



KANGLI INTERNATIONAL HOLDINGS LIMITED

康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6890

Interim Report 2025

CONTENTS

2	Corporate Information
3	Consolidated Statement of Profit or Loss
4	Consolidated Statement of Profit or Loss and Other Comprehensive Income
5	Consolidated Statement of Financial Position
6	Consolidated Statement of Changes in Equity
7	Condensed Consolidated Cash Flow Statement
8	Notes to the Unaudited Interim Financial Report
25	Management Discussion and Analysis
32	Additional Information

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Mei Zefeng
Ms. Liu Ping (*Chairman*)
Mr. Zhang Zhihong (*Chief Executive Officer*)
Ms. Lu Xiaoyu
Mr. Xu Chao

Independent Non-executive Directors

Mr. Lau Ying Kit
Mr. Yang Guang
Mr. Cao Cheng

COMPANY SECRETARY

Mr. Chung Yau Tong

AUDIT COMMITTEE

Mr. Lau Ying Kit (*Chairman*)
Mr. Yang Guang
Mr. Cao Cheng

REMUNERATION COMMITTEE

Mr. Cao Cheng (*Chairman*)
Mr. Lau Ying Kit
Mr. Yang Guang
Mr. Zhang Zhihong

NOMINATION COMMITTEE

Ms. Liu Ping (*Chairman*)
Mr. Lau Ying Kit
Mr. Yang Guang
Mr. Cao Cheng

REGISTERED OFFICE

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

HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA (THE PRC)

Wuyi County, Hengshanqiao Town
Wujin District, Changzhou City
Jiangsu Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, Nine Queen's Road Central,
Hong Kong

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance
with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road, Central, Hong Kong

HONG KONG LEGAL ADVISER

Anthony Siu & Co.
18/F, Nine Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

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

COMPANY WEBSITE

www.jnppmm.com

LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board
of The Stock Exchange of Hong Kong Limited (Stock Code:
6890.HK)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000 (Restated*)
Continuing operations			
Revenue	5	731,393	1,002,304
Cost of sales	7(c)	(672,934)	(881,935)
Gross profit	5(b)	58,459	120,369
Other income	6	2,295	3,621
Selling expenses		(31,968)	(33,428)
Administrative expenses		(10,562)	(9,329)
Impairment loss on trade receivables		(594)	(13)
Profit from operations		17,630	81,220
Finance costs	7(a)	(7,276)	(10,185)
Profit before taxation	7	10,354	71,035
Income tax	8	213	(8,981)
Profit for the period from continuing operations		10,567	62,054
Discontinued operation			
(Loss)/profit for the period from discontinued operation, net of tax	4	(194)	174
Profit for the period attributable to equity shareholders of the Company		10,373	62,228
Earnings per share			
Basic and diluted (RMB cents)	9	1.71	10.26
Earnings per share – Continuing operations			
Basic and diluted (RMB cents)	9	1.74	10.24

* Comparative information has been restated due to a discontinued operation (see Note 4 for details).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000 (Restated*)
Profit for the period	10,373	62,228
Other comprehensive income for the period (after tax):		
Item that may be reclassified subsequently to profit or loss		
– Exchange differences on translation into presentation currency of the Group	(356)	82
Total comprehensive income for the period	10,017	62,310
Attributable to equity shareholders of the Company:		
From continuing operations	10,320	62,115
From discontinued operation	(303)	195
Total comprehensive income for the period	10,017	62,310

* Comparative information has been restated due to a discontinued operation (see Note 4 for details).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 – unaudited
(Expressed in RMB)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	10	327,172	334,187
Loan to a related party	11	22,475	21,925
		349,647	356,112
Current assets			
Inventories	12	522,712	433,554
Trade and bills receivables	13	494,409	469,839
Prepayments, deposits and other receivables	14	175,879	198,545
Cash at bank and on hand	15	177,165	239,102
		1,370,165	1,341,040
Current liabilities			
Trade and bills payables	16	307,507	357,820
Accrued expenses and other payables	17	38,069	40,492
Bank loans	18	399,245	276,500
Lease liabilities		1,349	1,690
Current taxation		27,628	31,512
		773,798	708,014
Net current assets		596,367	633,026
Total assets less current liabilities		946,014	989,138
Non-current liabilities			
Bank loans	18	20,000	72,600
Lease liabilities		27,530	27,631
Other non-current liabilities		3,326	3,484
Deferred tax liabilities	19	10,082	10,364
		60,938	114,079
NET ASSETS		885,076	875,059
CAPITAL AND RESERVES			
Share capital		534	534
Reserves		884,542	874,525
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		885,076	875,059

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

	Attributable to equity shareholders of the Company							Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	
Balance at 1 January 2024	534	142,753	180,000	107,021	40,365	233	311,378	782,284
Changes in equity for the six months ended 30 June 2024:								
Profit for the period	–	–	–	–	–	–	62,228	62,228
Other comprehensive income for the period	–	–	–	–	–	82	–	82
Total comprehensive income	–	–	–	–	–	82	62,228	62,310
Balance at 30 June 2024 and 1 July 2024	534	142,753	180,000	107,021	40,365	315	373,606	844,594
Changes in equity for the six months ended 31 December 2024:								
Profit for the period	–	–	–	–	–	–	30,475	30,475
Other comprehensive income for the period	–	–	–	–	–	(10)	–	(10)
Total comprehensive income	–	–	–	–	–	(10)	30,475	30,465
Appropriation to reserve	–	–	–	–	9,956	–	(9,956)	–
Balance at 31 December 2024	534	142,753	180,000	107,021	50,321	305	394,125	875,059
Balance at 1 January 2025	534	142,753	180,000	107,021	50,321	305	394,125	875,059
Changes in equity for the six months ended 30 June 2025:								
Profit for the period	–	–	–	–	–	–	10,373	10,373
Other comprehensive income for the period	–	–	–	–	–	(356)	–	(356)
Total comprehensive income	–	–	–	–	–	(356)	10,373	10,017
Balance at 30 June 2025	534	142,753	180,000	107,021	50,321	(51)	404,498	885,076

