 2025.

Saved as disclosed above, as at 30 June 2025, none of the directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant of Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

Based on the information available to the directors of the Company, as at 30 June 2025 (including such information as was available on the website of the Stock Exchange) or so far as they are aware of, as at 30 June 2025, other than the directors and chief executives of the Company, the entities or individuals who had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company under section 336 of the SFO or had otherwise notified to the Company were as follows:

Name of the shareholder	Nature of interest	Number of ordinary Shares ⁽¹⁾	Approximate percentage of interest ⁽²⁾
Far East Horizon	Beneficial owner	1,333,247,413 (L)	41.70%
	Interest in a controlled corporation	176,600,000 (L) ⁽³⁾	5.52%
Farsighted Wit Limited	Beneficial owner	176,600,000 (L) ⁽³⁾	5.52%
Tianjin Hongsheng	Interest in a controlled corporation	176,600,000 (L) ⁽³⁾	5.52%
Tianjin Hongjian	Interest in a controlled corporation	176,600,000 (L) ⁽³⁾	5.52%
Tianjin Lanjin	Interest in a controlled corporation	176,600,000 (L) ⁽³⁾	5.52%
International Far Eastern Leasing Co., Ltd.	Interest in a controlled corporation	176,600,000 (L) ⁽³⁾	5.52%
Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	Interest in a controlled corporation	176,600,000 (L) ⁽³⁾	5.52%

Notes:

(1) The letter "L" denotes the long position in the Shares.

(2) The percentage is calculated on the basis of 3,197,244,000 shares in issue as at 30 June 2025.

(3) Tianjin Hongsheng is owned as to 100% by Far East Horizon (Tianjin) Financial Leasing Co., Ltd., which is in turn owned as to 55.38% by Far East Horizon and 44.62% by International Far Eastern Leasing Co., Ltd. (a wholly-owned subsidiary of Far East Horizon). Please refer to Note (7) of the section headed "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations – (1) Interests in the Company" for further details of the shareholding structure.

Saved as disclosed above, as at 30 June 2025, the register required to be kept under section 336 of the SFO showed that the Company had not been notified by any person of any interest or short position in the Shares or underlying Shares.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the part 2 of Appendix C1 (Corporate Governance Code, the “CG Code”) to Listing Rules.

The Company has complied with the code provisions of the CG Code throughout the period from 1 January 2025 to 30 June 2025, except for Code Provision F.2.2 (which has been re-numbered as Code Provision F.1.3 since 1 July 2025) as explained below.

Code Provision F.2.2 (which has been re-numbered as Code Provision F.1.3 since 1 July 2025) of the CG Code stipulates that, among others, the chairman of the board should attend the annual general meeting of the listed issuers and invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) or in the absence of the chairmen of such committees, another member of the committee to attend and be available to answer questions at the annual general meeting.

At the annual general meeting (the “AGM”) of the Company held on 14 April 2025, Mr. KONG Fanxing (Chairman of the Board), Mr. XU Min (Chairman of Audit Committee and member of Environmental, Social and Governance Committee), Ms. JIN Jinping (Chairwoman of Nomination Committee and Remuneration Committee and member of Audit Committee), Mr. SUM Siu Kei (Chairman of Environmental, Social and Governance Committee and member of Audit Committee), Mr. XU Huibin (member of Nomination Committee), Mr. HE Ziming (member of Environmental, Social and Governance Committee), Ms. GUO Lina (member of Remuneration Committee) and Mr. LIU Jialin (member of Nomination Committee and Remuneration Committee) were unable to attend due to other work commitments. In order to ensure smooth holding of the AGM, Mr. ZHAN Jing (executive Director and chief executive officer) chaired the AGM and answered questions where necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in the Appendix C3 to the Listing Rules as its own code of conduct for its directors and relevant employees regarding their dealings in the Company’s securities.

Specific enquiry had been made to all the Directors and the Directors have confirmed that they had complied with the Model Code throughout the six months ended 30 June 2025.

CORPORATE GOVERNANCE

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the period from 1 January 2025 to 30 June 2025, the Board had been in compliance with Rule 3.10(1) of the Listing Rules, which requires a listed company to maintain at least three independent non-executive directors in the Board; with Rules 3.10(2) of the Listing Rules, which requires one of those independent non-executive directors to be specialized in accounting or relevant financial management; and with Rule 3.10A of the Listing Rules, which requires independent non-executive directors representing at least one-third of the Board.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules. The Audit Committee comprises three members, including Mr. XU Min, as Chairman, Mr. SUM Siu Kei and Ms. JIN Jinping. This interim report has been reviewed by the Audit Committee.

The Audit Committee has reviewed, with the management and the external auditor, the condensed consolidated financial statements for the six months ended 30 June 2025 of the Group, including the accounting principles and practices adopted by the Group.

OTHER INFORMATION

IMPLEMENTATION OF DISTRIBUTION OF 2024 FINAL DIVIDEND

According to the proposal in relation to dividend distribution, which was considered and passed at the AGM held on 14 April 2025, the Group has paid a dividend of HK\$0.045 per share to shareholders whose names appear on the register of members of the Company on 11 June 2025, thereby resulting in a total dividend payment amount of HK\$143,876,000.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2025 (30 June 2024: HK\$0.05 per Share).

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

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

ENTERING INTO COOPERATION FRAMEWORK AGREEMENT WITH FAR EAST HORIZON

On 8 May 2025, the Company and Far East Horizon entered into a cooperation framework agreement (the "Cooperation Framework Agreement"), pursuant to which the Group agreed to provide the Far East Horizon and/or its associates (excluding the Group) (the "Far East Horizon Connected Persons") with engineering and technical services and equipment operating lease services and the Far East Horizon Connected Persons agreed to provide the Group with advisory services for the period from 8 May 2025 to 31 December 2027. The fees receivable by the Group from the Far East Horizon Connected Persons for the provision of engineering and technical services and equipment operating lease services shall not exceed RMB141 million and the fees payable by the Group to the Far East Horizon Connected Persons for the provision of advisory services shall not exceed RMB25 million for each financial year ending 31 December during the term of the Agreement.

In terms of the caps of the fee for the provision of engineering and technical services and equipment operating lease services in each financial year, due to the current projects' requirements for customization, integration and sustainability of solutions, the engineering and technical services and equipment operating lease services are usually provided to customers in an integrated manner, especially in the construction, energy, manufacturing and infrastructure development industries. The integrated model can comprehensively meet project needs, improve efficiency and reduce costs. Therefore, the caps for the engineering and technical services and equipment operating lease services are aggregated in each financial year caps.

OTHER INFORMATION

Pursuant to Cooperation Framework Agreement, the fees receivable by the Group for the provision of engineering and technical services and equipment operating lease services to the Far East Horizon Connected Persons shall be agreed at arm's length negotiation between the parties in the following order: (1) the prices prescribed or authorized by the regulatory authority of the country or region where the services are provided; (2) the reasonable prices under industry guidelines or self-regulation; (3) in the absence of the foregoing, the price shall be the comparable local market prices; (4) in the absence of comparable local market prices, the price shall be the presumptive prices (the presumptive price is the price consisting of actual costs, which are determined in accordance with the relevant accounting standards applicable from time to time, plus a certain profit margin at that time); (5) if the above price determination methods are not applicable, the price shall be negotiated after the parties consider relevant factors carefully. Among them, the profit margin mentioned in the item (4) specifically refers to the gross profit margin of the Group's engineering and technical services and equipment operating lease services, which are expected to be 20% to 30% and 30% to 50%, respectively. Such gross profit margin levels are in line with industry practices and consistent with the pricing standards of similar services provided by the Group to other independent third parties.

Pursuant to Cooperation Framework Agreement, the fees receivable by the Far East Horizon Connected Persons for the provision of advisory services to the Group shall be agreed at arm's length negotiation between the parties in the following order: (1) comparable local market prices for transactions of the same type or similar transactions; (2) in the absence of comparable local market prices, the price shall be the presumptive prices (the presumptive price is the price consisting of actual costs, which are determined in accordance with the relevant accounting standards applicable from time to time, plus a certain profit margin at that time); (3) if the above price determination methods are not applicable, the price shall be negotiated after the parties consider relevant factors carefully. Among them, the profit margin mentioned in the item (2) specifically refers to the gross profit margin of consulting services provided by the Far East Horizon Connected Persons, which are expected to be 30% to 40%. The pricing standard was determined by reference to the industry practice and the price level at which the Group obtains similar services from other independent third parties.

The historical transaction amounts of (a) engineering and technical services and (b) equipment operating lease services provided by the Group to the Far East Horizon Connected Persons for the three years ended 31 December 2024 are set out below:

Unit: RMB'000	For the year ended 31 December		
	2022	2023	2024
Transaction amount of the Group for engineering and technical services	-	-	2
Transaction amount of the Group for equipment operating lease services	165	401	309

The Company confirms that the historical transaction amount of the above-mentioned engineering and technical services and equipment operating lease services was within the de minimis threshold under the Listing Rules. The Company further confirms that during the period from 1 January 2025 to the signing date of the Cooperation Framework Agreement (being 8 May 2025), the Group did not enter into any transactions of the same nature as those contemplated under the Cooperation Framework Agreement with the Far East Horizon Connected Persons.

OTHER INFORMATION

Far East Horizon, being a controlling shareholder of the Company, is therefore a connected person of the Company. As such, the transactions contemplated under the Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the proposed annual caps for each transaction contemplated under the Cooperation Framework Agreement exceeds 0.1% but is less than 5%, the Cooperation Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details, please refer to the Company's announcement dated 8 May 2025 in relation to the entering into of the Cooperation Framework Agreement.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

As at the date of this report, details of the change of Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

Name of Director	Details of change
Mr. KONG Fanxing	Ceased to be an executive director of Far East Horizon Industrial Investment (Tianjin) Co., Ltd. (遠東宏信實業投資(天津)有限公司) since 6 February 2025. Ceased to be the general manager of Far East Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司) since 30 June 2025.

