



Morimatsu International Holdings Company Limited

森松國際控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock code : 2155



2025

Interim Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Nishimatsu Koei
Mr. Hirazawa Jungo
Mr. Tang Weihua
Mr. Sheng Ye
Mr. Kawashima Hirota

Non-executive Directors

Mr. Matsuhisa Terumoto (*Chairperson*)

Independent Non-executive Directors

Ms. Chan Yuen Sau Kelly
Mr. Kanno Shinichiro
Mr. Yu Jianguo

REGISTERED OFFICE

29/F, One Exchange Square
8 Connaught Place, Central, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

6/F, No. 88 Shendi Nan Road
Pudong New District, Shanghai, PRC

COMPANY'S WEBSITE ADDRESS

www.morimatsu-online.com

JOINT COMPANY SECRETARIES

Mr. Lee Kenneth Hoi Nap
Ms. Lau Wai Yee

AUTHORISED REPRESENTATIVES

Mr. Nishimatsu Koei
Ms. Lau Wai Yee

AUDIT COMMITTEE

Ms. Chan Yuen Sau Kelly (*Chairperson*)
Mr. Kanno Shinichiro
Mr. Matsuhisa Terumoto

REMUNERATION COMMITTEE

Mr. Yu Jianguo (*Chairperson*)
Mr. Kanno Shinichiro
Mr. Matsuhisa Terumoto

NOMINATION COMMITTEE

Mr. Matsuhisa Terumoto (*Chairperson*)
Ms. Chan Yuen Sau Kelly
Mr. Yu Jianguo

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Agricultural Bank of China Shanghai Zhangqiao Branch
2/F, 600 Jialin Road
Pudong New District, Shanghai, PRC

Mizuho Bank (China) Limited
21/F, Shanghai World Financial Centre
100 Century Avenue
Pudong New District, Shanghai, PRC

Sumitomo Mitsui Banking Corporation (China) Limited
11/F, Shanghai World Financial Centre
100 Century Avenue
Pudong New District, Shanghai, PRC

LEGAL ADVISER AS TO HONG KONG LAW

Jingtian & Gongcheng LLP
Suites 3203–3207, 32/F, Edinburgh Tower
The Landmark, 15 Queen's Road Central
Central, Hong Kong

AUDITORS

KPMG
Public Interest Entity Auditor registered under the
Accounting and Financial Reporting Council Ordinance
8/F, Prince's Building, 10 Chater Road
Central, Hong Kong

STOCK CODE

2155

Definitions and Glossary

"Advanced Processes"	process technology for chip manufacturing in the semiconductor manufacturing industry
"Audit Committee"	refers to the Audit Committee under the board of directors
"Biopharmaceuticals"	refers to products that are made from organisms, biological tissues, cells, body fluids, etc. by using the principles, approaches and research results of microbiology, chemistry, biochemistry, medicine and other subjects
"Bioreactor"	the devices that grow animal cells, bacteria or yeast, etc. under controlled conditions, and are used to produce antibodies, vaccines, insulin or other drugs in the pharmaceutical manufacturing process
"CAPEX"	Capital Expenditure, the capital expenditure made by an enterprise to acquire, upgrade or maintain long-term assets, is mainly used for investments with long-term benefits such as fixed assets and intangible assets. Such expenditure has a direct impact on the production capacity and future development potential of the enterprise and is strategic allocation of resources
"Capital expenditure projects"	the large-scale capital expenditure projects of enterprises in the downstream industry, mainly used for the construction of new process units or the purchase of large-scale core industrial equipment and high-value industrial solutions
"CG Code"	refers to the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of this report, refers to Mr. Matsuhisa Terumoto, Morimatsu Holdings and Morimatsu Group
"CXO"	Contract X Organization, a pharmaceutical outsourcing service, mainly including organizations that serve the three major links of research and development, production and sales in the pharmaceutical industry
"DASS"	Deterministic Action Stochastic State, it is an algorithmic framework in reinforcement learning, which is mainly used for solving the problem of strategy optimization. The algorithm helps robots to realize dynamic strategy adjustment and complex environment adaptation by defining deterministic actions and random state combinations of strategies
"Electrolyte"	means the carrier for ion transport in a battery. It is generally composed of lithium salts and organic solvents, and as a conductor of ions between the positive and negative electrodes of a lithium battery. The electrolyte is generally composed of high purity organic solvents, electrolytic lithium salts, necessary additives and other raw materials, and is prepared under certain conditions and in a certain ratio
"Electronic Chemicals"	refers to the fine chemical products supporting the electronic industry, one of the important supporting materials for the electronic industry. The quality of electronic chemicals not only directly affects the quality of electronic products, but has significant effect on the industrialisation of the microelectronic manufacturing technology. The development of the electronic industry requires synchronisation of the electronic chemical industry. Therefore, electronic chemical has become one of the key materials prioritised by all countries around the world in order to develop the electronic industry

"EUR" or "Euro"	refers to euro, the lawful currency of the Eurozone
"G5 Grade"	wet electronic chemicals are classified into five grades of purity ranging from G1 to G5 according to the standards established by Semiconductor Equipment and Materials International, of which G5 is the highest purity grade, with extremely stringent requirements for metal impurity content, applicable manufacturing processes, and particulate matter
"Global Offering"	the offer of the Shares for subscription as described in the section headed "Structure of the Global Offering" in the Prospectus
"HKD" or "HK\$"	refers to Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	refers to the Hong Kong Special Administrative Region of the PRC
"IFRS(s)"	refers to International Financial Reporting Standards
"India"	refers to the Republic of India
"Innovative Drugs"	drugs patented with proprietary intellectual property rights. Compared with generic drugs, innovative drugs emphasize novel chemical structures or new therapeutic uses
"Italy"	refers to the Republic of Italy
"Japan"	refers to Japan
"JPY"	refers to Japanese Yen, the lawful currency of Japan
"Lifesciences Singapore"	Morimatsu Lifesciences (Singapore) Pte. Ltd., a private company incorporated in Singapore with limited liability on 22 December 2023 and an indirect wholly-owned subsidiary of the Company
"Listing" or "IPO"	refers to the listing of the Shares on the Main Board of the Stock Exchange on 28 June 2021
"Listing Date"	the date on which dealings of the Shares on the Main Board of the Stock Exchange first commenced, which is 28 June 2021
"Listing Rules"	refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Low-altitude Economy"	refers to an integrated economy centered on low-altitude flight activities, where the new quality production power composed of technologies such as unmanned flight and low-altitude intelligent internet interacts with airspace, market and other factors to drive the development of low-altitude infrastructure, low-altitude aircraft manufacturing, low-altitude operation services and low-altitude flight protection
"Main Board"	refers to Main Board of the Stock Exchange
"Malaysia"	refers to the Federation of Malaysia
"Mexico"	refers to United Mexican States

Definitions and Glossary

"Model Code"	refers to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Module/Modular"	the design idea and installation method for preassembling of key equipment, other components, pipe structures, electrical instruments, etc. in a manufacturing plant, so as to minimize the work quantity on project site, and reduce cost of on-site jobs and on-site failures
"Morimatsu Biotechnology"	Shanghai Morimatsu Biotechnology Co. Ltd. (上海森松生物科技有限公司), a company established in the PRC in January 2022 with limited liability and an indirect wholly-owned subsidiary of the Company
"Morimatsu China"	Morimatsu (China) Investment Co., Ltd (森松(中國)投資有限公司), a company established in the PRC with limited liability in June 2010 and a direct wholly-owned subsidiary of the Company
"Morimatsu Dialog"	Morimatsu Dialog (Malaysia) Sdn. Bhd., a private company established in Malaysia with limited liability in September 2021, which is a direct non-wholly-owned subsidiary of the Company
"Morimatsu Group (森松グループ株式會社)"	Morimatsu Group Co., Ltd., formerly known as Morimatsu Holdings Co., Ltd. (森松ホールディングス株式會社), a limited liability company incorporated in Japan in September 2015, which is controlled by Mr. Matsuhisa Terumoto by holding 100% of its voting shares, and one of our Controlling Shareholders
"Morimatsu Heavy Industry"	Morimatsu (Jiangsu) Heavy Industry Co., Ltd. (森松(江蘇)重工有限公司), a company established in the PRC in May 2008 with limited liability and an indirect wholly-owned subsidiary of the Company
"Morimatsu Holdings"	Morimatsu Holdings Co., Ltd. (森松ホールディングス株式會社), formerly known as Morimatsu Industry Co., Ltd. (森松工業株式會社), a company incorporated in Japan with limited liability in May 1964, which is controlled by Morimatsu Group, and one of our Controlling Shareholders
"Morimatsu Investment"	Morimatsu International Investment Company Limited (森松國際投資有限公司), a company established in the Hong Kong in March 2024 with limited liability and a direct wholly-owned subsidiary of the Company
"Morimatsu Italy"	Morimatsu Italy S.r.l., a company incorporated in Italy with limited liability on 26 November 2020 and an indirect wholly-owned subsidiary of the Company
"Morimatsu Pharmaceutical"	Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd. (上海森松製藥設備工程有限公司) (formerly known as Shanghai Morimatsu Pharmaceutical Equipment Company Limited (上海森松製藥設備有限公司)), a company established in the PRC with limited liability in November 2001 and an indirect non-wholly-owned subsidiary of the Company
"Morimatsu Singapore"	Morimatsu (Singapore) Pte. Ltd., a private company incorporated in Singapore with limited liability in October 2023 and a direct wholly-owned subsidiary of the Company
"MYR"	refers to Ringgit, the lawful currency of Malaysia
"Nomination Committee"	refers to the Nomination Committee of the Board

