



2025 Interim Report



ROYALE HOME HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1198



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lin Ruhai
(Chairman and Chief Executive Officer)
Mr. Tse Kam Pang (Co-Chairman)
(resigned on 4 August 2025)

Non-Executive Directors

Mr. Wu Zhongming
Mr. Tao Ying
Mr. Yao Jingming (resigned on 19 February 2025)
Ms. Yang Ying
Mr. Yan Weihao (appointed on 19 February 2025)

Independent Non-Executive Directors

Mr. Lau Chi Kit
Mr. Yue Man Yiu Matthew
Mr. Chan Wing Tak Kevin

AUDIT COMMITTEE

Mr. Yue Man Yiu Matthew (Chairman)
Mr. Lau Chi Kit
Mr. Chan Wing Tak Kevin

REMUNERATION COMMITTEE

Mr. Lau Chi Kit (Chairman)
Mr. Yue Man Yiu Matthew
Mr. Chan Wing Tak Kevin

NOMINATION COMMITTEE

Mr. Lau Chi Kit (Chairman)
Mr. Yue Man Yiu Matthew
Mr. Chan Wing Tak Kevin

JOINT COMPANY SECRETARIES

Mr. Cheng Ching Kit
(appointed on 15 April 2025)
Ms. Zhong Yuhua
(appointed on 25 April 2025)
Mr. Chui See Lai (resigned on 15 April 2025)

AUDITOR

Grant Thornton Hong Kong Limited

LEGAL ADVISERS AS TO HONG KONG LAW

Jeffrey Mak Law Firm

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Hong Kong Branch
Bank of China
The Hongkong and Shanghai Banking
Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 607, 6/F
Tsim Sha Tsui Centre, West Wing
66 Mody Road
Tsim Sha Tsui East
Kowloon, Hong Kong

STOCK CODE

1198

INVESTOR RELATIONS

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, the Chinese economy withstood pressures and pressed ahead, showing a steady and improving momentum. Production demand maintained stable growth, and household income continued to rise. Although the real estate industry remained at an adjustment period, with the sales area and sales volume of commodity houses continuing to decline and persistently weak housing demand directly suppressing the demand for furniture consumption. However, consumer spending showed signs of a moderate recovery under the stimulus of the Chinese government's package of consumption policies. Household income and consumption increased as compared to the same period in 2024, and consumers' cautious spending attitude eased somewhat. In particular, driven by the "trade-in of old consumer goods" policy, the downturn in the furniture industry was alleviated.

During the Reporting Period, due to the overall weakness in the furniture consumption market, intensified "price wars" within the industry, and increasingly fierce competition, the distributor business had yet to show significant improvement. However, the Company and its subsidiaries (the "Group") actively leveraged activities such as government subsidy campaigns, distributor annual meetings, and trade fairs to stabilize distributor channels and prevent further business decline. At the same time, the Group vigorously expanded new marketing channels such as e-commerce platforms and emerging social media to drive traffic efficiently and actively develop online business. In addition, the Group enhanced its market competitiveness by building a digital marketing system, collaborating with AI design and marketing technology companies to improve operational efficiency, streamlining business teams, optimizing and integrating production plants, and implementing cost-control measures to reduce operating expenses.

In terms of the industrial renovation business, the Group is strategically focusing on the high-end segment of industrial renovation business. Specific initiatives include: firstly establishing a demonstration system for high-end hotel and apartment products by undertaking multiple benchmark refined decoration projects; secondly and continuously strengthening core business advantages by leveraging product resources of Royale Home to deepen strategic centralized procurement cooperation with large state-owned enterprises, central enterprises, and technology companies, thereby significantly increasing the share of centralized procurement business; thirdly showcasing capabilities in smart product development and integrated solutions in an all-round way through the Home Expo to consolidate differentiated competitiveness via technological upgrades; and fourthly and synchronously advancing overseas industrial renovation business by leveraging trade fair platforms to develop new customers and continuously converting and following up on multiple orders. Management remains optimistic about the future development of the industrial renovation business.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

In the hotel operations sector, Royal Palace Hotel, a subsidiary of the Group located in Xiancun Town, Zengcheng District, Guangzhou City, Guangdong Province, effectively integrated the Group's resource advantages in the first half of 2025, expanding revenue channels through diversified operations. First, it actively explored the Hong Kong and Macau travel agency market, successfully filling the gap in customer sources from these regions and injecting new economic momentum to the development of the Greater Bay Area; second, leveraging the land resource endowment of the Xiancun industrial park, it introduced professional tennis training institutions and launched a high-end membership service system for tennis courts; third, it integrated the strategic partner Narada Hotel Group's Narada Elite membership system and online promotion channels, effectively expanding sales scale; simultaneously, it fully utilized its geographic advantages in Zengcheng District to collaborate with local orchards on direct sales and fruit-picking experience projects for agricultural products, significantly enhancing our operating income. Despite the combined pressures of macroeconomic downturn and industry policy adjustments, these innovative measures effectively alleviated operational pressure, resulting in only a slight year-on-year decrease in the operating income of our hotel operations business.

During the six months ended 30 June 2025 (the "Reporting Period"), revenue decreased by 31.26% to approximately RMB174.04 million, while gross profit margin decreased from 7.00% to 5.30%. The Group recorded loss for the Reporting Period attributable to the owners of the parent company of RMB268.59 million, as compared to loss for the Reporting Period attributable to the owners of the parent company of RMB147.64 million for the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Inventory and Prepayments, Deposits and Other Receivables

During the Reporting Period, the Group's inventory increased by 2% to RMB277.98 million (31 December 2024: RMB271.35 million).

Prepayments, deposits and other receivables increased by 1% to RMB448.62 million (31 December 2024: RMB442.60 million).