INDEPENDENT REVIEW REPORT



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To the board of directors of Horizon Construction Development Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 62 to 128, which comprises the condensed consolidated statement of financial position of Horizon Construction Development Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
31 July 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

For the six months ended 30 June			
		2025	2024
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
REVENUE	5	4,350,062	4,872,421
Cost of sales	7	(3,409,395)	(3,313,096)
Gross profit		940,667	1,559,325
Other income and gains	6	104,327	106,938
Selling and distribution expenses	7	(242,505)	(262,742)
Administrative expenses	7	(519,907)	(423,512)
Expected credit losses ("ECLs") on financial and contract assets, net	7	186,877	(171,117)
Other expenses	7	(18,113)	(19,905)
Finance costs	8	(401,070)	(382,097)
PROFIT BEFORE TAX	7	50,276	406,890
Income tax expense	9	(14,786)	(138,662)
PROFIT FOR THE PERIOD		35,490	268,228
Attributable to:			
Owners of the parent		35,490	268,228
		35,490	268,228
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11	RMB	RMB
Basic			
Earnings per share		0.01	0.08
Diluted			
Earnings per share		0.01	0.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	35,490	268,228
Other comprehensive income that may be reclassified to profit or loss in the subsequent period:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	(1,054)	(400)
Offset of foreign exchange loss	2,884	–
Income tax effect	(193)	(114)
Exchange differences:		
Exchange differences on translation of foreign operations	(33,983)	(7,725)
Net other comprehensive income that may be reclassified to profit or loss in the subsequent period	(32,346)	(8,239)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(32,346)	(8,239)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,144	259,989
Attributable to:		
Owners of the parent	3,144	259,989

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

		30 June 2025	31 December 2024
		RMB'000	RMB'000
	Notes	(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	21,720,292	22,245,403
Right-of-use assets	13(a)	853,558	905,139
Goodwill	14	173,979	–
Other intangible assets	15	6,294	6,749
Investments in associates	16	649	260
Prepayments, other receivables and other assets	20	662,815	705,104
Deferred tax assets	17	383,088	362,808
Total non-current assets		23,800,675	24,225,463
CURRENT ASSETS			
Inventories	18	245,162	245,111
Trade receivables	19	6,112,937	5,870,926
Contract assets	21	697,502	753,848
Prepayments, other receivables and other assets	20	2,551,429	2,672,411
Debt investments at fair value through other comprehensive income	22	697,052	871,920
Derivative financial instruments		–	1,166
Restricted bank balances	23	300,019	9,918
Cash and cash equivalents	23	2,176,580	1,783,418
Total current assets		12,780,681	12,208,718
CURRENT LIABILITIES			
Trade and bills payables	24	2,244,433	2,395,257
Other payables and accruals	25	971,352	871,239
Derivative financial instruments		1,619	1,732
Interest-bearing bank and other borrowings	26	7,687,391	6,535,498
Lease liabilities	13(b)	169,515	204,088
Tax payables		87,781	141,922
Total current liabilities		11,162,091	10,149,736
NET CURRENT ASSETS		1,618,590	2,058,982
TOTAL ASSETS LESS CURRENT LIABILITIES		25,419,265	26,284,445

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

		30 June 2025	31 December 2024
		RMB'000	RMB'000
	Notes	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Other payables and accruals	25	30,580	15,447
Interest-bearing bank and other borrowings	26	13,537,301	14,367,397
Lease liabilities	13(b)	445,766	429,494
Financial liabilities at fair value through profit or loss	32	73,937	–
Deferred revenue	27	3,935	13,757
Total non-current liabilities		14,091,519	14,826,095
Net assets		11,327,746	11,458,350
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	421	421
Reserves	31	11,327,325	11,457,929
Total equity		11,327,746	11,458,350

Zhan Jing
Director

Tang Li
Director

Deng Huanan
Co-Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the parent								Total equity
	Share capital	Share premium*	Merger reserve*	Capital reserve*	Shares held for the share award scheme*	Share-based compensation reserve*	Special reserve*	Other comprehensive income*	Retained profits*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 28)	(note 31)	(note 31)	(note 31)	(note 30)	(note 31)	(note 31)	(note 31)	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 31 December 2024 (Audited)	421	7,533,457	(29,862)	394,456	(89,455)	12,254	165,120	3,813	3,468,146
Profit for the period	-	-	-	-	-	-	-	-	35,490
Other comprehensive income for the period:									
Cash flow hedges, net of tax	-	-	-	-	-	-	-	1,637	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(33,983)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	(32,346)	3,144
2024 annual dividend	-	-	-	-	-	-	-	-	(132,874)
Reverse of equity-settled share-based payments	-	-	-	-	-	(874)	-	-	-
Special reserve – safety fund appropriation	-	-	-	-	-	-	8,102	-	(8,102)
At 30 June 2025	421	7,533,457	(29,862)	394,456	(89,455)	11,380	173,222	(28,533)	3,362,660
									11,327,746

* These reserve accounts comprise the consolidated reserves of RMB11,327,325,000 in the interim condensed consolidated statement of financial position as at 30 June 2025.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the parent							
	Share capital	Share premium*	Merger reserve*	Capital reserve*	Shares held for the share award scheme*	Special reserve*	Other comprehensive income*	Retained profits*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 28)	(note 31)	(note 31)	(note 31)	(note 31)	(note 31)		Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 31 December 2023 (Audited)	421	7,533,457	(29,862)	394,456	-	113,755	(2,309)	2,767,749
Profit for the period	-	-	-	-	-	-	-	268,228
Other comprehensive income for the period:								
Cash flow hedges, net of tax	-	-	-	-	-	-	(514)	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(7,725)	-
Total comprehensive income for the period	-	-	-	-	-	-	(8,239)	259,989
Purchase of shares held for the share award scheme	-	-	-	-	(5,884)	-	-	-
Special reserve – safety fund appropriation	-	-	-	-	-	34,228	-	(34,228)
At 30 June 2024	421	7,533,457	(29,862)	394,456	(5,884)	147,983	(10,548)	3,001,749
								11,031,772

* These reserve accounts comprise the consolidated reserves of RMB11,031,351,000 in the interim condensed consolidated statement of financial position as at 30 June 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

For the six months ended 30 June			
		2025	2024
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		50,276	406,890
Adjustments for:			
Finance costs	8	401,070	382,097
Gains on financial assets at fair value through profit or loss	6	(320)	(288)
Fair value gains on derivative instruments – not for hedge accounting	6	–	(3,732)
Gain on disposal of items of property, plant and equipment and early termination of right-of-use assets	6	(6,448)	(6,559)
Loss on scrapped and physical items of property, plant and equipment	7	80	345
ECLs on financial and contract assets, net	7	(186,877)	171,117
Impairment of repossessed assets	7	4,081	(8,397)
Depreciation of property, plant and equipment	12	1,315,971	1,073,569
Depreciation of right-of-use assets	13(a)	204,789	150,646
Amortisation of other intangible assets	15	455	438
Deferred revenue	27	(9,822)	(586)
Additional value-added tax (VAT) reduction	6	–	(18,381)
Equity-settled share-based payment expense	7	(874)	–
Exchange losses	7	5,624	10,293
		1,778,005	2,157,452
Decrease/(increase) in inventories		174,790	(18,646)
Increase in trade receivables		(92,651)	(799,931)
(Increase)/decrease in debt investments at fair value through other comprehensive income		(276,838)	232,634
Decrease in prepayments, other receivables and other assets		287,875	418,237
Decrease/(increase) in contract assets		61,451	(628,381)
Increase in trade and bills payables		110,625	271,886
Decrease in other payables and accruals		(99,492)	(60,084)
Cash generated from operations		1,943,765	1,573,167
Tax paid		(163,399)	(224,653)
Net cash flows generated from operating activities		1,780,366	1,348,514

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

For the six months ended 30 June			
		2025	2024
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
Net cash flows generated from operating activities		1,780,366	1,348,514
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(658,328)	(3,161,906)
Proceeds from disposal of items of property, plant and equipment		6,374	53,532
Investment in associates		(380)	(239)
Acquisition of a subsidiary, net of cash acquired	32	(209,546)	–
Net cash received for investments		320	288
Net cash flows used in investing activities		(861,560)	(3,108,325)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings	33	4,057,102	6,089,533
Dividends paid		(2,411)	–
Interest paid	33	(397,235)	(360,580)
Deposits received/(paid)		55,005	(34,671)
Repayment of bank and other borrowings	33	(3,780,975)	(4,030,421)
Principal portion of lease payments, net	33	(160,977)	(115,582)
Placement of restricted deposits		(290,101)	(6,463)
Purchase of shares held for the share award scheme		–	(5,884)
Net cash flows (used in)/generated from financing activities		(519,592)	1,535,932
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		399,214	(223,879)
Cash and cash equivalents at beginning of period		1,783,418	2,166,798
Effect of foreign exchange rate changes, net		(6,052)	(10,293)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	23	2,176,580	1,932,626

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1. CORPORATE INFORMATION

Horizon Construction Development Limited (the “Company”) was incorporated in the Cayman Islands on 28 September 2020 as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands. The registered address of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is an investment holding company. During the reporting period, the Company and its subsidiaries (the “Group”) are principally engaged in the provision of the following services:

- (i) Operating lease services, including operational leasing of aerial work platform, turnover materials and mould bases;
- (ii) Engineering and technical services, including construction and related services, electric power supply services, equipment repair and maintenance services and logistics services; and
- (iii) Asset management and other services, including asset management services (mainly referring to subleasing services and related maintenance services) and sale of goods (mainly referring to the sales of new equipment, second-hand equipment and materials).

The immediate holding company of the Company is Far East Horizon Limited (the “Controlling Shareholder”).

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21

Lack of Exchangeability

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

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (i) Operating lease services: Leasing of equipment and materials to customers and generating revenue mainly from rental fees payable by customers. The equipment and materials remain the property of the Group and are leased out to different customers with same or similar requirements;
- (ii) Engineering and technical services: Provision of construction services, electric power supply services, equipment repair and maintenance services and logistics services, and related value-added services, and generating revenue mainly from service fees charged to customers; and
- (iii) Asset management and other services: Subleasing and sale of equipment and materials.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and gains (other than gain on disposal of items of property, plant and equipment and early termination of right-of-use assets), non-financial lease-related finance costs, ECLs of other receivables, as well as other expenses (other than loss on scrapped and physical items of property, plant and equipment).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)

Segment assets exclude investment in associates, deferred tax assets, derivative financial instruments, restricted bank balances, cash and cash equivalents as well as other receivables and other assets.

Segment liabilities exclude other payables and accruals (other than lease deposits, salary and welfare payables, advances from customers, contract liabilities and dividend payables), interest-bearing bank and other borrowings, tax payables, derivative financial instruments, deferred tax liabilities and deferred revenue.

