



中國安儲能源集團有限公司

China Anchu Energy Storage Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2399

2025

Interim Report

CHINA
ANCHU
ENERGY



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Corporate Information

Board of Directors and Committees

Executive Directors

Mr. Kwok Kin Sun (*Chairman*)
Mr. Kwok Hon Fung
Mr. Lu Ke
Mr. Duan Huiyuan
Ms. Ma Xiaoling

Non-executive Director

Mr. Wang Yan

Independent Non-executive Directors

Mr. Cheung Chiu Tung
Mr. Poon Yick Pang Philip
Mr. Ma Yu-heng

Audit Committee

Mr. Poon Yick Pang Philip (*Chairman*)
Mr. Cheung Chiu Tung
Mr. Ma Yu-heng

Remuneration Committee

Mr. Cheung Chiu Tung (*Chairman*)
Mr. Poon Yick Pang Philip
Mr. Duan Huiyuan

Nomination Committee

Mr. Kwok Kin Sun (*Chairman*)
Mr. Poon Yick Pang Philip
Mr. Cheung Chiu Tung
Ms. Ma Xiaoling (appointed on 3 June 2025)
Mr. Ma Yu-heng (appointed on 3 June 2025)

Company Secretary

Mr. Ong Kam Chit Vincent

Authorized Representatives

Mr. Kwok Hon Fung
Mr. Ong Kam Chit Vincent

Auditor

Suya WWC CPA Limited

Legal Adviser as to Hong Kong Law

Raymond Siu & Lawyers

Registered Office

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P.O. Box 2681
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Cayman Islands

Headquarters and Principal Place of Business in the People's Republic of China

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Quanzhou City, Fujian Province, China

Principal Place of Business in Hong Kong

Unit 1703, 17/F,
Lyndhurst Tower,
1 Lyndhurst Terrace, Central,
Hong Kong

Principal Share Registrar and Transfer Office

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

Branch Share Registrar and Transfer Office

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

Principal Bankers

China CITIC Bank Corporation Limited
China Construction Bank Corporation

IR Contact

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Company Website

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Financial Highlights

OPERATING RESULTS

	For the six months ended		
	30 June 2025 (Unaudited) RMB million	30 June 2024 (Unaudited) RMB million	Change %
Revenue	40.4	229.8	-82.4%
Gross profit	9.9	42.6	-76.8%
Net loss	(99.5)	(72.5)	-37.2%
	RMB cents	RMB cents	
Basic and diluted loss per share	2.80	2.98	-6.0%

FINANCIAL POSITION

	As at 30 June 2025 (Unaudited) RMB million	As at 31 December 2024 (Audited) RMB million	Change %
Cash and cash equivalents	16.4	46.0	-64.3%
Total assets	1,306.6	1,409.4	-7.3%
Net assets	354.9	394.8	-10.1%

FINANCIAL RATIO

	For the six months ended		
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	Change %
Gross profit margin	24.5%	18.5%	+6.0 ppt
Net loss to revenue	(246.3%)	(31.5%)	-214.8 ppt
Return on equity	(28.0%)	(11.1%)	-16.9 ppt

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)	Change %
Net debt to equity ratio	135.6%	119.3%	+16.3 ppt
Gearing ratio	140.2%	130.9%	+9.3 ppt

Management Discussion and Analysis

OVERVIEW

China Anchu Energy Storage Group Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) are principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel, brand licensing and sales of energy storage battery in the People’s Republic of China (the “**PRC**”) during the six months ended 30 June 2025 (the “**Period**”).

BUSINESS REVIEW

A. Industrial Products Segment

The Group sells automotive, motorcycle and other industrial products to customers in Saudi Arabia through an indirect non wholly-owned subsidiary of the Company, Oriental Starway Limited (“**Orient Starway**”) with a business partner who owns 20% of the equity interest in Oriental Starway. The business partner has over 16 years of extensive experience in selling auto parts with strong network of marketing in Saudi Arabia and supply chain in the PRC.

The Red Sea crisis remains a significant disruption to global shipping route in 2025 with the Suez Canal still largely avoided by major shipping route lines. Rerouting around the Cape of Good Hope continues to cause longer transit times, increased costs, and capacity constraints on key trade routes. Attacks on Israel-linked ships and the Houthis’ continued targeting at ships in the Eastern Mediterranean Sea resulted in a high level of risk according to the information from Ship Universe, a media in relation to shipping news. Longer time of delivery to those Middle East regions led to global container shortage. In addition, due to the decrease in market demand for the goods made in the PRC resulting from the US tariffs imposed on them, the shipping companies decreased the number of shipping routes between the PRC and Saudi Arabia. The high global consumption of oil led to increased usage of vessels for delivery of oil. Due to the aforesaid, the shipping cost kept rising in late 2024 to the first half of 2025.

Our main customers’ shipping ports are located at Jeddah which is a Saudi Arabian port city in the Red Sea. As a result, the Group had to delay the delivery of the industrial products transported by sea to its customers in Saudi Arabia. Our customers intended to carry out procurement in a more efficient way and thus further adversely affected our business. Furthermore, the competition from other suppliers in Southeast Asia engaging in export business to Saudi Arabia was becoming intense and put pressure on the prices of the Group’s industrial products.

In light of the above, the cost of products and delivery costs of this segment significantly increased and are expected to further increase in the foreseeable future.

In addition, although the economic growth of Saudi Arabia was stable, it recorded fiscal deficit in 2024 and the first quarter of 2025 due to the decrease in oil income. It shows that the transition of Saudi Arabia from oil-dependent to non-oil dependent country is challenging and more complicated than expected. It is unfavourable to our business performance and for exploring new customers and revenue channel. The trade receivables collection of the industrial products segment was unsatisfactory and the management has been actively negotiating with the customers on, inter alia, the collection period, the unit prices, future orders. The management has suspended the delivery of their orders and considers to take further actions to collect the receivables.

The industrial products business is facing increasing challenges due to the factors of the increasing costs, uncertain operating conditions and intense competition. The management had been continuously monitoring the efficiency and effectiveness of the business and formulating strategies to mitigate costs and maintain the profitability. However, these efforts have not yielded significant results. Further, the unsolved Red Sea Crisis makes the future prospects of the business unpredictable. After careful and due consideration, the Group has adopted a prudent and conservative approach and temporarily maintained this business segment at a minimal operating level until the operational conditions improve and strategies to maintain effectiveness of the business are formulated. The management will closely monitor the situation in the second half of 2025 and considers the resumption of the business when appropriate.

Management Discussion and Analysis

B. Menswear Apparel Segment

The Group's menswear apparel business in the PRC mainly engages in the sales of its branded menswear apparel and brand licensing. The Group completed the transformation from labour intensive manufacturing business model to outsourcing of its branded menswear apparel by leveraging on its own design talent in 2021. The Group currently sources its products on OEM basis only, which is more flexible in meeting the customer demand in the current trend.

Under the current weak retail environment, distributors placed small quantity orders of different product mix, which meant that economies of scale in production could not be achieved. In addition, after experiencing the restrictions of social and economic activities in the past years due to the COVID-19 pandemic, outsourcing production process can avoid the sunk cost of production, such as idle labor costs and fringe benefits.

Distribution Network for the Sales of Menswear Apparel

The Group primarily sells its products on a wholesale basis to third-party distributors, who then (i) resell the products to end customers through retail outlets or (ii) resell the products to their sub-distributors, who in turn resell the products to end customers through retail outlets operated by those sub-distributors. The Group also sells its products to online distributors which then resell the products to end customers through various third-party online platforms such as Tmall.com and JD.com.

Due to the economic environment in the PRC and the expiry of the leases during 2022, we closed all 15 self-operated retail outlets in Quanzhou, Fujian Province and Beijing in the second half of 2022.

As at 30 June 2025, our distribution network comprised 31 distributors (31 December 2024: 31) (including one online distributor) and 19 sub-distributors (31 December 2024: 21) which operated 254 retail outlets (31 December 2024: 270), representing a net decrease of 16 retail outlet. As at 30 June 2025, 90.6% (31 December 2024: 90.0%) of the retail outlets were located in department stores or shopping malls whereas 9.5% (31 December 2024: 10.0%) of the retail outlets were standalone stores.

Design and Product Development

The Group always puts great emphasis on product design and quality, as we believe that our ability and commitment to provide fashionable and comfortable products have been integral to our success. Our product design and development team members, who plan, implement, supervise and manage the design and development efforts, have an average of over 10 years of experience in the fashion industry. We will continue to invest in our product design and research and development capabilities to capture fashion trends and product designs.