Working Capital

The Group had net current liabilities of RMB977.80 million as at 30 June 2025 (31 December 2024: net current liabilities of RMB699.15 million). The Group will continue to take initiatives to manage its cash flow and capital commitments.

PROSPECTS

The Chinese government is expected to introduce a series of real estate regulatory measures in the second half of 2025, including relaxing purchase restrictions, lowering down payment ratios to historical lows, and providing related tax incentives. Meanwhile, as at the end of July 2025, the meeting of the Political Bureau of the CPC Central Committee announced an investment of RMB4.4 trillion in special bonds to support the acquisition of affordable housing and the renovation of urban villages, as well as to promote the "Urban Renewal 2.0 Plan", focusing on the refurbishment of old residential communities built before 2000. These policies are expected to further stimulate housing demand, revitalize the real estate market, and bring new growth opportunities to the Group's furniture retail and industrial renovation businesses.

In the second half of the year, the Group will focus on developing its industrial renovation business by continuously developing professional products across multiple formats to drive the implementation of high-end projects with the aim to expand scale; further expanding the strategic centralized procurement cooperation network to solidify the growth foundation; driving breakthroughs in the research, development, and commercialization of smart and elder-friendly furniture products to build core competitiveness; and simultaneously strengthening overseas market expansion and establishing a presence in cross-border e-commerce to optimize the international business layout.



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS *(Continued)*

In terms of the furniture retail business, the Company will deepen reforms by strengthening the development of traditional retail markets and key distributor management, improving channel construction to boost revenue through multiple channels; restructuring the product portfolio to focus on essential and new product development, enhancing personalized and high-quality design; and leveraging intelligent design systems to strengthen scenario-based marketing capabilities.

The hotel operations business will broaden its revenue streams through diversified strategies: firstly, by continuing to deepen cooperation with business groups, conference companies, and travel agencies to ensure an increase in room bookings and conference revenue; secondly, by developing recuperation services, combining the advantages of ecological resources to attract middle-aged and elderly customer demographics; thirdly, by synergistically coordinating with local cultural tourism projects in Zengcheng to expand customer sources; and fourthly, by strengthening media distribution cooperation, simultaneously developing both B-side and C-side markets, to optimize the revenue structure.

In addition, while remaining focused on its core business, the Group will accelerate the disposal of non-core assets to reduce liabilities, and evaluate the introduction of new core businesses to enhance overall profitability. To alleviate liquidity pressure and improve its financial position, the Group has formulated plans and measures, including identifying suitable opportunities to sell certain equity interests in associate companies and subsidiaries to improve liquidity levels.

Finally, the Group will closely manage its financing activities by making accurate plans for fund raising and disbursements, actively exploring diversified financing channels, and providing a solid financial foundation to support business development.

Although the operating environment of the furniture industry remains complex and severe, and the Group's development still faces multi-faceted challenges, the government has laid out a clear reform roadmap for the development of the real estate industry. Against this backdrop, the Group will assess the situation, continuously strengthen its competitive advantages, and diversify its business at the appropriate time, in an effort to maximize shareholder value.

MANAGEMENT DISCUSSION AND ANALYSIS

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 directors of the Company (the "Directors") and chief executive of the Company in the shares ("Share(s)") and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange 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:

Long positions in shares and underlying shares of the Company

Name of Directors	Note	Number of Shares and underlying Shares held, capacity and nature of interest			Total	Percentage of the issued share capital (Note c)
		Directly beneficially owned	Through controlled corporation/ family interests	Through jointly held by other persons (Note a)		
Mr. Tse Kam Pang ("Mr. Tse")	(a) & (b)	282,948,047	427,580,269	1,234,862,964	1,945,391,280	74.86
Mr. Yue Man Yiu Matthew		3,000,000	–	–	3,000,000	0.12

Notes:

- (a) On 24 May 2019, Science City (Hong Kong) Investment Co. Limited ("SCHK"), Mr. Tse, Leading Star Global Limited ("Leading Star"), Crisana International Inc. ("Crisana") and Charming Future Holdings Limited ("Charming Future") entered into an acting in concert arrangement. SCHK, Mr. Tse, Leading Star, Crisana and Charming Future are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, SCHK, Mr. Tse, Leading Star (being wholly owned by Mr. Tse), Crisana (being wholly owned by Mr. Tse) and Charming Future (being wholly owned by Mr. Tse) are deemed to be interested in 74.86% of the issued share capital of the Company.
- (b) 282,948,047 Shares (representing 10.89% of the issued share capital of the Company), were directly beneficially owned by Mr. Tse, 51,971,227 Shares were held by Leading Star, 165,840,120 Shares were held by Crisana and 209,768,922 Shares were held by Charming Future. Leading Star, Crisana and Charming Future are all companies wholly and beneficially owned by Mr. Tse. 1,234,862,964 Shares was deemed to be interested by Mr. Tse as a result of being a party acting-in-concert with SCHK. As such, Mr. Tse was deemed to be interested in the 1,945,391,280 Shares.
- (c) The percentage is calculated on the basis of 2,598,561,326 Shares in issue as at 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Long positions in shares and underlying shares of the Company (Continued)

No Directors has any non-beneficial personal equity interests in subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2025, the following persons of the Company (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions

Name	Notes	Number of Shares and underlying Shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital (Note f)
		Directly beneficially owned	Interest held through controlled corporation	Interest held jointly with other persons (Note e)		
Science City (Guangzhou) Investment Group Co., Ltd. (科學城(廣州)投資集團有限公司) ("Science City")	(a)	–	1,945,391,280	–	1,945,391,280	74.86
SCHK	(a)	1,234,862,964	–	710,528,316	1,945,391,280	74.86
Crisana	(b)	165,840,120	–	1,779,551,160	1,945,391,280	74.86
Charming Future	(c)	209,768,922	–	1,735,622,358	1,945,391,280	74.86
Leading Star	(d)	51,971,227	–	1,893,420,053	1,945,391,280	74.86