“OPEX”	Operational Expenditure, refers to ongoing, recurring expenses incurred by an enterprise to maintain day-to-day business operations and generate short-term revenue. These expenditures are recorded as expenses in the income statement (statement of profit and loss) in the period in which they are incurred and have a direct impact on the profit for the period
“Pharmadule Singapore”	Morimatsu Pharmadule (Singapore) Pte. Ltd., a private company established in Singapore with limited liability in January 2023, which is an indirect wholly-owned subsidiary of the Company
“Pharmadule Sweden”	Pharmadule Morimatsu AB (formerly known as Goldcup 6476 AB), a company incorporated in Sweden with limited liability on 3 March 2011 and an indirect wholly-owned subsidiary of the Company
“Pharmadule US”	Pharmadule Morimatsu Inc., a company incorporated in the United States with limited liability on 30 June 2011 and an indirect wholly-owned subsidiary of the Company
“Photoresist”	refers to resist-resistant thin-film materials whose solubility changes through irradiation or radiation of ultraviolet light, electron beams, ion beams, and X-rays, etc.
“Post-IPO Share Option Scheme”	refers to the post-IPO share option scheme adopted by the Company and became effective on 10 February 2021, the principal terms of which are summarized in “Statutory and General Information — D. Other Information — Post-IPO Share Option Scheme” in Appendix V to the Prospectus
“Power Battery”	refers to the ternary polymer lithium battery used in new energy vehicles, which is a kind of lithium battery with three elements: nickel salt, cobalt salt, and manganese salt/lithium aluminate as its cathode materials, graphite as its anode material, and mainly lithium hexafluorophosphate as its electrolyte
“PRC” or “China”	refers to the People’s Republic of China which, for the purpose of this report, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-IPO Share Option Scheme”	refers to the pre-IPO share option scheme adopted by the Company and became effective on 1 July 2020, the principal terms of which are summarized in “Statutory and General Information — D. Other Information — Pre-IPO Share Option Scheme” in Appendix V to the Prospectus
“Prospectus”	refers to the prospectus issued by the Company dated 15 June 2021
“Remuneration Committee”	refers to the Remuneration Committee of the Board
“Renminbi” or “RMB”	refers to Renminbi, the lawful currency of the PRC
“Reporting Period”	refers to the period of six months from 1 January 2025 to 30 June 2025
“RSU Scheme”	refers to the restricted share unit scheme adopted by the Company on 15 December 2021
“SEK”	refers to Swedish Krona, the lawful currency of Sweden
“Separator”	located between the positive electrode and the negative electrode of a power battery with the main function of separating the positive and negative active materials to prevent the two electrodes from getting short-circuited caused by contact

Definitions and Glossary

"SFO"	refers to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGD"	the legal currency of Singapore, the Singapore dollar
"Shareholders"	refers to holders of the Shares of the Company
"Shares"	refers to ordinary shares of the Company
"Singapore"	refers to the Republic of Singapore
"Single-use Bioreactor"	refers to a bioreactor using a disposable bag instead of a culture container made of stainless steel or glass, also known as Disposable Bioreactor
"Solid-state Battery"	refers to a battery that uses solid electrodes and solid electrolyte. Generally, it has a lower power density and higher energy density
"Stock Exchange"	refers to The Stock Exchange of Hong Kong Limited
"Sweden"	refers to the Kingdom of Sweden
"U.S."	refers to the United States of America
"USD" or "US\$"	refers to United States dollars, the lawful currency of the United States
"%"	per cent

In this report, unless the context otherwise requires, the terms "associate", "connected person", "subsidiary", and "substantial shareholder" have the meanings ascribed to them in the Listing Rules.

Management Discussion and Analysis

MISSION STATEMENT

The Group's products and technologies help society pursue a greener earth, healthier life and smarter tools through the development of modern industrial civilization.

DEVELOPMENT VISION

The Group aims to provide downstream customers with the world's leading core equipment, high value-added process solutions, digital intelligence integrated plant solutions (including process packages), and value-added services covering the full life cycle.

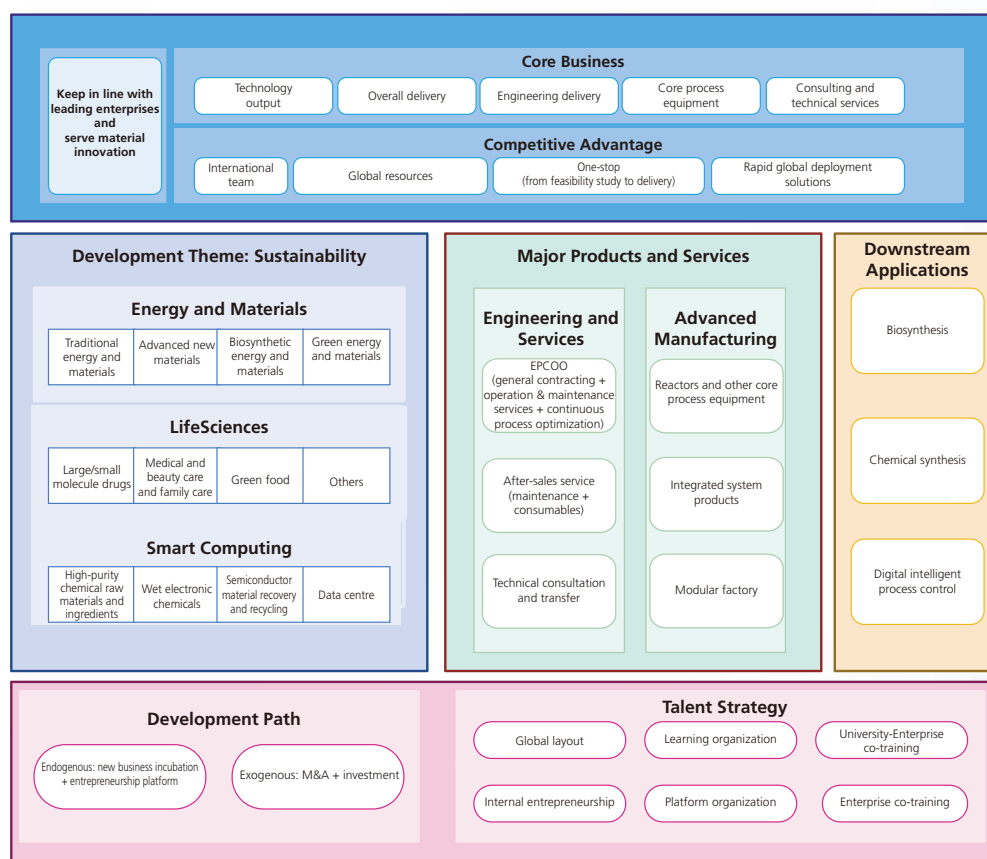
CORPORATE VALUE

With a people-centered approach that respects talent, we prioritize our customers, strive for mutual success with our partners, pursue excellence, build a strong brand, foster continuous innovation, and seize opportunities.

CORPORATE AND OPERATING STRATEGIES

Illustration for the Corporate Strategy of the Group

Diversification + Globalization + Intelligentization



Management Discussion and Analysis

High Certainty of Performance in an Uncertain Environment

In the post-pandemic era, the global economic recovery has not progressed as expected, and uncertainty has become a normal state of corporate survival and development. Coupled with the frequent occurrence of geopolitical events worldwide, it has profoundly impacted the implementation of corporate strategies, the allocation of global resources, and the fulfillment of growth expectations. As a result, coexisting with uncertainty has become one of the core competencies for the survival and development of contemporary enterprises. For enterprises, especially multinational corporations, the ability to recognize, adapt to and overcome these uncertainties is gradually becoming a key competitiveness for their sustainable development.

During the Reporting Period, the Group continued to cope with the challenges arising from multiple macro-environmental changes at the operational level: (1) rapid contraction in demand from key end markets, (2) drastic fluctuations in the international geopolitical environment, (3) localized overcapacity in key downstream industries, and (4) adjustments to the global low-carbon policy. In the face of continuous decline in overall market demand, the Group has continued to cultivate existing markets globally while exploring new areas by leveraging its deterministic Alpha strategy, supported by its dynamic Beta advantage, and focusing on serving its customer base of leading global and regional enterprises, which has ultimately led to a rapid rebound in order performance when it bottomed out, and has continued to enhance the certainty of its performance with greater certainty.

Deterministic Alpha Strategy

The Group has developed diverse and dynamically adaptive capabilities in its operations, covering a wide range of areas such as downstream industries and market layout, customer base composition, product and technology portfolio and service model innovation. When a single industry or market inevitably falls into a cyclical downturn, these diversified elements serve as a buffer, which can not only achieve the balance of “blockage in one place and access to other places” in the broad international market, but also achieve the complementary “lose at sunrise and gain at sunset” effect among the diversified business segments, thereby effectively withstanding the impact of cyclical fluctuations.

During the Reporting Period, the Group received substantial orders from pharmaceutical and biopharmaceuticals, raw materials for power batteries, family care and oil and gas refinery in North and South America, Asia, Europe and Oceania.

Dynamic Beta Advantage

The core competitiveness of an enterprise is reflected in four dimensions: the ability to innovate for the industry, the ability to respond to customers, the ability to look ahead with early warning and self-adjustment, and the ability to adjust to changes in demand. In the process of building a deterministic Alpha capability, the differentiated competitive advantage in a single sector is crucial. However, this advantage cannot be established in the short term during the uptrend stage of the industry cycle (even in the initial stage). Only long-term accumulation of industry recognition and customer cooperation experience and technological reserves can support the enterprise in the uptrend of the cycle to respond quickly to the demand and seize the competitive opportunity.

The Group has achieved a high degree of versatility and compatibility in terms of human resources, underlying technology layout and hardware resources. Except for a small number of specialized craftsmen focusing on specific industries, most management personnel, engineering technicians and manufacturing staff possess the capability to serve multiple industries and products. The manufacturing bases can also quickly switch their service scenarios through localized adjustments according to the fluctuation of the downstream industry cycle, to meet the needs of different industries and products.

Our high-quality customer base provides a strong driving force for the continuous iterative innovation of the Group's technologies and products, while the broad global market is always surging with versatile and dynamic demands. Against the backdrop of cyclical fluctuations in various industries and markets, the Group's strategic combination of "Deterministic Alpha + Dynamic Beta" has enabled it to accurately capture opportunities amid uncertainties and to flexibly deploy its strategies. This approach not only allows the Group to complete adjustments quickly, but also ensures a rapid rebound from cyclical downturns, demonstrating its strong resilience and ability to cope with emergencies.