Sales Fairs

We organise sales fairs at our headquarters in Quanzhou to showcase our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and their sub-distributors. We review our distributors' orders placed at our sales fairs to ensure that they are reasonable and in line with the relevant distributor's capacity and development plans. The sales fair for 2025 autumn/winter collections was held in April 2025, and the sales fair for 2026 spring/summer collections will be held in September 2025.

Management Discussion and Analysis

C. Energy Storage Battery Segment

The Company further expanded to the business of energy storage battery segment in 2022. Jiangsu HengAn Energy Technology Co., Ltd. (“**Jiangsu HengAn**”), an indirect non wholly-owned subsidiary of the Company, acquired the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery (鋅溴液流電池).

The main operations of this segment are production and sales of zinc-bromine flow battery. A zinc-bromine flow battery is a rechargeable battery system that utilises the chemical reaction between zinc metal and bromine to generate electric current. It is being developed for stationary power applications, ranging from domestic energy usage to grid-scale energy (電網規模能源). It enables power system operators and utility companies to store energy for future use. The Group believes that the energy storage battery market will have promising prospects under the support of the global trend and the national policy of “carbon emission reduction”.

As the battery production was still under trial production stage during the Period, the revenue for the Period was insignificant.

Zinc-bromine Flow Battery Research and Development Production Base

Jiangsu HengAn has set up a zinc-bromine flow battery research and development production base (the “**Production Base**”) in the Jiangning Development Zone* (江寧開發區) and commenced the phase 1 development plan. After completion of the phase 1 development plan in November 2022, Jiangsu HengAn started the production trial run. The time for testing and adjusting the machines was longer than expected due to the impact of COVID-19 pandemic in late 2022 and early 2023. As the time for testing was long, the Group needed time to purchase new equipment to replace those tools consumed to make the production lines optimal for commercial operation.

Increase in plant production capacity

During 2023, the Company has entered into a letter of intent on collaboration with Nanjing Jiangning Economic and Technological Development Committee* (南京江寧經濟技術開發區管理委員會), to carry out phase 2 development plan to increase the production capacity of the Production Base in order to meet the demands from customers. Pursuant to the phase 2 development plan, to increase the plant production capacity and efficiency, the Group planned to automate its production lines. The Group needed to re-design its production base, purchase new equipment and also upgrade the existing equipment. Since the assembly and adjustment of machinery and equipment for the production of zinc-bromine flow batteries involve the investment of high technology, technical talents and a number of variable elements, the time required to optimise the production line is longer than expected. The phase 2 development plan was in progress during the Period.

Entering agreements with subsidiaries of PRC state-owned enterprises

Jiangsu HengAn has entered into equipment procurement agreements with several subsidiaries of PRC state-owned enterprises, pursuant to which Jiangsu HengAn would sell zinc-bromine flow battery energy storage systems together with the ancillary facilities to those companies. Entering into those agreements with the subsidiaries of PRC state-owned enterprises can strengthen the position and reputation of the Group in the energy storage market and those orders demonstrates the confidence of the market towards the energy storage systems offered by the Group.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue by Product Type

	For the six months ended 30 June				Change %
	2025 RMB million	% of revenue	2024 RMB million	% of revenue	
Industrial Products					
Automotive Industrial Products	–	–	113.5	49.4%	–100%
Other Industrial Products	–	–	61.1	26.6%	–100%
Total of Industrial Products	–	–	174.6	76.0%	–100%
Menswear Apparel					
Menswear Apparel Products	32.7	80.9%	43.3	18.8%	–24.5%
Brand licensing	5.9	14.6%	5.9	2.6%	–
Total of Menswear Apparel	38.6	95.5%	49.2	21.4%	–21.5%
Energy Storage Battery					
Energy Storage Battery	1.8	4.5%	6.0	2.6%	–70.0%
Total	40.4	100%	229.8	100%	–82.4%

The decrease in revenue was due to the minimal operation in the industrial products segment during the Period, the decrease of approximately RMB10.6 million in the revenue from the menswear apparel segment and the decrease of approximately RMB4.2 million in the revenue from the energy storage battery segment.

As per the reasons disclosed in the paragraph under the section headed “Industrial Products Segment” on page 4 of this interim report, there is no revenue from the industrial products segment for the Period.

The revenue from menswear apparel segment decreased by approximately 21.5% comparing with the six months ended 30 June 2024 (the “Prior Period”). The decrease was mainly attributable to the lower selling price per unit during the Period and decrease in market demand. As the consumer behaviors changed and live commerce becomes popular, customers are prone to buying more affordable products through online channel. Furthermore, due to the low consumer sentiment and slow economic growth, there was no significant improvement in the retail market and it has adversely affected the demand for our menswear products during the Period. The selling price offered by the Group had to be more competitive and thus the revenue decreased despite similar number of units sold comparing with those of the Prior Period.

As the battery production facilities were still under trial production stage during the Period, to accelerate the process, the Group spent more time on testing and adjustment of the equipment and thus the revenue from the energy storage battery segment decreased by approximately 70.0% comparing with the Prior Period.

Management Discussion and Analysis

Revenue by Region

For the six months ended 30 June					
Region	2025		2024		Change %
	RMB million	% of revenue	RMB million	% of revenue	
Saudi Arabia					
Industrial Products	—	—	174.6	76.0%	—100%
PRC					
Menswear Apparel	38.6	95.5%	49.2	21.4%	—21.5%
Energy Storage Battery	1.8	4.5%	6.0	2.6%	—70.0%
Total of PRC	40.4	100%	55.2	24.0%	—26.8%
Total	40.4	100%	229.8	100%	—82.4%

The PRC was the only revenue contributor to the Group due to minimal operation in the industrial products segment.

Cost of Sales

	For the six months ended 30 June				Change	Change
	2025		2024			
	RMB million	% of revenue	RMB million	% of revenue		
Industrial Products	–	–	142.3	61.9%	–142.3	–100%
Menswear Apparel	29.5	73.0%	36.7	16.0%	–7.2	–19.6%
Energy Storage Battery	1.0	2.5%	8.2	3.6%	–7.2	–87.8%
Total	30.5	75.5%	187.2	81.5%	–156.7	–83.7%

Cost of sales decreased by approximately 83.7% to approximately RMB30.5 million for the Period from approximately RMB187.2 million for the Prior Period.

The decrease in cost of sales from menswear apparel segment and energy storage battery segment was in line with the decrease in revenue from these segments.

Management Discussion and Analysis

Gross Profit/(Loss)

	For the six months ended 30 June			
	2025 RMB million	2024 RMB million	Change RMB million	Change %
Industrial Products	–	32.3	–32.3	–100%
Menswear Apparel	9.1	12.5	–3.4	–27.2%
Energy Storage Battery	0.8	(2.2)	+3.0	–136.4%
Total	9.9	42.6	–32.7	–76.8%

Gross Profit/(Loss) Margin

	For the six months ended 30 June		
	2025 %	2024 %	Change %
Industrial Products	–	18.5%	–18.5 ppt
Menswear Apparel	23.6%	25.4%	–1.8 ppt
Energy Storage Battery	44.4%	(36.7%)	+81.1 ppt
Group	24.5%	18.5%	+6.0 ppt

The gross profit margin in the menswear apparel segment slightly decreased comparing with the Prior Period due to the decrease in unit price under the uncertain economic environment and weak retail sentiment.

The revenue from the energy storage battery segment was insignificant during the Period and thus the increase in gross profit margin of this segment was not of significant reference value.

(Loss)/Profit for the Period

	For the six months ended 30 June			
	2025 RMB million	2024 RMB million	Change RMB million	Change %
Industrial Products	(68.2)	18.9	–87.1	–460.8%
Menswear Apparel	0.8	(30.2)	+31.0	+102.6%
Energy Storage Battery	(24.0)	(30.3)	+6.3	+20.8%
Unallocated	(8.1)	(30.9)	+22.8	+73.8%
Total	(99.5)	(72.5)	–27.0	–37.2%

The Group recorded loss for the Period. The management of the Group concluded that there was impairment indication and conducted a review of the recoverable amount of trade receivables of the Group. Based on the result of the assessment, the management of the Group determined that the recoverable amount of trade receivables was lower than its carrying amount. A net allowance for expected credit losses on trade receivables under IFRS 9 “Financial Instruments” of approximately RMB66.7 million (2024: RMB23.0 million) had been recognised. The increase in provision for expected credit losses on trade receivables was mainly due to the unsatisfactory trade receivables collection in the industrial products segment. The management has been actively negotiating with the customers to collect the receivables and has suspended the delivery of their orders and considers taking further actions to collect the receivables.