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Operating activities			
Net cash (used in)/generated from operations		(104,911)	46,913
Income tax paid		(3,982)	(8,465)
Net cash (used in)/generated from operating activities		(108,893)	38,448
Investing activities			
Payments for the purchase of property, plant and equipment		(8,950)	(5,951)
Proceeds from/(payments for) disposal of property, plant and equipment		70	(12)
Disposal of discontinued operation, net of cash disposed of	4(c)	337	–
Interest received		755	469
Net cash used in investing activities		(7,788)	(5,494)
Financing activities			
Proceeds from new bank loans		228,455	262,648
Repayment of bank loans		(158,310)	(263,528)
Capital element of lease rentals paid		(442)	(423)
Interest element of lease rentals paid		(715)	(735)
Net decrease in amounts due to related parties		(55)	(217)
Interest paid		(6,561)	(9,452)
Net cash generated from/(used in) financing activities		62,372	(11,707)
Net (decrease)/increase in cash and cash equivalents		(54,309)	21,247
Cash and cash equivalents at 1 January	15	142,386	79,430
Effect of foreign exchange rate changes		(180)	181
Cash and cash equivalents at 30 June	15	87,897	100,858

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

KangLi International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 21 December 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 November 2018. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the manufacture and sale of hard steel coil, unpainted galvanised steel products and painted galvanised steel products, and the provision of property management services.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “**IASB**”). It was authorised for issue on 22 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

This interim financial report contains condensed consolidated 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 Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards issued by the IASB.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 DISCONTINUED OPERATION

In the first quarter of 2025, the Group sold its wholly-owned subsidiaries, Lucky Classic Limited and Lucky Star Property Management Corporation, which operated property management in Philippines to a third party at a cash consideration of RMB1,638,000. Management made such strategic decision to place greater focus on the Group's key competencies i.e. manufacture and sale of steel products. Accordingly, the financial results of these subsidiaries before disposal were presented as "Discontinued operation" in the consolidated financial statements in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* and comparative information has been restated.

(a) Results of discontinued operation

	For the period from 1 January 2025 to 28 February 2025 RMB'000	Six months ended 30 June 2024 RMB'000
Revenue	1,029	3,169
Cost of sales	(640)	(2,327)
Other income	4	34
Administrative expenses	(250)	(656)
Finance costs	–	(2)
Results from operating activities	143	218
Income tax	(29)	(44)
Net loss on disposal of subsidiaries	(308)	–
(Loss)/profit for the period from discontinued operation, net of tax	(194)	174
(Loss)/earnings per share		
Basic and diluted (RMB cents)	9	0.02

(b) Cash flows (used in)/generated from discontinued operation

	For the period from 1 January 2025 to 28 February 2025 RMB'000	Six months ended 30 June 2024 RMB'000
Net cash (used in)/generated from operating activities	(138)	142
Net cash generated from/(used in) investing activities	337	(4)
Net cash used in financing activities	–	(59)
Net cash inflows for the period	199	79

4 DISCONTINUED OPERATION (CONTINUED)

(c) Effect of disposal on the financial position of the Group

	Note	As at 28 February 2025 RMB'000
Property, plant and equipment	10	38
Trade and other receivables		1,561
Cash and cash equivalents		1,301
Trade and other payables		(954)
Net assets		1,946
Consideration received, satisfied in cash		1,638
Cash and cash equivalents disposed of		(1,301)
Net cash inflows		337

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the manufacture and sale of hard steel coil, unpainted galvanised steel products and painted galvanised steel products, and the provision of property management services. Further details regarding the Group's principal activities are disclosed in Note 5(b).

Disaggregation of revenue from contracts with customers by major products and services lines is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Continuing operations		
Manufacture and sale of steel products		
– Sales of hard steel coil	81,453	76,329
– Sales of unpainted galvanised steel products	368,310	525,839
– Sales of painted galvanised steel products	281,630	400,136
Total revenue from continuing operations	731,393	1,002,304
Discontinued operation		
Provision of property management services	1,029	3,169
	732,422	1,005,473

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets are disclosed in Note 5(b) and Note 5(c) respectively.

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

The Group manages its businesses by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Hard steel coil: this segment includes primarily the manufacture and sale of cold-rolled hard steel coil.
- Unpainted galvanised steel products: this segment includes primarily the manufacture and sale of hot-dipped galvanised/zinc coated steel coil and sheet.
- Painted galvanised steel products: this segment includes primarily the manufacture and sale of hot-dipped color coated galvanised steel coil and sheet.
- Property management services: this segment includes the provision of property management services.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and cost are allocated to the reportable segments with reference to sales generated by those segments and the cost incurred by those segments. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred for the six months ended 30 June 2025 and 2024. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other income, selling and administrative expenses, and impairment loss on financial instruments, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below:

Six months ended 30 June 2025						
	Hard steel coil RMB'000	Unpainted galvanised steel products RMB'000	Painted galvanised steel products RMB'000	Sub-total (Continuing operations) RMB'000	Property management services (Discontinued operation) RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition						
– Point in time	81,453	368,310	281,630	731,393	–	731,393
– Over time	–	–	–	–	1,029	1,029
Revenue from external customers	81,453	368,310	281,630	731,393	1,029	732,422
Reportable segment gross profit	5,015	29,037	24,407	58,459	389	58,848

