HARMONY AUTO
和諧汽車

China Harmony Auto Holding Limited
中國和諧汽車控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3836

INTERIM REPORT 2025

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. FENG Changge *(Chairman)*
Mr. FENG Shaolun *(Deputy Chairman)*
Mr. LIU Fenglei *(President)*
Ms. MA Lintao *(Vice President)*
Mr. CHENG Junqiang *(Vice President)*

Independent Non-executive Directors

Mr. WANG Nengguang
Mr. LAU Kwok Fan
Mr. SUNG Ka Woon

Audit Committee

Mr. WANG Nengguang *(Chairman)*
Mr. LAU Kwok Fan
Mr. SUNG Ka Woon

Remuneration Committee

Mr. SUNG Ka Woon *(Chairman)*
Mr. LIU Fenglei
Mr. LAU Kwok Fan

Nomination Committee

Mr. FENG Changge *(Chairman)*
Mr. WANG Nengguang
Mr. SUNG Ka Woon

Company Secretary

Ms. WONG Wai Yee, Ella

Authorized Representatives

Mr. LIU Fenglei
Ms. WONG Wai Yee, Ella

Legal Adviser

Haiwen & Partners LLP
Suites 1101–1104, 11/F
One Exchange Square
8 Connaught Place
Central
Hong Kong

Auditors

Beijing Xinghua Caplegend CPA Limited
1/F, GR8 Inno-Tech Centre
46 Tsun Yip Street
Kwun Tong
Hong Kong

Principal Banks

Zhongyuan Bank, Zhengzhou Branch
Shanghai Pudong Development Bank,
Zhengzhou Branch
China Everbright Bank, Zhengzhou Branch
Industrial Bank, Zhengzhou Branch
Industrial Bank, Hong Kong Branch
Hang Seng Bank Limited

Registered Office

Vistra (Cayman) Limited
P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

Corporate Information

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

15A, Tower A, World Trade Center Building
Shangwuneihuan Road
CBD Zhengdong New District
Zhengzhou, Henan Province
People's Republic of China

Principal Place of Business in Hong Kong

Room 1915, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Cayman Islands Share Registrar and Transfer Office

Vistra (Cayman) Limited
P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Company's website

www.hexieauto.com

Stock Code

3836

Management Discussion and Analysis

INDUSTRY REVIEW AND OUTLOOK

According to data from the China Passenger Cars Association ("**CPCA**"), the retail sales of passenger vehicles in China reached approximately 10.9 million units in the first half of 2025, indicating a year-on-year growth of 10.8%. In January 2025, the retail sales of passenger vehicles were approximately 1.8 million units, and then in February 2025, the sales slightly declined to 1.4 million units. However, the sales rebounded and exceeded the level of January, reaching 1.9 million units in March. From April to June 2025, the sales continued to rise and reached the peak of this year's sales in June, with 2.1 million units in one month. The retail market sales of passenger vehicles in each month was higher than the same period last year from February to June 2025, indicating a positive market signal. In terms of the new energy vehicles ("**NEV**") market, the cumulative sales in 2025 were 5.5 million units with the increase rate of 33.3%. Among them, BYD had the highest sales of 1.7 million units, accounting for 30.7% of the NEV market. The emerging brands, such as XPENG, Leap Motor and Xiaomi, accounted for 19.5% of the domestic retail market share. The strong performance of these brands further intensified the competition.

The luxury vehicles market continues to face challenges in 2025. In the first half of 2025, the cumulative sales were approximately 1.2 million units, a decrease of 11.8% compared to the same period last year. In the first half of 2025, the three traditional luxury car brands, BMW, Mercedes-Benz and Audi (collectively, "**BBA**"), sold approximately 900,000 new vehicles in China, accounting for about 76% of the luxury car market share. Among them, BMW (including MINI brands) delivered approximately 318,000 new vehicles, Mercedes-Benz delivered approximately 293,000 new vehicles, and Audi delivered approximately 287,600 new vehicles. Compared to the same period last year, the sales volume of BMW, Mercedes-Benz and Audi in the first half year of 2025 declined 15.5%, 14.0% and 10.2% respectively, which indicates the fierce competition in the luxury vehicle market, as well as the shift in consumer preferences towards more intelligent and sustainable travel solutions.

Chinese NEV brands have achieved outstanding performance in the global market. In the first half of 2025, Chinese NEV manufacturers exported a total of approximately 987,000 vehicles, representing a 48.0% year-on-year increase. Among them, BYD has shown robust growth in exports with the volume of about 472,000 units, a 1.3-fold increase compared to the previous year, consolidating its leading position in the global NEV industry. Meanwhile, Chinese automotive manufacturers are gradually implementing localization strategies, enhancing their resilience against risks such as geopolitical issues and tariffs. These notable advancements reflect a growing acceptance and demand for Chinese electric vehicles in overseas markets, implying promising prospects for Chinese NEV brands in the global market.

According to data from CPCA, in the first half of 2025, the average comprehensive inventory coefficient of Chinese automobile dealers remained at approximately 1.46, slightly lower than the average level of 1.54 in the first half of 2024. From January to June 2025, the overall inventory of the industry increased by 380,000 vehicles compared to the same period last year, changing the characteristic of continuous inventory reduction in the first six months of the past few years, and also bringing about a better growth in manufacturers' sales. Fiscal policies, including extending subsidies for the trade-in program and tax incentives for purchasing NEVs, continue to boost demand. The combined effect of policy incentives and promotions are expected to boost the customer flow and transaction volume of the dealers.

BUSINESS REVIEW AND OUTLOOK

Amid a severe downturn in China's automotive dealer industry, the Group delivered a strong operational performance in the first half of 2025, achieving total sales of 30,666 units. This represents a robust year-on-year increase of 60.6%, significantly outpacing the overall market growth rate and demonstrating the successful implementation of the Group's strategic initiatives. Hong Kong and Overseas markets emerged as the primary growth drivers, with sales reaching 15,725 units, accounting for 51.3% of total sales. Meanwhile, domestic sales remained stable at 14,941 units, comprising 48.7% of the total sales. Excluding the impact of non-recurring losses of RMB32.5 million related to store closures, the Group's adjusted net profit would have been RMB20.7 million. This marks a sharp reversal from the loss attributable to the owners of the Company of RMB76.3 million in the corresponding period of 2024, reflecting an improvement of approximately RMB97.0 million.

Mainland China Market

In the first half of 2025, the Group's mainland China business recorded robust performance, achieving an adjusted operating net profit of approximately RMB17.9 million (excluding non-recurring losses of RMB32.5 million related to store closures). This remarkable result significantly outperformed industry peers, attributable to the following three factors:

First, the Group stayed committed to its "1+2" operational strategy, namely One standard (Performance and profitability serve as the sole metrics for evaluating work) and Two focuses (focusing on leading brands and strategic regions and focusing on operational efficiency and quality). In terms of brand focus, the Group clearly defined its core brand portfolio, covering three ultra-luxury brands (Bentley, Rolls-Royce, and Ferrari) and two premium brands (BMW and Lexus). Meanwhile, regarding regional focus, the Group concentrated its network layout in regions with operational strengths. For brands facing operational pressures in non-core regions, the Group proactively optimized its presence to conserve resources and reinvigorate operations for pursuing renewed growth.

Second, underpinned by a sound operational strategy, the Group has consistently adopted a prudent approach toward acquisitions, refraining from pursuing large-scale acquisition models. Instead, in line with our strategic development objectives, we have remained focused on premium brands and key regions, selectively advancing projects based on careful evaluation and strict cost control. In terms of network expansion, we adhere to a philosophy of steady and sustainable operation by avoiding both outdated practices and reckless expansion, thereby ensuring overall operational excellence and maintaining high standards of store quality.