Management Discussion and Analysis

For the menswear apparel segment, there was a reversal of provision for expected credit losses on trade receivables of approximately RMB6.7 million during the Period due to recovery of certain long outstanding trade receivables.

Loss for the Period from the energy storage battery segment, which was under trial run production stage, was approximately RMB24.0 million (2024: RMB30.3 million). The decrease in loss from this segment was mainly due to the reduction in gross loss and cost control measures on selling and distribution expenses during the Period.

The Company granted share options of the Company (the “**Share Option(s)**”) to certain Directors and employees of the Group during the Prior Period. The equity-settled share based payment expenses for the Period in respect of the Share Options granted was approximately RMB2.7 million (2024: RMB22.7 million).

Other Income and Other Gains or Losses

For the Period, other income and other gains or losses increased by approximately RMB6.1 million to approximately RMB15.1 million from approximately RMB8.9 million for the Prior Period. The increase was mainly due to an increase in rental income of approximately RMB0.4 million, an increase in sales of scrap materials of approximately RMB0.5 million and an increase in gain on deregistration of a subsidiary of approximately RMB4.8 million.

Selling and Distribution Expenses

	For the six months ended 30 June				Change RMB million	Change %
	2025 RMB million	% of revenue	2024 RMB million	% of revenue		
Industrial Products	–	–	6.5	2.8%	–6.5	–100%
Menswear Apparel	0.7	1.7%	1.2	0.5%	–0.5	–41.7%
Energy Storage Battery	1.7	4.2%	4.9	2.1%	–3.2	–65.3%
Total	2.4	5.9%	12.6	5.4%	–10.2	–81.0%

For the menswear apparel segment, the decrease in selling and distribution expenses was primarily due to the decrease in advertising and promotional expenses and stores renovation expenses. The management reviewed the advertising strategy to control the advertising expenses.

The decrease in the selling and distribution expenses was primarily due to the decrease in staff salaries of approximately RMB1.2 million due to streamlined operation and the decrease in advertising and promotion expenses of approximately RMB1.3 million during the Period due to participation in several exhibitions in Prior Period while the Group did not participate in such exhibitions during the Period.

Administrative and Other Operating Expenses

	For the six months ended 30 June				Change RMB million	Change %
	2025 RMB million	% of revenue	2024 RMB million	% of revenue		
Industrial Products	2.1	5.2%	1.0	0.4%	+1.1	+110.0%
Menswear Apparel	17.1	42.3%	18.3	8.0%	–1.2	–6.6%
Energy Storage Battery	22.2	55.0%	23.3	10.1%	–1.1	–4.7%
Unallocated	7.1	17.6%	28.2	12.3%	–21.1	–74.8%
Total	48.5	120.0%	70.8	30.8%	–22.3	–31.5%

Management Discussion and Analysis

For the industrial products segment, the increase in the administrative and other operating expenses was mainly due to the increase in staff salaries expenses of approximately RMB0.3 million and financial and accounting services fees of approximately RMB0.6 million. The new staff joined the Group in the second half of 2024 and thus increased the staff salaries expenses for the Period.

For the menswear apparel segment, the decrease in the administrative and other operating expenses was mainly due to the decrease in water and electricity expenses of approximately RMB2.2 million resulting from the increased usage of water and electricity in the test-running of the restricted factory areas which are planned to be leased out during the Prior Period, partially offset by the increase in the government management fee of approximately RMB0.9 million.

For the energy storage battery segment, the slight decrease in the administrative and other operating expenses was mainly due to the decrease in staff salaries and insurance of approximately RMB2.4 million and research and development expenses of approximately RMB0.9 million, partially offset by the increase in plant and office renovation expenses of approximately RMB2.2 million.

The Company granted 170,000,000 Share Options in aggregate to eligible persons of the share option scheme of the Company adopted on 9 June 2014 in the Prior Period. The equity-settled share-based payment expense decreased by approximately RMB20.0 million from approximately RMB22.7 million in the Prior Period to approximately RMB2.7 million in the Period. The decrease led to a decrease in the administrative and other operating expenses of the unallocated segment.

Finance Costs

The finance costs did not vary significantly as comparing with that of the Prior Year. There were an increase in the interest on the loans from a shareholder of approximately RMB0.3 million and a decrease in interest on the corporate bonds of approximately RMB0.2 million.

Income Tax Credit

Income tax credit increased by approximately 194.6% from income tax expenses of approximately RMB5.6 million in the Prior Period to income tax credit of approximately RMB5.3 million in the Period. The increase in income tax credit was mainly due to the increase in deferred tax assets generated from allowance for expected credit losses on trade receivables and the decrease in profits tax expenses for the industrial products segment.

Interim Dividend

The Board has resolved not to declare the payment of any interim dividend for the Period (30 June 2024: Nil).

Liquidity and Financial Resources and Capital Structure

As at 30 June 2025, the total cash and bank balances of the Group were approximately RMB16.4 million (31 December 2024: RMB46.0 million), comprising cash and cash equivalents of approximately RMB16.4 million (31 December 2024: RMB46.0 million).

The Group had a total of interest-bearing borrowings of approximately RMB497.3 million (31 December 2024: RMB516.8 million), comprising bank and other borrowings of approximately RMB403.0 million (31 December 2024: RMB426.0 million), corporate bonds of approximately RMB28.0 million (31 December 2024: RMB27.4 million), convertible bonds of RMB nil (31 December 2024: RMB3.1 million) and loans from a shareholder of approximately RMB66.3 million (31 December 2024: RMB60.3 million). The Group's borrowings were primarily denominated in RMB and HK\$ (31 December 2024: both RMB and HK\$) and bear interest at the fixed rate (31 December 2024: fixed rate) ranging from 0.1% to 5.66% (31 December 2024: 0.1% to 5.66%) per annum.

Management Discussion and Analysis

The maturity profile of the total borrowings as at 30 June 2025 is as follows (with comparative figures as at 31 December 2024):

	As at 30 June 2025		As at 31 December 2024	
	RMB million (Unaudited)	%	RMB million (Audited)	%
Within 1 year or on demand	463.2	93.1%	463.3	89.6%
Over 1 but within 2 years	34.1	6.9%	45.4	8.8%
Over 2 but within 5 years	–	–	8.1	1.6%
Total	497.3	100%	516.8	100%

As at 30 June 2025, the gearing ratio was approximately 140.2% (31 December 2024: 130.9%). The increase was mainly due to the decrease in the total equity. The Group's gearing ratio is measured by the total interest-bearing borrowings divided by total equity and multiplied by 100%.

As at 30 June 2025, the Group's total equity decreased by approximately RMB40.0 million to RMB354.8 million (31 December 2024: RMB394.8 million). The decrease was mainly due to the loss for the Period and was partially offset by the increase in the share capital and related reserves as a result of the issue of new Shares during the Period.

The Group recorded a net debt to equity ratio of 135.6% as at 30 June 2025 (31 December 2024: 119.3%).

The Group regularly and actively monitors its capital structure to ensure that there is sufficient working capital to operate its business and to maintain a balanced capital structure between providing stable returns to its shareholders and benefits to its other stakeholders and having an adequate level of borrowing and security.

Charges of Assets

As at 30 June 2025, secured bank borrowings of RMB376.0 million (31 December 2024: RMB383.0 million) were secured by the following assets with the carrying values:

	As at 30 June 2025 RMB million	As at 31 December 2024 RMB million
Properties	3.9	3.8
Investment properties	178.9	186.4
Land use right	192.7	196.2
Total	375.5	386.4

Management Discussion and Analysis

Significant Investment, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Period.

Future Plans for Material Investments and Capital Assets

Factory Restructuring

Since 2020, the Group had started to restructure some redundant factory areas (the “**Restructuring**”) in Quanzhou to alter the usage of those areas to develop a one-stop home and commercial furnishing chain business platform (the “**Platform**”) to increase the income streams.

The Platform will facilitate the matching of suppliers and customers of the furnishing industry. The Restructuring will be separated into different areas such as the furnishing materials store, the furnishing design centre and supporting facilities such as the business centre. We expect to receive rental incomes, promotion and advertisement fees from the Platform.

The Restructuring is principally funded by cash generated from our operations and bank borrowings. According to the initial planned timetable, we originally expected that the Restructuring would be completed by early 2022. However, due to the recurring COVID-19 situation in 2022, the completion was delayed. As at 30 June 2025, the Restructuring was at the final stage and under testing and review. Preparation work of promotion and advertisement of leasing out the restructured factory area was in progress.

Capital Commitments and Contingencies

As at 30 June 2025, the Group had a total capital commitment of RMB198.6 million (31 December 2024: RMB215.2 million). It was primarily related to the construction in progress and purchases of equipment. All the capital commitments are expected to be financed by income generated from our operations and bank and other borrowings.