Six months ended 30 June 2024						
	Hard steel coil RMB'000	Unpainted galvanised steel products RMB'000	Painted galvanised steel products RMB'000	Sub-total (Continuing operations) RMB'000	Property management services (Discontinued operation) RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition						
– Point in time	76,329	525,839	400,136	1,002,304	–	1,002,304
– Over time	–	–	–	–	3,169	3,169
Revenue from external customers	76,329	525,839	400,136	1,002,304	3,169	1,005,473
Reportable segment gross profit	6,174	64,597	49,598	120,369	842	121,211

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000 (Restated)
Reportable segment gross profit	58,848	121,211
Other income	2,299	3,655
Selling expenses	(31,968)	(33,428)
Administrative expenses	(10,812)	(9,985)
Impairment loss on trade receivables	(594)	(13)
Finance costs	(7,276)	(10,187)
Elimination of discontinued operation	(143)	(218)
Consolidated profit before taxation from continuing operations	10,354	71,035

(c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods were delivered.

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000 (Restated)
Continuing operations		
The People's Republic of China (the "PRC")	674,483	897,971
Thailand	38,093	67,729
Indonesia	11,238	10,711
Korea	2,102	21,782
Other countries	5,477	4,111
Total revenue from external customers from continuing operations	731,393	1,002,304
Discontinued operation		
Philippines	1,029	3,169
	732,422	1,005,473

Substantially all of the Group's non-current assets are located in the PRC. Accordingly, no segment analysis based on geographical locations of the assets is presented.

6 OTHER INCOME

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000 (Restated)
Continuing operations		
Interest income	1,301	1,018
Net foreign exchange gain	501	1,899
Government grants	388	529
Net loss on disposal of property, plant and equipment	–	(17)
Others	105	192
	2,295	3,621

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000 (Restated)
Continuing operations		
Interest on bank loans	6,561	9,452
Interest on lease liabilities	715	733
	7,276	10,185

(b) Staff costs

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Continuing operations		
Salaries, wages and other benefits	31,269	28,282
Contributions to defined contribution retirement plan	2,705	2,292
	33,974	30,574

7 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000 (Restated)
Continuing operations		
Depreciation expenses		
– owned property, plant and equipment	10,742	12,880
– right-of-use assets	1,485	1,487
	12,227	14,367
Cost of inventories	672,934	881,935

8 INCOME TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000 (Restated)
Continuing operations		
Current taxation		
PRC Corporate Income Tax:		
– Provision for the period	–	6,392
– Under-provision in respect of prior years	69	–
	69	6,392
Hong Kong Profits Tax:		
– Provision for the period	–	283
	69	6,675
Deferred taxation (Note 19)		
Origination and reversal of temporary differences	(282)	2,306
	(213)	8,981

Notes:

- (i) The Company and subsidiaries of the Group incorporated in the Cayman Islands or the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective jurisdictions of incorporation.
- (ii) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax. The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2024: 16.5%) to the six months ended 30 June 2025, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

8 INCOME TAX (CONTINUED)

Notes: (Continued)

- (iii) The subsidiary of the Group established in the PRC (excluding Hong Kong) is subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2025 (six months ended 30 June 2024: 25%).
- (iv) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("HNTE"), which entitles the qualified enterprises to a preferential income tax rate of 15%, subject to fulfillment of the recognition criteria. The subsidiary of the Group established in the PRC was qualified as a HNTE and is entitled to the preferential tax rate of 15% for the calendar years 2022 to 2025.
- (v) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for calculating income tax purpose, i.e. an additional 100% of such costs could be utilised as additional deductible expenses for the six months ended 30 June 2025 (six months ended 30 June 2024: 100%).

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is calculated based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average of 606,252,000 (six months ended 30 June 2024: 606,252,000) ordinary shares in issue during the interim period.

	Six months ended 30 June					
	Continuing operations RMB'000	2025 Discontinued operation RMB'000	Total RMB'000	Continuing operations RMB'000	2024 Discontinued operation RMB'000	Total RMB'000
Profit/(loss) attributable to ordinary equity shareholders	10,567	(194)	10,373	62,054	174	62,228

(b) Diluted earnings per share

There was no difference between basic and diluted earnings per share as the Company did not have any dilutive potential shares outstanding during the six months ended 30 June 2025 and 2024.

10 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2025, no addition to right-of-use assets was recognised (six months ended 30 June 2024: RMB115,000).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, the Group acquired items of plant and machinery with a cost of RMB4,032,000 (six months ended 30 June 2024: RMB4,882,000). Assets with a carrying amount of RMB38,000 were disposed of as part of the discontinued operation (see Note 4). Items of plant and machinery with a net book value of RMB70,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB5,000).

11 LOAN TO A RELATED PARTY

On 28 February 2023, a loan agreement was entered into between a subsidiary of the Group, Jiangsu Jiangnan Precision Metal Material Co., Limited ("**Jiangnan Precision**"), as lender, and Jiangsu Jiangnan Tiehejin Co., Ltd. ("**Jiangnan Tiehejin**"), a company controlled by the ultimate controlling parties of the Company, as borrower, and Mr. Mei Zefeng, as guarantor. Pursuant to the loan agreement, Jiangnan Precision agreed to grant a loan in the principal sum of RMB20,000,000 bearing interest at 5.5% per annum to Jiangnan Tiehejin for a term of 3 years. Accrued interest is receivable upon maturity of the loan.