Resource Planning

Human Resources Shift toward Technology and Global Service Needs

The Group has always maintained the basic development concept that human resources are the first factor of production. Through school recruitment and social recruitment, the Group has focused on technical personnel, production management personnel and corporate management personnel with global service capabilities to expand its technology, manufacturing and service teams.

Overseas Hardware Production Capacity

The Group has continued to improve the production capacity expansion of its Malaysia manufacturing base and has successfully delivered products ordered from all over the world during the Reporting Period. The downstream industries involved include, amongst others, electronic chemicals (wet electronic chemicals), raw materials of power battery, petrochemicals and family care. Customers served include global and regional leaders across various industries. At the same time, the Group will fully capitalize on the geographical advantage of the Malaysia manufacturing base on the Pacific Ocean to build up independent deep-water berthing capability and continue to enhance its manufacturing capabilities in delivering high-end industrial equipment to various industries.

Overseas Technology Hub

The technical, engineering and project services teams of the Group's subsidiaries in Malaysia and Singapore are now equipped with the capabilities and resources to serve customers across all regions of the world. Building on this foundation, the Group will further consolidate the manpower resources and technical reserves from its subsidiaries in India, positioning Southeast Asia as the launchpad to serve the new wave of globalization.

Demand and Direction of Mergers and Acquisitions ("M&A")

In addition to continuously promoting the construction of overseas production capacity and technology service hubs, the Group is also determined to explore the feasibility of mergers and acquisitions on a global scale. As a way of strategic investment in business and resources, M&A has always been regarded as a strategic act for enterprises to achieve breakthroughs in operations and markets, as well as a tactical shortcut to realize the second growth curve.

The Group's M&A targets are generally organizations that have business synergies and can empower the sustainable development of the enterprise, including but not limited to: (1) similar enterprises, (2) enterprises of key components in the upstream of the industrial chain, (3) enterprises that can provide greater market access for existing products and technologies, (4) enterprises that can achieve internationalization and empowerment, and (5) enterprises that can empower the second growth curve.

Management Discussion and Analysis

Based on fully guaranteeing the interests of shareholders, the Group currently adopts a prudent and decisive investment approach, considering both the current financial situation and the needs for strategic development, and does not easily resort to high financial leverage, does not rely on the mentality of taking chances to speculate, and selects sensible, reasonable and appropriate target companies in the international market. Meanwhile, the Group is also actively building up an after-sales team with international business management capabilities to ensure that M&A is a milestone in the development of the enterprise, rather than the end point.

The Group continues to focus on quality enterprises and technology entities worldwide, and actively engaged with teams and enterprises for further cooperation during the Reporting Period through proactive exchanges and other means. In view of the status and demand for the enhancement of the enterprise's comprehensive global competitiveness, the shortcomings in the value chain and the need for further expansion of international talents and overseas production capacity, the Group will further increase its investment in M&A, to realize cross-border and globalization in terms of geographic location and at the same time, to truly consolidate worldwide expertise and enhance the comprehensive capability of rapid and global delivery in terms of technology and product reserves, manpower and hardware resources as well as customer services.

Market Strategy

Market-Specific Demand Cycles

With the rapid popularization of artificial intelligence ("AI") technology application scenarios, the Group has noticed the rapid growth in global demand for computing power and its infrastructure. The Group possesses robust technical expertise and extensive project experience in intelligent engineering and high-efficiency heat exchange and energy consumption management of microchannel reactors. These capabilities enable rapid delivery of computing infrastructure, empowering AI service providers and computing power enterprises to rapidly achieve global production capacity deployment. Data center related products are expected to be one of the Group's key promotion areas in the coming years.

PRODUCT STRATEGY

MVP Solutions+

Machines — Core Equipment: The core equipment, designed to achieve theoretical heat and mass transfer in large volume equipment, works to realize new material synthesis processes that are theoretically based on chemical and biological reaction equations and feasible at the practical laboratory level, at the industrial level production scale.

Values — Value Empowerment: While providing core equipment-based products to downstream industries and customers, the Group remains committed to developing high value-added integrated products and solutions. The most common applications include process systems deployed in chemical and fine chemical, pharmaceutical and biopharmaceutical, and family care industries. These systems primarily function as integrated systems for process synthesis segments within production lines, incorporating sophisticated mechatronic product platforms and control systems.

Plants — Highly Integrated Systematic Solutions: This is an extreme industrial product that directly aims at customers who intend to commercialize their critical products and provides one-stop "service + product + service" systematic solutions, covering the entire process from project initiation consultancy, technical/commercial feasibility studies, process route design, engineering design, core equipment delivery, system manufacturing/installation/commissioning/certification, operation and maintenance management to continuous optimization of the process, with optional incorporation of continuous supply arrangements for critical consumables and auxiliary materials.

MVP Solutions+ refers to the product strategy that utilizes process packages as the technology carrier and continuous service as the interface for upstream and downstream interactions, in addition to the above three types of products. Its advantages mainly include: (1) closer to the customers' value needs, enhance customer bonding; (2) closer to the development trends of the downstream industry, actively integrate into the process of customers' technology update and product iteration; (3) continue to improve our competitive advantages, deepen the development of the moat effect and minimize the long-term homogeneous competition; (4) avoid continuous investment in hardware assets and downplay the inevitable link between hardware capacity growth and business development; (5) continuously enhance the Group's technological attributes and continue to improve self-learning and evolutionary capabilities; and (6) develop a unique development model for manufacturing enterprise, avoiding dependence on a single product, a single market, and realizing continuous updating and iteration of core technologies and products.

Service Oriented, CAPEX+OPEX

The Group has always been committed to providing its customers in various downstream industries with products, technologies and services of high technical standards, high quality requirements and high cost-effective, and assisting them in obtaining high-quality and high-performance products and solutions to meet their budgets at the investment decision-making and the procurement stage of their projects. During the periods when industry leaders across sectors implement technological innovations, product iterations and capacity innovations, the Group's critical competitive edge lies in meeting customers' pricing requirements, to align with their CAPEX budgets.

OPEX estimation and economic benefit analysis are front-end services provided by the Group to customers at the project initiation stage based on the Group's own technology, project experience and industry supply chain information. This type of service assists customers to determine the type of technology to be invested in, the process flow, energy consumption index, operating break-even point and other key indicators that will be encountered when the project starts the operation stage, providing a scientific and quantitative basis for customers' final decision. The provision of OPEX analysis to customers can greatly enhance customers' reliance on the Group in terms of technology and at the same time fundamentally avoid homogenized competition at the later stage of CAPEX implementation.

Considering both the CAPEX and OPEX of customers, particularly those in leading and innovative industries, helps the Group to consistently provide them with the possibility to optimize their costs and allows the Group to be actively involved in the process of estimating their operating economics. Such a service model aims to create value (not just price advantages) for customers, with a platform of products and services covering the entire life cycle of a particular technology, where the Group's technology and experience avoid competition, its services and information create opportunities, and its technology and services have the ultimate mission of integrating into the entire life cycle demand of the products of its customers and downstream industries.

Management Discussion and Analysis

CUSTOMER RELATIONSHIPS

Multinational Corporations

The Group's business strategy of "leading international enterprises in the long run and actively serving the material innovation industry" requires the Group to establish itself as a truly multinational corporation. A multinational corporation is not only defined by the ability to export products but also by the capacity to build and utilize global resources and serve customers worldwide. This capability is reflected in the formulation of common corporate technology standards, the establishment of cross-national and cross-sector teams, the operation of overseas branches, and the participation in international M&A.

The Group is committed to building itself into a comprehensive multinational enterprise with global operations, research and development ("R&D") capabilities in Europe and the U.S., manufacturing bases in the Asia-Pacific region, and localized service capabilities. By fully integrating technological resources and industry first-mover advantages from developed industrialized regions, the Group aims to transform its global network of branches into efficient solution platforms, pre-and post-sales service platforms, and regional business expansion platforms. Currently, the Company has its own subsidiaries and offices in the following countries and regions: (1) China — operating headquarters, manufacturing bases, design and engineering centers; (2) Hong Kong — registered office; (3) Japan — technical and engineering service center; (4) India — engineering and project service center; (5) Italy — advanced technology and project service center; (6) Singapore — advanced technology and project service center; (7) Sweden — technical and project service center; (8) U. S. — technical and project service center; (9) Mexico — engineering and project service center; (10) Malaysia — manufacturing base and project service center; and (11) Thailand — engineering and project service center.

Establishment, Maintenance and Development of Customer Relationships

The core competitiveness of the Group lies in the in-depth partnerships it has built with leading enterprises in various industries over a long period. Based on mutual empowerment, the Group jointly researches and develops technologies and products targeting the most cutting-edge needs of the market at different stages of the development of the enterprises, thereby facilitating mutual growth. In response to the needs of multinational enterprises in different times, the Group has adopted different service strategies, including the establishment of technology and service centers around the world and the continuous internationalization of human resources and hardware production capacity, to ultimately possess the comprehensive capabilities of trans-oceanic manufacturing, multinational service and global delivery. In general, the Group's future should always be integrated with the future of the leading companies in various industries, and the technology and product development trends of the Group always can quickly respond to the requirements of advanced technology and product development in different downstream industries.

Commencing with servicing projects of renowned multinational corporations in China, the Group remains steadfastly committed to delivering technologies, products and services that meet or exceed international industry standards to global industry leaders, innovators at the technological forefront, and rapidly emerging enterprises in regional markets. By serving these customers over a long term, the Group has gained sustained exposure to cutting-edge technologies across industries and real-time demands of different markets. These in-depth and long-term interactions with multinational corporations and industry leaders have driven continuous iterations and enhancements of the Group's products, technologies and services, evolving in tandem with customers to shape industry development trajectories.

HUMAN RESOURCES AND RESEARCH & DEVELOPMENT

Internationalized human resources construction is the core support for enterprises to achieve their strategic objectives in global competition, which requires enterprises to build up cross-cultural management capabilities and a globalized talent supply chain in their operations. As at June 30, 2025, the Group had more than 4,500 employees, of which over 500 were research and development personnel, with non-Chinese employees accounting for approximately 10% of the total number of employees.