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES *(Continued)*

Notes:

- (a) SCHK is wholly owned by Science City, a company established in the PRC with limited liability on 21 August 1984. As such, Science City was deemed to be interested in 1,945,391,280 Shares under Part XV of the SFO. The ultimate beneficial owner of Science City is the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會).
- (b) Crisana is wholly owned by Mr. Tse.
- (c) Charming Future is wholly owned by Mr. Tse.
- (d) Leading Star is wholly owned by Mr. Tse.
- (e) On 24 May 2019, SCHK, Mr. Tse, Leading Star, Crisana and Charming Future entered into a acting in concert arrangement. SCHK, Mr. Tse, Leading Star, Crisana and Charming Future are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, SCHK, Mr. Tse, Leading Star (being wholly owned by Mr. Tse), Crisana (being wholly owned by Mr. Tse) and Charming Future (being wholly owned by Mr. Tse) are deemed to be interested in 74.86% of the issued share capital of the Company.
- (f) The percentage is calculated on the basis of 2,598,561,326 Shares in issue as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and Chief Executive's interests and short positions in shares, underlying shares and debentures" above, had any interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.



MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE SHARE AWARD PLAN

The Company has adopted a performance share award plan (the "Performance Share Award Plan") on 14 May 2021. The Administration Committee has considered the further development of Company, the market conditions and its trading share price and instructed the trustee to purchase Shares constituting the pool of share awards. As at the date of this interim report, the trustee has purchased and holds a total of 120,690,000 Shares (31 December 2024: 120,690,000 Shares) on the market on trust for the benefit of the Selected Persons pursuant to the rules of Performance Share Award Plan and the Trust Deed. The balance of share awards held by the trustee represents approximately 4.64% (31 December 2024: 4.64%) to the total number of Shares in issue as at the date of this interim report.

During the Reporting Period, no Shares (six months ended 30 June 2024: nil) were purchased, no share awards (31 December 2024: nil) were granted and no share awards (31 December 2024: nil) were vested, cancelled or lapsed under the Performance Share Award Plan. There were no outstanding share awards under the Performance Share Award Plan as at 1 January 2025 and as at 30 June 2025.

The number of share awards available for grant under the plan mandate of 129,928,066 Shares as at both 1 January 2025 and 30 June 2025 were 129,928,066 (31 December 2024: 129,928,066), representing 5% of the Shares in issue.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained cash and cash equivalents amounted to RMB46.75 million as of 30 June 2025 (31 December 2024: RMB20.45 million).

As of 30 June 2025, the interest-bearing bank and other borrowings amounted to RMB1,351.50 million (31 December 2024: RMB1,690.57 million), the Group had loan from the immediate holding company, loan from the ultimate holding company, loan from fellow subsidiaries, loan from an associate, loan from minority shareholders and medium term bonds in the total amount of RMB1,820.31 million (31 December 2024: loan from the immediate holding company, loan from the ultimate holding company, loan from fellow subsidiaries, loan from an associate, loan from non-controlling interests and medium term bonds were in the total amount of RMB1,209.10 million).

As of 30 June 2025, the current ratio (current assets/current liabilities) was 0.68 times (31 December 2024: 0.74 times) and the net current liabilities amounted to RMB977.80 million (31 December 2024: RMB699.15 million).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Group during the Reporting Period.

GEARING RATIO

The gearing ratio which is defined as net debt divided by capital plus net debt was 76% as of 30 June 2025 (31 December 2024: 72%).

PLEDGE OF ASSETS

As at 30 June 2025, the Group pledged (i) buildings and right-of-use assets which had aggregate carrying values of approximately RMB505,981,000 (31 December 2024: RMB564,464,000); (ii) time deposits amounting to RMB5,031,000 (31 December 2024: RMB5,031,000); (iii) inventories amounting to RMB Nil (31 December 2024: RMB Nil); (iv) certain machineries amounting to RMB18,209,000 (31 December 2024: RMB19,986,000); (v) deposits in other receivables amounting to RMB 41,075,000 (31 December 2024: RMB46,075,000) to secure certain bank and other borrowings granted to the Group; and (vi) 40% equity interest in an associate of approximately RMB565,631,000 (31 December 2024: RMB672,858,000) to secure general banking facilities granted to the associate.



MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Particulars of material investments in associates held by the Group as at 30 June 2025 are set out as follows:

Name	Principal activity	Percentage of equity interest held	Carrying amount		Percentage to the Group's total assets as at 30 June 2025
			30 June 2025 RMB'000	31 December 2024 RMB'000	
Guangzhou Fu Yue Design Company Limited	Design services	50%	66,669	67,879	1.36%
Sky Walker Limited	Investment	42.42%	107,254	107,264	2.19%
Guangzhou Gangke Real Estate Co., Ltd.* (廣州港科置業有限公司) ("Gangke")	Real Estate	40%	565,633	672,858	11.53%
Science City (Guangzhou) Financial Leasing Co., Ltd.* (科學城(廣州)融資租賃有限公司)	Financial Leasing	18.06%	341,244	362,271	6.95%

References are made to the announcements of the Company dated 28 April 2025, 3 April 2025 and 19 February 2025. On 21 April 2025, Guangzhou Yuyuan Real Estate Development Co., Ltd.* (廣州御園地產發展有限公司) ("Yuyuan Real Estate", an indirect wholly-owned subsidiary of the Company) (as the seller) and Lvshang Technology (Guangzhou) Co., Ltd.* (呂尚科技(廣州)有限公司) ("Lvshang Technology") (as purchaser) entered into the equity transfer agreement, pursuant to which Yuyuan Real Estate agreed to sell, and Lvshang Technology agreed to purchase, 25% equity interest in Dongma (Guangzhou Bonded Area) Grease Chemical Engineering Co., Ltd.* (東馬(廣州保稅區)油脂化工有限公司) ("Dongma Equity Interest") for a consideration of RMB 60.0 million.