As at 30 June 2025, the Group had no material contingent liabilities.

Foreign Currency Exposure

The functional currency of the Company is the Hong Kong dollar and the figures in the Group's financial statements are translated into Renminbi for reporting and consolidation purposes. Foreign exchange differences arising from translation of financial statements are directly recognised in equity as a separate reserve. As the Group conducts business transaction principally in Renminbi, the exchange rate risk at the Group's operational level is not significant. The Group does not implement any financial instruments for hedging purpose.

Employees, Training, and Development

The Group had a total of 146 employees as at 30 June 2025 (31 December 2024: 180). The Group invested in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills. The Group offered competitive remuneration packages to its employees, including basic salary, allowances, insurance, commission or bonuses and entitlement to participate in the Group's share option scheme.

Management Discussion and Analysis

Issue of New Shares Under General Mandate

Subscriptions of 59,574,000 Shares

On 23 December 2024, the Company entered into subscription agreements with Mr. Chen Chuzhan and Mr. Chen Hao Jun, pursuant to which (i) Mr. Chen Chuzhan had conditionally agreed to subscribe for 48,936,000 new ordinary Shares at the subscription price of HK\$0.50 per subscription Share; and (ii) Mr. Chen Hao Jun had conditionally agreed to subscribe for 10,638,000 new ordinary Shares at the subscription price of HK\$0.50 per subscription Share. The net issue price was HK\$0.499 per subscription share. The closing price was HK\$0.20 per Share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate nominal value of the subscription Shares was HK\$148,935.

Mr. Chen Chuzhan is an individual investor with extensive equity investment experience in new energy, trading and pharmaceutical business. Mr. Chen Hao Jun is an individual investor with extensive experience in equity investment mainly engages in e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, they were independent of the Company and its connected persons.

The subscriptions were completed and 48,936,000 new Shares were allotted and issued to Mr. Chen Chuzhan and 10,638,000 new Shares were allotted and issued to Mr. Chen Hao Jun under general mandate on 15 January 2025. The net proceeds from the subscriptions amounted to approximately HK\$29.7 million (approximately RMB27.5 million), which were intended to be utilised for general working capital of the Group and were fully utilised for the same. The Directors consider that the subscriptions represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscriptions helped to broaden the Company's funding channels.

For details of the subscriptions, please refer to the announcements of the Company dated 23 December 2024 and 15 January 2025.

Subscription of 42,000,000 Shares

On 29 May 2024, the Company entered into a subscription agreement with Ms. Cheng Cong ("**Ms. Cheng**"), pursuant to which Ms. Cheng had conditionally agreed to subscribe for 42,000,000 new ordinary Shares at the subscription price of HK\$0.50 per subscription Share. The net issue price was HK\$0.499 per subscription Share. The closing price was HK\$0.315 per Share as quoted on the Stock Exchange on the date of the subscription agreement. The aggregate nominal value of the subscription Shares was HK\$105,000.

Ms. Cheng, who is an individual investor with extensive experience in equity investment principally engaged in, among others, e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Ms. Cheng was independent of the Company and its connected persons.

The subscription was completed and 42,000,000 new Shares were allotted and issued to Ms. Cheng under general mandate on 19 June 2024. The net proceeds from the subscription amounted to approximately HK\$20.9 million (approximately RMB19.1 million), which were intended to be utilised for general working capital of the Group and were fully utilised for the same. The Directors consider that the subscription represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscription helped to broaden the Company's funding channels.

For details of the subscription, please refer to the announcements of the Company dated 29 May 2024 and 19 June 2024.

Management Discussion and Analysis

PROSPECTS

The global economy and geopolitical uncertainties continue to negatively impact our business performance.

The Red Sea crisis persists with no clear signs of resolution. Unless a significant geopolitical resolution emerges, Red Sea risk mitigation via detours, insurance premiums, and strategic network adjustments will likely continue to affect the container shipping through at least the remainder of 2025 and thus there will not be a significant decrease in shipping costs in the near future. For the industrial products segment, we will continue to monitor the operational environment and formulate the strategy to balance the profit margin and the increasing shipping costs and products costs in the second half of 2025 and considers the resumption of the business of the industrial products segment when appropriate.

The economic growth of the PRC was stable but fell short of initial expectations and the consumers remained prudent on personal expenses budgeting. The demand for our menswear apparel products remained weak during the Period. The Group will continue to monitor the menswear apparel operations and the retail market to retain the market share, control and reduce unnecessary expenses and save costs.

For the energy storage battery segment, the process of setting up automated production system and streamlining the production lines to increase production capacity is still in progress. Since the assembly and adjustment of machinery and equipment for the production of zinc-bromine flow batteries involve the investment of high technology, technical talents and a number of variable elements, the time required to optimise the production line is longer than expected. The Group will respond to the need for process optimisation and timely invest in the necessary resources to enable commercial operation to commence as soon as possible. In the meantime, the Group have been actively engaging in business discussion with more PRC state-owned enterprises and we are confident to have more cooperation with those enterprises.

The Group will also implement stringent cost control and continue to explore opportunities for business development and diversification, so as to maximise the returns to the Company and its shareholders in the long run and enhance its shareholder value accordingly.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
Revenue	4	40,412	229,791
Cost of sales		(30,512)	(187,213)
Gross profit		9,900	42,578
Other income and other gains or losses	5	15,058	8,917
Impairment losses under expected credit losses (“ECL”) model, net of reversal		(66,719)	(22,981)
Selling and distribution expenses		(2,398)	(12,610)
Administrative and other operating expenses		(48,548)	(70,787)
Loss from operations		(92,707)	(54,883)
Finance costs	6(a)	(12,037)	(12,048)
Loss before taxation	6	(104,744)	(66,931)
Income tax credit/(expenses)	7	5,299	(5,614)
Loss for the period		(99,445)	(72,545)

The notes on pages 22 to 40 form part of this interim report.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
Other comprehensive income/(loss) for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the mainland of the People's Republic of China (the "PRC")		1,766	(1,289)
Total comprehensive loss for the period		(97,679)	(73,834)
(Loss)/ profit attributable to:			
Equity owners of the Company		(85,244)	(81,795)
Non-controlling interest		(14,201)	9,250
		(99,445)	(72,545)
Total comprehensive (loss)/income attributable to:			
Equity owners of the Company		(84,271)	(83,836)
Non-controlling interest		(13,408)	10,002
		(97,679)	(73,834)
Loss per share attributable to equity owners of the Company (RMB cents)			
Basic and diluted	8	(2.80)	(2.98)

Condensed Consolidated Statement of Financial Position

As at 30 June 2025 — unaudited
(Expressed in Renminbi)

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	16,084	18,748
Investment properties		352,260	355,901
Right-of-use assets		198,093	198,646
Intangible assets		33,367	35,681
Prepayment for acquisition of property, plant and equipment		56,057	54,614
Deferred tax assets		85,722	77,137
		741,583	740,727
Current assets			
Inventories		33,179	30,578
Trade and other receivables	10	515,433	592,082
Cash and cash equivalents		16,404	45,978
		565,016	668,638
Current liabilities			
Trade and other payables	11	372,055	419,244
Bank and other borrowings	12	393,000	396,000
Lease liabilities		2,980	1,482
Convertible bond	15	—	3,116
Corporate bonds	14	3,876	3,878
Loans from a shareholder	13	66,346	60,346
Tax payable		39,687	38,736
		877,944	922,802
Net current liabilities		(312,928)	(254,164)
Total assets less current liabilities		428,655	486,563

The notes on pages 22 to 40 form part of this interim report.