Human Resource Components: R&D, Process, Engineering, and Manufacturing

The Group serves the innovative needs of customers in multiple downstream sectors, which requires a staff structure that balances the specialization of a single industry with the versatility of many industries. Based on the nature of work, the Group's employees engaged in technical and process-related work can be broadly divided into the following four categories:

- (1) Research and development personnel, who are personnel with specialized in scientific research and technological development, with the creation of new knowledge, new technologies, new products or new processes as their core responsibility. Such personnel serve in the research and development of the Group's new products and technologies, and are responsible for further improving product lines or expanding new downstream areas.
- (2) Process personnel, who are process designers in a particular downstream industry. This category of personnel directly serves the customers' process needs and has a high degree of specialization.
- (3) Engineering personnel, who are personnel with specialized knowledge in various fields such as machinery, plumbing, electrical and instrumental controls, or construction to serve the requirements of the process, and whose main duty is to assist craftspeople in ensuring the manufacturability of the products at the design stage of the process. This category of personnel has versatility across different industry business segments of the Group.
- (4) Manufacturing personnel, who are employees engaged in product manufacturing. Such personnel can carry out product manufacturing and construction work in accordance with the construction drawings prepared by engineers, process documents, and standard requirements. This category of personnel has a high degree of industry versatility and can satisfy the needs of the vast majority of the Group's product manufacturing.

Management Discussion and Analysis

Research and Development Mechanism

The Group supports its internal entrepreneurship team by providing platform incubation services based on shared resources and markets to facilitate the development of new products and technologies.

Through the establishment of joint laboratories with downstream enterprises, cooperation with renowned universities and internal independent innovation, the research and development team of the Group has been involved in a number of technological fields, such as (1) separation and purification system devices for the pharmaceutical industry; (2) digital intelligent three-dimensional modeling system platform; (3) DASS robotic automatic sampling intelligent system; (4) micro-multiple bioreaction technology and equipment; (5) gas recovery module technology; (6) green energy module synthesis technology and devices; (7) optimization of disposable filtration and protection system; (8) devices and technologies for preparation of electrolyte raw materials for safe and long-lasting solid-state battery; and (9) complete sets of devices for high purity reagents of electronic grade and their industrialization.

In the future, the Group will continue to deepen the internationalization and diversity of its workforce, to maintain its overall competitiveness and quick response capability under the restructuring and diversification of the industrial chain among different industries around the world. Internationalized human resources will also become one of the strategic tools for the Group to build a multinational and global enterprise.

MARKET OUTLOOK IN MAJOR DOWNSTREAM INDUSTRY

LifeSciences

Pharmaceutical and Biopharmaceutical

According to a research report issued by CMBC Securities Company Limited (民銀證券有限公司) on March 5, 2025, the work tasks related to the pharmaceutical industry in the Government Work Report (《政府工作報告》) (the “**Work Report**”) delivered by the Premier of the State Council of the PRC (the “**State Council**”) in March 2025 are summarized as follows: (1) “Improve the drug pricing mechanism, establish an innovative drug catalog, and support the development of innovative drugs and medical devices”. This is the first time that the Work Report mentions supporting the development of innovative drugs, and it is expected that more policies and measures will be introduced in respect of drug pricing and the catalog of innovative drugs. Measures of greater concern to the pharmaceutical market, such as the establishment of class C drug reimbursement catalog and commercial health insurance, will broaden the payment channels for innovative drugs and open the domestic market for innovative drugs. (2) “Optimize the procurement policy for medicines and consumables, and strengthen quality assessment and supervision, so that the public can use medicines with greater peace of mind”. The optimization of the drug procurement policy will shift the focus from “price reduction” to “drug quality and price reduction”, which does not imply a slowdown in drug procurement, but will help to continue to improve the quality and extend coverage of drug procurement in the future. (3) “Deepening the reform of the payment method of medical insurance”, which will further promote the immediate settlement of medical insurance of designated medical institutions, reduce the pressure of capital turnover of medical institutions and pharmaceutical enterprises, and optimize the distribution of value in the industrial chain.

The research report suggests that the synergistic development and governance of the “three medicines” (medical, pharmaceutical and health insurance) will remain a key focus in 2025, and that the government’s working task will guide the pharmaceutical industry to focus on innovation and long-term healthy development. The Work Report mentions “vigorously developing the silver economy”, and the purchase and rental of rehabilitation aids and healthcare-integrated industries related to aging will be supported by policy. According to the “Guiding Opinions on Improving the Long-term Mechanism of Basic Medical Insurance Enrollment” (《關於健全基本醫療保險參保長效機制的指導意見》) issued by the General Office of the State Council in August 2024, the extension of the coverage of individual accounts for workers’ medical insurance from family members to close relatives and the increase of the cap line for major disease insurance for eligible participants are supported. These policies are conducive to the revival of medical consumption and stimulate the growth of medical consumption, which will bring more market space for innovative drugs.

Despite the previous cyclical downturn in the global biopharmaceutical industry, the Group has maintained close relationships with industry-related companies and personnel, and continued to accumulate a reserve of talents and technologies. Through a flexible, efficient and green modularization approach, the Group helped its customers realize the in-depth integration of factory modules and process modules, which significantly reduced production costs while ensuring product quality. During the Reporting Period, the Group undertook the first modularized pharmaceutical plant for a leading company in the core pharmaceutical market in North Africa and completed the production of nearly 90 highly integrated modules in just over three months, with all the lifting completed and on-site acceptance passed within one month. Meanwhile, recognizing the revival of investment in the pharmaceutical sector, the Group took advantage of its first-mover advantage and secured several domestic and overseas capital expenditure projects orders from leading CXOs and biopharmaceutical companies during the Reporting Period.

Management Discussion and Analysis

Energy and Materials

Raw materials of power battery

According to the research report released by China Dragon Securities Co., Ltd. (華龍證券股份有限公司) in May 2025, the development of solid-state battery is not only necessary for industrialization but also an inevitable move in global competition. Positive electrode, negative electrode, separator and electrolyte are the four key materials of Li-ion batteries. The core of the transition from liquid to all-solid-state battery is to replace the separator and electrolyte with solid electrolyte. Compared with traditional liquid lithium batteries, solid-state battery has advantages such as intrinsic safety, high energy density and wide temperature range. From the perspective of downstream demand, new energy vehicles + low-altitude economy + robotics is driving growth in solid-state battery demand across multiple scenarios. In the new energy vehicle sector, it is widely expected that all-solid-state battery will be installed by 2026, with small-scale production by 2027. The Civil Aviation Administration of China estimates that the low-altitude economy market in China will reach RMB1.5 trillion by 2025. Moreover, solid-state battery can provide humanoid robots with longer endurance, higher safety and more flexible internal space layout. From the perspective of necessity, solid-state battery as a representative of the new battery is reshaping the international battery and energy market competition landscape. In addition, short-term semi-solid-state battery has been mass-produced as a transitional technology, and all-solid-state battery is expected to enter the Gigawatt-hour (“**GWh**”) application phase by 2028. In 2024, the first generation of semi-solid-state battery (primarily using ultra-high-nickel system) began volume production. By 2025, the adoption of lithium manganate/lithium nickel manganese oxide system is anticipated to deliver stronger cost competitiveness while further improving energy density. According to forecasts by Shenzhen GaoGong Lithium Industry Co., Ltd. (深圳市高工鋰電產業有限公司), the shipment of all-solid-state battery will exceed 1GWh by 2028, and according to research firm EV Tank, the global shipment of solid-state battery (with electrolyte content of less than 10%) is expected to reach 614.1GWh by 2030, with a penetration rate of approximately 10% in the overall lithium batteries, and a market size of more than RMB250 billion.

The global new energy market continues to exhibit growth momentum, primarily driven by renewable energy expansion, widespread adoption of electric vehicles, and advancements in energy storage technologies. The Group has become a key player in the expansion of new energy lithium batteries by leveraging its core equipment, process systems, module plant design and manufacturing capabilities, as well as its ability to respond quickly to customer needs. Through self-research and university-enterprise alliances, the Group continues to become deeply embedded in the front-end of the value chain of technological innovation, and is expected to continue to benefit from the next-generation new energy technological revolutions with its rich technological reserves and globalized landscape.

Green Energy

According to the “Action Plan for the Protection and Construction of Beautiful Rivers and Lakes (2025–2027)” (《美麗河湖保護與建設行動方案（2025–2027年）》) (“**the Plan**”), which was jointly issued by the relevant departments of the State Council in May 2025, it is required to consolidate and deepen the governance of the water environment. Specifically, regarding maintaining clean water areas and shorelines, it emphasizes strengthening sewage and waste collection, transfer, and treatment at ports, docks, vessels, and waterfront areas, while accelerating the promotion and application of new energy vessels utilizing green methanol, green ammonia, and green hydrogen. This is the first time that the Chinese government has explicitly listed “green methanol, green ammonia, and green hydrogen”, reflecting official endorsement for diversified zero-carbon fuel pathways. Combined with the International Maritime Organization’s (IMO) implementation of the new Energy Efficiency Existing Ship Index (EEXI) regulations in 2023, old vessels that fail to meet the standard will need to be phased out or retrofitted, and a new round of industrial iteration and upgrade is expected to speed up the investment and construction of the green energy industry chain.

Green energy is an urgent need for survival in response to global climate change and resource depletion, and an important symbol of the transformation from industrial civilization to ecological civilization. The direction of macro policies reflects the value expectations and requirements of society for the development of different industries. The Group has been deeply cooperating with downstream enterprises in their investment and construction of low-carbon themed green energy such as “green methanol, green ammonia, and green hydrogen”, and has accompanied its customers from research and development to small and medium scale trials to commercial production through joint laboratory research and development, customized engineering solutions and provision of core equipment. The Group has an experienced project execution team, a well-established engineering and technology research and development team, as well as a global network of multicultural and collaborative talents to provide more reliable advanced industrial products and total plant solutions in line with international standards for the sustainable expansion of the industry. In view of the global trend of green energy investment and development, the Group will fully utilize its strengths, seize the growth opportunities and strive to enhance its business level.