Save for the aforementioned, the Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures as well as any significant investments during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, as at 30 June 2025, the Group did not have other future plans for material investments or capital assets.

USE OF NET PROCEEDS FROM THE SHARE SUBSCRIPTION

On 24 May 2019, the Company and SCHK entered into the Subscription Agreement ("Subscription") pursuant to which the Company has conditionally agreed to issue, and the SCHK has conditionally agreed to subscribe for, in cash, 433,093,554 new shares of the Company ("Share(s)") at a price of HK\$1.02 per Share under specific mandate. The closing price quoted on the Stock Exchange on 24 May 2019 was HK\$0.96 per Share. The aggregate nominal value of the subscription shares was approximately HK\$43,309,355.4. On 2 August 2019, the Company completed the allotment and issuance of 433,093,554 new ordinary Shares. The net proceeds from the Subscription received by the Company were approximately HK\$440.2 million, equivalent to a net subscription price of approximately HK\$1.02 per Share.



MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE SHARE SUBSCRIPTION (Continued)

The details of the proposed use of net proceeds, change in use of proceeds and the actual use of proceeds during the Reporting Period are as follows:

Proposed use of proceeds	Original allocation of the net proceeds as disclosed in the Circular (HK\$ million)	Revised use of proceeds as disclosed in 2020 Annual Report (HK\$ million)	Unutilised net proceeds as at 1 January 2025 (HK\$ million)	Net proceeds utilised during the six months ended 30 June 2025 (HK\$ million)	Amount utilised up to 30 June 2025 (HK\$ million)	Unutilised proceeds as at 30 June 2025 (HK\$ million)	Expected timeline
Repaying certain loans of the Company	100.0	100.0	–	–	100.0	–	–
Acquisition of land	30.0	30.0	–	–	30.0	–	–
Construction of new production facilities	130.0	130.0	0.9	–	129.1	0.9	By 31 December 2025 (Note)
Imported machinery for new production facilities	80.0	80.0	40.4	0.5	40.1	39.9	By 31 December 2025 (Note)
Expenditure for establishing warehouses/new distribution spot on the Group's land in northern China	60.0	–	–	–	–	–	–
General working capital	40.2	100.2	–	–	100.2	–	–
Total	440.2	440.2	41.3	0.5	399.4	40.8	

Note: Previously, due to the outbreak of COVID-19, the Group's expansion plan in relation to the construction of new production facilities and imported machinery for new production facilities had been delayed. Due to a slow recovery of consumer demand and a weak property market in the PRC, the Company considers that focus should be put on effective resources allocation and management. It is consistent with the macroeconomic condition and the Company's position to adopt a more prudent expansion strategy with an emphasis on maintaining stable operations. It is also important to take into account the Group's financial condition together with the prevailing market conditions as a whole to determine the priority of the utilisation of funds. The expected timeline for each purpose is based on the Group's best estimate of future market conditions in combination with the business plan and market conditions, which may be subject to change based on the current and future development of market conditions. After considering a range of factors (which are analysed and disclosed in this report), including without limitation the actual business plan and funding needs of the Group, the priorities of fund utilization and business development of the Group, the overall financial condition of the Group and market conditions, the Company has made certain adjustments to the expected timeline based on the previous estimate. The Board considers that it is appropriate to extend the expected timeline for the application of such unutilised proceeds to 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURES

Our Group has foreign currency exposures. Such exposures mainly arise from the balance of assets and liabilities and transactions in currencies other than the respective functional currencies of our Company and its subsidiaries. Currently, the Group does not maintain any hedging policy with respect to these foreign currency exposures. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

During the Reporting Period, the Group has provided guarantees of RMB333,000,000 and pledged 40% equity interest in an associate to secure general banking facilities granted to the associate.

EVENTS AFTER REPORTING PERIOD

No significant events had occurred after the Reporting Period and up to the date of this report.

INTERIM DIVIDEND

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

EMPLOYMENT AND REMUNERATION POLICY

The total number of employees of the Group as at 30 June 2025 was approximately 750 (31 December 2024: 949). The Group's remuneration policies are in line with local market practices where the Group operates and are normally reviewed on an annual basis. In addition to salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. Share awards may be granted to eligible employees and persons of the Group as the Company sees fit as an incentive to eligible participants to contribute to the business development and growth of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions under Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules throughout the Reporting Period except for the following deviation:

Code Provision C.2.1 of the CG Code stipulates that the roles of the Chairman of the Board and the Chief Executive Officer (“CEO”) should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman and the CEO should be clearly stated.

During the Reporting Period, Mr. Lin Ruhai has concurrently taken both the positions as Chairman and CEO, responsible for the corporate strategic planning and overall business development of the Group. Mr. Lin Ruhai has extensive experience and his duties of overseeing the Group’s operations are considered to be beneficial to the Group. The Company considers having Mr. Lin Ruhai acting as both Chairman and CEO would provide strong and consistent leadership to the Group and facilitate the efficient execution of business strategies within the Group. Since the Directors will meet regularly to consider major matters affecting operations of the Company, the Directors and the management of the Company believe that this structure will enable the Company to make and implement decisions promptly and efficiently. As a result, the Company currently does not propose to separate the functions of Chairman and CEO. The Board will continue to review and consider splitting the roles of Chairman and CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

AUDIT COMMITTEE REVIEW

The accounting information in the interim results for the Reporting Period has not been audited by the auditors of the Company but the audit committee of the Company has reviewed the financial results of the Group for the six months ended 30 June 2025 and discussed with internal audit executives in relation to matters on internal control and financial reports of the Group. The audit committee of the Company has not undertaken external independent audit checks regarding the interim results for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted for compliance by the directors and relevant employees the code of conduct for dealings in securities of the Company as set out in Appendix C3 – Model Code to the Listing Rules. The Company, having made specific enquiry, confirms that members of the Board complied throughout the Reporting Period with the Model Code.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (as defined in the Listing Rules)) for the six months ended 30 June 2025.

PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the directors of the Company, it is confirmed that there is sufficient public float of more than 25 per cent of the Company's issued shares during the Reporting Period and as at the date of this Interim Report.

COMPLIANCE WITH LISTING RULES

The Company should have complied with the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules in respect of the disposal of Dongma Equity Interest, which constituted a discloseable transaction, as and when such obligations arose. The delay in publication of the announcement was due to the change of company secretary and related handover arrangements of the Company at that time. Such non-compliance was unintentional and inadvertent. To prevent similar non-compliance from occurring in the future, the Company has taken the remedial actions and measures, including but not limited to seeking legal advice, reiterating internal communication procedures for reporting, strengthening internal control measures, as well as internal supervision and training.

CHANGES IN INFORMATION OF DIRECTORS

There is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULES 13.20 AND 13.22 OF CHAPTER 13 OF THE LISTING RULES AND DETAILS OF LOANS GRANTED

In accordance with the requirements of Rules 13.20 and 13.22 of the Listing Rules, the following were the details of advances to entity and financial assistances to an affiliated company of the Group which, together in aggregate, exceed 8% of the Group's total assets as at 30 June 2025.

Name of counterparty/ affiliated company	Amount	Nature	Interest rate	Repayment terms/method of repayment and maturity date	Security/ collateral	Source of funding	Banking facilities utilised or to be utilised which are guaranteed by the Group
1. Gangke ^(*)	Principal amount of up to RMB732 million	Shareholder's loan	8%–12.5% per annum	Repayable on demand	Unsecured	The Group's internal resources	N/A
2. Gangke ^(*)	Principal amount of up to RMB30 million	Loan	12.5% per annum	Repayable on demand	Unsecured	The Group's internal resources	N/A
3. Gangke ^(*)	Maximum RMB320 million	Share pledge provided by Wanlibao for the benefit of Industrial and Commercial Bank of China Limited, Xintang, Guangzhou Branch (中國工商銀行股份有限公司廣州新塘支行) over the 40% equity interests in the Gangke held by Wanlibao to secure the repayment of bank loan by Gangke	N/A	N/A	N/A	N/A	RMB206.1 million
4. Gangke ^(*)	Maximum RMB13 million	Guarantee provided by Wanlibao for the benefit of Guangzhou Yuexiu Industrial Investment Co., Ltd.* (廣州越秀實業投資有限公司) to guarantee the repayment of bank loan by Gangke	N/A	N/A	N/A	N/A	RMB9.747 million
Total	RMB1,095 million						RMB215.847 million

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULES 13.20 AND 13.22 OF CHAPTER 13 OF THE LISTING RULES AND DETAILS OF LOANS GRANTED *(Continued)*

Notes:

- (1) Pursuant to a joint venture agreement dated 27 October 2020 (the "JV Agreement"), the parties agreed to establish Gangke for the purpose of acquiring a parcel of land situated at Hengling Village, Shitan Town, Zengcheng District, Guangzhou* (廣州市增城區石灘鎮橫嶺村) of residential (and commercial) uses with a total land area of approximately 196,435.11 square metres (the "Target Land Parcel"). Gangke has successfully acquired the Target Land Parcel at the public auction held on 11 November 2020. Under the JV Agreement, the maximum commitment of Guangzhou Wanlibao Investment Co., Ltd.* (廣州萬利寶投資有限公司) ("Wanlibao") to Gangke, determined based on the shareholding percentage of Wanlibao in Gangke (i.e. 40%), amounts to RMB1.532 billion (the "Total Commitment"). Gangke represents an investment in an associate of the Company. Its equity interest is held as to 40% by Wanlibao (a wholly-owned subsidiary of the Company) and 60% by Jiangsu Ganglong Huayang Real Estate Co., Ltd.* ("Jiangsu Ganglong", 江蘇港龍華揚置業有限公司), an indirect wholly-owned subsidiary of Ganglong China Property Group Limited (the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 6968)).

Wanlibao has extended to Gangke a shareholder's loan, being a part of the Total Commitment, representing a commitment and obligation of the Group under the JV Agreement, which is binding on the Group. Pursuant to a letter of confirmation dated 5 January 2022 entered into between Wanlibao and Gangke, the parties have agreed and confirmed the provision of a shareholder's loan (the "Shareholder's Loan") in the principal amount of up to RMB732 million and that certain previous contributions made shall be deemed to be and construed as advances provided by Wanlibao to Gangke under the Shareholder's Loan (and the date of such advances shall be deemed to be and construed as the date of drawdown under the Shareholder's Loan).

The Company considered that the establishment of Gangke represented a good investment opportunity to the Group, through which the Group will be able to hold an investment interest in Gangke and enjoy the estimated earnings of the development project in relation to the Target Land Parcel (the "Development Project"). With the Group's familiarity with and long-established presence in the Zengcheng District, and taking into account Jiangsu Ganglong's expertise and experience in property development projects; it is expected that the parties will exert their respective advantages and contribute to the successful development of Gangke and the Development Project.