Condensed Consolidated Statement of Financial Position

As at 30 June 2025 — unaudited
(Expressed in Renminbi)

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Bank and other borrowings	12	9,980	29,990
Deferred tax liabilities		37,740	37,740
Lease liabilities		2,037	528
Corporate bonds	14	24,146	23,520
		73,903	91,778
Net assets		354,752	394,785
Capital and reserves			
Share capital	17(b)	6,321	6,183
Reserves		352,615	385,462
Equity attributable to equity owners of the Company		358,936	391,645
Non-controlling interest		(4,184)	3,140
Total equity		354,752	394,785

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi)

	Attributable to equity owners of the Company											Total RMB'000
	Share capital	Share premium*	Statutory reserve*	Capital reserve*	Other reserve*	Convertible bond reserve*	Exchange reserve*	Share-based payment reserve*	Accumulated losses*	Sub-total	Non- controlling interest	
	RMB'000 Note 17(b)	RMB'000 Note 17(c)(i)	RMB'000 Note 17(c)(ii)	RMB'000 Note 17(c)(iii)	RMB'000 Note 17(c)(iii)	RMB'000 Note 17(c)(vi)	RMB'000 Note 17(c)(iv)	RMB'000 Note 17(c)(v)	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2024 (Audited)	5,629	532,798	128,898	39,023	–	793	(3,891)	–	(84,966)	618,284	68,136	686,420
Changes in equity for the six months ended 30 June 2024:												
(Loss)/profit for the period	–	–	–	–	–	–	–	–	(81,795)	(81,795)	9,250	(72,545)
Other comprehensive (loss)/income for the period												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(2,041)	–	–	(2,041)	752	(1,289)
Total comprehensive (loss)/income	–	–	–	–	–	–	(2,041)	–	(81,795)	(83,836)	10,002	(73,834)
Issuance of shares	96	19,043	–	–	–	–	–	–	–	19,139	–	19,139
Equity-settled share-based payments	–	–	–	–	–	–	–	22,736	–	22,736	–	22,736
Balance at 30 June 2024 (Unaudited)	5,725	551,841	128,898	39,023	–	793	(5,932)	22,736	(166,761)	576,323	78,138	654,461
Balance at 1 January 2025 (Audited)	6,183	599,037	128,898	39,023	6,462	793	(2,119)	45,726	(432,358)	391,645	3,140	394,785
Changes in equity for the six months ended 30 June 2025:												
Loss for the period	–	–	–	–	–	–	–	–	(85,244)	(85,244)	(14,201)	(99,445)
Other comprehensive income for the period												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	973	–	–	973	793	1,766
Total comprehensive income/(loss)	–	–	–	–	–	–	973	–	(85,244)	(84,271)	(13,408)	(97,679)
Issuance of shares	138	27,360	–	–	–	–	–	–	–	27,498	–	27,498
Equity-settled share-based payments	–	–	–	–	–	–	–	2,711	–	2,711	–	2,711
Redemption of convertible bond	–	–	–	–	–	(793)	–	–	793	–	–	–
Changes in ownership interests in subsidiary without losing control	–	–	–	–	21,353	–	–	–	–	21,353	6,084	27,437
Lapse of share options	–	–	–	–	–	–	–	(12,647)	12,647	–	–	–
Balance at 30 June 2025 (Unaudited)	6,321	626,397	128,898	39,023	27,815	–	(1,146)	35,790	(504,162)	358,936	(4,184)	354,752

* These reserve accounts comprise the consolidated reserves of RMB352,615,000 (30 June 2024: RMB570,598,000) in the consolidated statement of financial position.

The notes on pages 22 to 40 form part of this interim report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Operating activities		
Cash generated used in operations	(45,738)	(60,892)
Income tax paid	(744)	—
Net cash used in operating activities	(46,482)	(60,892)
Investing activities		
Payments for the purchase of property, plant and equipment and intangible assets	(1,583)	(2,557)
Payments of construction in progress	(3,933)	(2,393)
Proceeds from disposal of property, plant and equipment	—	736
Interest received	355	22
Net cash used in investing activities	(5,161)	(4,192)
Financing activities		
Proceeds from borrowings	198,500	205,900
Repayments of borrowings	(221,510)	(187,683)
Proceeds from loans from a shareholder	6,000	53,647
Repayments of loans from a shareholder	—	(37,745)
Capital injection from non-controlling interest	27,437	—
Redemption of convertible bond	(3,153)	—
Interest paid	(10,931)	(10,579)
Repayments of corporate bonds	—	(4,790)
Payments of lease liabilities	(1,772)	(2,143)
Proceeds from subscription of shares	27,498	19,139
Net cash generated from financing activities	22,069	35,746
Net decrease in cash and cash equivalents	(29,574)	(29,338)
Cash and cash equivalents as at 1 January	45,978	70,319
Cash and cash equivalents as at 30 June	16,404	40,981

The notes on pages 22 to 40 form part of this interim report.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 28 August 2025.

The interim financial information has been prepared in accordance with the same accounting policies adopted in 2024 annual financial statements, except for the application of new and amendment to International Financial Reporting Standards (“IFRS Accounting Standards”) in note 2 and the adoption of new accounting policies that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial information contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and the Group since the 2024 annual consolidated financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of consolidated financial statements prepared in accordance with IFRS Accounting Standards. The interim financial information is unaudited, but has been reviewed by the Company's audit committee.

In preparing these condensed consolidated interim financial statements, the Directors have considered the future liquidity of the Group. As at 30 June 2025, the Group has net current liabilities of RMB312,928,000. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, these condensed consolidated interim financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of approval of the condensed consolidated interim financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

- (i) The Group has obtained certain banking facilities with certain banks to obtain maximum credit amounts of RMB467,800,000 by secured certain asset of the Group and financial guarantee from the shareholder of the Company. As at 30 June 2025, the unutilised facilities amount in respect of bank borrowings was approximately RMB85,800,000.
- (ii) The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investments and business opportunities with an aim to attain profitable and positive cash flow operations.
- (iii) As at 30 June 2025, the Group has bank and other borrowings of RMB402,980,000 and among which bank borrowings of RMB375,980,000 (the “**Secured Bank Borrowings**”) were secured by the Group's non-current assets including property, plant and equipment, investment properties and right-of-use assets (the “**Pledged Non-current Assets**”) with an aggregate carrying value of RMB375,473,000 as at 30 June 2025. In the opinion of the Directors, should the Group failed to settle the Secured Bank Borrowings when they fall due, after considering that the carrying value of the Pledged Non-current Assets were sufficient to cover the carrying value of the Secured Bank Borrowings by realisation of those assets by the Group or the banks, it will result in net current assets.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of twelve months from the date of approval of the condensed consolidated interim financial statements. Accordingly, the condensed consolidated interim financial statements of the Group have been prepared on the going concern basis.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

In the current interim period, the Group has adopted all the new and amendment to IFRS Accounting Standards issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2025. The adoption of these new and amendment to IFRS Accounting Standards did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior accounting period.

Amendments to IAS21

Lack of Exchangeability

The Group has not applied any new and amendment to IFRS Accounting Standards that are not yet effective for the current period in advance.

3 SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the condensed consolidated interim financial statements are identified from the condensed consolidated interim financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Operating segments which are individually material are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they meet a majority of these criteria.

The main operations of the Group are sales of industrial products to customers located in Saudi Arabia ("**Industrial Products**"), sales of menswear apparel, brand licensing ("**Menswear Apparel**") and sales of energy storage battery ("**Energy Storage Battery**") in the PRC.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT INFORMATION (Continued)

(a) Segment revenue and results

For the six months ended 30 June 2025

	Menswear Apparel RMB'000 (Unaudited)	Industrial Products RMB'000 (Unaudited)	Energy Storage Battery RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue	38,569	–	1,843	–	40,412
Segment result before the following items	8,160	(1,765)	(18,258)	–	(11,863)
Impairment losses under ECL model, net of reversal	6,738	(73,125)	(332)	–	(66,719)
Depreciation and amortisation	(12,124)	(308)	(5,385)	–	(17,817)
Segment result	2,774	(75,198)	(23,975)	–	(96,399)
Other revenue and unallocated gains				325	325
Corporate and other unallocated expenses				(8,670)	(8,670)
Loss before taxation					(104,744)
Income tax credit/(expenses)	(1,968)	6,991	(1)	277	5,299
Loss for the period					(99,445)

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

For the six months ended 30 June 2024

	Menswear Apparel RMB'000 (Unaudited)	Industrial Products RMB'000 (Unaudited)	Energy Storage Battery RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue	49,182	174,591	6,018	–	229,791
Segment result before the following items	5,204	24,863	(24,846)	–	5,221
Impairment losses under ECL model, net of reversal	(20,715)	(2,266)	–	–	(22,981)
Depreciation and amortisation	(12,781)	–	(5,460)	–	(18,241)
Segment result	(28,292)	22,597	(30,306)	–	(36,001)
Other revenue and unallocated gains				–	–
Corporate and other unallocated expenses				(30,930)	(30,930)
Loss before taxation					(66,931)
Income tax expenses	(1,878)	(3,736)	–	–	(5,614)
Loss for the period					(72,545)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	Menswear Apparel		Industrial Products		Energy Storage Battery		Unallocated		Consolidated	
	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Segment assets	706,314	711,318	280,545	348,159	314,336	337,405	5,404	12,483	1,306,599	1,409,365
Segment liabilities	421,129	543,338	276,309	277,761	89,205	118,344	165,204	75,137	951,847	1,014,580

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT INFORMATION (Continued)

(c) Geographical Information

(a) Revenue

The following table presents the Group's geographical information in terms of revenue for the six months ended 30 June 2025 and 2024:

	Six months ended 30 June 2025 RMB'000 (Unaudited)	Six months ended 30 June 2024 RMB'000 (Unaudited)
China	40,412	55,200
Saudi Arabia	–	174,591
	40,412	229,791

(b) Non-current assets

The principal place of the Group's operation is in PRC. For the purpose of segment information disclosures under IFRS 8, the Group regards PRC as its country of domicile. Over 90% of the Group's non-current assets are located in the PRC.