As at and for the six months ended 30 June 2025

	Operating lease services	Engineering and technical services	Asset management and other services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (note 5)				
Sales to external customers	2,265,244	1,138,882	945,936	4,350,062
Intersegment sales	–	–	–	–
Revenue	2,265,244	1,138,882	945,936	4,350,062
Segment results	326,732	19,909	14,916	361,557
<i>Reconciliation:</i>				
Unallocated other income and gains				97,879
Unallocated other expenses				(17,251)
Unallocated finance costs				(388,992)
Unallocated ECLs				(2,917)
Profit before tax				50,276

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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4. OPERATING SEGMENT INFORMATION (continued)

As at and for the six months ended 30 June 2025 (continued)

	Operating lease services	Engineering and technical services	Asset management and other services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	20,444,215	9,188,168	1,437,885	31,070,268
<i>Reconciliation:</i>				
Corporate and other unallocated assets				5,511,088
Total assets				36,581,356
Segment liabilities	2,273,083	1,071,964	64,013	3,409,060
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				21,844,550
Total liabilities				25,253,610
Other segment information				
Impairment losses reversed in profit or loss, net	(106,494)	(49,798)	(33,502)	(189,794)
Unallocated impairment losses of financial and contract assets				2,917
Unallocated impairment losses of repossessed assets				4,081
Total impairment losses reversed in profit or loss, net				(182,796)
Depreciation and amortisation	1,064,535	456,680	–	1,521,215
Capital expenditure*	577,201	247,616	–	824,817

* Capital expenditure consists of additions to property, plant and equipment, and other intangible assets during the period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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4. OPERATING SEGMENT INFORMATION (continued)

As at and for the six months ended 30 June 2024

	Operating lease services	Engineering and technical services	Asset management and other services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (note 5)				
Sales to external customers	1,895,622	1,946,261	1,030,538	4,872,421
Intersegment sales	–	–	–	–
Revenue	1,895,622	1,946,261	1,030,538	4,872,421
Segment results	380,051	146,291	175,119	701,461
<i>Reconciliation:</i>				
Unallocated other income and gains				100,379
Unallocated other expenses				(19,627)
Unallocated finance costs				(367,027)
Unallocated ECLs				(8,296)
Profit before tax				406,890
Segment assets	18,210,390	11,529,599	874,786	30,614,775
<i>Reconciliation:</i>				
Corporate and other unallocated assets				4,655,124
Total assets				35,269,899
Segment liabilities	2,941,470	1,397,088	50,590	4,389,148
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				19,848,979
Total liabilities				24,238,127
Other segment information				
Impairment losses recognized in profit or loss, net	49,519	102,507	10,795	162,821
Unallocated impairment losses of financial and contract assets				8,296
Unallocated impairment losses of repossessed assets				(8,397)
Total impairment losses recognized in profit or loss, net				162,720
Depreciation and amortisation	854,373	370,280	–	1,224,653
Capital expenditure*	3,050,104	1,321,898	–	4,372,002

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

No further geographical information is presented as the Group's revenue from the external customers is derived mostly from its operation in Mainland China. Overseas total assets amounted to RMB5,420,399,000 (31 December 2024: RMB3,547,768,000), which accounted for 14.82% of the Group's total assets as at 30 June 2025 (31 December 2024: 9.74%).

Information about major customers

Total revenue from sales to the five largest customers accounted for 11% of the Group's revenue for the six months ended 30 June 2025 (30 June 2024: 15%).

5. REVENUE

An analysis of the revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from operating lease income		
Operating lease services	2,265,244	1,895,622
Subleasing	660,842	748,026
Subtotal	2,926,086	2,643,648
Revenue from contracts with customers	1,423,976	2,228,773
Total	4,350,062	4,872,421

For the six months ended 30 June 2025, RMB597,380,000 of the revenue was generated from overseas (30 June 2024: RMB72,869,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

5. REVENUE (continued)

Revenue from contracts with customers:

(a) Disaggregated revenue information:

For the six months ended 30 June 2025

Segments	Engineering and technical services	Asset management and other services	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods or services			
Engineering and technical services	1,138,882	–	1,138,882
Sale of goods	–	285,094	285,094
Total	1,138,882	285,094	1,423,976
Timing of revenue recognition			
Goods transferred at a point in time	–	285,094	285,094
Services transferred over time	1,138,882	–	1,138,882
Total	1,138,882	285,094	1,423,976

For the six months ended 30 June 2024

Segments	Engineering and technical services	Asset management and other services	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods or services			
Engineering and technical services	1,946,261	–	1,946,261
Sale of goods	–	282,512	282,512
Total	1,946,261	282,512	2,228,773
Timing of revenue recognition			
Goods transferred at a point in time	–	282,512	282,512
Services transferred over time	1,946,261	–	1,946,261
Total	1,946,261	282,512	2,228,773

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

5. REVENUE (continued)

Revenue from contracts with customers: (continued)

(a) Disaggregated revenue information: (continued)

The following table shows the amounts of revenue recognized in the period that were included in the contract liabilities at the beginning of the respective period:

For the six months ended 30 June		
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognized that was included in contract liabilities at the beginning of the period:		
Sale of goods	30,178	28,968
Engineering and technical services	30,840	7,385
Total	61,018	36,353

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

5. REVENUE (continued)

Revenue from contracts with customers: (continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 180 days from delivery.

Engineering and technical services

The performance obligation is satisfied over time as services are rendered. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the reporting period are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Amounts expected to be recognized as revenue:		
Within one year	1,306,358	1,187,256
After one year	559,868	508,824
Total	1,866,226	1,696,080

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year are related to engineering and technical services, of which the performance obligations are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognized as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

6. OTHER INCOME AND GAINS

For the six months ended 30 June			
		2025	2024
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other income			
Government grants	(a)	83,250	63,628
Bank interest income		3,923	10,026
Additional VAT reduction	(b)	–	18,381
Total other income		87,173	92,035
Other gains			
Gain on disposal of items of property, plant and equipment and early termination of right-of-use assets		6,448	6,559
Gains on financial assets at fair value through profit or loss		320	288
Fair value gains on derivative instruments – not for hedge accounting		–	3,732
Others		10,386	4,324
Total other gains		17,154	14,903
Total		104,327	106,938

Notes:

(a) Government grants

Government grants have been received from local government authorities as subsidies to the Group. In the opinion of management, there were no unfulfilled conditions or contingencies relating to these grants.

For the six months ended 30 June			
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Government special subsidies		83,250	63,628

- (b) According to *Announcement of the Ministry of Finance and the State Taxation Administration on the Clarification of Value-Added Tax Reduction and Exemption for Small-Scale Value-Added Tax Taxpayers and Other Policies* (Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration), the additional VAT reduction policy continued to be implemented by 31 December 2023. The additional VAT reduction in the year ended 31 December 2024 was in relation to the VAT paid in December 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

7. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
Cost of operating lease services		1,644,048	1,192,848
Cost of engineering and technical services provided		967,475	1,420,770
Cost of asset management and other services provided		797,872	699,478
Depreciation of property, plant and equipment ^(a)	12	31,737	35,527
Depreciation of right-of-use assets ^(b)	13(a)	35,354	30,848
Amortisation of intangible assets	15	455	438
Rental expenses		37,157	23,251
Auditor's remuneration		2,000	2,105
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages and salaries		233,466	220,834
Pension scheme contributions		25,813	27,640
Equity-settled share-based payment expense		(874)	–
Other employee benefits		52,070	45,097
ECLs on financial and contract assets:			
ECLs on trade receivables		(157,924)	102,445
ECLs on financial assets included in prepayments, other receivables and other assets	20	2,917	8,296
ECLs on contract assets	21	(5,105)	65,559
ECLs on debt investments at fair value through other comprehensive income	22	(26,765)	(5,183)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

7. PROFIT BEFORE TAX (continued)

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

For the six months ended 30 June		
	2025	2024
	RMB'000	RMB'000
Notes	(Unaudited)	(Unaudited)
Impairment of repossessed assets	4,081	(8,397)
Research and development expenses:		
Current period expenditure	106,442	70,910
Business travelling and transportation expenses	88,464	97,303
Taxes and surcharges	31,279	25,116
Litigation expenses	28,573	19,243
Information expenses	17,682	18,345
Property management service expenses	16,273	18,680
Office expenses	11,540	14,223
Consultancy fees	11,051	14,589
Commission expenses	10,255	6,793
Entertainment expenses	8,292	9,090
Exchange losses	5,624	10,293
Advertising and promotional expenses	2,780	1,201
Loss on scrapped and physical items of property, plant and equipment	80	345
Others	20,931	22,685

(a) Besides the depreciation as mentioned above, the depreciation of property, plant and equipment amounting to RMB1,284,234,000 for the six months ended 30 June 2025 is included in cost of sales and research and development expenses (30 June 2024: RMB1,038,042,000).

(b) Besides the depreciation as mentioned above, the depreciation of right-of-use assets amounting to RMB169,435,000 for the six months ended 30 June 2025 is included in cost of sales (30 June 2024: RMB119,798,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

8. FINANCE COSTS

An analysis of finance costs is as follows:

For the six months ended 30 June		
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	388,992	367,027
Interest on lease liabilities (note 13(b))	12,078	15,070
Total	401,070	382,097

9. INCOME TAX

For the six months ended 30 June		
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	62,566	191,103
Deferred tax (note 17)	(47,780)	(52,441)
Total	14,786	138,662

The Group is subject to income tax on an entity basis on profit 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, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax.

According to applicable tax regulations prevailing in the People's Republic of China ("PRC"), dividends distributed by a company established in Mainland China to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong, under the double taxation arrangement between Mainland China and Hong Kong, the relevant withholding tax rate applicable to such foreign investor will be reduced from 10% to 5% subject to the fulfilment of certain conditions.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

9. INCOME TAX (continued)

In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at 30 June 2025, the aggregate amount of unrecognized deferred tax liabilities (i.e., withholding taxes relating to such temporary differences) was approximately RMB179,237,000.

Dividends distributed from certain jurisdictions in which the Group's entities operate are also subject to withholding tax at respective applicable tax rates.

The provision for Mainland China current income tax was based on a statutory rate of 25% of the taxable profits for the period as determined in accordance with the PRC Income Tax Law and the respective regulations.