- (2) Guangzhou Royal Furniture Company Limited* ("Guangzhou Royal", 廣州皇朝家具有限公司), an indirect wholly-owned subsidiary of the Company, extended a loan to Gangke in the principal amount of up to RMB30.0 million (the "Loan"). The Loan was provided as further financial support for the Development Project, demonstrating the Group's continuous dedication in solidifying its investment as well as locking future return. As a key investment of the Group, the Group remains committed to the exploitation and realization of its potential, and will utilize its resources for such purpose having regard to the Group's funding needs, cashflow positions and business plan and strategy.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULES 13.20 AND 13.22 OF CHAPTER 13 OF THE LISTING RULES AND DETAILS OF LOANS GRANTED *(Continued)*

Notes: *(Continued)*

- (3) A pledge over 40% of the equity interest in Gangke held by Wanlibao was provided by Wanlibao in favour of Industrial and Commercial Bank of China Limited, Xintang, Guangzhou Branch (中國工商銀行股份有限公司廣州新塘支行) pursuant to the terms of pledge agreement dated 29 September 2021 entered into between Wanlibao as pledgor and the lender as pledgee to secure the repayment of a maximum loan amount of RMB320 million. The pledge was provided by the Group in support of the Development Project, which enabled Gangke to obtain external financings while at the same time creating no real-time capital outflow for the Group.
- (4) A guarantee was provided by Wanlibao in favour of Guangzhou Yuexiu Industrial Investment Co., Ltd.* (廣州越秀實業投資有限公司) pursuant to the terms of guarantee agreement dated 23 March 2023 entered into between Wanlibao as guarantor and the lender as guarantee to guarantee the repayment of a maximum loan amount of RMB13 million. The guarantee was provided by the Group in support of the Development Project, which enabled Gangke to obtain external financings while at the same time creating no real-time capital outflow for the Group.

A statement of financial position of the affiliated company as at 30 June 2025 required to be disclosed under Rule 13.22 of the Listing Rules is set out below:

	Statement of financial position RMB'000
Current assets	4,587,979
Non-current assets	1
Current liabilities	2,438,986
Non-current liabilities	515,249
Net assets	1,633,745

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	4	174,036	253,168
Cost of sales		(164,808)	(235,442)
Gross profit		9,228	17,726
Other income and gains	4	22,607	28,507
Selling and distribution expenses		(40,673)	(67,249)
Administrative expenses		74,984	(64,588)
Other expenses		(953)	—
Finance costs	5	(104,983)	(77,931)
Share of results of associates		(92,554)	13,251
Loss before income tax	6	(282,312)	(150,284)
Income tax credit	7	17,249	182
Loss for the period		(265,063)	(150,102)
Loss for the period attributable to:			
Owners of the Company		(268,587)	(147,638)
Non-controlling interests		3,524	(2,464)
		(265,063)	(150,102)
Loss per share attributable to owners of the Company	9		
Basic and diluted (RMB cents)		(10.839)	(5.958)

The notes on pages 27 to 40 are an integral part of these condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Loss for the period	(265,063)	(150,102)
Other comprehensive income		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of foreign operations	(24,065)	(2,466)
Total comprehensive income for the period	(289,128)	(152,568)
Total comprehensive income attributable to:		
Owners of the Company	(292,708)	(150,041)
Non-controlling interests	3,580	(2,527)
	(289,128)	(152,568)

The notes on pages 27 to 40 are an integral part of these condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		693,713	715,672
Investment properties		601,178	601,178
Intangible assets		1,858	2,056
Right-of-use assets		251,492	259,851
Goodwill		25,052	25,052
Investments in associates		1,118,833	1,248,638
Deferred tax assets		88,284	46,000
Prepayments, deposits and other receivables		88,075	98,697
Restricted bank deposits		6,927	5,318
		2,875,412	3,002,462
Current assets			
Inventories		277,976	271,352
Trade receivables	10	209,034	232,020
Prepayments, deposits and other receivables		360,543	343,898
Contract assets		1,778	2,173
Amounts due from associates		1,131,040	1,090,685
Restricted bank deposits		5,031	5,031
Cash and cash equivalents		46,751	20,452
		2,032,153	1,965,611
Assets classified as held for sale		–	60,000
		2,032,153	2,025,611
Current liabilities			
Trade payables	11	125,106	205,795
Other payables and accruals		210,187	207,802
Lease liabilities		9,689	9,656
Borrowings		808,747	1,105,953
Loan from the ultimate holding company		1,539,224	924,769
Loan from the immediate holding company		116,067	–
Loan from fellow subsidiaries		55,762	54,169
Loan from an associate		18,124	27,200
Loan from non-controlling interests		49,960	47,342
Tax payable		77,088	82,075
		3,009,954	2,664,761
Net current liabilities		(977,801)	(699,150)
Total assets less current liabilities		1,897,611	2,363,312

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Medium term bonds	12	41,168	40,729
Borrowings		542,753	584,616
Loan from the immediate holding company		–	114,888
Lease liabilities		15,390	19,466
Deferred tax liabilities		106,436	122,096
Deferred government grants		34,843	35,368
		740,590	917,163
Net assets		1,157,021	1,446,149
Equity			
Share capital		221,592	221,592
Reserves		780,440	1,073,148
Equity attributable to owners of the Company		1,002,032	1,294,740
Non-controlling interests		154,989	151,409
Total equity		1,157,021	1,446,149