Data Center

In the digital economy era, data centers have become the core component driving digital economy development. The increase in the number of users and the resulting growth in user traffic has increased the growth in data volume, which in turn has driven the need for data centers. At the same time, with the widespread commercialization of 5G, Internet of Things (“IoT”), virtual reality and other emerging technologies, the data structure will become more complex, data processing will become more frequent, and unstructured data will increase dramatically, which will put forward new and higher requirements for the scale, storage capacity, arithmetic power and refinement of data centers. Against this backdrop of technological transformation, the data center industry chain is experiencing robust expansion. In recent years, data centers have been constantly updated and iterated, experiencing three stages: Data Center (DC), Internet Data Center (IDC) and Cloud Data Center (CDC).

According to the “Guiding Opinions on Accelerating the Development of New Energy Storage” (《關於加快推動新型儲能發展的指導意見》) issued by the National Development and Reform Commission of China and the National Energy Administration in July 2021, with the goal of achieving carbon peak and carbon neutrality, China has identified the development of new energy storage as a key initiative to enhance the power system’s regulation capacity, overall efficiency and safety assurance while supporting the construction of new-type power systems. With policy environment as strong safeguard, market mechanisms as fundamental framework and technological innovation as endogenous driving force, China is accelerating the creation of a multi-driven favorable landscape to promote high-quality development of energy storage. By 2025, new energy storage will be transformed from the early stage of commercialization to large-scale development. The innovation capability of new energy storage technology will be significantly improved. The level of autonomy and control of core technology and equipment has been significantly increased and major progress will be attained in high safety, low cost, high reliability, and long lifespan aspects. The standard system will be basically perfected, the industrial system will become more complete, and the market environment and business model will be basically mature, with the installed capacity exceeding 30 million kilowatt. New energy storage will play a significant role in facilitating carbon peak and neutrality in the energy sector. By 2030, the new energy storage will reach fully commercialization, the core technology and equipment of the new energy storage will be independently controllable and the level of technological innovation and industry will be at the forefront of the world. The standard system, market mechanism, and business model will be mature and sound and there will be in-depth integration of the development with all aspects of the power system. The installed capacity will basically satisfy the corresponding demand of the new power system and the new energy storage will become one of the key supports for the carbon peak and neutrality in the energy sector.

Management Discussion and Analysis

By replacing lead-acid battery storage systems with lithium battery storage systems, the relevant information industry can realize high-efficiency, low-cost, and long-life operation of machinery and equipment, meet customers' energy-saving requirements, and prepare for customers' transition to next-generation data centers. At present, the data center industry is gradually phasing out old equipment with high energy consumption, and waste electrical and electronic products will be effectively recycled. Iteration and upgrading of the industry are the driving force behind the development of the industry. The Group's modular plants are equipped with one-stop delivery capability, which enables customers to have more stability and certainty in their investment projects, satisfy their needs for industrial upgrading and realize their commercialization value. In the future, the Group will strive to enhance the green development level of newly-built data centers, strengthen the green operation and maintenance and transformation of in-use data centers, and accelerate the innovation of green technology products and service capabilities, to lay a solid foundation for further exploration and exploitation of market potential.

Electronic Chemicals

According to a research report released by Dongguan Securities Co., Ltd. (東莞證券股份有限公司) in January 2025, semiconductor materials refer to the collective term for various special materials used in the production process of integrated circuits, which are characterized by a large industrial scale, numerous sub-industries, and high technical barriers, and located in the upstream of the semiconductor industry chain, playing a crucial supporting role in industrial development. In terms of classification, semiconductor materials are categorized into wafer fabrication materials and packaging materials, with wafer fabrication materials dominating the market. Driven by AI, the proportion of advanced processes is increasing, and the global semiconductor materials market is expected to witness both volume and price growth.

This research report indicates that the proportion of semiconductor materials in the total semiconductor market remains stable, growing in tandem with the global semiconductor market. Driven by the rapid development of emerging technologies such as artificial intelligence, the IoT, and intelligent driving, the demand for high-performance semiconductor materials is increasing, leading to synchronous growth in the global semiconductor materials market alongside the semiconductor market. According to the data of Semiconductor Equipment and Materials International (SEMI), the market size of the global semiconductor materials increased from approximately US\$44.8 billion in 2012 to approximately US\$66.7 billion in 2023, with a compound annual growth rate (CAGR) of approximately 3.69% from 2012 to 2023, and its proportion in the total semiconductor market size remained relatively stable between 11% and 13%. According to Gartner, Inc.'s forecast on 30 October 2024, driven by surging demand for AI-related semiconductors and the recovery of electronic production, the global chip market is expected to increase by a year-on-year growth of approximately 19% to reach US\$630 billion in 2024, and will continue its growth trend in 2025, with a year-on-year growth of approximately 13.8% to reach US\$716.7 billion. The World Semiconductor Trade Statistics (WSTS) forecasts that the global semiconductor market size will reach US\$687 billion in 2025, with a year-on-year growth of approximately 12.5%, mainly driven by memory and logic chips.

With self-developed engineering and process technologies, the Group has successfully provided numerous leading domestic and international semiconductor material enterprises with a complete one-stop engineering solution from laboratory-scale small test, pilot test to industrial mass production, including complete sets of high-purity wet electronic chemicals production equipment, photoresist blending systems, mixed reagent production lines, and electronic specialty gas equipment. Through the dual guarantee model of "digital simulation + experimental verification", the Group ensures that the mixing performance of each set of equipment meets customers' specific process requirements. During the Reporting Period, two high-end G5 Grade chemical production systems with annual capacities of 10,000 tons and 30,000 tons delivered by the Group successfully commenced one-off operation. Amid the rapid changes in the semiconductor industry, the Group strives to become a safe and stable supplier in the upstream of the industrial chain.

FINANCIAL DATA REVIEW

Revenue

The Group's revenue decreased by 22.7% from approximately RMB3,476,752,000 for the six months ended 30 June 2024 to approximately RMB2,687,283,000 for the six months ended 30 June 2025. Such decrease in revenue was mainly attributable to the impact of the macroeconomic market environment and product delivery cycles on certain industries.

Six months ended 30 June						
Revenue by end application	2025		2024		Increase	Year-on-year change
	RMB'000 (unaudited)	Proportion	RMB'000 (unaudited)	Proportion	RMB'000	
Electronic chemical	91,280	3.4%	660,233	19.0%	-568,953	-86.2%
Chemical	581,219	21.6%	704,122	20.3%	-122,903	-17.5%
Family care*	312,279	11.6%	91,552	2.6%	220,727	241.1%
Raw materials of power battery#	404,154	15.0%	651,460	18.7%	-247,306	-38.0%
Oil and gas refinery	213,220	7.9%	461,244	13.3%	-248,024	-53.8%
Pharmaceutical and biopharmaceutical	797,202	29.7%	663,583	19.1%	133,619	20.1%
Others	287,929	10.8%	244,558	7.0%	43,371	17.7%
Total	2,687,283	100.0%	3,476,752	100.0%	-789,469	-22.7%

* The English translation of “日化” has been changed from “daily chemical” to “family care” for business identification purposes. The offerings and products under this industry remain unchanged.

Raw materials of power battery include mining and metallurgy industry.

Management Discussion and Analysis

Cost of Sales

The cost of sales of the Group decreased by approximately 22.5% from approximately RMB2,448,304,000 for the six months ended 30 June 2024 to approximately RMB1,898,497,000 for the six months ended 30 June 2025. The change in cost of sales was in line with the change in revenue.

Cost of Sales	Six months ended 30 June					
	2025		2024		Increase RMB'000	Year-on-year change
	RMB'000 (unaudited)	Proportion	RMB'000 (unaudited)	Proportion		
Raw materials and consumables	948,395	50.0%	1,488,396	60.8%	-540,001	-36.3%
Direct labour cost	325,972	17.2%	282,819	11.6%	43,153	15.3%
Outsourcing fees	182,653	9.6%	311,156	12.7%	-128,503	-41.3%
Installation and repair cost	229,559	12.1%	189,112	7.7%	40,447	21.4%
Depreciation	67,299	3.5%	61,954	2.5%	5,345	8.6%
Impairment losses on assets	9,352	0.5%	4,854	0.2%	4,498	92.7%
Others (indirect labour cost + design fees)	135,267	7.1%	110,013	4.5%	25,254	23.0%
Total	1,898,497	100.0%	2,448,304	100.0%	-549,807	-22.5%

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately 23.3% from approximately RMB1,028,448,000 for the six months ended 30 June 2024 to approximately RMB788,786,000 for the six months ended 30 June 2025. For the six months ended 30 June 2025, the gross profit margin of the Group was approximately 29.4%, which remained stable compared with the same period last year.

Other Income

The Group's other income primarily consists of interest income and foreign exchange gains. Other income of the Group increased by approximately RMB79,308,000 from approximately RMB60,689,000 for the six months ended 30 June 2024 to approximately RMB139,997,000 for the six months ended 30 June 2025, which was mainly attributable to (1) the increase in interest income as a result of the higher interest rates of the U.S. dollar, Euros, and Hong Kong dollar time deposits held by the Group; (2) the compensation received for the resettlement of the Shanghai manufacturing base due to policy-driven relocation; and (3) the increase in the net non-operating income recognized as a result of early termination of certain projects requested by clients.

Selling and Marketing Expenses

The Group's selling and marketing expenses primarily consist of the salaries and benefits of its sales and marketing staff, commissions, customer service fees, travel expenses and marketing and promotion expenses. The selling and marketing expenses of the Group increased by approximately RMB5,725,000 from approximately RMB81,158,000 for the six months ended 30 June 2024 to approximately RMB86,883,000 for the six months ended 30 June 2025, which was mainly attributable to (1) the increase in related salary expenses and travel expenses as a result of the increase in the number of overseas marketing team personnel; and (2) the increase in technical support for overseas projects during the early stages. Such increase was partially offset by the decrease in sales commission. Selling and marketing expenses as a percentage of total revenue was approximately 3.2% for the six months ended 30 June 2025 (approximately 2.3% for the same period in 2024).