(d) Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the Group's total revenue are as follows:

	Six months ended 30 June 2025 RMB'000 (Unaudited)	Six months ended 30 June 2024 RMB'000 (Unaudited)
Customer A (Industrial Products)	N/A*	38,127
Customer B (Industrial Products)	N/A*	28,854
Customer C (Industrial Products)	N/A*	81,361
Customer D (Menswear Apparel)	5,953	N/A*
Customer E (Menswear Apparel)	4,571	N/A*
Customer F (Menswear Apparel)	4,401	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE

The principal activities of the Group are sales of industrial products to customers located in Saudi Arabia, sales of menswear apparel, brand licensing and sales of energy storage battery in the PRC. Revenue represents the sales value of goods sold less discounts and Value Added Tax.

Revenue by segment is as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Sales of industrial products	–	174,591
Sales of menswear apparel	32,725	43,312
Menswear apparel brand licensing	5,844	5,870
Sales of energy storage battery	1,843	6,018
	40,412	229,791
Timing of revenue recognition		
At a point of time	40,412	224,048
Over time	–	5,743
	40,412	229,791

5 OTHER INCOME AND OTHER GAINS OR LOSSES

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest income	355	22
Rental income from investment properties less direct outgoings	7,305	6,953
Government grants (note (i))	240	–
Net foreign exchange (loss)/gain	(5)	20
Gain on deregistration of a subsidiary	4,829	–
Sales of scrap materials	1,939	1,398
Others	395	524
	15,058	8,917

Note:

- (i) Government grants were received from several local government authorities, of which the entitlements were under the discretion of the relevant authorities.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
(a) Finance costs:		
Interest on bank borrowings	9,218	9,253
Interest on corporate bonds	1,197	1,410
Interest on convertible bond	308	318
Interest on loans from a shareholder	1,277	1,001
Interest on lease liabilities	37	66
	12,037	12,048
(b) Staff costs:		
Contributions to defined contribution retirement plans	1,932	855
Salaries, wages and other benefits	14,043	21,153
Equity-settled share based payment expenses	2,711	22,736
	18,686	44,744
(c) Other items:		
Amortisation of intangible assets	2,314	2,321
Depreciation of property, plant and equipment	2,780	2,723
Depreciation of investment properties	7,574	7,573
Depreciation of right-of-use assets	5,335	5,624
Research and developments expenses	6,544	1,832
Cost of inventories	30,512	182,648
Impairment losses under ECL model, net of reversal	66,719	21,186
Written-off of trade receivables	–	1,795

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX CREDIT/(EXPENSES)

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current tax		
Provision for PRC corporate income tax for the period	–	–
Provision for Hong Kong profits tax for the period	–	(3,404)
Tax penalties	(3,286)	–
	(3,286)	(3,404)
Deferred tax credit/(expenses)	8,585	(2,210)
	5,299	(5,614)

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit for the six months ended 30 June 2025 and 2024.
- (iii) Pursuant to the income tax rules and regulations of the PRC, provision for PRC corporate income tax is calculated based on the statutory rate of 25% of the assessable profits of the subsidiaries incorporated in the PRC.
- (iv) According to the Corporate Income Tax law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

8 LOSS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

(a) Basic loss per share

The calculation of the basic loss per share attributable to equity owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss attributable to equity owners of the Company		
Loss for the period for the purpose of computation of basic loss per share attributable to equity owners of the Company	(85,244)	(81,795)
	Number of shares	
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue	3,042,660	2,747,941

(b) Diluted loss per share

The computation of diluted loss per share attributable to equity owners of the Company for the six months ended 30 June 2025 did not assume the exercise of outstanding share options of the Company since their assumed exercise would result in a decrease in loss per share attributable to equity owners of the Company.

The computation of diluted loss per share attributable to equity owners of the Company for the six months ended 30 June 2024 did not assume the conversion of the Company's outstanding convertible bonds and exercise of outstanding share options of the Company since their assumed conversion and exercise would result in a decrease in loss per share attributable to equity owners of the Company.

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with a cost of approximately RMB140,000 (six months ended 30 June 2024: RMB1,268,000).

Items of property, plant and equipment with a net book value of approximately RMB24,000 (six months ended 30 June 2024: RMB755,000) were disposed of during the six months ended 30 June 2025.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables	944,600	1,009,244
Less: Allowance for ECL	(646,151)	(624,624)
Written-off	–	(1,193)
Trade receivables	298,449	383,427
Prepayments to suppliers	200,816	198,802
Other deposits, prepayments and receivables	16,168	9,853
	515,433	592,082

Aging analysis

At the end of the reporting period, the aging analysis of trade receivables with net of allowance for ECL, based on invoice date, is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 3 months	12,481	145,260
More than 3 months but within 6 months	104,721	91,653
More than 6 months but within 1 year	88,535	64,133
Over 1 year	92,712	82,381
	298,449	383,427

Trade receivables are normally due for settlement within 90–180 days (31 December 2024: 90–180 days) from the invoice date.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

11 TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade payables	259,792	256,908
Other payables	63,241	107,792
Accruals	49,022	54,544
	372,055	419,244

As at the end of the reporting period, the aging analysis of the trade payables, based on relevant invoice date, is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 month	1,313	10,925
After 1 month but within 3 months	528	20,095
Over 3 months but within 6 months	57,646	26,855
Over 6 months but within 1 year	140,972	130,303
Over 1 year	59,333	68,730
	259,792	256,908

12 BANK AND OTHER BORROWINGS

(a) The bank and other borrowings were repayable as follow:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Fixed-rate borrowings, within 1 year or on demand	393,000	396,000
Fixed-rate borrowings, over 1 year but within 2 years	9,980	29,990
	402,980	425,990

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

12 BANK AND OTHER BORROWINGS (Continued)

(b) The bank and other borrowings were secured as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Bank and other borrowings		
— secured	375,980	382,990
— unsecured	27,000	43,000
	402,980	425,990

(c) Certain bank borrowings were secured by assets of the Group, the carrying amounts of these assets are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Property, plant and equipment	3,932	3,768
Investment properties	178,859	186,433
Right-of-use assets	192,682	196,237
	375,473	386,438

(d) Unsecured bank borrowings were guaranteed by:

As at 30 June 2025 and 31 December 2024, certain bank borrowings were guaranteed by directors of the Group.

(e) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Facility amount	467,800	472,800
Utilised facilities amount in respect of bank borrowings	382,000	387,000

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

13 LOANS FROM A SHAREHOLDER

Loans from a shareholder of the Company, Mr. Kwok Kin Sun, are unsecured, interest bearing at 4% to 5% per annum and repayable within one year.

14 CORPORATE BONDS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Unsecured corporate bonds	28,022	27,398

The Group's corporate bonds are repayable as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 year	3,876	3,878
After 1 year but within 2 years	24,146	15,439
After 2 years but within 5 years	–	8,081
	28,022	27,398
Analysed as:		
— Current	3,876	3,878
— Non-current	24,146	23,520
	28,022	27,398

As at 30 June 2025, the Group issued bonds with carried interest at 0.1%–5% (31 December 2024: 0.1%–5%) per annum. The bonds are unsecured with maturity date falling on 2–8 years (31 December 2024: 2–8 years) of the issue date.

The effective interest rate of the bonds ranges from 6.73% to 12.75% (31 December 2024: 6.73% to 12.75%) per annum.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

15 CONVERTIBLE BOND

The Company issued approximately HK\$26,205,000, 8.0% per annum convertible bonds on 30 May 2023 ("2023 CB"). The convertible bonds are denominated in Hong Kong dollars. The convertible bond holders are entitled to convert the convertible bonds into ordinary shares of the Company at any time from date of issue to the maturity date on 29 May 2025 at an initial conversion price of HK\$0.66 per conversion share. The Company and holder have the callable option to redeem all or some of the convertible bonds plus accrued interest from 30 May 2023 and prior to the maturity date on 29 May 2025. If the convertible bonds have not been converted, it will be redeemed on the maturity date on 29 May 2025 at par. During the year ended 31 December 2023, partial of 2023 CB with amount of approximately HK\$22,780,000 was converted. The Company allotted and issued 34,515,000 shares of the Company to the subscriber on 14 December 2023.