Pursuant to the loan agreement, one of the conditions precedent to the drawdown of the loan includes Jiangnan Precision and Jiangnan Tiehejin having entered into an option agreement. The option agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 28 February 2023, pursuant to which a property acquisition option is granted to Jiangnan Precision, at nil consideration, to acquire a property to be constructed in Changzhou Economic Development Zone, to increase the office capacity of the Group. It is in Jiangnan Precision's sole discretion whether to exercise such option.

12 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Raw materials and consumables	209,233	123,506
Finished goods	313,479	310,048
	522,712	433,554

(b) The analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	Six months ended 30 June 2025 RMB'000	2024 RMB'000 (Restated)
Carrying amounts of inventories sold	672,934	881,935

13 TRADE AND BILLS RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade receivables, net of loss allowance	180,359	196,169
Bills receivables	314,050	273,670
Financial assets measured at amortised cost	494,409	469,839

All of the trade and bills receivables, net of loss allowance, are expected to be recovered within one year.

13 TRADE AND BILLS RECEIVABLES (CONTINUED)

(a) Ageing analysis

The ageing analysis of trade receivables, based on the dates of revenue recognition and net of loss allowance, is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Less than 1 month	105,550	138,502
1 to 3 months	72,745	52,993
Over 6 months	2,060	2,878
6 to 12 months	4	1,796
	180,359	196,169

- (b) At 30 June 2025, the Group has discounted certain of the bank acceptance notes it received from customers at banks, and endorsed certain of the bank acceptance notes it received from customers to its suppliers and other creditors for settlement of the Group's trade and other payables on a full recourse basis. Upon the above discounting or endorsement, the Group has derecognised the bills receivables in their entirety. These derecognised bank acceptance notes have maturity dates of less than six months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these notes and has discharged its obligation of the payables to its suppliers and other creditors. The Group considered the issuing banks of these notes are of high credit standings and non-settlement of these notes by the issuing banks on maturity is highly unlikely. At 30 June 2025, the Group's maximum exposure to loss and undiscounted cash outflow should the issuing banks fail to settle the notes on maturity dates amounted to RMB124,643,000 (31 December 2024: RMB309,322,000).
- (c) At 30 June 2025, bills receivables include bank acceptance notes discounted at banks or endorsed to suppliers with recourse totalling RMB68,859,000 (31 December 2024: RMB8,669,000). These bills receivables were not derecognised as the Group remains exposed to the credit risk of these receivables. The carrying amount of the associated bank loans and trade payables amounted to RMB68,859,000 (31 December 2024: RMB8,669,000).
- (d) At 30 June 2025, trade receivables of RMB2,553,000 (31 December 2024: RMB7,100,000) were discounted at banks. These trade receivables were not derecognised as the Group remains exposed to the credit risk of these receivables. The carrying amount of the associated bank loans amounted to RMB2,553,000 (31 December 2024: RMB7,100,000) (see Note 18).

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Prepayments for		
– Purchase of raw materials	164,475	195,574
– Utilities and other expenses	645	813
	165,120	196,387
Deposits for trading forward steel contracts	8,496	–
Other debtors	2,263	2,158
Financial assets measured at amortised cost	175,879	198,545

15 CASH AT BANK AND ON HAND

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash at bank	177,125	238,996
Cash on hand	40	106
Cash at bank and on hand included in the consolidated statement of financial position	177,165	239,102
Less: restricted deposits (Note (i))	(89,268)	(96,716)
Cash and cash equivalents included in the condensed consolidated cash flow statement	87,897	142,386

The Group's operations in the PRC (excluding Hong Kong) conducted its business in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

Note:

- (i) Restricted deposits represent deposits placed at banks as collaterals for bills issued and bank loans drawn by the Group (see Note 16 and Note 18 respectively).

16 TRADE AND BILLS PAYABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade and bills payables		
– Trade payables	44,093	65,130
– Bills payables	233,082	262,082
Financial liabilities measured at amortised cost	277,175	327,212
Contract liabilities:		
– Receipts in advance from customers	30,332	30,608
	307,507	357,820

At the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice dates, is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	142,408	208,080
Between 3 to 6 months	133,835	117,459
Over 6 months	932	1,673
	277,175	327,212

17 ACCRUED EXPENSES AND OTHER PAYABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Payables for construction of property, plant and equipment	25,251	28,935
Payables for other taxes	4,681	5,775
Payables for staff related costs	4,640	4,239
Amounts due to related parties	31	86
Others	1,251	1,457
Financial liabilities measured at amortised cost	35,854	40,492
Derivative financial liabilities arising from forward steel contracts	2,215	–
	38,069	40,492

18 BANK LOANS

(a) The Group's short-term bank loans are analysed as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank loans		
– Secured by the Group's property, plant and equipment or restricted bank deposits (Note 18(c))	64,500	10,000
– Secured by the Group's trade and bills receivables	65,445	7,100
– Guaranteed by third parties	45,000	45,000
– Unsecured and unguaranteed	168,000	130,000
	342,945	192,100
Add: current portion of long-term bank loans (Note 18(b))	56,300	84,400
	399,245	276,500

(b) The Group's long-term bank loans are analysed as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank loans		
– Secured by the Group's property, plant and equipment or restricted bank deposits (Note 18(c))	76,300	138,000
– Unsecured and unguaranteed	–	19,000
	76,300	157,000
Less: current portion of long-term bank loans (Note 18(a))	(56,300)	(84,400)
	20,000	72,600

The Group's long-term bank loans are repayable as follow:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	56,300	84,400
After 1 year but within 2 years	20,000	72,600
	76,300	157,000

18 BANK LOANS (CONTINUED)

- (c) The analysis of the Group's assets pledged for the Group's bank loans is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Secured by property, plant and equipment	98,569	100,665
Secured by trade and bills receivables (Note 13)	65,445	7,100
Secured by restricted bank deposits (Note 15)	30,000	30,000
	194,014	137,765

- (d) At 30 June 2025, the banking facilities of the Group amounted to RMB1,090,000,000 (31 December 2024: RMB1,070,000,000) were secured by the Group's property, plant and equipment, and/or guaranteed by third parties, or unsecured and unguaranteed. These facilities were utilised to the extent of RMB525,291,000 at 30 June 2025 (31 December 2024: RMB535,360,000).
- (e) Certain of the Group's bank loans are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become payable on demand. The Group did not identify any difficulties complying with the covenants. At 30 June 2025, none of the covenants relating to the bank loans had been breached (31 December 2024: None).