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax with a tax rate of 25% for the period except for the following subsidiaries:

Company name	Corporate income tax rate
Shanghai Horizon Equipment & Engineering Co., Ltd.	15%
Guangzhou Hongtu Equipment & Engineering Co., Ltd.	15%

Shanghai Horizon Equipment & Engineering Co., Ltd. was accredited as High and New Technology Enterprise (the "HNTE") since 2015, while Guangzhou Hongtu Equipment & Engineering Co., Ltd. was accredited as HNTE since 2020, and both of them were entitled to a preferential PRC corporate income tax rate of 15% thereafter. The HNTE certificates of Shanghai Horizon Equipment & Engineering Co., Ltd. and Guangzhou Hongtu Equipment & Engineering Co., Ltd. need to be renewed every three years in order to enable to enjoy the reduced tax rate of 15%. Shanghai Horizon Equipment & Engineering Co., Ltd. was entitled to a tax rate of 15% till 26 December 2027 and is expected to continue to enjoy this thereafter. Guangzhou Hongtu Equipment & Engineering Co., Ltd. was entitled to a tax rate of 15% till 28 December 2026 and is expected to continue to enjoy this thereafter.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

9. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates for the period is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	50,276	406,890
Tax at the statutory income tax rate	12,569	101,723
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	—	20,000
Effects of different tax rates applicable to different subsidiaries of the Group	(10,297)	7,869
Effects of preferential tax benefits to subsidiaries incorporated in Mainland China	(17,388)	(33,088)
Expenses not deductible for tax	3,550	8,108
Adjustment on current income tax in respect of prior periods	4,662	16,573
Utilisation of previously unrecognized tax losses and temporary differences	(423)	(383)
Unrecognized tax losses and temporary differences	22,113	17,860
Total tax charge at the Group's effective rate	14,786	138,662

Pillar Two income taxes

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current period. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. There are a limited number of jurisdictions where the Pillar Two effective tax rate is slightly below 15%. The Group does not expect a material exposure to Pillar Two income taxes.

10. DIVIDENDS

No interim dividend was declared by the board of directors ("The Board") for the six months ended 30 June 2025 (31 December 2024: HK\$0.05 per share).

The final dividend of HK\$0.045 per share for the year ended 31 December 2024 was paid on Wednesday, 2 July 2025.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the consolidated profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,133,375,000 outstanding during the period (30 June 2024: 3,196,827,500).

The calculation of the diluted earnings per share amount is based on the consolidated profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the effects as if the dilutive potential ordinary shares do not exist at the beginning of the period. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

For the six months ended 30 June		
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	35,490	268,228

Number of shares		
	2025	2024
	(Unaudited)	(Unaudited)
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the period, used in the basic earnings per share calculation	3,133,375,000*	3,196,827,500
Effect of dilution – weighted average number of ordinary shares:		
Share options	–**	–
Weighted average number of ordinary shares for diluted earnings per share	3,133,375,000	3,196,827,500

* The weighted average number of shares was after taking into account the effect of shares held for the share award scheme.

** The details of the share option scheme are disclosed in note 29 to the interim condensed consolidated financial information. As the exercise price of the share options was higher than the average market price of the Company during the period, no adjustment has been made to the diluted earnings per share as of 30 June 2025.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2025

	Buildings	Leasehold improvements	Equipment, materials and moulds for leasing and services	Equipment, materials and moulds for own use	Office and other equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2025:							
Cost	731,760	125,315	29,411,323	102,163	63,083	70,588	30,504,232
Accumulated depreciation and impairment	(212,619)	(90,970)	(7,799,525)	(48,394)	(49,572)	(57,749)	(8,258,829)
Net carrying amount	519,141	34,345	21,611,798	53,769	13,511	12,839	22,245,403
At 1 January 2025, net of accumulated depreciation and impairment	519,141	34,345	21,611,798	53,769	13,511	12,839	22,245,403
Additions	–	2,632	808,963	4,858	1,088	7,276	824,817
Acquisition of a subsidiary (note 32)	12,115	–	161,018	–	779	8,141	182,053
Disposals	–	–	(173,936)	(121)	–	(15)	(174,072)
Depreciation provided during the period	(17,507)	(9,506)	(1,276,244)	(6,522)	(3,229)	(2,963)	(1,315,971)
Exchange realignment	–	–	(41,260)	(592)	(29)	(57)	(41,938)
At 30 June 2025, net of accumulated depreciation and impairment	513,749	27,471	21,090,339	51,392	12,120	25,221	21,720,292
At 30 June 2025:							
Cost	743,875	127,947	29,898,988	106,046	64,932	85,428	31,027,216
Accumulated depreciation and impairment	(230,126)	(100,476)	(8,808,649)	(54,654)	(52,812)	(60,207)	(9,306,924)
Net carrying amount	513,749	27,471	21,090,339	51,392	12,120	25,221	21,720,292

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

12. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2024

	Buildings	Leasehold improvements	Equipment, materials and moulds for leasing and services	Equipment, materials and moulds for own use	Office and other equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
At 1 January 2024:							
Cost	720,429	87,779	24,657,552	83,632	61,112	61,524	25,672,028
Accumulated depreciation and impairment	(176,037)	(71,892)	(7,064,244)	(44,935)	(44,110)	(49,703)	(7,450,921)
Net carrying amount	544,392	15,887	17,593,308	38,697	17,002	11,821	18,221,107
At 1 January 2024, net of accumulated depreciation and impairment	544,392	15,887	17,593,308	38,697	17,002	11,821	18,221,107
Additions	11,331	37,536	6,999,966	39,551	6,049	10,190	7,104,623
Disposals	–	–	(730,593)	(12,300)	(1,126)	(234)	(744,253)
Depreciation provided during the year	(36,582)	(19,078)	(2,282,824)	(12,196)	(8,317)	(8,965)	(2,367,962)
Exchange realignment	–	–	31,941	17	(97)	27	31,888
At 31 December 2024, net of accumulated depreciation and impairment	519,141	34,345	21,611,798	53,769	13,511	12,839	22,245,403
At 31 December 2024:							
Cost	731,760	125,315	29,411,323	102,163	63,083	70,588	30,504,232
Accumulated depreciation and impairment	(212,619)	(90,970)	(7,799,525)	(48,394)	(49,572)	(57,749)	(8,258,829)
Net carrying amount	519,141	34,345	21,611,798	53,769	13,511	12,839	22,245,403

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12. PROPERTY, PLANT AND EQUIPMENT (continued)

Certain of the Group's property, plant and equipment with a net carrying amount of RMB7,632,561,000 as at 30 June 2025 were pledged to secure other borrowings granted to the Group (31 December 2024: RMB8,985,210,000).

Movements in provision for impairment of property, plant and equipment in the period are as follows:

As at 30 June 2025

	Equipment, materials and moulds for leasing and services
	RMB'000
	(Unaudited)
At 1 January 2025:	59,197
Disposals	(145)
At 30 June 2025	59,052

As at 31 December 2024

	Equipment, materials and moulds for leasing and services
	RMB'000
	(Audited)
At 1 January 2024:	101,805
Disposals	(42,608)
At 31 December 2024	59,197

Measurement basis and major assumptions for determining the recoverable amount of the above asset groups are as follows:

The recoverable amount is determined based on the higher of the net amount of fair value of the cash-generating unit ("CGU") less costs to sell and the present value of the estimated future cash flows of the CGUs ("VIU").

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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13. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, offices, and equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of offices generally have lease terms between 1 and 6 years, while equipment generally has a five-year lease term or 12 months or less and/or is individually of low value.

(a) Right-of-use assets:

The carrying amounts of right-of-use assets and the movements during the period are as follows:

As at 30 June 2025

	Leasehold land	Offices	Motor	Equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2025	176,693	119,150	–	609,296	905,139
Additions	–	12,220	–	86,224	98,444
Acquisition of a subsidiary (note 32)	–	2,163	2,961	55,264	60,388
Depreciation charge	(2,353)	(33,001)	–	(169,435)	(204,789)
Disposal	–	(5,624)	–	–	(5,624)
As at 30 June 2025	174,340	94,908	2,961	581,349	853,558

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13. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets: (continued)

As at 31 December 2024

	Leasehold land	Offices	Equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)
As at 1 January 2024	181,398	129,819	667,209	978,426
Additions	–	87,618	145,096	232,714
Depreciation charge	(4,705)	(63,452)	(203,009)	(271,166)
Disposal	–	(34,835)	–	(34,835)
As at 31 December 2024	176,693	119,150	609,296	905,139

As at 30 June 2025 and 31 December 2024, the Group has obtained all the land use right certificates.

At the end of the reporting period, no leasehold land of the Group was pledged as security for the Group's bank borrowings.

(b) Lease liabilities:

The carrying amounts of lease liabilities and the movements during the period are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Carrying amount at beginning of period	633,582	693,604
New leases	98,444	232,714
Additions as a result of acquisition of subsidiaries (note 32)	38,027	–
Accretion of interest recognized during the period (note 8)	12,078	28,587
Payments	(160,977)	(286,081)
Disposal	(5,873)	(35,242)
Carrying amount at end of period	615,281	633,582
Analysed into:		
Current portion	169,515	204,088
Non-current portion	445,766	429,494

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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13. LEASES (continued)

The Group as a lessee (continued)

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities (note 8)	12,078	15,070
Depreciation charge on right-of-use assets	204,789	150,646
Rent expensed directly to profit or loss	288,809	295,414
Total amount recognized in profit or loss	505,676	461,130

(d) The total cash outflow for leases is disclosed in note 33 to the interim condensed consolidated financial information.

The Group as a lessor

The Group mainly leases its equipment, materials and moulds in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognized by the Group amounted to RMB2,926,086,000 for the six months ended 30 June 2025, details of which are included in note 5 to the interim condensed consolidated financial information (30 June 2024: RMB2,643,648,000).