General and Administrative Expenses

The Group's general and administrative expenses primarily consist of the salaries and benefits of management and administrative staff, office expenses, travel expenses and depreciation expenses. The general and administrative expenses of the Group increased by approximately RMB34,056,000 from approximately RMB264,573,000 for the six months ended 30 June 2024 to approximately RMB298,629,000 for the six months ended 30 June 2025, which was mainly attributable to (1) the increase in the salaries and benefits of management and administrative staff, travel expenses, and consulting fees for the purpose of supporting the development of overseas business; and (2) the increase in depreciation expenses as a result of the operational commencement of the Suzhou manufacturing base. The general and administrative expenses as a percentage of total revenue was approximately 11.1% for the six months ended 30 June 2025 (approximately 7.6% for the same period in 2024).

Research and Development Expenses

The Group's research and development expenses decreased by approximately RMB105,118,000 from approximately RMB219,020,000 for the six months ended 30 June 2024 to approximately RMB113,902,000 for the six months ended 30 June 2025, which was mainly attributable to (1) the adjustment of the priority of R&D projects to align with the Group's operating strategy; and (2) the improvement of R&D efficiency through continuous measures for resource integration.

Income Tax Expenses

The Group's income tax expenses decreased by approximately RMB24,445,000 from approximately RMB93,660,000 for the six months ended 30 June 2024 to approximately RMB69,215,000 for the six months ended 30 June 2025. The Group's effective tax liability for income tax was approximately 17.2% for the six months ended 30 June 2025, representing a decrease of approximately 2.8% from approximately 20.0% for the six months ended 30 June 2024, which was mainly attributable to the decrease in provision for the withholding income tax expenses as dividends the Company expected to receive from PRC subsidiaries decreased.

Impairment Loss on Trade Receivables and Contract Assets

Impairment loss on trade receivables and contract assets of the Group decreased by approximately RMB29,585,000 from approximately RMB51,731,000 for the six months ended 30 June 2024 to approximately RMB22,146,000 for the six months ended 30 June 2025, which was mainly attributable to the Group's strengthened risk management and control measures as well as the implementation of a strict early warning mechanism for trade receivables, resulting in a decrease in the amount of high-risk trade receivables requiring full provision for bad debts.

Management Discussion and Analysis

Non-Hong Kong Financial Reporting Standards (“HKFRS”) Measures

The Group believes that the adjusted financial measures are useful for understanding and evaluating the underlying performance and operating trends of the Group, and that the management and investors may benefit from referring to these adjusted financial measures in assessing the Group’s financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and non-operating items that the Group does not consider indicative of the performance of the Group’s core business. The Group’s management believes that these non-HKFRS financial measures are widely accepted and applied in the industry in which the Group operates. However, these non-HKFRS financial measures should not be considered in isolation or as a substitute for the financial information prepared or presented in accordance with HKFRS. Shareholders and potential investors of the Group should not view the following adjusted results on a stand-alone basis or as a substitute for results prepared under HKFRSs, and such non-HKFRS financial measures may not be comparable to similar titled measures presented by other companies.

EBITDA

The Group had EBITDA of approximately RMB523,335,000 for the six months ended 30 June 2025, representing a decrease of approximately 5.9%, as compared to approximately RMB556,094,000 for the six months ended 30 June 2024.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net profit	333,008	373,827
Add: Income tax expenses	69,215	93,660
Interest expenses	4,872	4,966
Depreciation	103,633	73,757
Amortisation	12,607	9,884
EBITDA	523,335	556,094

Inventory

The Group’s inventories increased by approximately 28.3% from approximately RMB797,243,000 as at 31 December 2024 to approximately RMB1,022,649,000 as at 30 June 2025, which was mainly attributable to the fact that certain high-value orders for which the control was transferred at a point in time were in production and have not been delivered by the end of the Reporting Period.

Contract Assets

The Group’s contract assets increased by approximately 18.9% from approximately RMB938,869,000 as at 31 December 2024 to approximately RMB1,116,032,000 as at 30 June 2025, which was mainly attributable to the fact that certain ongoing high-value orders have recognized partial revenue but have not yet reached the agreed milestone for payment collection.

Contract Liabilities

The Group's contract liabilities increased by approximately 29.9% from approximately RMB1,476,247,000 as at 31 December 2024 to approximately RMB1,918,212,000 as at 30 June 2025, which was mainly attributable to the receipt of advance payments for certain high-value orders in accordance with the contractually agreed milestone for payment collection during the Reporting Period.

Liquidity and Capital Resources

The balance of cash and bank deposits of the Group was approximately RMB2,584,568,000 as at 30 June 2025, which was mainly denominated in RMB, USD, HKD, SGD, JPY and EUR, representing a decrease of approximately RMB10,880,000 as compared with approximately RMB2,595,448,000 as at 31 December 2024. Besides, the Group had restricted bank deposits of approximately RMB30,359,000 pledged for issuing bank guarantees and bills. The Group purchased short-term financial products issued by banks with idle funds under the premise of ensuring liquidity, and entered into a series of forward foreign exchange contracts, of which the outstanding amount as at 30 June 2025 was approximately RMB588,948,000.

The liquidity of the Group is mainly maintained by cash generated from operating activities, allotment and issuance of equity securities/net proceeds from the Global Offering and bank borrowings. The liquidity demand mainly includes general working capital and capital expenditures.

The Group maintains the flexibility of capital with bank credit facilities and interest-bearing borrowings, and regularly monitors the current and expected liquidity requirements to ensure that sufficient financial resources are maintained.

As at 30 June 2025, the Group's total banking facilities amounted to RMB2,525,000,000, US\$294,000,000, SEK300,000,000 and JPY26,700,000,000 (equivalent to approximately RMB6,180,828,000 in aggregate), among which the utilized banking facilities amounted to approximately RMB897,760,000, US\$122,316,000, EUR28,833,000, SGD7,798,000, MYR2,222,000 and JPY82,000,000 (equivalent to approximately RMB2,023,472,000 in aggregate), and the unutilized banking facilities amounted to approximately RMB4,157,356,000.

Borrowings and Gearing Ratio

The Group's aggregated borrowings increased by approximately 1.1% from approximately RMB214,185,000 as at 31 December 2024 to approximately RMB216,483,000 as at 30 June 2025, and the borrowings were mainly used for construction funds and the Group's daily operations.

As at 30 June 2025, the Group's borrowings were denominated in RMB and the interest rates of the borrowings ranged from 2.11% to 3.53%, of which approximately RMB130,788,000 were fixed rate borrowings and approximately RMB85,695,000 were variable rate borrowings. Among them, approximately RMB135,199,000 will be due within 1 year and approximately RMB81,284,000 will be due between 1 and 8 years.

Gearing ratio is calculated using interest-bearing borrowings divided by total equity. The gearing ratio of the Group decreased from approximately 4.1% as at 31 December 2024 to approximately 3.9% as at 30 June 2025, mainly due to the increase in reserves arising from earnings.

Management Discussion and Analysis

Charges on Assets

As at 30 June 2025, the Group did not have any assets or rights pledged.

Contingent Liabilities and Guarantees

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

Issue of Equity Securities

During the Reporting Period, the Company did not issue any equity securities (including securities convertible into equity securities) or sell treasury shares for cash.

On 4 January 2023, the Company, Morimatsu Holdings and China International Capital Corporation Hong Kong Securities Limited ("**CICC**") entered into the placing and subscription agreement, pursuant to which: (1) Morimatsu Holdings agreed to appoint CICC and CICC agreed to act as agent for Morimatsu Holdings to procure in good faith that purchasers would purchase an aggregate of up to 80,000,000 existing Shares (the "**Sale Shares**") at the placing price of HK\$8.30 per Sale Share (the "**Placing**"); and (2) Morimatsu Holdings agreed to subscribe for, and the Company agreed to allot and issue to Morimatsu Holdings, an aggregate of up to 80,000,000 new Shares (the "**Subscription Shares**") at the same subscription price as the placing price (the "**Subscription**"), in each case on the terms and subject to the conditions set out in the placing and subscription agreement. The closing price per Share of the Company as quoted on the Stock Exchange on 4 January 2023 was HK\$9.47 and the total number of issued Shares as at 4 January 2023 was 1,073,795,900.

On 9 January 2023, the Placing was completed in accordance with the terms and conditions of the placing and subscription agreement and an aggregate of 80,000,000 Sale Shares were successfully placed to not less than six placees, who, together with their respective ultimate beneficial owners, were independent third parties, at the placing price of HK\$8.30 per Sale Share. As all the conditions of the Subscription have been fulfilled, on 12 January 2023, the Company has allotted and issued 80,000,000 Subscription Shares to Morimatsu Holdings at a price of HK\$8.30 per Subscription Share in accordance with the terms and conditions of the placing and subscription agreement. The net proceeds from the Subscription (after deducting all fees, costs and expenses incurred by the Company and Morimatsu Holdings in connection with the Placing and the Subscription) amounted to approximately HK\$654.7 million (the "**Net Proceeds from the Subscription**").

Management Discussion and Analysis

The Directors believe that the Placing and the Subscription will benefit the Group's long-term development, broaden its shareholder and capital base, facilitate future business growth and development, and enhance the liquidity of the Shares. The Group intends to use the Net Proceeds from the Subscription primarily for the construction of the Group's factory buildings in Suzhou, the PRC and Malaysia, to accelerate the Group's expansion into the European market and for general corporate purposes. The Company has allocated and will continue to allocate and utilize the Net Proceeds from the Subscription for matters consistent with the purposes as detailed in the announcement of the Company dated 4 January 2023 and during the Reporting Period, the Group has utilized the Net Proceeds from the Subscription as set out in the table below:

	Net Proceeds from the Subscription actually distributed HK\$'000	Net Proceeds from the Subscription actually distributed RMB'000	Distribution of Net Proceeds from the Subscription as a percentage of total Net Proceeds from the Subscription	Unused Net Proceeds from the Subscription as at 31 December 2024 RMB'000	Amounts of the Net Proceeds from the Subscription utilized during the Reporting Period RMB'000	Unused Net Proceeds from the Subscription as at 30 June 2025 RMB'000	Estimated timing for utilizing the remaining Net Proceeds from the Subscription
Construction of Changshu Manufacturing Base	327,335	283,603	50.0%	—	—	—	
Construction of Malaysia Manufacturing Base	261,868	226,883	40.0%	—	—	—	
Expansion of European Market	32,733	28,360	5.0%	21,096	7,613	13,483	By the end of 2025
General working capital	32,733	28,360	5.0%	—	—	—	
Subtotal	654,669	567,206	100.0%	21,096	7,613	13,483	

Please refer to the Company's announcements dated 4 January 2023 and 12 January 2023 for further details of the Placing and the Subscription.