Management Discussion and Analysis

Third, at the actual operational level, all business segments of the Group have continuously strengthened high-efficiency coordination and high-quality collaboration, establishing a business management model characterized by synergistic features. In sales operations, the Group proactively assessed market landscape so as to adjust its strategies in a timely manner based on these insights. In sales quality control, the focus remained on pacing and structure: By front-loading quarterly and monthly sales and implementing off-peak operations, the Group has effectively avoided vicious competition. Adjustments to the vehicle model mix are not driven solely by inventory reduction, but are initiated through sales planning system orders to ensure scientifically aligned procurement structures, supported by efficient resource exchange within the system. Key performance indicators such as order-resource alignment and inventory-resource alignment directly determine a sound terminal sales structure. Achieving earlier sales and structural optimization can effectively reduce losses, making "minimizing losses equivalent to winning" in the current market landscape. In the after-sales business, despite a decline in customer spending willingness and showroom visit frequency, we continued to work on customer demand and consistently launched high-engagement products to explore incremental markets, and dedicated efforts to secondary sales development for existing customers. In the mechanical and electrical maintenance business, a funnel-based customer management model was adopted to enhance the penetration rate of rigid demands such as SPR (three filters and spark plugs), thereby securing after-sales gross profit contributions. For the accident repair business, pre-defined work plans were implemented to balance efficiency, cost, and gross margin, achieving refined control. In the first half of 2025, the overall gross profit margin of the after-sales business increased to 39.2%, representing an increase of approximately 1 percentage point from 38.3% recorded in the corresponding period last year. In terms of operational efficiency, the Group has been putting the principle of "cost control and efficiency enhancement" at the very core by promoting cross-store and cross-organizational integration to improve overall operational performance. Due to refined management and data benchmarking mechanisms, the Group swiftly responded to market changes while optimizing decision-making quality and management effectiveness.

To tap the growth opportunities in China's electric vehicle market, the Group worked to optimize its brand portfolio and sales network, adding three DENZA brand showrooms in the first half of 2025. This initiative has further strengthened our market coverage and brand influence, laying a solid foundation for the Group's sustainable and high-quality development.

Hong Kong and Overseas Market

The Group's strategy for entering the international NEV market has achieved initial success. Since 2023, the Group has accelerated its overseas layout of NEV distribution business and established global strategic partnerships with BYD Company, a leading automobile manufacturer in the PRC, to distribute and provide after-sales services for NEV brands, such as BYD and DENZA, aiming to expand the business across various locations outside Mainland China. As of 30 June 2025, the group operated 40 4S centres, 36 Showrooms and 6 service centres, and added a total of 29 outlets in the first half of 2025 spanning across Asia Pacific, Europe and Africa. As the sole Tier-1 authorised dealer for BYD brand in Hong Kong, the Group performed exceptionally well, selling 4,762 units BYD NEVs in the first half of 2025, successfully claiming itself as the best seller across all brands in Hong Kong. The Group also performed well in markets such as Indonesia, Cambodia and the Philippines, achieving 2,538, 1,610 and 1,767 sales of units respectively, representing a year-on-year increase of 226%, 444% and 89% respectively. The Group adopts the "low-cost, high-efficiency" operation mode in overseas regions: the investment of overseas single stores is lower than that of domestic traditional 4S stores; at the same time, the average number of employees in a single overseas store is much lower than that of domestic traditional 4S stores.

The Group has reached a global strategic partnership with BYD Company, adhering to a rapid deployment strategy centered on the "Four Fasts": fast investment, fast store building, fast recruitment, and fast execution, so as to quickly enter the core market, preemptively deploy core areas, and realize international business layout. The Group has a sufficient talent pool and a mature training system in mainland China, which enables the Group to integrate the experience of domestic efficient operation and refined management into overseas markets through an agile and efficient "1 + X" overseas personnel structure, forming a business model with both Chinese characteristics and regional adaptability, and achieving rapid breakthroughs and brand enhancement in the market.

Looking forward, the Group will implement systematic initiatives centered on "establishing frameworks, expanding coverage, building foundations, refining operations, broadening scope and deepening impact": (1) based on Asia-Pacific and Europe, continue to use a rapid deployment strategy to advance and complete the layout of the global network framework, and quickly complete the development of new markets in the Middle East, Africa and America; (2) increase network density in core market areas of Asia-Pacific and Europe to match actual demand and improve coverage capabilities; (3) continue to build a management foundation and profit system that meets local needs, including talent management system, business process standards, improvement of second-hand car market business, integration of derivative business resources such as insurance and finance, etc.; (4) strengthen refined operations, improve profitability, human efficiency, inventory turnover and site utilization efficiency, etc.; (5) relying on the global layout to expand NEV adjacent business, such as energy storage, charging solutions, battery repair and recycling, zero-carbon parks and supporting facilities, etc.; and (6) deepen and refine each business segment, continue to enhance core competitiveness and sustainable development capabilities, and strive to become the world's largest new energy distributor group.

Management Discussion and Analysis

FINANCIAL OVERVIEW

Revenue

In the first half of 2025, the Group recorded a total revenue of RMB9,636.6 million for the six months ended 30 June 2025 (the "**Reporting Period**" or "**Relevant Period**"), representing an increase of 29.1% compared to RMB7,466.3 million in the corresponding period of 2024.

Revenue by type of goods or services

- **Sale of automobiles and others:** Revenue increased significantly by 36.7% to RMB8,577.4 million from RMB6,273.6 million in the first half of 2024, accounting for 89.0% of the total revenue. The growth was mainly attributable to the strategic expansion of the Group's international sales network, which enabled broader market reach and increased sales volume across key regions.

- **After-sales services:** Revenue decreased by 10.7% to RMB1,044.7 million from RMB1,170.5 million in the first half of 2024, accounting for 10.8% of the total revenue.

- **Finance leasing services:** Revenue declined by 34.4% to RMB14.5 million from RMB22.1 million in the first half of 2024, accounting for 0.2% of the total revenue.

Revenue by regions

- **Mainland China:** Revenue decreased by 15.8% to RMB5,735.0 million from RMB6,814.3 million in the first half of 2024, accounting for 59.5% of the total revenue. This was primarily driven by persistently weak domestic consumer spending, an imbalance in passenger vehicle supply and demand, and intensified price competition, especially within the luxury vehicle segment. Among which, the revenue from BMW and Lexus brands was RMB4,544.6 million, accounting for 79.2% of the revenue from Mainland China.

- **Hong Kong and Overseas:** Revenue increased significantly by 5.0 times to RMB3,901.6 million from RMB652.0 million in the first half of 2024, accounting for 40.5% of the total revenue. This remarkable sales performance highlights the success of the Group's global strategy, especially deeper penetration into Hong Kong and key Southeast Asian markets, as well as the increasing international recognition and acceptance of Chinese NEV brands.

Cost of Sales and Services

In the first half of 2025, the Group recorded cost of sales and services of RMB9,076.8 million, representing an increase of 27.8% compared to RMB7,100.0 million in the corresponding period of 2024.

- **Sales of automobiles and others:** Cost of sales increased by 32.3% to RMB8,440.7 million from RMB6,377.8 million in the first half of 2024, which was in line with the increase in revenue from the sale of automobiles and others.

- **After-sales services:** Cost of sales decreased by 11.9% to RMB636.1 million from RMB722.2 million in the first half of 2024, which was in line with the decrease in revenue from the sale of automobiles and others.

Gross Profit and Gross Profit Margin

In the first half of 2025, the Group's gross profit increased by 52.8%, reaching RMB559.8 million from RMB366.3 million in the corresponding period of 2024, and the gross profit margin increased by 0.9 percentage point to 5.8% from 4.9% in the corresponding period of 2024.

- **Sales of automobiles and others:** Gross profit increased by RMB240.9 million to RMB136.7 million from gross loss of RMB104.2 million in the first half of 2024. Gross profit margin recorded in the first half of 2025 was 1.6%.

- **After-sales services:** Gross profit decreased by 8.9% to RMB408.5 million from RMB448.3 million in the first half of 2024. Gross profit margin increased slightly by 0.8 percentage point to 39.1% from 38.3% in the first half of 2024.

Other Income and Gains, Net

During the Reporting Period, the Group recorded other income and gains of RMB248.3 million, indicating an increase of 4.2% compared to the corresponding period of 2024. This increase was primarily attributable to growth in commission income, which increased by 8.3% to RMB205.3 million from RMB189.5 million in the corresponding period of 2024.

Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses totaled RMB549.2 million, representing an increase of 20.0% compared to RMB459.3 million in the corresponding period of 2024. The increase was mainly due to the ongoing expansion of international distribution network.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB167.0 million, representing an increase of 27.4% from RMB131.1 million in the corresponding period of 2024. The significant increase was primary attributed to the ongoing expansion of international distribution network.