19 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year/period are as follows:

Deferred tax arising from:	Assets					Liabilities			
	Unused tax losses RMB'000	Credit loss allowance RMB'000	Lease liabilities RMB'000	Remeasurement of derivative financial instruments RMB'000	Government grants and depreciation on related assets RMB'000	Accelerated tax allowance for depreciation expenses RMB'000	Right-of-use assets RMB'000	Withholding tax related to retained profits to be distributed from a PRC subsidiary RMB'000	Net RMB'000
At 1 January 2024	2,082	290	4,141	(18)	964	(8,315)	(3,239)	-	(4,095)
(Charged)/credited to the consolidated statement of profit or loss	(2,082)	(106)	16	18	(394)	(867)	146	(3,000)	(6,269)
At 31 December 2024	-	184	4,157	-	570	(9,182)	(3,093)	(3,000)	(10,364)
Credited/(charged) to the consolidated statement of profit or loss (Note 8)	268	90	(17)	332	(24)	(460)	93	-	282
At 30 June 2025	268	274	4,140	332	546	(9,642)	(3,000)	(3,000)	(10,082)

20 DIVIDENDS

(i) **Dividends payable to equity shareholders of the Company attributable to the interim period**

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB Nil).

(ii) **Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period**

The directors of the Company did not declare a final dividend for the year ended 31 December 2024 (2023: RMB Nil).

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) **Financial assets and liabilities measured at fair value**

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 30 June 2025 RMB'000	Fair value measurement as at 30 June 2025 categorised into Level 1 RMB'000
Recurring fair value measurements		
<i>Liabilities</i>		
Derivative financial liabilities arising from forward steel contracts (Note 17)	2,215	2,215

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2024 and 30 June 2025.

22 COMMITMENTS

Capital commitments outstanding at 30 June 2025 not provided for in the interim financial report:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Commitments in respect of property, plant and equipment – Contracted for	967	183

The above commitments represent the Group's planned expansion of its production facilities.

23 MATERIAL RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Sales of scrap materials (Note (i))	4,106	5,782
Interest income	550	550
Operating lease expenses	48	48
Net decrease in amounts due to related parties	55	217

Note:

- (i) These scrap materials were sold to related parties at cost and accordingly, no gains or losses were recognised on these transactions by the Group.

BUSINESS REVIEW AND PROSPECTS

The Group is a leading midstream galvanized steel products manufacturer in the home appliance sector in Jiangsu Province, the PRC. The Group primarily engaged in the production and sales of hard steel coil, unpainted galvanized products and painted galvanized steel products, which are mainly applied in home appliances such as refrigerators, washing machines, ovens and microwaves, with downstream customers including midstream steel product processors and home appliance manufacturers. The Group has well-equipped facilities and production lines, enabling the Group to provide the customers with pickled rolls, cold-rolled coil, unpainted galvanized coil/sheet and painted galvanized coil/sheet products.

For the six months ended 30 June 2025, the Group's revenue from its principal business (from continuing operations) amounted to approximately RMB731,393,000, representing a decrease of approximately RMB270,911,000 or 27.0% compared with that of the corresponding period in 2024. The decline in revenue was primarily due to the decrease in selling price of various products and the reduction in demand.

As of 30 June 2025, the sales volume of our hard steel coil and galvanized steel products totalled approximately 135,376 tonnes, representing a decrease of approximately 32,666 tonnes or 19.4%, compared with approximately 168,042 tonnes for the corresponding period in 2024. In particular, the sales volume of our painted galvanized steel products among the galvanized steel products was approximately 45,078 tonnes, representing a year-on-year decrease of approximately 13,252 tonnes or 22.7%, the sales volume of our unpainted galvanized steel products was approximately 71,211 tonnes, representing a year-on-year decrease of approximately 22,271 tonnes or 23.8%, while the sales volume of our hard steel coil was approximately 19,087 tonnes, representing a year-on-year increase of approximately 2,857 tonnes or 17.6%. With the exception of hard steel coil, the sales volume of other products experienced significant declines. Additionally, the average unit selling price decreased to RMB5,403 per tonne from RMB5,965 per tonne for the corresponding period in 2024. Our production volume witnessed decrease due to the decline in sales volume and the decrease in unit selling price, resulting in an increase in our unit production cost, which has further affected our profitability. For the six months ended 30 June 2025, our gross profit (from continuing operations) was approximately RMB58,459,000, representing a decrease of approximately RMB61,910,000 compared to 2024. The gross profit margin (from continuing operations) also declined to 8.0% from 12.0% for the corresponding period in 2024.