Use of Net Proceeds from the Global Offering

The Company's Shares were listed on the Main Board of the Stock Exchange on 28 June 2021 in an initial public offering with net proceeds of approximately HK\$686,690,000 (after deduction of underwriting commissions and related expenses) raised (the "**Net Proceeds**").

Management Discussion and Analysis

The Company has allocated and used and will continue to allocate and use the Net Proceeds for the purposes consistent with those set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus of the Company. During the Reporting Period, the Group has utilized the Net Proceeds as the table below:

Purposes	Net Proceeds actually allocated HK\$'000	Net Proceeds actually allocated RMB'000	Allocation of Net Proceeds as a percentage of total	Unused Net Proceeds as of 31 December 2024 RMB'000	Net Proceeds utilized during the Reporting Period RMB'000	Unused Net Proceeds as of 30 June 2025 RMB'000
Improve production capacity and modular manufacturing capability	412,014	342,957	60.0%	—	—	—
Improve and expand service and digital service capabilities	90,679	75,481	13.2%	—	—	—
Continue to implement internationalization strategy	82,436	68,619	12.0%	2,548	2,548	—
Investment in underlying research and development from 2021 to 2023	32,974	27,448	4.8%	—	—	—
General working capital	68,587	57,091	10.0%	—	—	—
Subtotal	686,690	571,596	100.0%	2,548	2,548	—

As at the date of this report, all Net Proceeds have been fully utilized.

Significant Investments, Acquisitions and Disposals

In January 2025, Morimatsu Singapore, a subsidiary of the Company, established a new wholly-owned subsidiary, Morimatsu Engineering & Technology (Malaysia) Sdn. Bhd. (“**MET Malaysia**”). After completion of the capital injection in June 2025, the share capital of MET Malaysia is MYR3,000,000. MET Malaysia serves as one of the technology hubs and engineering services centers for Morimatsu’s energy materials segment in Southeast Asia and leverages its geographical advantages and strengths as a talent hub to support the Group’s other operational bases, particularly in the Southeast Asian and North American markets.

In February 2025, Morimatsu Biotechnology, a subsidiary of the Company, jointly established a new non-wholly-owned subsidiary, Shanghai MoriSora Technology Co., Ltd. (上海森紘科技有限公司) (“**MoriSora Technology**”), with four independent third parties. The registered capital of MoriSora Technology is RMB12,000,000, in which the Company indirectly holds a 70% equity interest. MoriSora Technology is primarily engaged in the research and development, production and sales of drying equipment, cleaning equipment, sterilization equipment and conveyor systems, as well as providing maintenance, upgrades and validation services for such equipment.

In April 2025, Lifesciences Singapore and Pharmadule Singapore, subsidiaries of the Company, entered into equity transfer agreements with two third parties, pursuant to which, Lifesciences Singapore agreed to acquire 80% equity interest in บริษัท โมริมัตสึ (ไทยแลนด์) จำกัด (Morimatsu (Thailand) Co., Ltd.) ("**Morimatsu Thailand**"), and Pharmadule Singapore agreed to acquire 20% equity interest in Morimatsu Thailand. Upon completion of the equity transfer, the Company indirectly holds 100% equity interest in Morimatsu Thailand.

In June 2025, Morimatsu Heavy Industry, a subsidiary of the Company, jointly established a new non-wholly-owned subsidiary, Shanghai Ei-Mori Fluid Equipment Co., Ltd. (上海森熠智造流體設備有限公司) ("**Ei-Mori Fluid**"), with an independent third party. The registered capital of Ei-Mori Fluid is RMB10,000,000, in which the Company indirectly holds a 51% equity interest. Ei-Mori Fluid is primarily engaged in the R&D, manufacturing and sales of valves, as well as the installation and commissioning of valve accessories, and related after-sales maintenance services.

Save as disclosed above, the Group did not hold any other significant investments, nor did it have any material acquisitions or disposals of subsidiaries during the Reporting Period, and the Group did not have any explicit future plans for significant investments or capital assets acquisitions as at 30 June 2025.

Important Events after the Reporting Period

In July 2025, the Company, Morimatsu China, Morimatsu Pharmaceutical, subsidiaries of the Company, and four independent third parties (the "**Investors**") have entered into transaction documents, pursuant to which the Investors have agreed to subscribe for the additional registered capital of Morimatsu Pharmaceutical of RMB12,946,412 at a consideration of RMB330,000,000 (the "**Subscription**"). Upon completion of the Subscription, the registered capital of Morimatsu Pharmaceutical will be increased from RMB86,309,407 to RMB99,255,819 and the Company will directly and indirectly hold approximately 73.99% of shareholding in Morimatsu Pharmaceutical. Please refer to the Company's announcements dated 7 July 2025 and 14 July 2025 for further details of the Subscription.

In August 2025, Morimatsu Singapore, a subsidiary of the Company, established a new wholly-owned subsidiary, Morimatsu Engineering & Technology (Italy) S.r.l. ("**MET Italy**"). The registered capital of MET Italy is EUR4,500. Leveraging its geographical advantage in the core region of Europe, MET Italy will further enhance communication and collaboration between the Group and European customers, suppliers, and strategic partners by establishing a professional service team, thereby empowering the global business development of the Group.

Save as disclosed above, as of the date of this report, the Group had no significant events after the Reporting Period.

Supplemental Information

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors (including the Chief Executive Officer) are set out below:

Since March 2025, Mr. Hirazawa Jungo, an executive Director, has served as the director of Pharmadule US. Since April 2025, he has served as the director of Pharmadule Sweden and Morimatsu Italy.

Since April 2025, Mr. Tang Weihua, an executive Director, has served as an expert of the Standardization Technical Committee of the Shanghai Producer Services Promotion Association (上海生產性服務業促進會).

Since April 2025, Mr. Yu Jianguo, an independent non-executive Director, has ceased to act as a non-executive director of Ganfeng Lithium Group Co., Ltd. (江西贛峰鋰業集團股份有限公司) (stock code: 1772), whose shares are listed on the Stock Exchange.

Since May 2025, Ms. Chan Yuen Sau Kelly, an independent non-executive Director, has been appointed as a member of the Nomination Committee and has ceased to be a member of the Remuneration Committee. Since July 2025, she has ceased to act as the chairperson of the Employees' Compensation Insurance Levies Management Board of Hong Kong. Since August 2025, she has ceased to act as a member of the board of the Air Transport Licensing Authority of Hong Kong.

Since May 2025, Mr. Kanno Shinichiro, an independent non-executive Director, has been appointed as a member of the Remuneration Committee and has ceased to be a member of the Nomination Committee. Since June 2025, he has ceased to hold the position of supervisor of Toyodenso Co., Ltd. (東洋電装株式會社, a non-listed company).

Since June 2025, Mr. Sheng Ye, an executive Director, has served as the chairman of Ei-Mori Fluid. Since July 2025, he has served as the director of Morimatsu Dialog.

The Directors (including the Chief Executive Officer) confirmed that during the Reporting Period and up to the date of this report, save as disclosed above, there was no change to any of the information required to be disclosed in relation to any Director (including the Chief Executive Officer) pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee currently consists of one non-executive Director, Mr. Matsuhisa Terumoto, and two independent non-executive Directors, Ms. Chan Yuen Sau Kelly and Mr. Kanno Shinichiro. The Audit Committee has reviewed the interim report for the six months ended 30 June 2025, concurred with the accounting standards and regulations applicable to the unaudited interim financial statements, and considered that the unaudited interim financial statements have made adequate disclosure.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total of over 4,500 employees, among which over 500 are research and development personnel, accounting for more than 11% of the total number of employees. The Group has a comprehensive remuneration and welfare system and an effective performance appraisal system as required by laws, and determines the remuneration of employees based on their positions and performance. The Group's remuneration policies seek to provide fair market remuneration in form and value to attract, retain and motivate high quality staff. Remuneration packages are set at comparable and competitive levels with other companies in the industry and the market to compete for a similar talent pool. The Group provides employees with a wide range of onboarding and in-service training throughout the year, and also regularly encourages employees to participate in work-related seminars, courses and projects organized by professional or educational institutions.

The Company has also adopted a Pre-IPO Share Option Scheme, a Post-IPO Share Option Scheme and a RSU Scheme. The specific details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Scheme are set out in the sections headed "Pre-IPO Share Option Scheme", "Post-IPO Share Option Scheme" and "RSU Scheme" below.

RISK MANAGEMENT

The Group recognizes that risk management is one of the important elements for maintaining an efficient, safe and stable business operation. The Group's management is responsible for assisting the Board in evaluating the Group's daily operations and activities, which are exposed to material risks (including operational risks, financial risks, market risks, etc.) within and outside the organization. The Group has also established appropriate risk management and internal control systems and institutions in daily operation and management activities.

Risks Related to Global Politics and International Trade

The Group is dedicated to expanding its global business, which is subject to the influence of changes in global and regional macroeconomic conditions, geopolitical landscapes, social contexts, and regulatory environments. Political conditions in various countries exhibit ongoing uncertainties, and the international trade system is subject to fluctuations. The Group's operating costs and potential liabilities may be affected by policy decisions and strict regulations across different regions. The Group will continue to monitor the external environment closely, tracking and overseeing changes in the political landscape and adjusting its strategies promptly to respond to dynamic changes at regional and national levels.