Profit from Operations

During the Reporting Period, the Group reported profit from operations of RMB91.8 million, representing a substantial increase of RMB77.7 million or 551.1% compared to RMB14.1 million recorded in the corresponding period in 2024.

Finance Costs

During the Reporting Period, the Group recorded the finance costs of RMB94.9 million, representing an increase of 20.3% compared to RMB78.9 million in the corresponding period of 2024, which was primarily driven by higher interest expenses on bank loans, resulting from the Group's elevated level of bank borrowings.

Loss Attributable to Owners of the Company

As a result of the above, the loss attributable to owners of the Company narrowed to RMB11.8 million, compared to a loss of RMB76.3 million in the corresponding period of 2024. Excluding the impact of non-recurring expenses related to stores closure of RMB32.5 million, the Group's adjusted net profit would be RMB20.7 million (including net profit of RMB2.8 million from Hong Kong and Overseas operations).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

Cash Flow

The Group primarily uses cash to purchase new automobiles, spare parts and automobile accessories, to repay its indebtedness, to fund its working capital and normal operating expenses and to establish new dealerships and acquire additional dealerships. The Group satisfies its liquidity requirements mainly through a combination of cash flows generated from its operating activities and bank loans and currently expects that future liquidity will continue to be satisfied mainly by the foregoing.

As at 30 June 2025, the total cash and deposits of the Group was RMB1,064.3 million; the net cash generated from operating activities by the Group amounted to RMB314.6 million; the net cash used in investing activities by the Group amounted to RMB291.2 million, consisting primarily of purchases of property, plant and equipment; and the net cash used in financing activities by the Group amounted to RMB76.9 million.

Net Current Assets

As at 30 June 2025, the net current assets of the Group was RMB983.3 million, representing a decrease of RMB236.4 million or 19.4% from that of RMB1,219.7 million as of 31 December 2024, primarily due to the decrease in prepayments, other receivables and other assets, cash and bank balances, and pledged and restricted bank deposits.

Capital Expenditure and Investments

As at 30 June 2025, the Group's capital expenditure amounted to RMB364.4 million, representing an increase of 104.5% compared to that of RMB178.2 million incurred for the corresponding period of 2024, which was mainly used for the purchase of property, plant and equipment in relation to the expansion of overseas sales network.

Contingent Liabilities

As at 30 June 2025 and 31 December 2024, the Company did not have any significant contingent liabilities.

Inventories

The Group's inventories primarily consisted of new passenger vehicles, spare parts and automobile accessories. As at 30 June 2025, inventories increased by RMB70.8 million from RMB1,921.9 million as at 31 December 2024 to RMB1,992.7 million as at 30 June 2025.

The Group's average inventory turnover days during the Relevant Period were 39.4 days, representing a year-on-year decrease of 0.9 day compared to 40.3 days for the corresponding period of 2024. It reflects market pressures from weakened consumer spending and macroeconomic volatility. The Group is implementing responsive inventory controls to mitigate excess exposure, ensuring it is within a healthy range.

Bank Loans and Other Borrowings

As at 30 June 2025, the Group' bank loans and other borrowings amounted to RMB3,574.2 million, representing a year-on-year increase of 4.5% as compared to RMB3,419.0 million as at 31 December 2024. All the bank loans and other borrowings are repayable on demand or within one year. The breakdown and maturity profile of the bank loans and other borrowings are as follows:

	30 June 2025 ***RMB'000*** **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Bank loans repayable:		
On demand or within one year	**2,427,120**	1,943,783
Other borrowings repayable:		
On demand or within one year	**1,147,036**	1,475,202
	3,574,156	3,418,985

As at 30 June 2025, the Group's gearing ratio (calculated as total liabilities divided by total assets) was 55.7%, representing a decrease of 1.4 percentage point compared to the 57.1% recorded as at 31 December 2024.

Pledge of Assets

As at 30 June 2025, certain Group's bank loans and other borrowings are secured by:

(i) mortgages over the Group's land use rights situated in Mainland China, which had an aggregate carrying value of approximately RMB4,434,000 (31 December 2024: RMB5,453,000) as at 30 June 2025;

(ii) mortgages over the Group's buildings, which had an aggregate carrying value of approximately RMB30,026,000 (31 December 2024: RMB12,007,000) as at 30 June 2025; and

(iii) mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB549,606,000 (31 December 2024: RMB799,406,000) as at 30 June 2025.

Certain of the Group's bank loans and other borrowings amounting to RMB1,199,334,000 (31 December 2024: RMB589,539,000) were guaranteed by the Group's subsidiaries as at 30 June 2025. In addition to the mortgages mentioned above, certain of the Group's bank loans amounting to RMB1,138,971,000 (31 December 2024: RMB1,411,507,000) were guaranteed by the legal representative of certain subsidiaries of the Company and his spouse as at 30 June 2025.

Interest Rate Risk and Foreign Exchange Risk

The Group's bank deposits, bank loans and other borrowings mainly bear interests at fixed interest rates, therefore the Group's exposure to the risk of interest rate fluctuation is very limited. During the Reporting Period and up to the date of publication of this interim report, the Group has not used any financial derivatives to hedge the Company's interest rate risks.

The Group's subsidiaries operate in Mainland China, Hong Kong and overseas, and they are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars and US dollars. The management consider that the business is not exposed to any major direct foreign exchange risks as the financial assets and liabilities of our Group denominated in currencies other than the respective functional currencies of our operating entities are not significant. The Group did not hedge against any fluctuation in foreign exchange rates during the Relevant Period.

Capital Structure and Treasury Policies

The Group's business activities are primarily funded through a combination of share capital, cash generated from operating activities, interest-bearing bank loans, and other borrowings.

The Group has adopted a prudent financial management approach towards its treasury policies and will review such policies from time to time, taking into account, among other things, the cash flows requirement and expansion of the Group. The Group maintained a healthy liquidity position during the Relevant Period.

Employees and Remuneration Policies

As at 30 June 2025, the Group had a total of 4,977 employees (31 December 2024: 4,403 employees). During the six months ended 30 June 2025, the Company incurred staff costs of RMB305.9 million. The salary package of employees is determined by their respective work experiences, duties and performances. The management will conduct annual review on the salary plan while taking into account the employees' general performance and market conditions.

The Company operates a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include employees of the Company and its subsidiaries. The Share Option Scheme became effective on 26 June 2015 and was terminated on 26 June 2025 of the tenth anniversary of its adoption. Following the termination of the Share Option Scheme, no further options could be granted thereunder but the provisions of the Share Option Scheme would remain in force to the extent necessary to give effect to the exercise of any option granted prior to its termination. As at 1 January 2025, the Company had 42,191,000 share options outstanding under the Share Option Scheme, which represented approximately 2.8% of the Company's shares in issue (i.e. 1,523,264,677). As at 26 June 2025, the Company had 20,000,000 share options outstanding under the Share Option Scheme, which represented approximately 1.3% of the Company's shares in issue as at that date. During the period from 1 January 2025 to 26 June 2025, 22,191,000 share options were lapsed and no share options were granted, exercised and canceled under the Share Option Scheme.

Save as disclosed above, there was no share option scheme adopted by the Company as at 30 June 2025 and up to the date of publication of this interim report. Details of the Share Option Scheme are set out in the circular of the Company dated 10 June 2015.

On 28 February 2019, the Company adopted a share award plan (the "**Share Award Plan**") under which the Company may grant existing Shares to selected participants, being all employees, directors (whether executive or non-executive, but excluding independent non-executive directors and Mr. Feng Changge) and officers of the Group. The Share Award Plan was adopted for the purpose of (i) motivating, recognizing and rewarding the contributions of the employees, directors (executive or non-executive directors but excluding independent non-executive directors) and officers of the Group; (ii) attracting and retaining talent for the long-term growth and development of the Group; and (iii) aligning the interests of the grantees of the Company with that of the shareholders of the Company (the "**Shareholders**") to enhance the long-term financial performance of the Company. The Share Award Plan was expired on 26 June 2025. During the period from 1 January 2025 to 26 June 2025, the maximum aggregate number of Shares to be acquired by the Trustee under the Share Award Plan is 60,000,000 Shares, representing 3.94% of the Shares in issue (i.e. 1,523,264,677) and a total of 30,000,000 shares were granted and vested under the Share Award Plan. As at 26 June 2025, the Trustee appointed by the Company for the Share Award Plan has purchased 59,987,500 Shares (representing approximately 3.94% of the Company's shares in issue as at 30 June 2025) under the Share Award Plan since its adoption. During the period from 1 January 2025 to 26 June 2025, no shares were granted, vested, lapsed and canceled under the Share Award Plan.