The convertible bond contains two components, debt component and equity component. The effective interest rate of the debt component is 25.9%.

The movements of the debt and equity components of the convertible bonds for the period are set out as below:

	Debt component RMB'000	Equity component RMB'000
As at 1 January 2024	2,647	793
Effective interest expense	655	—
Interest paid	(254)	—
Exchange adjustment	68	—
As at 31 December 2024 and 1 January 2025 (audited)	3,116	793
Effective interest expense	308	—
Interest paid	(252)	—
Redemption of convertible bond	(3,153)	(793)
Exchange adjustment	(19)	—
As at 30 June 2025 (unaudited)	—	—

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 EQUITY-SETTLED SHARE-BASED PAYMENTS FOR EMPLOYEES

The Company has adopted a share option scheme on 9 June 2014 whereby the Directors are authorised, at their discretion, to invite certain employees of the Group, including certain directors of the Group, to take up share options at consideration of HK\$1 each (equivalent to RMB0.821 at the date of grant). Each option gives the holder the right to subscribe for one ordinary share in the Company and will be settled gross in shares.

(a) Details of share options granted are as follows:

Options granted on 23 January 2024 ("2024 Options")

Date of grant	Exercise price	Number of options granted	Vesting periods	Contractual life of options
Options granted to the Directors: 23 January 2024	HK\$0.91	25,000,000	one year from the date of grant	From 23 January 2025 to 22 January 2029
Options granted to the employees: 23 January 2024	HK\$0.91	145,000,000	one year from the date of grant	From 23 January 2025 to 22 January 2029

(b) The number and weighted average exercise prices of share options

	As at 30 June 2025 (Unaudited)		As at 31 December 2024 (Audited)	
	Weighted average Exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the 1 January	HK\$0.91	157,000,000	N/A	–
Granted during the period/year	N/A	–	HK\$0.91	170,000,000
Lapsed during the period/year	HK\$0.91	(43,000,000)	HK\$0.91	(13,000,000)
Outstanding at 30 June/31 December	HK\$0.91	114,000,000	HK\$0.91	157,000,000
Exercisable at 30 June/31 December	HK\$0.91	114,000,000	N/A	–

During the six months ended 30 June 2025, no (31 December 2024: 170,000,000) share options were granted and 114,000,000 (31 December 2024: Nil) of share options became exercisable as at 30 June 2025.

The shares options outstanding as at 30 June 2025 had an exercise price of HK\$0.91 (31 December 2024: HK\$0.91) and a weighted average remaining contractual life of 3.6 years (31 December 2024: 4.1).

During the six months ended 30 June 2025, 43,000,000 (31 December 2024: 13,000,000) share options have lapsed and 114,000,000 (31 December 2024: 157,000,000) share options remained outstanding as at 30 June 2025.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 EQUITY-SETTLED SHARE-BASED PAYMENTS FOR EMPLOYEES (Continued)

(c) Fair value of share options and assumptions

The fair value of the share options determined at date of grant is measured based on binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

Fair value of share options at the date of grant and assumptions	2024 Options
Fair value at measurement date (HK\$)	0.32–0.40
Share price (HK\$)	0.82
Exercise price (HK\$)	0.91
Expected volatility (expressed as average volatility used in the modelling under binomial model)	72.79%
Option life	5 years
Expected dividends	0%
Risk-free interest rate (based on Hong Kong Government Bond yield)	3.128%

The expected volatility is based on the historical volatilities of the share prices of the comparable companies. Expected dividends were estimated by the Company based on its expected dividend policy over the expected terms of the options. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted with a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the grants of the share options.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Board does not recommend the payment of dividend for the six months ended 30 June 2025 (30 June 2024: Nil).

(b) Share capital

Authorised and issued share capital

	Number of ordinary shares of HK\$0.0025	Amount HK\$'000
Authorised:		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	4,000,000,000	10,000

	Number of ordinary shares of HK\$0.0025	Amount HK\$'000	Amount RMB'000
Issued and fully paid:			
As at 1 January 2024 (Audited)	2,745,389,000	6,863	5,629
Issuance of shares under subscription (<i>note (i)</i>)	42,000,000	105	96
Issuance of shares upon the acquisition of non-controlling interest (<i>note (ii)</i>)	200,000,000	500	458
As at 31 December 2024 and 1 January 2025 (Audited)	2,987,389,000	7,468	6,183
Issuance of shares under subscriptions (<i>note (iii)</i>)	59,574,000	149	138
As at 30 June 2025 (Unaudited)	3,046,963,000	7,617	6,321

Notes:

- (i) On 29 May 2024, the Company entered into a subscription agreement with an independent third party, as the subscriber, pursuant to which the subscriber had conditionally agreed to subscribe for 42,000,000 new shares at the subscription price of HK\$0.5 per subscription share. The subscription was completed and 42,000,000 new shares were issued and allotted on 19 June 2024.
- (ii) On 22 July 2024, Novel Star Ventures Limited ("**Novel Star**"), a wholly-owned subsidiary of the Company, and Astute Triumph Holdings Limited ("**Astute Triumph**"), a non-controlling shareholder of Rosy Estate Global Limited ("**Rosy Estate**"), an indirect 51%-owned subsidiary of the Company before the acquisition, entered into a sale and purchase agreement. Pursuant to the agreement, Novel Star agreed to acquire 29% equity interests in Rosy Estate from Astute Triumph at a consideration of HK\$100,000,000, which was satisfied by the issuance of 200,000,000 shares of the Company at issue price of HK\$0.5 per share. Upon the completion of the acquisition on 28 October 2024, Rosy Estate became an indirect 80%-owned subsidiary of the Company.
- (iii) On 23 December 2024, the Company entered into subscription agreements with independent third parties, as the subscribers, pursuant to which the subscribers had conditionally agreed to subscribe for 59,574,000 new shares in aggregate at the subscription price of HK\$0.5 per subscription share. The subscriptions were completed and 59,574,000 new shares in aggregate were issued and allotted on 15 January 2025.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company (the “Shares”) and proceeds received from the issuance of the Shares.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Statutory reserve

As stipulated by regulations in the PRC, the Company’s subsidiaries established and operated in the mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(iii) Capital reserve

On 30 April 2014, an amount payable of RMB39,023,000 had been waived by the shareholder, Mr. Kwok Kin Sun, and capitalised in capital reserve.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statement of operations outside the mainland China.

(v) Share-based payment reserve

Share-based payment reserve comprises the following:

- The fair value of services provided by parties other than employees to the Group in connection with the listing of the Company and the services were settled by equity instrument of the Company. The relevant services are recognised in accordance with IFRS 2, *Share-based payment*. Share-based payment was vested pursuant to the listing of the Company on 16 July 2014. No transfer from the share-based reserve to the share premium account during the period of 2025.
- The portion of the grant date fair value of share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for the share-based payments.

(vi) Convertible bond reserve

Convertible bond reserve represents the amount allocated to the equity component of convertible bond issued by the Company.

(vii) Other reserve

The other reserve represents the reserve relating to changes in ownership interests in subsidiaries without losing control and the amount represents the difference between consideration paid or received and changes in the carrying amount of the ownership interests attributable to non-controlling shareholders.

Notes to the Condensed Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

18 COMMITMENTS

Capital commitments

Capital commitments of the Group in respect of construction in progress outstanding at 30 June 2025 that were not provided for in the interim financial information were as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Contracted for	198,589	215,236

Operating leases arrangements

As lessor

At the end of the reporting period, the Group had total future minimum lease receivable, in respect of land and buildings, under non-cancellable operating lease with its tenants falling due as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within one year	14,629	14,653
In the second year to fifth year, inclusive	41,288	50,100
After five years	–	77,610
	55,917	142,363

19 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following material related party transactions.

Key management personnel compensation

Remuneration for key management personnel of the Group for the period, including amounts paid to the Directors, is as follows:

	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Short-term employee benefits	1,370	1,216
Contributions to retirement benefit scheme	52	63
Equity-settled share based payment expenses	552	3,988
	1,974	5,267

The total remuneration is included in “staff costs” (see note 6(b)).