In the first half of 2025, the multiple rounds of tariffs imposed by the United States on China directly impacted the export of home appliances such as refrigerators and washing machines. Home appliances that encountered difficulties in export resulted in a plunge in demand from overseas market, further intensifying competitive pressures in the domestic market and squeezing both product sales and profit margins. Despite our proactive adjustments to market strategies, it was difficult to fully offset the impact of external unfavorable factors in the short term. In the second half of 2025, the consumer subsidy policy will be extended, with the core focus on "trade-in of old goods for new ones". The range of subsidized home appliance categories expanded from 8 to 12, newly adding small household appliances such as microwaves and rice cookers. Although the situation remains challenging, we believe that market demand is expected to improve. We will continue to strengthen market development, enhance product quality management and control, and tighten the controls over production costs, striving to improve our performances in the second half of the year.

The property management business in the Philippines has significantly fallen short of our expectations, and due to factors such as geopolitics, the operation environment, and cultural differences, future development is subject to a number of uncertainties. The Group has decided to terminate this business and has disposed of the relevant subsidiary in Philippines in March 2025. As this business segment's revenue accounts for a very limited proportion of the total revenue of the Group, it will not have any material impact on the operations of the Group.

FINANCIAL REVIEW

Financial Performance Highlights

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Key financial information and performance ratios for continuing operations:		
– Revenue (RMB'000)	731,393	1,002,304
– Gross profit (RMB'000)	58,459	120,369
– Gross profit margin	8.0%	12.0%
– Profit for the period (RMB'000)	10,567	62,054
– Net profit margin	1.4%	6.2%
– Earnings per share (RMB cents)	1.74	10.24

	At	At
	30 June	31 December
	2025	2024
	(unaudited)	(unaudited)
Key performance ratios:		
– Current ratio	1.8	1.9
– Gearing ratio	0.5	0.4

Financial Results

Revenue

Revenue of the Group is primarily generated from the sales of hard steel coil, unpainted galvanised steel products and painted galvanised steel products. For the six months ended 30 June 2025, the total revenue of the Group amounted to approximately RMB732,422,000, representing a decrease of approximately 27.2% from approximately RMB1,005,473,000 for the six months ended 30 June 2024. The decrease in the Group's revenue was primarily attributable to the decrease in both the overall sales volume and average selling prices of our products. The overall sales volume for the six months ended 30 June 2025 was approximately 135,376 tonnes, representing a decrease of approximately 19.4% when compared to that in the same period in the previous year. The overall average selling price of our products for the current period recorded an decrease of approximately 9.4% when compared to that in the same period in the previous year.

An analysis of the Group's revenue, sales volume and average selling price by products and services in the six months ended 30 June 2025 and 2024 is as follows:

	Six months ended 30 June						Change		
	2025			2024			increase/(decrease)		
	Revenue (RMB'000)	Sales volume tonnes	Average selling price RMB/tonne	Revenue (RMB'000)	Sales volume tonnes	Average selling price RMB/tonne	Revenue %	Sales volume %	Average selling price %
Cold Rolled Steel Products (Continuing operations)									
Hard Steel coil	81,453	19,087	4,267	76,329	16,230	4,703	6.7%	17.6%	(9.3%)
Galvanized steel products									
– unpainted galvanized steel products	368,310	71,211	5,172	525,839	93,482	5,625	(30.0%)	(23.8%)	(8.1%)
– painted galvanized steel products	281,630	45,078	6,248	400,136	58,330	6,860	(29.6%)	(22.7%)	(8.9%)
	649,940	116,289	5,589	925,975	151,812	6,099	(29.8%)	(23.4%)	(8.4%)
Sub-total (Continuing operations)	731,393	135,376	5,403	1,002,304	168,042	5,965	(27.0%)	(19.4%)	(9.4%)
Provision of property management services (Discontinued operation)	1,029			3,169			(67.5%)		
Total	732,422			1,005,473			(27.2%)		

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

For the six months ended 30 June 2025, gross profit of the Group amounted to approximately RMB58,848,000 (six months ended 30 June 2024: approximately RMB121,211,000). The overall gross profit margin decreased from 12.1% in 2024 to 8.0% in 2025. An analysis of the Group's gross profit, proportion of total gross profit and gross profit margin by products and services in the six months ended 30 June 2025 and 2024 is as follows:

	Six months ended 30 June					
	2025			2024		
	Gross profit RMB'000	Proportion %	Gross profit margin %	Gross profit RMB'000	Proportion %	Gross profit margin %
Cold Rolled Steel Products (Continuing operations)						
Hard Steel coil	5,015	8.5%	6.2%	6,174	5.1%	8.1%
Galvanized steel products						
– unpainted galvanized steel products	29,037	49.3%	7.9%	64,597	53.3%	12.3%
– painted galvanized steel products	24,407	41.5%	8.7%	49,598	40.9%	12.4%
	53,444	90.8%	8.2%	114,195	94.2%	12.3%
Sub-total (Continuing operations)	58,459	99.3%	8.0%	120,369	99.3%	12.0%
Provision of property management services (Discontinued operation)	389	0.7%	37.8%	842	0.7%	26.6%
Total	58,848	100.0%	8.0%	121,211	100.0%	12.1%

During the current period, the decrease in gross profit was mainly due to decrease in both the overall sales volume and the average selling price of our products. The decrease in sales volume reduced the utilization rate of our production facilities to generate revenue to cover the production related sunk costs which in term reduced our gross profit margin.

Other income

Other income from continuing operations of the Group for the six months ended 30 June 2025 amounted to approximately RMB2,295,000 (2024: RMB3,621,000). Other income comprised mainly interest income and net foreign exchange gain.

Selling expenses

Selling expenses of the Group decreased from RMB33,428,000 in the six months ended 30 June 2024 to approximately RMB31,968,000 in the current period. The decrease was mainly due to the decrease in transportation expenses as a result of decrease in sales volume.