Save as disclosed above, there was no share award plan adopted by the Company as at 30 June 2025 and up to the date of publication of this interim report. Details of the Share Award Plan are set out in the announcement of the Company dated 2 April 2019.

For further details of the Share Option Scheme and the Share Award Plan, please refer to the section headed "Corporate Governance and Other Information" of this interim report. The Company will regularly review its remuneration policies and employees' benefits with reference to market practices and individual performance.

Corporate Governance and Other Information

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

As at 30 June 2025, the interests and short positions of the director (the "**Directors**") or the chief executive of the Company in the shares, underlying shares or 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 notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**") were as follows:

		Ordinary Shares			Underlying Shares under Share Options		
		Capacity/Nature of Interest					
Name	**Position**	**Personal Interests[6]**	**Family Interests[7]**	**Other interests**	**Personal Interests**	**Total Interests**	**Approximate % of Shareholding Interest**
Mr. FENG Changge	Director	—	—	708,364,660 (L)[1]	2,500,000[4][5]	710,864,660 (L)	46.66%
Mr. FENG Shaolun	Director	—	—	708,364,660 (L)[3]	—	708,364,660 (L)	46.50%
Ms. MA Lintao	Director	—	710,864,660 (L)[2]	—	—	710,864,660 (L)	46.66%
Mr. LIU Fenglei	Director	778,587 (L)	—	—	2,500,000[4][5]	3,278,587 (L)	0.21%
Mr. WANG Nengguang	Director	40,000 (L)	—	—	—	40,000 (L)	0.00%

Notes:

(1) These 708,364,660 shares in the Company are held by Eagle Seeker Company Limited ("**Eagle Seeker**"). Mr. Feng Changge is deemed to be interested in the said 708,364,660 shares by virtue of Eagle Seeker being held indirectly by Cititrust Private Trust (Cayman) Limited through Eagle Pioneer Company Limited, whereas Mr. Feng Changge is the founder of the trust.

(2) Ms. Ma Lintao is Mr. Feng Changge's spouse and is therefore deemed to be interested in all the shares of the Company in which Mr. Feng Changge is interested in.

(3) These 708,364,660 shares in the Company are held by Eagle Seeker. Mr. Feng Shaolun is deemed to be interested in the said 708,364,660 shares by virtue of Eagle Seeker being held indirectly by Cititrust Private Trust (Cayman) Limited through Eagle Pioneer Company Limited, whereas Mr. Feng Shaolun is one of the beneficiaries.

(4) These interests represent options to subscribe for shares in accordance with the Share Option Scheme granted to the relevant Directors. For further details, please refer to the section headed "Share Option Scheme" of this interim report.

(5) These options were granted by the Company in May 2017 and accepted by the relevant grantees in May 2017.

(6) "Personal Interests" represents interests directly beneficially owned.

(7) "Family Interests" represents interests of spouse or child under 18.

(8) The letter "L" denotes the long position in the shares of the Company.

Save as disclosed above, as at 30 June 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the following persons (other than the Directors and chief executive of the Company) had interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as follows:

Name	Capacity/Nature of Interest	Number of Shares Directly or Indirectly Held[4]	Approximate % of Shareholding Interest
Eagle Seeker	Beneficial owner	708,364,660 (L)	46.50%
Eagle Pioneer Company Limited[1]	Interest of controlled corporation	708,364,660 (L)	46.50%
Cititrust Private Trust (Cayman) Limited[2]	Trustee	708,364,660 (L)	46.50%
Foxconn (Far East) Limited[3]	Beneficial owner	128,734,000 (L)	8.45%
Hon Hai Precision Industry Co. Ltd[3]	Interest of controlled corporation	128,734,000 (L)	8.45%

Notes:

(1) Eagle Seeker is wholly owned by Eagle Pioneer Company Limited. Accordingly, Eagle Pioneer Company Limited is deemed to have interest in the 708,364,660 Shares held by Eagle Seeker.

(2) Eagle Pioneer Company Limited is wholly owned by Cititrust Private Trust (Cayman) Limited. Accordingly, Cititrust Private Trust (Cayman) Limited is deemed to have interest in the 708,364,660 Shares held by Eagle Seeker (the controlling shareholder of the Company), indirectly via Eagle Pioneer Company Limited. Mr. Feng Changge, Executive Director and Chairman of the Company, is the founder of the trust of Cititrust Private Trust (Cayman) Limited.

(3) Foxconn (Far East) Limited ("**Foxconn**") is wholly owned by Hon Hai Precision Industry Co. Ltd. ("**Hon Hai**"), a company listed on the Taiwan Stock Exchange. Accordingly, Hon Hai is deemed to have interest in the 128,734,000 Shares held by Foxconn.

(4) The letter "L" denotes long position in such Shares.

Save as disclosed above, as at 30 June 2025, no persons (other than the Directors or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 26 June 2015, which is made pursuant to Chapter 17 of the Listing Rules, in relation to grant of share options to certain employees of the Company or its subsidiaries to subscribe for shares (the "**Shares**") of HK$0.01 each of the Company, for the purpose of attracting, retaining and motivating talented employees to strive towards long-term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The Share Option Scheme was terminated on 26 June 2025 of the tenth anniversary of its adoption. Following the termination of the Share Option Scheme, no further options could be granted thereunder but the provisions of the Share Option Scheme would remain in force to the extent necessary to give effect to the exercise of any option granted prior to its termination.

Eligible participants of the Share Option Scheme are any director(s) of the Group (including any Director(s)) or any employee(s) or officer(s) of any member of the Group(s) who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The maximum number of Shares issuable under share options to each eligible participant (save for the substantial shareholders or an independent non-executive Director of the Company, or any of their respective associates) in the Share Option Scheme within any 12-month period prior to the termination date of the Share Option Scheme is limited to 1% of the shares of the Company in issue. On the other hand, the maximum number of Shares issuable under share options to the substantial shareholders or an independent non-executive Director of the Company, or any of their respective associates in the Share Option Scheme within any 12-month period prior to the termination date of the Share Option Scheme is limited to 0.1% of the shares of the Company in issue and an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of such grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange). Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

A share option may be exercised during a period to be notified by the Board to each grantee ("**Grantee**") which shall not be more than 10 years commencing on the date on which an offer(s) of the grant of share option(s) is/are made to the participant(s) ("**Offer Date**") and expiring on the last day of such period. The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period and ends on the expiry date of the Scheme. Details of the exercise period can be found in the table below.

Subject to such terms and conditions as the Board may determine, no performance target need to be achieved by the proposed Grantee before the share options can be exercised. Details of the vesting period can be found in the table below.

An offer shall be made to the proposed Grantee by letter in such form as the Board may from time to time determine requiring the proposed Grantee to undertake to hold the share option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the proposed Grantee to whom an offer is made for a period of 28 days from the offer date, provided that no such offer shall be open for acceptance after the tenth anniversary of the adoption date or after the Share Option Scheme has been terminated in accordance with its provisions.

An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the offer is duly signed by the proposed Grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK$1.00 (receipt of which shall be deemed to be acknowledged by the Company upon receipt of the duplicate letter comprising acceptance of the offer letter duly signed by the proposed Grantee) by way of consideration for the grant thereof, is received by the Company.

The exercise price is determined taking into account the highest of (i) the closing price per Share as stated in the daily quotation sheets issued by the Stock Exchange on the date of offer; (ii) the average closing price per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of HK$0.01 per Share.

On 9 May 2017, the Board resolved to grant up to 70,000,000 new share options to the then existing grantees and certain new grantees to replace the outstanding options granted on 29 June 2015 and 2 July 2015 respectively ("**Outstanding Options**"), subject to the acceptance of each of the then existing grantees. No compensation shall be payable to them for cancellation of the Outstanding Options. New grantees are mainly senior management of the subsidiaries of the Company and general managers of its outlets.