Other Information

Disclosure of Interests

Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations

As at 30 June 2025, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

Interests in Shares, underlying Shares and debentures and associated corporations:

Name	Nature of interest	Number of issued ordinary Shares held	Number of underlying Shares under the share options held ⁽³⁾	Total	Approximate percentage of shareholding
Mr. Kwok Kin Sun ⁽¹⁾	Interest in a controlled corporation	75,297,000	–	75,297,000	2.47%
Mr. Kwok Hon Fung ⁽²⁾	Interest in a controlled corporation	190,102,000	–	190,102,000	6.24%
Ms. Ma Xiaoling ⁽³⁾	Beneficial owner and interest of spouse	120,858,000	–	120,858,000	3.97%
Mr. Lu Ke ^(4,5)	Beneficial owner	103,090,000	10,000,000	113,090,000	3.71%
Mr. Duan Huiyuan ⁽⁵⁾	Beneficial owner	–	15,000,000	15,000,000	0.49%

Notes:

- (1) Mr. Kwok Kin Sun, the chairman of the Board and an executive Director, is deemed to be interested in all the Shares held by Everkept Limited ("Everkept") by reason of his 70% interest in the share capital of Everkept.
- (2) Mr. Kwok Hon Fung, an executive Director, the chief executive officer of the Group and the son of Mr. Kwok Kin Sun, is deemed to be interested in all the Shares held by Equal Plus Limited ("Equal Plus") by reason of his 100% interest in the share capital of Equal Plus.

Equal Plus is an associated corporation of the Company pursuant to the SFO. Mr. Kwok Hong Fung, an executive Director, in the capacity as a beneficial owner, held the entire issued share capital of Equal Plus (i.e. number of share held: one).
- (3) Ms. Ma Xiaoling, an executive Director, was the beneficial owner of 106,480,000 Shares and is deemed to be interested in all the 14,378,000 Shares, in which her spouse, Mr. Yu Jiliang, was interested by virtual of the SFO.
- (4) Mr. Lu Ke is an executive Director and the general manager of Jiangsu HengAn, an indirectly non wholly-owned subsidiary of the Company.
- (5) These are share options granted by the Company under the Share Option Scheme on 23 January 2024. Details of the Share Option Scheme are set out in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2025, none of the Directors and chief executive of the Company had or were deemed to have any interests or a short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the paragraph headed "Share Option Scheme" below, during the Period, no rights to acquire benefits by means of acquisition of Shares or debentures of the Company were granted to any Directors or their respective spouse or minor children, neither were there any such rights exercised by them; nor was the Company, or any of its subsidiaries a party to any arrangement which enabled the Directors to acquire such rights in another body corporate.

Other Information

Substantial Shareholders' and Other Persons' Interests and short positions in the Shares and Underlying Shares of the Company

As at 30 June 2025, so far as the Directors are aware, having made all reasonable enquiries, the following interest of 5% or more of the issued share capital of the Company (other than the interests of the Directors and chief executives as disclosed above) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name	Position	Nature of interest	Number of Shares	Approximate percentage of shareholding
Ms. Wang Xiu Hua ⁽¹⁾	Long	Beneficial owner	568,440,000	18.66%
Equal Plus	Long	Beneficial owner	190,102,000	6.24%
Mr. Zhou Jun ⁽²⁾	Long	Beneficial owner and interest of spouse	160,399,000	5.26%
Ms. Xu Tingting ⁽²⁾	Long	Beneficial owner and interest of spouse	160,399,000	5.26%

Note:

(1) Ms. Wang Xiu Hua is the mother of Mr. Wang Yan, a non-executive Director.

(2) Mr. Zhou Jun was the beneficial owner of 110,181,000 Shares and was deemed to be interested in all the 50,218,000 Shares, in which his spouse, Ms. Xu Tingting, was interested by virtue of the SFO, and vice versa.

Save as disclosed above, as at 30 June 2025, the Company was not aware of any person or corporation having an interest or a short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be under section 336 of Part XV of the SFO.

Sufficiency of Public Float

Based on the publicly available information and to the best of the Directors' knowledge, information and belief as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules during the Period.

Review of Interim Results

The Company has an audit committee (the "**Audit Committee**") which comprises three independent non-executive Directors, namely Mr. Poon Yick Pang Philip (Chairman of the Audit Committee), Mr. Cheung Chiu Tung and Mr. Ma Yu-heng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, financial reporting, internal control and risk management systems, and has reviewed the unaudited interim financial report for the Period.

Share Option Scheme

The Company adopted the share option scheme on 9 June 2014 (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants (the "**Eligible Persons**") who contribute to the Group. On 23 January 2024, the Company granted options to subscribe for an aggregate of 170,000,000 ordinary Shares of HK\$0.0025 each in the share capital of the Company to Eligible Persons under the Share Option Scheme at an exercise price of HK\$0.91 per Share. The closing price of the Shares immediately before the date on which the options were granted was HK\$0.89. The Share Option Scheme has expired on 8 June 2024, provided that all outstanding options granted shall still be subject to the terms of the scheme.

Other Information

Details of movements of the share options during the six months ended 30 June 2025 are set out below:

Category	Date of grant	Exercise price (HK\$)	Exercisable period	As at 1 January 2025	Number of Share Options				As at 30 June 2025
					Granted	Exercised	Cancelled	Lapsed	
Director									
Mr. Duan Huiyuan	23 January 2024	0.91	23 January 2025 to 22 January 2029	15,000,000	–	–	–	–	15,000,000
Mr. Lu Ke	23 January 2024	0.91	23 January 2025 to 22 January 2029	10,000,000	–	–	–	–	10,000,000
Employee									
Other 13 employees of the Group	23 January 2024	0.91	23 January 2025 to 22 January 2029	132,000,000	–	–	–	(43,000,000)	89,000,000
Total				157,000,000	–	–	–	(43,000,000)	114,000,000

The number of Shares that may be issued during the Period in respect of options granted under all share schemes of the Company divided by the weighted average number of Shares in issue for the Period (i.e. 3,042,660,000 Shares) was 3.75%. Save for the Share Option Scheme, the Company has not adopted any other share scheme.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

Compliance with the Corporate Governance Code

The Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”) during the Period.

The Board currently comprises five executive Directors, one non-executive Director and three independent non-executive Directors, with independent non-executive Directors representing one-third of the Board, which fulfills the requirement of the Listing Rules. Such proportion of independent non-executive Directors on the Board can ensure their views would carry significant weight and enhance independence of the Board. On the above basis, the Board considers that the current structure will not impair the balance of power and the authority of the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances and to maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code

The Company has adopted the Model Code as the Company's code of conduct regarding Directors' securities transactions.

The senior management personnel who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

Other Information

Pursuant to Rule A.3 of the Model Code, the Directors were prohibited from dealing in any securities of the Company on any day on which its financial results are published and during the period of 30 days immediately preceding the publication date of the interim results of the Company for the six months ended 30 June 2025 (the **"2025 Interim Results"**), as well as any period of delay in the publication of the 2025 Interim Results announcement (the **"2025 Black-out Period"**). The 2025 Black-out Period commenced on 29 July 2025, and was ended on 28 August 2025, i.e. the date on which the 2025 Interim Results was published. According to Rule B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (other than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement (the **"Designated Director"**).

100,000 Shares held by Everkept Limited (**"Everkept"**) (a company wholly-owned by Mr. Kwok Kin Sun, a Director and the chairman of the Board, and his spouse), representing approximately 0.003% of the total issued share capital of the Company, were sold on the open market as a result of forced sales by the lender under the financial arrangement between Everkept and the lender (the **"Disposal"**) on 30 July 2025, i.e. during the 2025 Black-out Period, without prior notice to Everkept nor Mr. Kwok Kin Sun. Everkept and Mr. Kwok Kin Sun were only informed after the Disposal and thus Mr. Kwok Kin Sun did not notify the Designated Director the same in writing before the Disposal. The Disposal constituted incompliance in the Model Code. For details of the Disposal, please refer to the announcement of the Company dated 7 August 2025.

Save as disclosed above, and upon specific enquiries, all Directors and the senior management personnel of the Company confirmed that they have complied with the relevant requirements under the Model Code throughout the Period.

Legal Proceedings

Our Directors are not aware of any legal, arbitration or administrative proceedings against us that will have a material adverse effect on our business, financial condition or results of operations.

CHANGES IN INFORMATION OF DIRECTORS

Save as disclosed below or in this interim report, there has been no change in information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Ms. Ma Xiaoling, an executive Director, has been appointed as a member of the Nomination Committee with effect from 3 June 2025; and
2. Mr. Ma Yu-heng, an independent non-executive Director, has been appointed as a member of the Nomination Committee with effect from 3 June 2025.

EVENTS AFTER REPORTING PERIOD

Save as otherwise disclosed in this report, no important events affecting the Company have occurred since 30 June 2025 and up to the date of this report.

On behalf of the Board

Kwok Kin Sun

Chairman and Executive Director

Hong Kong

28 August 2025