Administrative expenses

Administrative expenses from continuing operations of the Group increased slightly from approximately RMB9,329,000 for the six months ended 30 June 2024 to approximately RMB10,562,000 for the current period.

Finance costs

Finance costs from continuing operations of the Group for the six months ended 30 June 2025 amounted to approximately RMB7,276,000 which recorded a decrease of approximately 28.6% when compared to that of approximately RMB10,185,000 in the corresponding period in 2024. The decrease was mainly due to decrease of interest expenses on discounted bills in the current period as a result of drop in the interest rates.

Profit before taxation

Profit before taxation from continuing operations of the Group decreased significantly from approximately RMB71,035,000 in the six months ended 30 June 2024 to approximately RMB10,354,000 for the current period.

Income tax

Income tax from continuing operations of the Group changed from tax expenses of approximately RMB8,981,000 in the six months ended 30 June 2024 to tax credit of approximately RMB213,000 for the current period. Such change was mainly due to the combined effect of: (1) decrease of profit before taxation for the current period; and (2) reversal of temporary differences of deferred taxation.

Profit for the period from continuing operations

As a result of the foregoing, the profit from continuing operations of the Group decreased from approximately RMB62,054,000 for the six months ended 30 June 2024 to approximately RMB10,567,000 for the current period. The net profit margin from continuing operations of the Group for the six months ended 30 June 2025 amounted to approximately 1.4% (six months ended 30 June 2024: 6.2%).

Discontinued operation

The management decided to focus on the Group's key competencies in the future and disposed of the property management services business in the Philippines in the first quarter of 2025. The property management services business was sold to an independent third party at a cash consideration of RMB1,638,000. During the current period, the property management services business recorded a net loss of RMB194,000 before the disposal. The disposal of the property management services business does not have any material financial impact on the Group.

Liquidity and financial resources

As at 30 June 2025, the Group had cash at bank and on hand of approximately RMB177,165,000 (31 December 2024: approximately RMB239,102,000). As at 30 June 2025, the restricted bank deposits placed at banks as collaterals for bills issued and bank loans drawn by the Group amounted to approximately RMB89,268,000 in aggregate (31 December 2024: approximately RMB96,716,000). The Board will ensure sufficient liquidity at any time to meet its matured liabilities.

Net current asset

The Group recorded net current assets of approximately RMB596,367,000 as at 30 June 2025 (31 December 2024: approximately RMB633,026,000). The current ratio, calculated by dividing the current assets by current liabilities, was approximately 1.8 as at 30 June 2025 (31 December 2024: approximately 1.9).

Borrowings and pledge of assets

As at 30 June 2025, the Group had bank loans amounted to approximately RMB419,245,000 (31 December 2024: approximately RMB349,100,000), of which: (i) approximately RMB140,800,000 (31 December 2024: approximately RMB148,000,000) was secured by the Group's property, plant and equipment or restricted bank deposits; and (ii) approximately RMB65,445,000 (31 December 2024: approximately RMB7,100,000) was secured by trade and bills receivables.

Among the bank loans, approximately RMB76,300,000 (31 December 2024: approximately RMB157,000,000) was long-term bank loans and approximately RMB20,000,000 (31 December 2024: approximately RMB72,600,000) of which was repayable after 1 year but within 2 years.

The Group's gearing ratio, calculated by dividing total bank loans by total equity of the Group, as at 30 June 2025 was approximately 0.5 (31 December 2024: approximately 0.4).

Capital structure

The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and bank facilities of the Group. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, credit facilities available and interest bearing borrowings which enable the Group to continue its operation.

Contingent liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities.

Financial risks

The Group is exposed to various financial risks, including foreign currency risk, interest rate risk and credit risk in the normal course of its business.

– Foreign currency risk

Most of the Group's businesses are settled in Renminbi. However, the Group's sales to overseas customers are settled in foreign currencies. For the first half of 2025, approximately 92.2% of the Group's revenue was settled in Renminbi and approximately 7.8% was settled in foreign currencies.

Exchange rate fluctuations will affect sales revenue settled in foreign currencies, which in turn may have adverse effects on the Group. The Group does not hedge against foreign currency risk by using any derivative contracts. The management of the Group manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency risk should the need arise.

– Interest rate risk

The Group's interest rate risks primarily arise from fixed rate bank deposits and borrowings. The Group currently does not use any derivative contracts to hedge against its interest rate risks.

– Credit risk

The Group's credit risks primarily arise from trade and other receivables.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had approximately 566 employees, including executive Directors. The employees' salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include performance bonus, medical insurance, mandatory provident fund scheme, local municipal government retirement scheme and education subsidy to encourage continuous professional development of staff.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save for the disposal of the property management services business in the Philippines, the Group did not have material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board of the Company did not recommend declaring any interim dividend for the six months ended 30 June 2025.

SUBSEQUENT EVENTS AFTER 30 JUNE 2025

There were no major subsequent events since 30 June 2025 and up to the date of this interim report.

ADDITIONAL INFORMATION

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Board has established the audit committee (the “**Audit Committee**”) which currently comprises three independent non-executive Directors, namely Mr. Lau Ying Kit, Mr. Yang Guang and Mr. Cao Cheng. The primary duties of the Audit Committee are to review and supervise the Company’s financial reporting process and internal controls.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025 have been reviewed by the Audit Committee of the Company. The Audit Committee was satisfied that the Group’s unaudited interim financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the current period and that adequate disclosures had been made.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices as we believe that effective corporate governance practices are fundamental to safeguarding the interests of its shareholders and other stakeholders, and to enhancing shareholder value.