On 17 December 2019, the Company offered to grant share options (the "**2019 Share Options**") to certain eligible employees of the Group (the "**2019 Grantees**") under the Share Option Scheme, entitling them to subscribe for a total of 20,000,000 ordinary shares of HK$0.01 each of the Company. The grant of the Share Options will be subject to the acceptance of the 2019 Grantees. Each 2019 Grantees is not a director, chief executive or substantial shareholder of the Company or an associate (as defined under the Listing Rules) of any of them.

The Company also offered to grant share options to certain grantees under the Share Option Scheme on 29 June 2015, 2 July 2015 and 15 December 2017, and there were no outstanding share options from these grants during the six months ended 30 June 2024. For details, please refer to the Company's announcements dated 29 June 2015, 2 July 2015, 9 May 2017 and 15 December 2017.

Summary of the Share Option Scheme has been set out in note 16 to the consolidated financial statements.

Details of the movements of the share options granted to subscribe for ordinary shares by the Directors, former directors and other eligible employees of the Company pursuant to the Share Option Scheme during the six months ended 30 June 2025 were as follows:

					Number of Share Options					
Name of Grantees	**Date granted**	**Vesting period**	**Exercise period**	**Exercise price per Share**	**Outstanding as at 1 January 2025**	**Granted during the period**	**Exercised during the period**	**Cancelled during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2025**
Directors										
Mr. FENG Changge — Executive Director and Chairman of the Board	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK$3.00	2,500,000	—	—	—	2,500,000	0[1]
Mr. LIU Fenglei — Executive Director and President	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK$3.00	2,500,000	—	—	—	2,500,000	0[1]
Former Director										
Mr. HAN Yang — Former Executive Director and Vice President	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK$3.00	800,000	—	—	—	800,000	0[1]
Former Director										
Ms. FENG Guo — Former Executive Director and Vice President	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK$3.00	400,000	—	—	—	400,000	0[1]
Former Director										
Mr. YANG Lei — Former Executive Director, Chief Operating Officer and Vice President	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK$3.00	1,125,000	—	—	—	1,125,000	0[1]
Other eligible employees	9 May 2017	1/7/2017 to 1/7/2020	1/7/2017 to 28/6/2025	HK$3.00	14,866,000	—	—	—	14,866,000	0[1]
	17 December 2019	16/2/2020 to 16/2/2021	16/2/2020 to 17/12/2025	HK$4.00	20,000,000	—	—	—	—	20,000,000[2]
Total					42,191,000	—	—	—	22,191,000	20,000,000

Notes:

(1) The validity period of the 70,000,000 share options is from 9 May 2017 (i.e. date of grant) till the earlier of (i) the day on which the relevant Grantee ceases to be an employee or a Director of the Company and its subsidiaries on one or more of the grounds of termination of employment, appointment or directorship specified in paragraph 8(vi) of the Share Option Scheme, and (ii) 28 June 2025. 20% of these share options were vested on 1 July 2017, 30% were vested on 1 July 2018, 30% were vested on 1 July 2019 and 20% were vested on 1 July 2020. The cessation of directorship of the former Directors Mr. Yang Lei, Mr. Han Yang and Ms. Feng Guo did not involve the grounds of termination as specified in the above (i), and their share options remained valid as at 28 June 2025.

(2) The validity period of the 20,000,000 share options is from 17 December 2019 (i.e. date of grant) till the earlier of (i) the day on which the relevant 2019 Grantee ceases to be an employee of the Group, and (ii) 17 December 2025. 50% of these share options were vested on 16 February 2020 and 50% were vested on 16 February 2021.

(3) The closing price of the Shares immediately before the date of grant is not applicable and no review or approval on the grant of share options were required by the remuneration committee of the Company as no share options were granted during the six months ended 30 June 2025.

(4) The weighted closing price of the Shares immediately before the exercise date is not applicable because no share options were exercised during the six months ended 30 June 2025.

As at 1 January 2025, the Company had 42,191,000 share options outstanding under the Share Option Scheme, which represented approximately 2.76% of the Company's shares in issue (i.e. 1,523,264,677). As at 26 June 2025, the Company had 20,000,000 share options outstanding under the Share Option Scheme, which represented approximately 1.31% of the Company's shares in issue as at that date. During the period from 1 January 2025 to 26 June 2025, 22,191,000 share options were lapsed and no share options were granted, exercised and cancelled under the Share Option Scheme as at 30 June 2025.

Save as disclosed above, there was no share option scheme adopted by the Company as at 30 June 2025 and up to the date of this interim report. Details of the Share Option Scheme are set out in the circular of the Company dated 10 June 2015.

Save as disclosed above, none of the grantees were (i) Directors, chief executive or substantial shareholders of the Company, or any of their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options granted and to be granted in any 12-month period prior to the termination date of the Share Option Scheme exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

SHARE AWARD PLAN

On 28 February 2019, the Company adopted the Share Award Plan, pursuant to which the Company may grant existing Shares to selected participants (namely all employees, directors (whether executive or non-executive, but excluding independent non-executive directors and Mr. Feng Changge) and officers of the Group. The purpose for adopting the Share Award Plan is to (i) incentivize, recognize and reward employees, directors (whether executive or non-executive, but excluding independent non-executive Directors) and officers of the Group for their contribution to the Group; (ii) attract and retain personnel to promote the long-term growth and development of the Group; and (iii) align the interests of the selected grantees with that of the Shareholders to promote the long-term financial performance of the Company. No new Shares will be granted under the Share Award Plan. Details of the Share Award Plan are set out in the Company's announcement dated 2 April 2019.

Subject to early termination by the Board, the Share Award Plan shall be valid and effective from the date of adoption of the Share Award Plan, being 28 February 2019 and expired on 26 June 2025 (both days inclusive).

The maximum aggregate number of Shares to be acquired by the trustee under the Share Award Plan is 60,000,000 Shares, representing approximately 3.94% of the Shares in issue (i.e.1,523,264,677) as at the date of this interim report (i.e. 30 June 2025). 30,000,000 Shares have been granted and vested under the Share Award Plan. As at 26 June 2025, the trustee appointed by the Company for the purpose of the Share Award Plan has purchased 59,987,500 Shares according to the Share Award Plan since its adoption.

As at both 1 January 2025 and 30 June 2025, there were no outstanding and unvested Share Awards and therefore no grantees with outstanding and unvested Share Awards. As at 1 January 2025, 29,987,500 Share Awards were available for grant. During the Reporting Period, no share award has been granted, vested, lapsed or cancelled under the Share Award Plan, and accordingly as at 26 June 2025, 29,987,500 Share Awards were available for grant. The closing price of the Shares immediately before the date of grant is not applicable and no review or approval on the grant of share awards were required by the remuneration committee of the Company as no share awards were granted during the period from 1 January 2025 to 26 June 2025. The weighted closing price of the Shares immediately before the vesting date is not applicable because no Share Awards were vested during the six months ended 30 June 2025.

Save as disclosed above, there was no share award plan adopted by the Company as at 30 June 2025 and up to the date of this interim report. Details of the Share Award Plan are set out in the announcement of the Company dated 2 April 2019.

Where any offer of award is proposed to be made to any connected person of the Company, it shall not be made where the aggregate interest of the connected persons in the Share Award Plan reaches 30% or above, and in any case such offer shall be subject to all the applicable requirements under the Listing Rules. No further Shares will be awarded to a selected participants if the aggregate number of awarded shares underlying all awards (whether vested or not) granted to such selected participant under the Share Award Plan will exceed 0.5% of the Shares in issue from time to time. Save as disclosed, there is no maximum entitlement for each eligible participant under the rules of the Share Award Plan and as at the date of this interim report, no selected grantee has been granted award shares exceeding 1% of the issued share capital of the Company.

Awarded shares and the related income shall be vested in an award holder in accordance with the vesting date(s) specified in the award upon satisfaction of the vesting criteria and conditions (if any) specified by the Board in the offer of grant of the relevant award. At any time prior to a vesting date: (a) in the event of (i) the death of an award holder; (ii) the retirement of an award holder at his normal retirement date; or (iii) the retirement of an award holder at an earlier retirement date with prior written agreement given by any member of the Group, then unless the Board otherwise determines, all the awarded shares and related income of such award holder (to the extent not already vested) shall be deemed to be vested on the day immediately prior to his death or his retirement; and (b) in the event of a general or partial offer, share repurchase offer or scheme of arrangement or other transaction in like manner which may result in a change in control of the company, unless the board determines otherwise, all unvested awarded shares and related income will immediately become vested on the date on which the offer or arrangement becomes or is declared unconditional in all respects. Taking into account that the purposes of the Share Award Plan, as detailed above, are to (i) incentivize, recognize and reward, (ii) attract and retain, and (iii) align the interests of selected grantees, there is no purchase price of the shares awarded.