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future period under operating leases with its tenants are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	6,908,182	4,951,677
After 1 year but within 2 years	993,030	734,947
After 2 years but within 3 years	206,652	175,880
Total	8,107,864	5,862,504

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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14. GOODWILL

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000
	(Unaudited)
Gross carrying amount	
At 1 January 2025	–
Acquisition of a subsidiary (note 32)	173,979
At 30 June 2025	173,979
Accumulated impairment losses	
At 1 January 2025	–
Impairment losses recognized during the period	–
At 30 June 2025	–
Net book value	
At 1 January 2025	–
At 30 June 2025	173,979

The goodwill arose from the acquisition of TH Tong Heng Machinery Sdn. Bhd., a Malaysia based leading company in equipment leasing, repairing and trading, on 30 May 2025. This acquisition aligns with the Group's strategic initiative to expand its market share in Malaysia's equipment leasing sector.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

15. OTHER INTANGIBLE ASSETS

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Software		
At beginning of period:		
Cost	12,787	8,997
Accumulated amortisation	(6,038)	(5,252)
Net carrying amount	6,749	3,745
Carrying amount at beginning of period:	6,749	3,745
Acquisition of a subsidiary	–	3,790
Amortisation provided during the period	(455)	(786)
Carrying amount at end of period	6,294	6,749
At end of period:		
Cost	12,787	12,787
Accumulated amortisation	(6,493)	(6,038)
Net carrying amount	6,294	6,749

16. INVESTMENTS IN ASSOCIATES

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Share of net assets	649	260

The Group's associates are as follows:

Name	Registered share capital	Place of registration and business	Percentage of		Principal activities
			Ownership interest	Profit sharing	
CT HORIZON (THAILAND) CO., LTD.	Thai Baht 10,000,000	Thailand	49	49	Rental, trade and repair of construction machinery and construction materials
Jiaxing Hongbang Technology Services Co., Ltd. (嘉興宏邦科技服務有限公司)*	RMB 2,000,000	PRC/ Mainland China	19	19	Technology intermediary and digital services

* The Group has the power to participate in the financial and operational policy decisions of the investee and has a significant influence over it.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. DEFERRED TAX

The movements in deferred tax assets and liabilities during the period are as follows:

Deferred tax assets As at 30 June 2025

	Government special subsidy	Provision for impairment losses	Salaries and benefits payable	Share- based payments	Deductible tax loss	Unrealised intra-group transaction	Accrued interest expenses	Lease liabilities	Deferred tax asset arising from an interest rate swap	Unrealised foreign exchange losses	Provisions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2025	1,448	245,682	27,088	1,689	57,119	33,237	25,183	105,149	260	513	856	498,224
Deferred tax credited/(charged) to profit or loss during the period (note 9)	(1,448)	(28,868)	(22,326)	1,156	78,607	-	(2,243)	(12,146)	-	(513)	-	12,219
Deferred tax charged to other comprehensive income during the period	-	-	-	-	-	-	-	-	(193)	-	-	(193)
Gross deferred tax assets at 30 June 2025	-	216,814	4,762	2,845	135,726	33,237	22,940	93,003	67	-	856	510,250

As at 31 December 2024

	Government special subsidy	Provision for impairment losses	Salaries and benefits payable	Share- based payments	Deductible tax loss	Unrealised intra-group transaction	Accrued interest expenses	Lease liabilities	Deferred tax asset arising from an interest rate swap	Unrealised foreign exchange losses	Provisions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
At 1 January 2024	1,505	245,613	32,383	-	50,830	-	36,518	109,828	387	-	520	477,584
Deferred tax credited/(charged) to profit or loss during the year	(57)	69	(5,295)	1,689	6,289	33,237	(11,335)	(4,679)	-	513	336	20,767
Deferred tax charged to other comprehensive income during the year	-	-	-	-	-	-	-	-	(127)	-	-	(127)
Gross deferred tax assets at 31 December 2024	1,448	245,682	27,088	1,689	57,119	33,237	25,183	105,149	260	513	856	498,224

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

17. DEFERRED TAX (continued)

The movements in deferred tax assets and liabilities during the period are as follows: (continued)

Deferred tax liabilities As at 30 June 2025

	Right-of-use assets	Property, plant and equipment and intangible assets	Unrealised foreign exchange gains	Withholding tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2025	119,597	3,259	2,560	10,000	135,416
Deferred tax credited to profit or loss during the period (note 9)	(22,800)	(201)	(2,560)	(10,000)	(35,561)
Acquisition of subsidiaries during the period (note 32)	–	27,307	–	–	27,307
Gross deferred tax liabilities at 30 June 2025	96,797	30,365	–	–	127,162

As at 31 December 2024

	Right-of-use assets	Property, plant and equipment and intangible assets	Unrealised foreign exchange gains	Withholding tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
At 1 January 2024	126,358	2,636	–	–	128,994
Deferred tax charged/(credited) to profit or loss during the year	(6,761)	(325)	2,560	10,000	5,474
Acquisition of subsidiaries during the year	–	948	–	–	948
Gross deferred tax liabilities at 31 December 2024	119,597	3,259	2,560	10,000	135,416

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

17. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Net deferred tax assets recognized in the consolidated statement of financial position	383,088	362,808
Net deferred tax liabilities recognized in the consolidated statement of financial position	—	—

Tax losses arising in Mainland China will expire in five years for offsetting against future taxable profits. The Group did not recognize deferred tax assets in respect of unutilised tax losses of RMB180,860,000 as at 30 June 2025 (31 December 2024: RMB114,108,000).

18. INVENTORIES

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Raw materials	191,686	189,183
Work in progress	16,350	38,420
Finished goods	37,126	17,508
Total	245,162	245,111

For the six months ended 30 June 2025, no impairment loss on inventories was recognized as an expense (31 December 2024: Nil).

At the end of the reporting period, no inventories of the Group were pledged as security for the Group's bank borrowings.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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19. TRADE RECEIVABLES

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	7,113,130	6,988,577
ECLs	(1,000,193)	(1,117,651)
Total	6,112,937	5,870,926

Trade receivables mainly represent rentals and services receivables from tenants and engineering services. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified individual customers, there is no significant concentration of credit risk. The Group does not hold any other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 30 June 2025, trade receivables of RMB257,330,000 (31 December 2024: RMB15,481,000) were factored out but were not derecognized. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such factoring trade receivables, and accordingly, it continued to recognize the full carrying amounts of the trade receivables and the factoring amount was recognized as borrowings.

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

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 6 months	3,036,377	3,418,575
6 months to 1 year	1,561,164	1,201,380
1 to 2 years	1,090,207	865,778
2 to 3 years	323,487	291,547
Over 3 years	101,702	93,646
Total	6,112,937	5,870,926

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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19. TRADE RECEIVABLES (continued)

The movements in the credit loss for trade receivables are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At beginning of period	1,117,651	998,911
ECLs	(117,458)	144,895
Write-off	—	(26,155)
At end of period	1,000,193	1,117,651

A credit loss analysis was performed at the end of the reporting period using the simplified approach. Under the simplified approach, the Group did not track changes in credit risk, but instead recognized a credit loss based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 30 June 2025

	Ageing					
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross carrying amount (RMB'000)	3,310,981	1,716,128	1,416,333	491,122	178,566	7,113,130
ECLs (RMB'000)	274,604	154,964	326,126	167,635	76,864	1,000,193
ECLs rate	8.29%	9.03%	23.03%	34.13%	43.05%	14.06%

As at 31 December 2024

	Ageing					
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Gross carrying amount (RMB'000)	3,843,853	1,366,140	1,167,396	446,934	164,254	6,988,577
ECLs (RMB'000)	425,278	164,760	301,618	155,387	70,608	1,117,651
ECLs rate	11.06%	12.06%	25.84%	34.77%	42.99%	15.99%

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current		
Tax recoverable	1,488,823	1,524,137
Prepayments	559,893	706,455
Deposits*	525,784	418,926
Other receivables	25,905	69,204
Due from related parties (note 37(c))	3,599	3,285
ECLs	(52,575)	(49,596)
Subtotal	2,551,429	2,672,411
Non-current		
Reposessed assets**	399,490	376,327
Deposits	260,660	325,766
Others	2,863	3,271
ECLs	(198)	(260)
Subtotal	662,815	705,104
Total	3,214,244	3,377,515

* As at 30 June 2025, none of the current deposits were pledged for other borrowings granted to the Group (31 December 2024: Nil).

** As at 30 June 2025, the carrying amount of reposessed assets was RMB399,490,000 (31 December 2024: RMB376,327,000), mainly comprising properties. Related allowance for impairment was RMB70,410,000 (31 December 2024: RMB66,329,000). The reposessed assets amounting to RMB1,444,000 (31 December 2024: RMB9,389,000) and RMB8,221,000 (31 December 2024: RMB504,145,000) were disposed of and settled by trade and bills payables for the six months ended 30 June 2025, respectively. The Group plans to dispose of the reposessed assets held at 30 June 2025 by auction, bidding or transfer. The application of the certificates of some properties with a carrying amount of RMB364,573,000 (31 December 2024: RMB356,675,000) is still in process and the directors of the Company believe there is no significant impact on the Group's financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

A credit loss analysis was performed at the end of the reporting period by considering the probability of default of comparable companies with published credit ratings. At the end of the reporting period, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month ECLs if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime ECLs.

Movements in the credit loss for amounts due from related parties, other receivables, and rental and project deposits are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At beginning of period	49,856	45,288
ECLs (note 7)	2,917	4,568
At end of period	52,773	49,856

21. CONTRACT ASSETS

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contract assets arising from:		
Construction and related services	767,913	829,364
ECLs	(70,411)	(75,516)
Total	697,502	753,848

Contract assets are initially recognized for revenue earned from construction and related services as the receipt of consideration depends on the milestone achieved and accepted by the customer. Included in contract assets for construction and related services are retention receivables. Upon completion of installation or construction and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables. The increase in contract assets during the period was the result of the increase in construction and related services provided at the end of the reporting period.

The Group's credit policy with customers is disclosed in note 19 to the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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21. CONTRACT ASSETS (continued)

An ageing analysis of the contract assets as at the end of the reporting period are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	555,054	686,839
1 to 2 years	121,889	38,660
2 to 3 years	15,317	28,349
Over 3 years	5,242	–
Total	697,502	753,848

The movements in the credit losses for contract assets are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At beginning of period	75,516	45,084
ECLs (note 7)	(5,105)	30,432
At end of period	70,411	75,516

A credit loss analysis was performed at the end of the reporting period using the simplified approach. Under the simplified approach, the Group did not track changes in credit risk, but instead recognized a credit loss based on lifetime ECLs at the end of the reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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21. CONTRACT ASSETS (continued)

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Gross carrying amount	767,913	829,364
ECLs	70,411	75,516
ECLs rate	9.17%	9.11%

22. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Measured at fair values:		
Notes receivable	780,929	982,562
ECLs	(83,877)	(110,642)
Total	697,052	871,920

The above debt investments were classified as financial assets at fair value through other comprehensive income as the business model for the notes receivable was for both collecting contractual cash flows and discounting.

A credit loss analysis was performed at the end of the reporting period by considering the probability of default of comparable companies with published credit ratings. At the end of the reporting period, the ECLs of the notes receivable were measured based on the 12-month ECLs if they were not past due and if there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime ECLs.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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22. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

Movements in the credit losses for debt investments at fair value through other comprehensive income are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At beginning of period	110,642	183,163
ECLs (note 7)	(26,765)	(72,521)
At end of period	83,877	110,642

Transferred financial assets that are not derecognized in their entirety:

During the period, the Group endorsed certain notes receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such endorsed bills, and accordingly, it continued to recognize the full carrying amounts of the endorsed bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the endorsed bills, including the sale, transfer or pledge of the endorsed bills to any other third parties. The incurred amount of the trade payables settled by the endorsed bills as at 30 June 2025 was RMB214,089,000 (31 December 2024: RMB209,972,000).