The notes on pages 27 to 40 are an integral part of these condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Issued share capital	Shares held under performance share award plan	Share premium account	Capital reserve	Asset revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Related profit/ losses	Total	Non- controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2024											
(Unaudited)											
At 1 January 2024	221,592	(199,655)	934,514	(7,953)	190,118	111,488	(31,050)	402,146	1,621,200	165,324	1,786,524
Loss for the period	-	-	-	-	-	-	-	(147,638)	(147,638)	(2,464)	(150,102)
Other comprehensive loss for the period	-	-	-	-	-	-	(2,403)	-	(2,403)	(63)	(2,466)
At 30 June 2024 (unaudited)	221,592	(199,655)	934,514	(7,953)	190,118	111,488	(33,453)	254,508	1,471,159	162,797	1,633,956
For the six months ended 30 June 2025											
(Unaudited)											
At 1 January 2025	221,592	(199,655)	934,514	(7,953)	193,975	112,910	(27,215)	66,572	1,294,740	151,409	1,446,149
Loss for the period	-	-	-	-	-	-	-	(268,587)	(268,587)	3,524	(265,063)
Other comprehensive loss for the period	-	-	-	-	-	-	(24,121)	-	(24,121)	56	(24,065)
At 30 June 2025 (unaudited)	221,592	(199,655)*	934,514*	(7,953)*	193,975*	112,910*	(51,336)*	(202,015)*	1,002,032	154,989	1,157,021

* These reserve accounts comprise the consolidated reserves of RMB780,440,000 (31 December 2024: RMB1,073,148,000) in the interim condensed consolidated statement of financial position.

The notes on pages 27 to 40 are an integral part of these condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net cash flows used in operating activities	(149,716)	(199,641)
Net cash flows from investing activities	40,685	125,505
Net cash flows from financing activities	161,773	72,246
Net increase/(decrease) in cash and cash equivalents	52,742	(1,890)
Cash and cash equivalents at beginning of period	20,452	29,270
Effect of foreign exchange rate changes, net	(26,443)	91
Cash and cash equivalents at end of the period	46,751	27,471

The notes on pages 27 to 40 are an integral part of these condensed interim consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

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

Going concern basis

The Group incurred a loss of approximately RMB265 million for the six months ended 30 June 2025 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB978 million, while its cash and cash equivalents amounted to RMB47 million. The above conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the aforementioned, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Group's bank and other loans of RMB1,014 million are guaranteed by Science City (Guangzhou) Investment Group Co., Ltd.* ("Science City"). Science City has agreed to continue to act as the Group guarantor for the next twelve months on all their existing and new bank and other loans with an aggregated amount of not exceeding RMB2,000 million. Based on historical experience, the directors expect that the Group is able to renew all the bank and other loans with Science City's guarantee when they expire. As of 30 June 2025, the Group also has unpledged investment properties with carrying amount of approximately RMB601 million which are available for use as security to obtain new bank and other loans. Subsequent to the period end date, the Group has successfully renewed or obtained new bank and other loans of RMB306 million;
- (ii) The Group will continue to seek suitable opportunities to disposal of certain equity interest in both associates and subsidiaries to raise the level of liquid funds; and
- (iii) The Group will continue to implement measures to improve the operation performance, and to speed up the collection of outstanding sales proceeds and other receivables; and the Group will continue to take active measures to control costs and expense.

* For identification purposes only

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The board of directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2025. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2025. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) the successful obtaining continuous financing from the banks and the Group's creditors;
- (ii) successfully disposing of the Group's certain equity interest in both associates and subsidiaries when suitable; and
- (iii) the successful and timely implementation of the plans to improve the operation performance, speed up the collection of outstanding sales proceeds and other receivables, and control costs and expense so as to generate adequate net cash inflows.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these interim condensed consolidated financial statements.

2. ADOPTION OF AMENDED HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the six months ended 30 June 2025 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKAS 21

Lack of Exchangeability

The adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. OPERATING SEGMENT INFORMATION

The chief operating decision-makers mainly include executive directors of the Company. They review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports. Segment results are evaluated based on reportable gross profit margin.

The Group has four reportable segments as follows:

- (a) Manufacture and sale of furniture
- (b) Development properties for sales and property investments
- (c) Hotel operations
- (d) Trading of aluminium ingots and bars

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

The businesses of the Group's Trading of aluminium ingots and bars Segment was terminated in the current period. The carrying amounts of the assets and liabilities of Trading of aluminium ingots and bars Segment at the date of termination are transfer to Development properties for sales and property investments Segment.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2025 (Unaudited)

	Manufacture and sale of furniture RMB'000	Development properties for sales and property investments RMB'000	Hotel operations RMB'000	Trading of aluminium ingots and bars RMB'000	Total RMB'000
Segment revenue					
Sale to external customers	165,111	262	8,663	-	174,036
Segment results	(100,397)	(168,106)	(13,809)	-	(282,312)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2024 (Unaudited)

	Manufacture and sale of furniture RMB'000	Development properties for sales and property investments RMB'000	Hotel operations RMB'000	Trading of aluminium ingots and bars RMB'000	Total RMB'000
Segment revenue					
Sale to external customers	239,697	–	8,696	4,775	253,168
Segment results	(101,094)	(34,806)	(14,435)	51	(150,284)

No analysis of the Group's assets and liabilities is disclosed as such information is not provided to the chief operating decision-makers for review for interim review.

Information about a major customer

No revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the period (30 June 2024: RMB42 million).

Geographical information

Because the majority of the Group's revenue were located in the People's Republic of China (the "PRC"), no related geographical information of revenue is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue from contracts with customers		
Sales of goods	142,766	195,498
Installation and other ancillary services	22,607	48,974
Hotel operation income	8,663	8,696
	174,036	253,168
Other income and gains		
Bank and other interest income	19,566	24,945
Government grants	665	1,041
Gain from derecognition of leases upon early termination	688	2,199
Sales of scraps	1,127	237
Others	561	85
	22,607	28,507
	196,643	281,675

5. FINANCE COSTS

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest on bank and other borrowings (including medium term bonds), loans from related parties and lease liabilities	104,983	77,931

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cost of inventories sold	164,808	235,442
Depreciation	20,110	24,540
Write off of property, plant and equipment	–	6,095
Amortisation of intangible assets	247	94

7. INCOME TAX CREDIT

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the period (30 June 2024: Nil). The general Corporate Income Tax rate in the PRC is 25% (30 June 2024: 25%).