The trustee shall hold the awarded shares and related income on trust for the award holders until the awarded shares and related income are vested in the relevant award holders according to the rules of the Share Award Plan. Upon vesting, the trustee shall transfer the vested awarded shares and related income at no cost to such award holders. Taking into account that the purposes of the Share Award Plan, as detailed above, are to (i) incentivize, recognize and reward, (ii) attract and retain, and (iii) align the interests of selected grantees, the purchase price for the awarded shares is nil.

No person shall exercise any voting rights in respect of any Shares held by the trustee under the Share Award Plan. The trustee holding unvested shares of the Share Award Plan, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given pursuant to Rule 17.05A of the Listing Rules.

The fair value of the Share Awards is measured based on the closing price of the Shares on the date of grant.

The Share Option Scheme and the Share Award Plan both were terminated on 26 June 2025, there were no number of shares that may be issued in respect of the share options and share awards granted under all schemes of the Company during the Reporting Period divided by the weighted average of the Shares in issue for the Reporting Period is nil.

PURCHASES, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025 and up to the date of this interim report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of treasury shares). As at 30 June 2025, the Company did not hold any treasury shares.

During the Reporting Period and until the date of this interim report, the Company has not made any issue for cash of equity securities or any sale of treasury shares for cash.

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency and accountability. For the six months ended 30 June 2025, the Company has adopted and complied with the applicable principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules as the standard of the Company's corporate governance practices.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company. The Company believes that effective corporate governance is an essential factor to create more values for its Shareholders.

The Group is committed to developing a positive and progressive culture that is built on its culture which focuses on simplicity, efficiency and happiness. More information about its culture is available on the Company's website. The Company believes that such culture can enable the Company to deliver long-term sustainable performance to the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the six months ended 30 June 2025.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

CHANGE IN DIRECTOR'S BIOGRAPHICAL DETAILS UNDER RULE 13.51(B) OF THE LISTING RULES

Mr. Lau Kwok Fan was appointed as an independent non-executive director and the member of the audit committee of Zhou Liu Fu Jewellery Co., Ltd. (a company listed on the Stock Exchange, stock code: 6168) on 26 June 2025.

Save as disclosed above, there is no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 30 June 2025 and up to the date of publication of this interim report.

SIGNIFICANT INVESTMENTS

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% of the Company's total assets as at 30 June 2025) during the six months ended 30 June 2025.

The Group's investment strategy is to deliver a diversified and flexible investment portfolio that will maximize sustained long-term returns and strive to achieve high growth, while the traditional business of the Group will continue its stable growth.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Relevant Period, the Company (as vendor), Epower Global Limited ("**EGL**") (a company wholly-owned by Mr. Feng) (as purchaser) and Mr. Feng (as purchaser's guarantor) entered into the conditional sale and purchase agreement dated 23 May 2025, pursuant to which, among other things, the Company has conditionally agreed to dispose of, and EGL has conditionally agreed to acquire, (i) the sale shares, representing 45% of the restructured capital of iCar Group Limited, at the consideration of RMB250,000,000; and (ii) the sale loan, representing 45% of the convertible notes issued by iCar Group Limited, at the consideration of RMB80,000,000. The completion took place on 18 August 2025. For details, please refer to the section headed "Events After the Reporting Period" in this interim report.

After the Reporting Period, on 1 September 2025 (after trading hours), iCar Group Limited (a non-wholly owned subsidiary of the Company), the Company, EGL and Golden Link Worldwide Limited entered into the share subscription agreement, pursuant to which, Golden Link Worldwide Limited conditionally agreed to subscribe for, and iCar Group Limited conditionally agreed to allot and issue, the subscription shares, representing 9.9999% of the enlarged issued share capital of the iCar Group Limited, at the subscription amount of US$40,000,000 (equivalent to approximately RMB285.3 million). The Closing took place on 10 September 2025. For details, please refer to the announcements dated 1 September 2025 and 10 September 2025.

Save as disclosed above, there was no material investments, acquisitions, and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 30 June 2025 and up to the date of publication of this interim report, the Group had not entered into any off-balance sheet transactions.

INTERIM DIVIDEND

At the meeting of the Board held on 29 August 2025, the Board resolved not to pay interim dividends to the Shareholders (2024: Nil).

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company as of the date of this interim report, and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

References are made to (i) the announcements of the Company dated 23 May 2025 and 22 July 2025; (ii) the circular of the Company dated 23 July 2025 (the "**Circular**") and (iii) the announcement of the Company dated 18 August 2025 in relation to, among other things, the Disposal. Capitalised terms used in this section shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 23 May 2025 and 22 July 2025, the Company (as vendor), EGL (a company wholly-owned by Mr. Feng) (as purchaser) and Mr. Feng (as purchaser's guarantor) entered into the Agreement, pursuant to which, among other things, the Company has conditionally agreed to dispose of, and EGL has conditionally agreed to acquire, (i) the Sale Shares, representing 45% of the Restructured Capital of the Disposal Company, at the Sale Shares Consideration of RMB250,000,000; and (ii) the Sale Loan, representing 45% of the Convertible Notes issued by the Disposal Company, at the Sale Loan Consideration of RMB80,000,000. The aggregate amount of the Consideration of RMB330,000,000 shall be fully set off against the outstanding principal amount of the CS Loans of RMB330,000,000 owing by the Company to EGL as at Disposal Completion on a dollar-for-dollar basis.

All the Conditions had been satisfied and the Disposal Completion took place on 18 August 2025 in accordance with the terms and conditions of the Agreement. Following the Disposal Completion, the Company continues to hold 55% equity interests in the Disposal Company and members of the Disposal Group remain as subsidiaries of the Company, and their financial results, assets and liabilities will continue to be consolidated into the Group's consolidated financial statements.

Save as disclosed above, there was no significant event that would have any material impact on the Group.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with the requirements of the Listing Rules and the CG Code. As at the date of this interim report, the Audit Committee consists of three members, namely Mr. Wang Nengguang, Mr. Lau Kwok Fan and Mr. Sung Ka Woon, all of whom are independent non-executive directors of the Company. Mr. Wang Nengguang is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2025 which are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this interim report, as at 30 June 2025 and up to the date of publication of this interim report, the Group did not have specific plan for material investments and capital assets with a value of 5% or more of the Group's total assets. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant requirements under the Listing Rules as and when appropriate.

ADVANCE GRANTED TO ENTITIES

For the six months ended 30 June 2025, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rule 13.20 of the Listing Rules.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

For the six months ended 30 June 2025, there was no pledge of Shares by the controlling shareholders of the Company which is subject to disclosure under Rule 13.21 of the Listing Rules.

BREACH OF LOAN AGREEMENTS

For the six months ended 30 June 2025, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company and subject to disclosure under Rule 13.21 of the Listing Rules.