During the period, the Group discounted certain notes receivable to banks in exchange for cash (the "Discounted Bills"). The incurred amount of the notes receivable as at 30 June 2025 was RMB64,304,000 (31 December 2024: RMB53,741,000). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognize the full carrying amounts of the Discounted Bills and the associated interest-bearing bank borrowings.

Transferred financial assets that are derecognized in their entirety:

During the period, the Group endorsed/discounted certain notes receivable accepted by banks in Mainland China to certain of its suppliers or in exchange for cash (the "Derecognized Bills"). The incurred amount of the notes receivable as at 30 June 2025 was RMB61,026,000 (31 December 2024: RMB178,615,000). In the opinion of the directors, the Group had transferred substantially all risk and rewards relating to the Derecognized Bills. Accordingly, it had derecognized the full carrying amount of the Derecognized Bills. The maximum exposure to loss from the Group's continuing involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the Derecognized Bills are not significant.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

23. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash and bank balances	2,476,599	1,793,336
Less: Restricted bank balances	(300,019)	(9,918)
Cash and cash equivalents	2,176,580	1,783,418

As at 30 June 2025, the cash and bank balances of the Group denominated in RMB amounted to RMB2,161,641,000 (31 December 2024: RMB1,580,691,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 30 June 2025, cash at banks of RMB300,000,000 was pledged for bank borrowings (31 December 2024: RMB9,899,000).

As at 30 June 2025, the combined Paypal and Alipay balance was RMB19,000 (31 December 2024: RMB19,000), which will be released only after the customer confirms receipt of the goods.

24. TRADE AND BILLS PAYABLES

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

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	2,081,436	2,286,012
1 to 2 years	107,998	46,747
2 to 3 years	14,270	20,301
Over 3 years	40,729	42,197
Total	2,244,433	2,395,257

The trade and bills payables are non-interest-bearing.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

25. OTHER PAYABLES AND ACCRUALS

		30 June 2025	31 December 2024
		RMB'000	RMB'000
	Notes	(Unaudited)	(Audited)
Current			
Advances from customers		212,724	148,670
Other taxes payable		169,266	205,334
Other payables	(a)	146,056	112,825
Dividend payables		138,367	7,904
Contract liabilities	(b)	113,941	87,929
Salary and welfare payables		81,653	207,979
Interest payable		68,513	76,756
Lease deposits		40,809	23,819
Due to related parties (note 37(c))		23	23
Subtotal		971,352	871,239
Non-current			
Lease deposits		26,282	11,149
Provisions		4,298	4,298
Subtotal		30,580	15,447
Total		1,001,932	886,686

Notes:

(a) Other payables are non-interest-bearing and repayable on demand.

(b) Details of contract liabilities are as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Short-term advances received from customers		
Sale of goods	20,030	42,316
Engineering and technical services	93,911	45,613
Total contract liabilities	113,941	87,929

Contract liabilities include short-term advances received to deliver goods and engineering and technical services. The change in contract liabilities in the period was mainly due to the change in short-term advances received from customers in relation to the delivery of goods and provision of engineering and technical services at the end of the reporting period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2025			31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
	(Unaudited)			(Audited)		
Current						
Bank borrowings – unsecured ^(a)	1.08-6.35	2025-2026	779,924	2.27-5.15	2025	787,555
Bank borrowings – secured ^(b)	2.15-3.25	2025	305,361	–	–	–
Current portion of long-term bank borrowings – unsecured ^(a)	2.40-4.51	2025-2026	4,443,212	3.00-4.90	2025	3,898,164
Current portion of long-term bank borrowings – secured ^(b)	–	–	–	3.50-3.80	2025	40,000
Other borrowings – unsecured ^(c)	6.00-7.00	2025	257,330	3.25-3.45	2025	15,481
Other borrowings – secured ^(d)	2.85-5.37	2025-2026	1,901,564	3.08-5.37	2025	1,794,298
Subtotal			7,687,391			6,535,498
Non-current						
Bank borrowings – unsecured ^(a)	2.40-4.51	2026-2032	8,663,443	3.00-4.90	2026-2031	8,165,602
Bank borrowings – secured ^(b)	2.18-3.25	2026	9,177	3.50-3.80	2026-2029	263,000
Other borrowings – secured ^(d)	2.85-5.37	2026-2030	4,864,681	3.08-5.37	2026-2030	5,938,795
Subtotal			13,537,301			14,367,397
Total			21,224,692			20,902,895

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Analysed into:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Bank borrowings repayable:		
Within one year	5,528,497	4,725,719
In the second year	2,972,264	3,125,304
In the third to fifth years, inclusive	4,665,186	4,216,136
Beyond five years	1,035,170	1,087,162
Subtotal	14,201,117	13,154,321
Other borrowings repayable:		
Within one year	2,158,894	1,809,779
In the second year	1,550,138	1,837,204
In the third to fifth years, inclusive	3,300,257	3,956,493
Beyond five years	14,286	145,098
Subtotal	7,023,575	7,748,574
Total	21,224,692	20,902,895

Notes:

- (a) As at 30 June 2025, the Group's bank borrowings of RMB64,304,000 arose from un-derecognized discounted notes receivable, of which the Group retained the substantial risks and rewards (31 December 2024: RMB53,741,000).

As at 30 June 2025, bank borrowings of RMB25,051,000 arose from supplier finance arrangements (31 December 2024: RMB105,340,000). The Group has established supplier finance arrangements that are offered to some of the Group's key suppliers in Mainland China. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive early payments or payments at the original due dates on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payments, they pay a fee to the finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or at a later date as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements. The Group provides no security to the finance provider. The original payment terms these financial liabilities that are part of the Group's supplier finance arrangements included in the trade and bills payables are normally settled on terms of 30 to 60 days terms, whereas the payment terms for the above amounts of the Group's supplier finance arrangements for which included in interest-bearing bank and other borrowings are normally extended to no more than 1 year, and in a few instances, are extended to five years.

All financial liabilities that are part of the supplier finance arrangements are included in interest-bearing bank and other borrowings in the statement of financial position, with RMB20,508,000 (31 December 2024: RMB99,284,000) included in the current portion of unsecured bank loans and RMB4,543,000 (31 December 2024: RMB6,056,000) included in the non-current portion of unsecured bank loans.

- (b) As at 30 June 2025, short-term bank borrowings of RMB298,000,000 were secured by cash at banks. The short-term bank borrowings of RMB7,361,000 were secured by plant and equipment. No long-term bank borrowings were secured by cash at banks (31 December 2024: RMB303,000,000). The Group's long-term bank borrowings of RMB9,177,000 were secured by plant and equipment.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (c) As at 30 June 2025, other borrowings of RMB257,330,000 arose from the factoring of accounts receivable was unsecured (31 December 2024: RMB15,481,000).
- (d) As at 30 June 2025, the Group's other borrowings included financial liabilities recognized in accordance with certain of leaseback transaction arrangements of the Group, which amounted to RMB6,766,245,000 and were secured by the Group's property, plant and equipment (31 December 2024: RMB7,733,093,000).
- (e) At the end of the reporting period, all bank borrowings and other borrowings are denominated in RMB, except that as at 30 June 2025, bank borrowings equivalent to RMB98,866,000 are denominated in Japanese Yen (JPY) (31 December 2024: RMB135,500,000) and bank borrowings equivalent to RMB56,110,000 are denominated in United States dollars (USD) (31 December 2024: RMB55,364,000).

27. DEFERRED REVENUE

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At beginning of period	13,757	14,928
Amortised to profit or loss	(9,822)	(1,171)
At end of period	3,935	13,757

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

28. SHARE CAPITAL

Shares	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Authorised		
5,000,000,000 shares of a par value of USD0.00002 each	100,000	100,000

Shares	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Issue and paid:		
2,832,550,000 shares of a par value of USD0.00002 each	56,651	56,651
364,694,000 shares of a par value of USD0.00002 each*	7,294	7,294
Total	63,945	63,945
Equivalent to RMB	421,000	421,000

* On 25 May 2023, the ordinary shares of the Company were listed on the Hong Kong Stock Exchange, and in connection with the Company's listing, 364,694,000 ordinary shares of the Company were issued through global offering to public and international investors at the offer price of HKD4.52 per share for aggregate cash proceeds before expenses of HKD1,648,417,000 (equivalent to RMB1,488,329,000).

29. SHARE OPTION SCHEME

On 12 March 2024, the Board approved the adoption of the share option scheme (the "2024 Share Option Scheme"), which was subsequently ratified by the Company's shareholders during the annual general meeting held on 4 June 2024.

The Company operates the 2024 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants and certain qualified participants who contribute to the success of the Group's operations. Eligible participants of the 2024 Share Option Scheme include senior and middle management personnel, as well as other key employees of the Company or any subsidiary (the "Grantees").

The total number of new shares in respect of the share options which may be granted under the 2024 Share Option Scheme shall not exceed 1.5% of the Company's total issued shares (excluding treasury shares) as at the date of approval of the adoption of the 2024 Share Option Scheme by the shareholders, which is 47,958,660 Shares. Meanwhile, the Board approved on 12 March 2024 that the Company may only grant share options which can be exercised into not more than 23,979,330 shares under the 2024 Share Option Scheme in the year 2024. In any event, the total number of shares which may be issued in respect of all share options and awards to be granted under the 2024 Share Option Scheme and any other share schemes shall not exceed 10% of the Company's total issued shares (excluding treasury shares) as at the date of approval of the adoption of the 2024 Share Option Scheme by the shareholders.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

29. SHARE OPTION SCHEME (continued)

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK\$1 in total by the Grantees subject to any early termination, and the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the share option scheme is approved by the shareholders of the Company. The vesting of the share options is mainly subject to fulfilment of the Company's performance targets, the Grantees remaining at all times after the offer date and on each vesting date as an employee of the Group, as well as the Grantees achieving a specified level in annual personal performance evaluations.

The exercise price in respect of any option shall be such price as determined by the Board or the administration committee of the 2024 Share Option Scheme and notified to the Grantees and which shall not be less than the higher of: (i) the closing price of the shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotation sheet on the offer date; and (ii) the average of the closing prices of the shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five trading days immediately preceding the offer date. The shares do not carry nominal value.