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
PRC Corporate Income Tax		
– Current tax	–	–
– Adjustment in respect of current tax of previous periods	(40,694)	93
Deferred tax expense	57,943	89
Total income tax credit for the period	17,249	182

8. DIVIDENDS

No interim dividend has been declared and paid by the Company during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the Period attributable to owners of the Company, and the weighted average number of ordinary shares in issue less shares held under share award scheme during the Period of 2,477,871,326 (six months ended 30 June 2024: 2,477,871,326).

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2025 and 2024.

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

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Loss		
Loss attributable to owners of the Company	(268,587)	(147,638)

	Number of shares Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue less shares held under share award scheme during the period used in the basic and diluted loss per share calculation	2,477,871,326	2,477,871,326

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables		
– Third parties	265,006	278,902
– Related parties (Note 15(b))	28,495	34,687
	293,501	313,589
Less: ECL allowance	(84,467)	(81,569)
Trade receivables, net	209,034	232,020

The directors of the Group consider that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Trade receivables are mainly from sales of furniture and hotel operations. For sales of furniture, the Group's trading terms with its customers are mainly on credit, except for some new customers, where payment in advance is normally required. The credit period is generally 30 to 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. For hotel operations, payment is generally received in advance. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balance. Trade receivables are non-interest-bearing.

The trade receivables of RMB28,495,000 (31 December 2024: RMB34,687,000) which are due from related parties are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. TRADE RECEIVABLES (Continued)

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

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 year	123,485	146,007
1 to 2 years	42,631	44,320
Over 2 years	42,918	41,693
	209,034	232,020

11. TRADE PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade payables		
– Third parties	124,639	151,114
– Related parties (Note 15(b))	467	54,681
	125,106	205,795

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. TRADE PAYABLES (Continued)

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

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 month	20,361	28,360
1 to 3 months	9,641	75,677
3 to 6 months	11,719	16,015
6 to 12 months	36,757	42,201
More than 1 year	46,628	43,542
	125,106	205,795

The trade payables are non-interest-bearing and are normally settled for a period of 3 months extendable up to 1 year.

All amounts are short term and hence the carrying amounts of the Group's trade payables are considered to be a reasonable approximation of fair value.

12. MEDIUM TERM BONDS

On 5 February 2016, the Company established a medium-term bond programme with a nominal value of HK\$10,000,000 each. As at 30 June 2025 and 31 December 2024, the Company has issued the medium-term bonds (the "Bonds") with a principal amount in aggregate of HK\$700,000,000. The Bonds are non-callable until 5 February 2025 and non-puttable until 5 February 2020. Interest on the outstanding bonds will be payable annually in arrears at the nominal interest rate of 0.1% per annum first payable on 5 February 2018 and last payable on 5 February 2063 and will mature on 5 February 2064. The Bonds include early redemption right subject to not less than 450 days' written notice. The Bonds were amortised at the effective interest method by applying the effective interest rate ranging from 8.01% to 8.86% per annum.

The fair value of the medium-term bonds was estimated at the issuance date by discounting the expected future cash flows using an equivalent market interest rate for a similar bond taking into consideration the Group's own credit and liquidity risk.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12. MEDIUM TERM BONDS (Continued)

The medium term bonds recognised in the statement of financial position were calculated as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Carrying amount at 1 January	40,729	37,494
Accrued interest expenses	1,609	3,056
Payment for interests	(549)	(539)
Exchange realignment	(621)	718
	41,168	40,729

13. CONTINGENT LIABILITIES

At the end of the reporting Period, contingent liabilities not provided for in the financial statements were as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Guarantees given to banks in connection with facilities granted to an associate	333,000	333,000

During the Period, the Group has pledged 40% (31 December 2024: 40%) equity interest in an associate, Guangzhou Gangke Real Estate Co., Ltd. ("Gangke"), to secure general banking facilities granted to Gangke.

In the opinion of the directors, the fair value of the guarantees at initial recognition and the ECL allowance are not significant as at 30 June 2025 and 31 December 2024 on the basis of low applicable default rates due to the Gangke is in strong financial positions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. COMMITMENTS

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

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Contracted, but not provided for:		
Construction in progress	32,197	32,083

15. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in the interim condensed consolidated financial statements, the Group had the following transactions with related parties, namely Science City Guangzhou Investment Group Co., Ltd. ("Science City"), the then affiliates (together, "Science City Affiliates Group") and other related parties during the period:

	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Science City Affiliates Group		
Sale of goods (Note)	–	4,014
Decoration services (Note)	4,429	358
Construction services (Note)	–	2,522
Interest expenses	54,867	8,082
Guarantee fees	18,117	8,932
Associates		
Interest income	19,487	21,083
Interest expense	1,897	–

Note: These transactions constitute connected transactions or continuing connected transactions under the Listing Rules.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables:		
The ultimate holding company	600	1,198
Fellow subsidiaries	9,087	13,482
Associates	16,268	17,484
Non-controlling interest	2,540	2,523
	28,495	34,687
Other receivables:		
Fellow subsidiaries	3,414	3,482
Non-controlling interest	717	6,262
	4,131	9,744
Trade payables:		
The ultimate holding company	200	54,681
Non-controlling interest	267	–
	467	54,681

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group

Key management of the Group are members of the board of directors, as well as members of the "management board" of the parent company. Key management personnel remuneration includes the following expenses:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Short term employee benefits	3,374	3,864
Pension scheme contributions	222	48
Total compensation paid to key management personnel	3,596	3,912

16. COMPARATIVE FIGURES

Certain comparative figures in these condensed consolidated financial statements were reclassified to conform to the current period's presentation.