LOAN AGREEMENTS COVENANTS RELATING TO SPECIFIC PERFORMANCE OF CONTROLLING SHAREHOLDERS

For the six months ended 30 June 2025, there was no loan agreement of the Company with covenants relating to specific performance of the controlling shareholders which is subject to disclosure under Rule 13.21 of the Listing Rules.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

For the six months ended 30 June 2025, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure under Rule 13.22 of the Listing Rules.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	5	**9,636,608**	7,466,294
Cost of sales and services		**(9,076,831)**	(7,100,031)
GROSS PROFIT		**559,777**	366,263
Other income and gains	6	**248,285**	238,223
Selling and distribution expenses		**(549,248)**	(459,272)
Administrative expenses		**(166,970)**	(131,096)
PROFIT FROM OPERATIONS		**91,844**	14,118
Finance costs	7	**(94,894)**	(78,937)
Share of losses of joint ventures		**(144)**	(3)
Share of losses of associates		**–**	(3)
LOSS BEFORE TAX		**(3,194)**	(64,825)
Income tax expense	8	**(7,398)**	(9,878)
LOSS FOR THE PERIOD	9	**(10,592)**	(74,703)
Other comprehensive profit/(loss) after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**8,596**	(12,093)
Other comprehensive profit/(loss) for the period, net of tax		**8,596**	(12,093)
Total comprehensive loss for the period		**(1,996)**	(86,796)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(11,796)**	(76,275)
Non-controlling interests		**1,204**	1,572
		(10,592)	(74,703)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		**(3,200)**	(88,368)
Non-controlling interests		**1,204**	1,572
		(1,996)	(86,796)
Loss per share attributable to owners of the Company	11		
Basic *(RMB)*		**(0.008)**	(0.051)
Diluted *(RMB)*		**(0.008)**	(0.051)

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Note	**30 June 2025 *RMB'000* (Unaudited)**	31 December 2024 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**3,423,721**	3,266,348
Right-of-use assets		**1,175,022**	1,265,128
Intangible assets		**132,492**	136,196
Goodwill		**195,778**	195,778
Prepayments and other assets		**6,035**	7,392
Finance lease receivables		**214,139**	184,038
Investment in joint ventures		**1,996**	2,140
Equity investment at fair value through other comprehensive income		**28,781**	31,669
Deferred tax assets		**135,141**	135,141
Total non-current assets		**5,313,105**	5,223,830
CURRENT ASSETS			
Finance lease receivables		**157,263**	174,280
Inventories		**1,992,748**	1,921,892
Trade receivables	13	**334,488**	285,972
Prepayments, other receivables and other assets		**2,725,531**	3,203,840
Financial assets at fair value through profit or loss		**1,807**	2,957
Pledged and restricted bank deposits		**246,328**	313,845
Cash in transit		**30,406**	12,715
Cash and bank balances		**1,064,293**	1,107,974
Total current assets		**6,552,864**	7,023,475

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	**30 June 2025** ***RMB'000*** **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
CURRENT LIABILITIES			
Bank loans and other borrowings		**3,574,156**	3,418,985
Trade and bills payables	14	**733,090**	855,245
Contract liabilities		**525,630**	879,282
Other payables and accruals		**479,271**	444,559
Lease liabilities		**248,060**	195,251
Income tax payable		**9,356**	10,435
Total current liabilities		**5,569,563**	5,803,757
NET CURRENT ASSETS		**983,301**	1,219,718
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,296,406**	6,443,548
NON-CURRENT LIABILITIES			
Lease liabilities		**983,317**	1,128,522
Deferred tax liabilities		**61,849**	61,790
Total non-current liabilities		**1,045,166**	1,190,312
NET ASSETS		**5,251,240**	5,253,236
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	**12,083**	12,083
Reserves		**5,158,443**	5,161,643
		5,170,526	5,173,726
Non-controlling interests		**80,714**	79,510
TOTAL EQUITY		**5,251,240**	5,253,236

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the Company												
	Share capital	Shares held under share award plan	Share premium	Capital reserve	Statutory reserve	Merger reserve	Fair value change reserve	Share option reserve	Exchange fluctuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	12,097	(101,390)	2,458,513	1,635	331,363	371,200	(109,045)	98,456	8,678	2,500,792	5,572,299	92,868	5,665,167
(Loss)/Profit for the period	–	–	–	–	–	–	–	–	–	(76,275)	(76,275)	1,572	(74,703)
Other comprehensive loss for the period													
Exchange differences on translating foreign operations	–	–	–	–	–	–	–	–	(12,093)	–	(12,093)	–	(12,093)
Total comprehensive loss for the period	–	–	–	–	–	–	–	–	(12,093)	(76,275)	(88,368)	1,572	(86,796)
At 30 June 2024 (unaudited)	12,097	(101,390)	2,458,513	1,635	331,363	371,200	(109,045)	98,456	(3,415)	2,424,517	5,483,931	94,440	5,578,371
At 1 January 2025	12,083	(95,204)	2,402,814	1,635	340,612	371,200	(154,045)	98,456	(4,298)	2,200,473	5,173,726	79,510	5,253,236
(Loss)/profit for the period	–	–	–	–	–	–	–	–	–	(11,796)	(11,796)	1,204	(10,592)
Other comprehensive (loss)/income for the period													
Fair value changes of finance assets at fair value through other comprehensive income	–	–	–	–	–	–	–	–	(2,888)	–	(2,888)	–	(2,888)
Exchange differences on translating foreign operations	–	–	–	–	–	–	–	–	11,484	–	11,484	–	11,484
Total comprehensive loss for the period	–	–	–	–	–	–	–	–	8,596	(11,796)	(3,200)	1,204	(1,996)
At 30 June 2025 (unaudited)	12,083	(95,204)	2,402,814	1,635	340,612	371,200	(154,045)	98,456	4,298	2,188,677	5,170,526	80,714	5,251,240

Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	**323,049**	186,863
Income taxes paid	**(8,418)**	(61,672)
Net cash generated from operating activities	**314,631**	125,191
Cash flows from investing activities		
Interest received	**10,760**	13,960
Purchases of property, plant and equipment	**(364,447)**	(178,174)
Proceeds from disposal of property, plant and equipment	**63,871**	66,354
Purchase of intangible assets	**(2,498)**	(2,082)
Purchases/disposal of investments at fair value through profit or loss	**1,150**	(2,500)
Advance and loan made to third parties	**–**	11,904
Net cash used in investing activities	**(291,164)**	(90,538)
Cash flows from financing activities		
Bank loans and other borrowings raised	**7,882,531**	6,264,458
Repayment of bank loans and other borrowings	**(7,807,360)**	(6,023,796)
Repayment of lease liabilities	**(92,396)**	(69,754)
Interest paid	**(59,662)**	(40,104)
Net cash (used in)/generated from financing activities	**(76,887)**	130,804
Net (decrease)/increase in cash and cash equivalents	**(53,420)**	165,457
Effect of foreign exchange rate changes, net	**9,739**	(21,447)
Cash and cash equivalents at 1 January	**1,107,974**	1,048,193
Cash and cash equivalents at 30 June	**1,064,293**	1,192,203

Note to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

These condensed consolidated financial statements should be read in conjunction with the 2024 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Reconciliation of assets measured at fair value based on level 3:

Description	Equity investments at fair value through other comprehensive income	Investments at fair value through profit or loss equity investments	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	45,000	—	45,000
Addition	31,669	3,866	35,535
Total gains or losses recognised	(45,000)	(909)	(45,909)
At 31 December 2024	31,669	2,957	34,626
Total gains or losses recognised	(2,888)	(1,150)	(4,038)
At 30 June 2025	28,781	1,807	30,588

4. OPERATING SEGMENT INFORMATION

The Group's principal business is the sale of automobiles and provision of after-sales services. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical area

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets.

The geographical location of customers is based on the location where the goods were delivered or services were provided, while the geographical location of non-current assets is based on the physical location of the assets.

	Revenues from external customers Six months ended 30 June		Non-current assets	
			As at 30 June	As at 31 December
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**5,734,979**	6,814,347	**3,985,037**	4,075,953
Hong Kong and Overseas	**3,901,629**	651,947	**1,328,068**	1,147,877
	9,636,608	7,466,294	**5,313,105**	5,223,830

Information about major customers

Since no sales to a single customer amounted to 10% or more of the Group's revenue during the period, no major customer information is presented.

5. REVENUE

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
— Sale of automobiles and others	**8,577,419**	6,273,647
— Provision of after-sales services	**1,044,655**	1,170,533
Revenue from other sources		
— Finance leasing services	**14,534**	22,114
	9,636,608	7,466,294

Disaggregation of revenue from contracts with customers:

Type of goods or services

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sale of automobiles and others	**8,577,419**	6,273,647
Provision of after-sales services	**1,044,655**	1,170,533
Total revenue from contracts with customers	**9,622,074**	7,444,180

5. REVENUE (CONTINUED)

Timing of revenue recognition

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Goods received by the customer at a point in time	**8,577,419**	6,273,647
After-sales services rendered at a point in time	**1,044,655**	1,170,533
Total revenue from contracts with customers	**9,622,074**	7,444,180

6. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Commission income	**205,325**	189,539
Interest income from loans and advances to a third party	**16,670**	24,250
Bank interest income	**10,760**	13,960
Government grant	**1,008**	471
Others	**14,522**	10,003
	248,285	238,223

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	**59,662**	44,312
Leases interests	**35,232**	34,625
	94,894	78,937

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current Mainland China corporate income tax Provision for the period	**7,339**	10,457
Deferred tax credit	**59**	(579)
	7,398	9,878

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the British Virgin Islands ("**BVI**") are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. There are no assessable profits arising in Hong Kong during the period.