Movements in the number of the Share Options outstanding during the reporting period are as follows:

As at 30 June 2025

Exercise price per share option (HK\$)	Date of grant	Number of share options			Outstanding as at 30 June 2025
		Outstanding as at 1 January 2025	Granted	Lapsed	
(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
1.45	8 July 2024	11,420,000	–	(1,330,000)	10,090,000

As at 31 December 2024

Exercise price per share option (HK\$)	Date of grant	Number of share options			Outstanding as at 31 December 2024
		Outstanding as at 1 January 2024	Granted	Lapsed	
(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1.45	8 July 2024	–	15,330,000	(3,910,000)	11,420,000

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

29. SHARE OPTION SCHEME (continued)

The fair value (measured as at the grant date) of the share options that were outstanding as at 30 June 2025 was RMB6,956,000 (31 December 2024: RMB8,091,000). The weighted average fair values were RMB0.64, RMB0.70, and RMB0.73 per option for each of the three tranches with one-year, two-year, and three-year vesting periods, respectively (31 December 2024: RMB0.64, RMB0.70, and RMB0.73 per option for each of the three tranches with one-year, two-year, and three-year vesting periods, respectively). The Group reversed a share option expense of RMB46,000 during the six months ended 30 June 2025 (30 June 2024: Nil) in employee benefit expense.

The fair value of the share options was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the main inputs to the model used:

	31 December 2024
	(Audited)
Expected dividend yield (%)	6.90
Expected volatility (%)	103.96
Risk-free interest rate (%)	3.11
Validity period of the share options (year)	10
Share price (HK\$ per share)	1.45
Expected exercise trigger multiple	2.00

Estimation of the value of the share options is subjective and uncertain as such values are subject to a number of assumptions and the limitation of the model. The expected volatility is based on the historical volatility reflecting the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected exercise trigger multiple is also estimated and is not necessarily indicative of the exercise patterns that may occur.

All significant features necessary to be considered for the measurement of fair values of the share options granted in the year were incorporated into such measurement.

As at 30 June 2025, the Company had 10,090,000 (31 December 2024: 11,420,000) non-vested share options outstanding under the 2024 Share Option Scheme, including 610,000 (31 December 2024: 610,000) non-vested share options granted to certain executive directors, and the remaining non-vested share options granted to certain key management personnel. Should all of them be vested, the exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 10,090,000 (31 December 2024: 11,420,000) additional ordinary shares of the Company.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

30. RESTRICTED SHARE AWARD SCHEME

The Board approved the adoption of the restricted share award scheme (the “2024 Restricted Share Award Scheme”) on 12 March 2024, under which some restricted shares will be held on trust for the relevant selected grantees (the “Selected Grantees”) until such restricted shares are vested with the relevant Selected Grantees in accordance with the rules of the 2024 Restricted Share Award Scheme. Subject to the approval of the Board, the number of restricted shares to be granted under the 2024 Restricted Share Award Scheme shall not exceed 3.5% of the total number of issued Shares of the Company (excluding treasury shares) as at the date of approval and adoption of the 2024 Restricted Share Award Scheme by the Board, namely 111,903,540 Shares. The Board also approved the grant of not more than 55,951,770 restricted shares on 12 March 2024.

The vesting of the 2024 restricted shares under the 2024 Restricted Share Award Scheme is mainly subject to the fulfilment of the Company’s performance targets, Selected Grantees remaining as an employee of the Group, as well as Selected Grantees achieving a specified level in annual personal performance evaluations.

The following restricted shares were outstanding under the 2024 Restricted Share Award Scheme during the reporting period:

	Number of restricted shares
	(Unaudited)
At 1 January 2025	26,580,000
Granted	–
Lapsed	(3,080,000)
As at 30 June 2025	23,500,000

	Number of restricted shares
	(Audited)
At 1 January 2024	–
Granted	35,710,000
Lapsed	(9,130,000)
As at 31 December 2024	26,580,000

At 30 June 2025, the Company had 23,500,000 (31 December 2024: 26,580,000) non-vested restricted shares outstanding under the 2024 Restricted Share Award Scheme, including 1,420,000 (31 December 2024: 1,420,000) non-vested restricted shares granted to certain executive directors, and the remaining non-vested restricted shares granted to certain key management personnel.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

30. RESTRICTED SHARE AWARD SCHEME (continued)

The movements of the shares held for the 2024 Restricted Share Award Scheme are as follows:

	Number of shares	Amounts
		RMB'000
	(Unaudited)	(Unaudited)
At 1 January 2025	63,869,000	89,455
Purchase of shares under 2024 Restricted Share Award Scheme*	–	–
As at 30 June 2025	63,869,000	89,455

	Number of shares	Amounts
		RMB'000
	(Audited)	(Audited)
At 1 January 2024	–	–
Purchase of shares under 2024 Restricted Share Award Scheme*	63,869,000	89,455
As at 31 December 2024	63,869,000	89,455

* The Company purchased its own shares through the trusts under the 2024 Restricted Share Award Scheme, which were presented as shares held for the share award scheme.

The fair value (measured as at the grant dates) of the restricted shares that were outstanding as at 30 June 2025 was RMB27,088,000 (31 December 2024: RMB31,445,000). The weighted average fair values were RMB1.23, RMB1.15 and RMB1.08 per share for each of the three tranches with one-year, two-year and three-year vesting periods, respectively (31 December 2024: RMB1.23, RMB1.15 and RMB1.08 per share for each of the three tranches with one-year, two-year and three-year vesting periods, respectively). The Group reversed an amount of RMB828,000 (30 June 2024: Nil) in employee benefit expense during the six months ended 30 June 2025.

The fair value of the 2024 Restricted Shares granted was estimated as at the date of grant, using a no-arbitrage model, taking into account the terms and conditions upon which the restricted shares were granted. The following table lists the main inputs to the model used:

	31 December 2024
	(Audited)
Expected dividend yield (%)	6.90
Share price (HK\$ per share)	1.45

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

31. RESERVES

The amounts of the Group's reserves and the movements therein for the six months ended 30 June 2025 and 2024 are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve of the Group represents the difference between the changes of the contribution from the then holding company before the completion of the Reorganisation and the consideration paid by the Group for the business combination under common control.

(c) Capital reserve

(1) Ordinary shares with a redemption obligation

Pursuant to the Share Purchase Agreement signed by and among the pre-IPO investors of the Group on 16 April 2021, an aggregate of 6,651 ordinary shares with a redemption obligation were issued and allocated to the Pre-IPO investors at a consideration of USD204,910,000 (equivalent to RMB1,326,185,000). On 25 May 2023, the ordinary shares of the Company were listed on the Hong Kong Stock Exchange, the redemption obligation with a carrying amount of RMB1,676,276,000 (including principal of RMB1,445,212,000 and interest of RMB231,064,000) was classified to capital reserve.

(2) Other capital reserve

Other capital reserve represents any difference between the carrying amount of net assets attributable to the non-controlling shareholders and the fair value of the consideration paid.

(d) Special reserve

Special reserve mainly represents funds set aside for the purpose of certain safety production activities. Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the subsidiaries, Shanghai Horizon Equipment & Engineering Co., Ltd., Shanghai Hongjin Equipment & Engineering Co., Ltd. and Tianjin Horizon Construction Development Engineering Technology Co., Ltd set aside funds mainly for construction service activities at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and are not available for distribution to shareholders. The amounts are generally expenses in nature and charged to profit or loss as incurred, and at the same time, the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

32. BUSINESS COMBINATION

On 30 May 2025, the Group acquired an 80% equity interest in TH Tong Heng Machinery Sdn. Bhd. from Chan Heng Choy and How Mee Cheng with a cash consideration of Malaysian Ringgit ("RM"), among which RM137,334,000 was paid at the acquisition date and the remaining RM33,617,000 is expected to be paid on 30 May 2026. Meanwhile, Chan Heng Choy granted the Group call options, while the Group simultaneously granted Chan Heng Choy put options, enabling the Group to purchase the remaining 20% equity interest in TH Tong Heng Machinery Sdn. Bhd. at exercise prices determined based on key metrics, including the average adjusted earnings before interest, taxes, depreciation, and amortisation ("EBITDA") from the accounts for the three years ending 31 December 2027 and 31 December 2034, as well as the cash and debt position as of 31 December 2027 and 31 December 2034, respectively. As the Group has practical control or obtainable access over the minority interests, the Group actually controlled 100% equity interests over TH Tong Heng Machinery Sdn. Bhd. as of the acquisition date. The contingent consideration was initially recognised by RMB73,937,000, which is presented under financial liabilities at fair value through profit or loss.

TH Tong Heng Machinery Sdn. Bhd. is primarily engaged in the hiring of heavy machinery, repairs and trading of machinery and acting as a transportation agent. This acquisition aligns with the Group's strategic initiative to expand its market share in Malaysia's equipment leasing sector.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

32. BUSINESS COMBINATION (continued)

The fair values of the identifiable assets and liabilities of TH Tong Heng Machinery Sdn. Bhd. as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
	(Unaudited)
Property, plant and equipment (note 12)	182,053
Right-of-use assets (note 13(a))	60,388
Inventories	1,023
Trade receivables	28,346
Prepayments, other receivables and other assets	5,442
Cash and cash equivalents	27,053
Trade and bills payables	(12,388)
Other payables and accruals	(2,686)
Interest-bearing bank and other borrowings	(28,190)
Lease liabilities (note 13(b))	(38,027)
Deferred tax liabilities (note 17)	(27,307)
Total identifiable net assets at fair value	195,707
Goodwill on acquisition (note 14)	173,979
Cash consideration	295,749
Fair value of contingent consideration	73,937

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

32. BUSINESS COMBINATION (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
	(Unaudited)
Cash paid on acquisition	(236,599)
Cash acquired	27,053
Net cash outflow on acquisition	(209,546)

Property, plant and equipment ("PPE") primarily comprise equipment. The Group has determined the fair value of these assets as RM107,501,000 based on historical transaction prices and independently sourced market comparable data.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RM16,738,000 and RM464,000, respectively. There is no anticipated collection risks associated with these outstanding receivables.

Since the acquisition, TH Tong Heng Machinery Sdn. Bhd. contributed RM5,469,000 to the Group's consolidated revenue and RM1,597,000 to the consolidated profit for the six months ended 30 June 2025.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been RMB4,479,628,000 and RMB70,086,000, respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

For the six months ended 30 June 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB98,444,000, in respect of lease arrangements for offices and equipment (30 June 2024: RMB211,068,000).