In the opinion of the Board of the Company, throughout the six months ended 30 June 2025, the Company has complied with the code provisions set out in the Corporate Governance Code under Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

The Company has not redeemed any of its securities during the six months ended 30 June 2025. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s securities during the six months ended 30 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors’ dealings in the securities of the Company. The Company has made specific enquiry of all Directors and confirmed that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

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

At 30 June 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in Shares and Underlying Shares of the Company

Name of Director	Capacity/Nature of Interest	Number of Shares (Note 1)	Approximate percentage of interest in the Company (Note 2)
Mr. Mei Zefeng (Note 3)	Interest of controlled corporation	343,220,000 (L)	56.61%
	Interest of spouse	85,500,000 (L)	14.10%
Ms. Liu Ping (Note 4)	Interest of controlled corporation	85,500,000 (L)	14.10%
	Interest of spouse	343,220,000 (L)	56.61%

Notes:

- (1) The Letter "L" denotes long position in the Company's shares.
- (2) The percentage is calculated based on the total number of issued shares as at 30 June 2025.
- (3) Mr. Mei Zefeng, being the sole director of Newrich Limited, is the sole shareholder of Newrich Limited which holds 343,220,000 shares. Therefore, Mr. Mei Zefeng is deemed to be interested in Newrich Limited's interest in the Company's shares pursuant to the SFO. In addition, Mr. Mei Zefeng is the spouse of Ms. Liu Ping. Therefore, Mr. Mei Zefeng is deemed to be interested in Ms. Liu Ping's interest in the Company's shares pursuant to the SFO.
- (4) Ms. Liu Ping, being the sole director of Star Century Corporate Limited, is the sole shareholder of Star Century Corporate Limited which holds 85,500,000 shares. Therefore, Ms. Liu Ping is deemed to be interested in Star Century Corporate Limited's interest in the Company's shares pursuant to the SFO. In addition, Ms. Liu Ping is the spouse of Mr. Mei Zefeng. Therefore, Ms. Liu Ping is deemed to be interested in Mr. Mei Zefeng's interest in the Company's shares pursuant to the SFO.

Save as disclosed above, as at 30 June 2025, so far as was known to the Directors and chief executives of the Company, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES

As at 30 June 2025, to the best knowledge of the Directors, the following interests and short position of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/Nature of Interest	Number of Shares (Note 1)	Approximate percentage of interest in the Company (Note 2)
Mr. Mei Zefeng	Interest of controlled corporation	343,220,000 (L)	56.61%
	Interest of spouse	85,500,000 (L)	14.10%
Ms. Liu Ping	Interest of controlled corporation	85,500,000 (L)	14.10%
	Interest of spouse	343,220,000 (L)	56.61%
Newrich Limited	Beneficial owner	343,220,000 (L)	56.61%
Star Century Corporate Limited	Beneficial owner	85,500,000 (L)	14.10%

Notes:

(1) The Letter "L" denotes long position in the Company's shares.

(2) The percentage is calculated based on the total number of issued shares as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, the Directors have not been notified by any persons who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTIONS

The Company has conditionally adopted the share option scheme ("Share Option Scheme"), which was approved by written resolution passed by its shareholders on 25 October 2018.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the shares in order to capitalise on the benefits of the options granted.

The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. Details of the principal terms of the Share Option Scheme are set out below.

- The Directors may, at their absolute discretion, make an offer to grant options to any employee of the Group, any non-executive Directors (including independent non-executive Directors), any suppliers, any customers, any adviser or any participants who shall be determined by the Directors from time to time on the basis that the Directors' opinion as to their contribution to the development and growth of the Group.
- The maximum number of ordinary shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% of the ordinary shares in issue upon the Listing (the Company may refresh this 10% limit under certain conditions) or 30% of the ordinary shares in issue from time to time where there are options to be granted and yet to be exercised.
- The total number of ordinary shares issued and to be issued upon exercise of the options granted to each qualified person under the Share Option Scheme or any other share option schemes adopted by the Company in any twelve-month period must not exceed 1% of the ordinary shares in issue. Any further grant of options which would result in the number of ordinary shares exceeding 1% requires a shareholders' approval with the relevant participant and its associates abstaining from voting.
- The offer of a grant of share options may be accepted within 21 days from the date of the offer together with the payment of nominal consideration of HK\$1 by the grantee. The period within which the options must be exercised shall be determined by the Directors at the time of grant and such period must expire no later than 10 years from the date of the offer has been made to the grantees. All outstanding options shall lapse, among other circumstances, when the grantee ceases to be a participant of the Share Option Scheme by reason of the termination of his/her employment.
- The subscription price will be determined by the Board at the time the grant of the options is made and shall not be less than the highest of:
 - (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date;
 - (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date; and
 - (iii) the nominal value of a share.
- The Share Option Scheme is valid and effective for a period of ten years commencing on 25 October 2018 (being the date of adoption of the Share Option Scheme).

As at 30 June 2025, there were no options outstanding, granted, cancelled, exercised or lapsed.

ADDITIONAL INFORMATION

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the six months ended 30 June 2025 was the Company, its holding company, fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their spouses or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate or had exercised any such right.

PARTICULARS OF THE DIRECTORS' SERVICE CONTRACTS

As at 30 June 2025, none of the Directors had entered or was proposing to enter into a service contract with the Company or any member of the Group which is not terminable within one year without payment of compensation other than statutory compensation.

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

Save as Mr. Cao Cheng has renewed his letter of appointment for another terms of three years with effect from 15 July 2025, there was no change in the information of the Directors that required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules during the six months ended 30 June 2025 and up to the date of this interim report.

By Order of the Board
KangLi International Holdings Limited

Liu Ping
Chairman

Hong Kong, 22 August 2025