According to the Corporate Income Tax Law of the People's Republic of China, the income tax rate for Mainland China subsidiaries is 25% (2024: 25%).

9. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Directors' remuneration	**2,666**	4,415
(Loss)/gain on disposal of property, plant and equipment	**(32,538)**	5,687
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**256,351**	196,083
Other welfare	**49,533**	39,842
Cost of sales and services:		
Cost of sales of automobiles	**8,440,700**	6,377,811
Cost of after-sales services	**636,131**	722,220
	9,076,831	7,100,031

10. DIVIDENDS

The Board recommended not to declare interim dividend for the six months ended 30 June 2025 (2024: Nil).

11. LOSS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings:		
Loss for the period attributable to owners of the Company used in the basic earnings per share calculation	**(11,796)**	(76,275)
Number of shares:	***'000***	*'000*
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,523,265**	1,488,748
Effect of dilution *weighted average number of ordinary shares:*		
— Share options	**—**	—
	1,523,265	1,488,748

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group recorded an additional property, plant and equipment of approximately RMB364,448,000.

13. TRADE RECEIVABLES

The aging analysis of trade receivables as at the balance sheet date, based on the date of recognition of the service income or goods sold, is as follows:

	At 30 June 2025 ***RMB'000*** **(Unaudited)**	At 31 December 2024 *RMB'000* (Audited)
Within 3 months	**306,596**	266,712
3 months to 6 months	**19,628**	17,386
7 to 12 months	**7,257**	1,791
Over 12 months	**1,007**	83
	334,488	285,972

14. TRADE AND BILLS PAYABLES

The aging analysis of the trade payables as at the balance sheet date, based on the date of receipt of consumables or goods purchased, is as follows:

	At 30 June 2025 ***RMB'000*** **(Unaudited)**	At 31 December 2024 *RMB'000* (Audited)
Within 3 months	**656,450**	792,998
3 to 6 months	**59,434**	51,308
6 to 12 months	**16,743**	10,939
Over 12 months	**463**	—
	733,090	855,245

15. SHARE CAPITAL

	Number of issued and fully paid shares	Amount *RMB'000*
At 31 December 2024 (Audited) and at 30 June 2025 (Unaudited)	1,523,264,677	12,083

All shares issued in prior years rank pari passu with the then existing shares in issue in all respects.

16. SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include employees of the Company and its subsidiaries. The Scheme became effective on 26 June 2015 and was terminated on 26 June 2025 of the tenth anniversary of its adoption.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period prior to the termination date of the Scheme is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's Shares at the date of grant) in excess of HK$5 million, within any 12-month period prior to the termination date of the Scheme, are subject to shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted within 28 days from the date of offer, an amount of HK$1.00 is payable upon acceptance of the grant of options and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period and ends on the expiry date of the Scheme.

16. SHARE OPTION SCHEME (CONTINUED)

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's Shares on the date of offer of the share options; and (ii) the average of the closing prices of the Company's Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the period:

	At 30 June 2025 (Unaudited)		At 31 December 2024 (Audited)	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	HK$ per share	***'000***	*HK$ per share*	*'000*
At 1 January	**3.47**	**42,191**	3.47	42,191
Granted during the period	**–**	**–**	—	—
Exercised during the period	**–**	**–**	—	—
Cancelled during the period	**–**	**–**	—	—
Lapsed during the period	**–**	**22,191**	—	—
At the end of the period	**3.47**	**20,000**	3.47	42,191

On 17 December 2019, the Group granted 20,000,000 share options to its employees.

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

30 June 2025 (Unaudited)

Number of options	Exercise price*	Exercise period
'000	*HK$ per share*	
20,000	4.00	16/2/2020 to 17/12/2025

16. SHARE OPTION SCHEME (CONTINUED)

30 June 2024 (Unaudited)

Number of options *'000*	Exercise price* *HK$ per share*	Exercise period
22,191	3.00	1/7/2017 to 28/6/2025
20,000	4.00	16/2/2020 to 17/12/2025
42,191		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted on 17 December 2019 was RMB24,400,000 (RMB1.22 each).

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model are as follows:

	17 December 2019
Weighted average share price (HK$)	3.86
Weighted average exercise price (HK$)	4.0
Expected volatility (%)	49.61%
Expected life	6 years
Risk free rate (%)	1.72%
Expected dividend yield (%)	3.59%

No other feature of the options granted was incorporated into the measurement of fair value.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

At the end of the reporting period, the Company had 20,000,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 20,000,000 additional ordinary shares of the Company and additional share capital of HK$200,000 (equivalent to RMB184,140) (before issue expenses).

16. SHARE OPTION SCHEME (CONTINUED)

At the date of approval of these consolidated financial statements, the Company had 20,000,000 share options outstanding under the Scheme, which represented approximately 1.31% of the Company's Shares in issue as at that date.

17. RELATED PARTY TRANSACTIONS

Mr. Feng Changge is the Chairman, the Director and the Controlling Shareholder of the Company and is considered a related party of the Group.

In addition to the transactions disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with a related party during the period:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Transactions with a related party		
Borrowing from 河南和諧置業有限公司	**80,000**	—
Interest paid to 河南和諧置業有限公司	**6,069**	5,250

In May 2023, the Group entered into two short-term agreements with 河南和諧置業有限公司, a related company controlled by Mr. Feng Changge, the Chairman, Executive Director and controlling shareholder of the Company. Pursuant to the agreements, the Group borrowed an aggregate principal amount of RMB250,000,000, which is unsecured, carries a fixed interest rate of 4.2% per annum, and repayable within one year.

In March 2025, the Group further obtained a new borrowing of RMB80,000,000 from 河南和諧置業有限公司 on substantially the same terms, being unsecured, bearing a fixed interest rate of 4.2% per annum, and repayable within one year.

The above-mentioned loan proceeds have been applied as part of the consideration for the Group's share disposal transaction. For further disclosure, please refer to Note 20 — Events After The Reporting Period.

18. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2025 and 31 December 2024.

19. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property and equipment and capital contribution outstanding at each reporting date not provided for in these consolidated financial statements are as follows:

	At 30 June 2025 ***RMB'000*** **(Unaudited)**	At 31 December 2024 *RMB'000* (Audited)
Property, plant and equipment		
— Contracted, but not provided for	**121,711**	74,968

20. EVENTS AFTER THE REPORTING PERIOD

Reference is made to (i) the announcements of the Company dated 23 May 2025 and 22 July 2025; (ii) the circular of the Company dated 23 July 2025 (the "**Circular**") and (iii) the announcement of the Company dated 18 August 2025 in relation to, among other things, the Disposal. Capitalised terms used in this section shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 23 May 2025 and 22 July 2025, the Company (as vendor), EGL (a company wholly-owned by Mr. Feng) (as purchaser) and Mr. Feng (as purchaser's guarantor) entered into the Agreement, pursuant to which, among other things, the Company has conditionally agreed to dispose of, and EGL has conditionally agreed to acquire, (i) the Sale Shares, representing 45% of the Restructured Capital of the Disposal Company, at the Sale Shares Consideration of RMB250,000,000; and (ii) the Sale Loan, representing 45% of the Convertible Notes issued by the Disposal Company, at the Sale Loan Consideration of RMB80,000,000. The aggregate amount of the Consideration of RMB330,000,000 shall be fully set off against the outstanding principal amount of the CS Loans of RMB330,000,000 owing by the Company to EGL as at Disposal Completion on a dollar-for-dollar basis.

On 18 August 2025, all the Conditions had been satisfied and the Disposal Completion took place on 18 August 2025 in accordance with the terms and conditions of the Agreement. Following the Disposal Completion, the Company continues to hold 55% equity interests in the Disposal Company and members of the Disposal Group remain as subsidiaries of the Company, and their financial results, assets and liabilities will continue to be consolidated into the Group's consolidated financial statements.

Save as disclosed above, there was no significant event that would have any material impact on the Group.

21. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 August 2025.