For the six months ended 30 June 2025, the Group had entered certain supplier financing arrangements with the banks. Under such arrangements, the banks will pay upon delivery of products by the supplier and the Group will subsequently settle the liability directly with banks. No cash flow was involved, and no cash flow is presented in the consolidated statement of cash flows. The derecognition of the payables to the bank and other borrowings amounted to RMB17,480,000 (30 June 2024: RMB42,972,000).

For the six months ended 30 June 2025, the trade receivables for several customers were settled by certain properties of RMB36,909,000 (30 June 2024: RMB312,819,000). For the six months ended 30 June 2025, the trade and bills payables for several suppliers were settled by certain properties of RMB9,665,000 (30 June 2024: RMB366,989,000).

For the six months ended 30 June 2025, the Group had RMB173,818,000 of equipment, materials and moulds carried forward to inventory for external sale.

(b) Changes in liabilities arising from financing activities

As at and for the six months ended 30 June 2025

	Interest payable	Bank and other borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2025	76,756	20,902,895	633,582	21,613,233
Changes in principal from financing cash flows	–	276,127	(160,977)	115,150
Supplier financing arrangements	–	17,480	–	17,480
Additions as a result of acquisition of subsidiaries	–	28,190	38,027	66,217
New leases	–	–	98,444	98,444
Disposal	–	–	(5,873)	(5,873)
Interest accrued	388,992	–	12,078	401,070
Interest paid	(397,235)	–	–	(397,235)
At 30 June 2025	68,513	21,224,692	615,281	21,908,486

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

As at and for the six months ended 30 June 2024

	Interest payable	Bank and other borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2024	43,291	17,339,232	693,604	18,076,127
Changes in principal from financing cash flows	–	2,059,112	(115,582)	1,943,530
Supplier financing arrangements	–	42,972	–	42,972
Maturity of unhedged derivative financial instruments	–	(16,391)	–	(16,391)
New leases	–	–	211,068	211,068
Disposal	–	–	(35,242)	(35,242)
Interest accrued	367,027	–	15,070	382,097
Interest paid	(360,580)	–	–	(360,580)
At 30 June 2024	49,738	19,424,925	768,918	20,243,581

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Within operating activities	(288,809)	(295,414)
Within financing activities	(160,977)	(115,582)
Total	(449,786)	(410,996)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

34. CONTINGENT LIABILITIES

As at 30 June 2025 and 31 December 2024, the Group did not have any material contingent liability, guarantees or any other material litigation or claims outstanding or threatened against the Group that could have a material adverse effect on its business, financial condition or results of operations.

35. PLEDGE OF ASSETS

Details of the Group's assets pledged under bank and other borrowings and restricted bank balances are contained in notes 12, 13, 18, 19, 20, 22, 23 and 26 to the interim condensed consolidated financial information.

36. COMMITMENTS

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

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Purchase of plant and machinery	385,593	212,503

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

37. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name of related party	Relationship with the Group
Far East Horizon Limited (遠東宏信有限公司)	Controlling Shareholder
International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司)	Company controlled by the Controlling Shareholder
Shaoxing Shangyu Boteng Metal Products Co., Ltd. (紹興市上虞博騰金屬製品有限公司)	Company controlled by a close family member of key management personnel
Shanghai Jinmao Construction & Decoration Co., Ltd. (上海金茂建築裝飾有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Beijing Jinmao Habitat Environment Technology Co., Ltd. (北京金茂人居環境科技有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Sinochem Environment Air Pollution Control Co., Ltd. (中化環境大氣治理股份有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Luxi Industrial Equipment Co., Ltd. (中化魯西工程有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Shanghai Yijia Construction Development Co., Ltd. (上海藝佳建設發展有限公司)	Associate of the Controlling Shareholder

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

37. RELATED PARTY TRANSACTIONS (continued)

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

		For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
(1) Operating lease income	(i)		
Luxi Industrial Equipment Co., Ltd.		162	6
Shanghai Jinmao Construction & Decoration Co., Ltd.		4	–
Beijing Jinmao Habitat Environment Technology Co., Ltd.		1	–
Shanghai Yijia Construction Development Co., Ltd.		–	6
Sinochem Environment Air Pollution Control Co., Ltd.		–	3
		167	15
(2) Engineering and technical services	(ii)		
Luxi Industrial Equipment Co., Ltd.		2	–
(3) Purchases of goods and services			
Shaoxing Shangyu Boteng Metal Products Co., Ltd.	(iii)	5,268	56,859
International Far Eastern Leasing Co., Ltd.	(iv)	572	–
		5,840	56,859

Notes:

- (i) The operating lease income from related parties arose from the operating lease of aerial work vehicles. The prices were determined on arm's length basis with reference to (a) the specifications, technical requirements, model and lease term of the service vehicles; and (b) the rates of service vehicles with similar specifications, technical requirements and model for similar leasing services provided to the independent third parties.
- (ii) The engineering and technical services income from related parties arose from logistics services and retrofitting services. The transportation prices were determined on arm's length basis with reference to the transportation distances and weight of the vehicles; and the modification service prices were determined on arm's length basis with reference to the numbers of the vehicles.
- (iii) The goods purchased mainly are moulds. The transaction prices were determined on arm's length basis with reference to (a) the specification, model, unit price type and quality of the materials; and (b) the prevailing market rates of similar materials provided by the independent third parties.
- (iv) The procurement of services mainly consists of information technology basic services, system operation and maintenance services and development services. Transaction prices are determined on arm's length basis of the cost of labour matching the degree of benefit to the recipient of the labour, such as the amount of equipment used, the volume of data traffic and working hours.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

37. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balance with related parties:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
(1) Due from related companies		
Prepayments, other receivables and other assets:		
Shanghai Yijia Construction Development Co., Ltd.	3,294	3,285
Shaoxing Shangyu Boteng Metal Products Co., Ltd.	305	–
	3,599	3,285
Trade receivables:		
Luxi Industrial Equipment Co., Ltd.	62	132
Shanghai Jinmao Construction & Decoration Co., Ltd.	12	17
International Far Eastern Leasing Co., Ltd.	–	19
	74	168
(2) Due to related companies		
Other payables:		
Far East Horizon Limited	23	23
Trade and bills payables:		
International Far Eastern Leasing Co., Ltd.	547	–
Shaoxing Shangyu Boteng Metal Products Co., Ltd.	–	2,652
	547	2,652

At the end of the reporting period, the balances due from/to related parties were unsecured, interest-free and repayable on demand.

At the end of the reporting period, except for the other payables to Far East Horizon Limited, the balances due from/to related parties were trade in nature.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

37. RELATED PARTY TRANSACTIONS (continued)

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	4,526	4,813
Equity-settled share-based payment expense	(225)	–
Post-employment benefits	222	219
Total	4,523	5,032

During the reporting period, certain members of key management personnel of the Group were granted share options and restricted shares in respect of their services to the Group under the Schemes of the Company, further details of which are set out in notes 29 and 30 to the financial statements. to the interim condensed consolidated financial information.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2025

Financial assets	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets included in prepayments, other receivables and other assets	759,576	–	759,576
Trade receivables	6,112,937	–	6,112,937
Debt investments at fair value through other comprehensive income	–	697,052	697,052
Restricted bank balances	300,019	–	300,019
Cash and bank balances	2,176,580	–	2,176,580
Total	9,349,112	697,052	10,046,164

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

38. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:
(continued)

As at 30 June 2025 (continued)

Financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Hedging instruments designated in cash flow hedges	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trade and bills payables	–	2,244,433	–	2,244,433
Financial liabilities included in other payables and accruals	–	420,050	–	420,050
Derivative financial instruments	–	–	1,619	1,619
Interest-bearing bank and other borrowings	–	21,224,692	–	21,224,692
Financial liabilities at fair value through profit or loss	73,937	–	–	73,937
Total	73,937	23,889,175	1,619	23,964,731

As at 31 December 2024

Financial assets	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)
Financial assets included in prepayments, other receivables and other assets	764,040	–	764,040
Trade receivables	5,870,926	–	5,870,926
Debt investments at fair value through other comprehensive income	–	871,920	871,920
Derivative financial instruments	–	1,166	1,166
Restricted bank balances	9,918	–	9,918
Cash and bank balances	1,783,418	–	1,783,418
Total	8,428,302	873,086	9,301,388

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

38. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:
(continued)

As at 31 December 2024 (continued)

Financial liabilities	Financial liabilities at amortised cost	Hedging instruments designated in cash flow hedges	Total
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)
Trade and bills payables	2,395,257	–	2,395,257
Financial liabilities included in other payables and accruals	232,476	–	232,476
Derivative financial instruments	–	1,732	1,732
Interest-bearing bank and other borrowings	20,902,895	–	20,902,895
Total	23,530,628	1,732	23,532,360

Financial instruments not measured at fair value

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. Interest-bearing bank and other borrowings are mostly on floating rate terms and bear interest at prevailing market interest rates and their carrying values approximate to their fair values.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets and liabilities measured at fair value:

As at 30 June 2025

Financial assets and liabilities	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Debt investments at fair value through other comprehensive income	–	697,052	–	697,052
Derivative financial instruments				
Interest rate swap – liabilities	–	(1,619)	–	(1,619)
Financial liabilities at fair value through profit or loss	–	–	(73,937)	(73,937)
Total	–	695,433	(73,937)	621,496

As at 31 December 2024

Financial assets and liabilities	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)
Debt investments at fair value through other comprehensive income	–	871,920	–	871,920
Derivative financial instruments				
Forward currency contract – asset	–	1,166	–	1,166
Interest rate swap – liability	–	(1,732)	–	(1,732)
Total	–	871,354	–	871,354

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The fair values of debt investments at fair value through other comprehensive income have been calculated by discounting the future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of the forward currency contract and interest rate swap were calculated by discounting the future cash flows using the forward exchange rate and RMB risk-free rate that are observable market inputs.

The changes in fair values as a result of the Group for debt investments at fair value through other comprehensive income as at 30 June 2025 and as at 31 December 2024 were assessed to be insignificant.

The valuations of the financial liabilities at fair value through profit or loss were based on information known to the Group and market conditions existing at the end of the reporting period. The fair values were determined by the discounted present value of the considerations expected to be paid to exercise the call/put options. A higher discount rate will result in a lower fair value.

40. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

41. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial information was approved and authorised for issue by the Board on 31 July 2025.



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