Market Risk

The Group's market risk mainly arises from the cyclical development of downstream market and industries, such as conventional energy products and chemical products. However, the Group is committed to the diversification of market development and customer base. The extensive downstream markets and large customer base enable the Group to make full use of the investment cycle of different industries and customers, embed the existing production capacity into the investment cycle of different fields, and maintain the stable and healthy growth of business.

Interest Rate Risk

The Group's interest rate risk primarily consists of the fair value interest rate risk associated with bank loans with fixed interest rates and lease liabilities, as well as the cash flow interest rate risk related to bank loans with floating interest rates. The Group closely monitors the potential impact of interest rate fluctuations, regularly reviews and supervises the portfolio of instruments with fixed and floating interest rates, and makes timely adjustments based on the latest market conditions to mitigate interest rate risk.

Supplemental Information

Foreign Exchange Risk

The Group's revenue is mainly denominated in Renminbi, USD and Euro, and most of the raw materials and capital expenditure are denominated in Renminbi. The Group's foreign exchange risk mainly arises from the foreign currency deposits held and trade receivables denominated in foreign currencies, which would have an impact on the Group's operating profit if foreign exchange rates fluctuate. The Group monitors and reduces the net amount of foreign exchange and enters into a series of forward foreign exchange contracts to control foreign exchange risk, and also promotes the signing of overseas RMB settlement sales orders with customers to reduce foreign exchange risk exposure.

Credit Risk

The Group has established comprehensive credit control policies. It assesses the credit quality of customers and sets corresponding credit terms based on their financial condition, credit history, and other factors, such as current market conditions. The Group performs periodic credit checks on customers, demands for payment for overdue trade receivables, and regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate provision for expected credit losses is made.

As the Group's bank deposits and wealth management products are primarily held with financial institutions of good reputation and high credit ratings, the management considers the associated credit risk to be low.

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

As at 30 June 2025, to the knowledge of the Directors and chief executives of the Company, the interests and short positions of the substantial shareholders and other persons (excluding Directors, supervisors and chief executives of the Company or their respective associates) in the shares and underlying shares of the Company required to be notified to the Company in accordance with Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of major shareholders	Capacity/Nature of interests	Number of Shareholdings	Approximate percentage of issued share capital as at 30 June 2025 ²
Morimatsu Holdings	Beneficial owner	750,000,000 (L) ¹	60.22
Morimatsu Group ³	Interest in a controlled corporation	750,000,000 (L)	60.22
Mr. Matsuhisa Terumoto ⁴	Interest in a controlled corporation	750,000,000 (L)	60.22
	Beneficial owner	16,810,000 (L)	1.35

Notes:

- 1 The letter "L" denotes the person's long position in the Shares.
- 2 The percentage is calculated based on the total number of 1,245,419,000 issued Shares of the Company as at 30 June 2025.
- 3 Morimatsu Holdings is wholly owned by Morimatsu Group. Mr. Matsuhisa Terumoto holds 100% of the voting shares of Morimatsu Group, and is therefore deemed to be interested in the shares held by Morimatsu Holdings.
- 4 Mr. Matsuhisa Terumoto is also interested in the options granted pursuant to the Pre-IPO Share Option Scheme to subscribe for 16,810,000 Shares.

Save as disclosed above, to the knowledge of the Directors and chief executives of the Company, as at 30 June 2025, there is no other person (excluding Directors, supervisors and chief executives of the Company or their respective associates) who has interests and short positions in the shares and underlying shares of the Company required to be disclosed to the Company in accordance with Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept under Section 336 of the SFO.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the interests or short positions of the Directors, supervisors and chief executives of the Company and their associates in the shares, the underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange in accordance with Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or the interests or short positions to be recorded in the register required to be kept under Section 352 of the SFO, or the interests and short positions to be notified separately to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Position in Shares of the Company

Name of Directors	Capacity/Nature of interests	Number of shares/ underlying shares held	Approximate percentage of issued share capital as at 30 June 2025 ²
Matsuhisa Terumoto	Beneficial owner ¹	16,810,000	1.35
Nishimatsu Koei	Beneficial owner ¹	5,152,000	0.41
	Beneficial owner	3,899,000	0.31
Kawashima Hirotaka	Beneficial owner ¹	3,168,000	0.25
Hirazawa Jungo	Beneficial owner ¹	2,720,000	0.22
Tang Weihua	Beneficial owner ¹	0	0.00
	Beneficial owner	4,113,322	0.33
Sheng Ye	Beneficial owner ¹	2,578,323	0.21
	Beneficial owner	2,368,112	0.19

Notes:

- 1 Interest in the share options granted under the Pre-IPO Share Option Scheme.
- 2 The calculation is based on the total number of 1,245,419,000 Shares in issue as at 30 June 2025.

Supplemental Information

Save as disclosed above, as at 30 June 2025, none of the Directors, supervisors and chief executives of the Company and their associates had or was deemed to have any interests or short positions in the shares, the underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange in accordance with Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or the interests or short positions to be recorded in the register required to be kept under Section 352 of the SFO, or the interests and short positions to be notified separately to the Company and the Stock Exchange pursuant to the Model Code.

PRE-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme.

(1) Purpose

The purpose of the Pre-IPO Share Option Scheme is to provide incentive or reward to Eligible Persons (as defined in paragraph (2) below) for their contribution to, and continuing efforts to promote the interests of, the Company and for such other purposes as the Board may approve from time to time.

(2) Grantees

Directors and employees (whether full-time or part-time) of any member of the Group.

(3) Scheme Limit

The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme is 132,380,000 Shares, representing approximately 10.63% of the issued Shares as of the date of this report. In any event, the maximum aggregate number of Shares that may be granted to individual employees under the Pre-IPO Share Option Scheme shall not exceed the total number of share options granted to them.

(4) Grant of the share options

As at 30 June 2025, a total of 132,380,000 share options (equivalent to 132,380,000 underlying shares) had been granted to 27 grantees at a consideration of HKD1 under the Pre-IPO Share Option Scheme, representing approximately 10.63% of issued shares of the Company as at 30 June 2025. As at the beginning and end of the Reporting Period, the number of options available for grant under the Pre-IPO Share Option Scheme was nil.

(5) Subscription price

The subscription price per Share under the Pre-IPO Share Option Scheme is HKD0.0001. The subscription price shall be determined by the Board at its own discretion. In determining the subscription price, the Board takes into account factors such as the purpose of the Pre-IPO Share Option Scheme, and the financial position and valuation of the Group.

(6) Exercise Period

The options granted under the Pre-IPO Share Option Scheme and the relevant offer letters shall vest as follows:

- 1) a grantee is entitled to exercise 20% of the total number of options granted at any time after the first anniversary of the Listing Date;
- 2) a grantee is entitled to exercise an additional 20% of the total number of options granted at any time after the second anniversary of the Listing Date;
- 3) a grantee is entitled to exercise an additional 20% of the total number of options granted at any time after the third anniversary of the Listing Date;
- 4) a grantee is entitled to exercise an additional 20% of the total number of options granted at any time after the fourth anniversary of the Listing Date;
- 5) a grantee is entitled to exercise the remaining 20% of the total number of options granted at any time after the fifth anniversary of the Listing Date.

(7) Term

The Pre-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the Listing Date.

(8) Right to Cancel Options

The Board may cancel an option granted but not exercised under the consent of the grantee of such option.

Supplemental Information

Exercise of Share Options

The Company adopted a Pre-IPO Share Option Scheme on 1 July 2020 and granted share options under the Pre-IPO Share Option Scheme on 1 July 2020. Details of the Pre-IPO Share Option Scheme are set out in Appendix V to the Prospectus. During the Reporting Period, none of share options had been granted under the Pre-IPO Share Option Scheme, and no share options had been cancelled. During the Reporting Period, details of the changes in the share options granted and the share options outstanding under the Pre-IPO Share Option Scheme are as follows:

Grantees	Number of underlying Shares	Number of Shares outstanding as at 1 January 2025	Number of Shares exercised during the Reporting Period	Exercise price (HKD)	Number of Shares lapsed during the Reporting Period	Number of Shares outstanding as at 30 June 2025
Directors						
Matsuhisa Terumoto	16,810,000	16,810,000	—	—	—	16,810,000
Nishimatsu Koei	11,315,000	7,415,000	—	—	—	7,415,000
Kawashima Hirotaka	3,960,000	3,960,000	—	—	—	3,960,000
Hirazawa Jungo	3,400,000	3,400,000	—	—	—	3,400,000
Tang Weihua	7,920,000	4,753,000	3,169,000	0.0001	—	1,584,000
Sheng Ye	7,920,000	5,543,309	1,380,986	0.0001	—	4,162,323
Subtotal	51,325,000	41,881,309	4,549,986	—	—	37,331,323
Employees						
Matsuhisa Hideo*	4,200,000	4,199,000	—	—	—	4,199,000
Other 20 employees#	76,855,000	49,693,931	8,860,589	0.0001	—	40,833,342
Total	132,380,000	95,774,240	13,410,575	—	—	82,363,665

* Employees who are associates of any of the directors of the Company or its subsidiaries.

Employees who are not the directors of the Company or its subsidiaries or any of his/her associates.

During the Reporting Period, the number of Shares of the Company issued under the Pre-IPO Share Option Scheme amounted to 25,910,000 Shares, representing approximately 2.08% of the issued Shares of the Company as at 30 June 2025. For share options exercised during the Reporting Period, the weighted average closing price on the date immediately prior to the exercise was approximately HK\$5.99.

No further options have been granted under the Pre-IPO Share Option Scheme since the Listing Date. Accordingly, the number of Shares that may be issued in respect of options granted under the Pre-IPO Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issue is nil.

As at the date of this report, the remaining life of the Pre-IPO Share Option Scheme is approximately six (6) years.

POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme. Specific details are set out in Appendix V to the Prospectus.

(1) Purpose

The purpose of the Post-IPO Share Option Scheme is to provide incentive or reward to Eligible Persons (as defined in paragraph (2) below) for their contribution to, and continuing efforts to promote the interests of, the Company and for such other purposes as the Board may approve from time to time.

(2) Eligibility of Participants

The Board may, at its absolute discretion, grant options to eligible persons (being any Directors or employees (whether full time or part time), consultants or professional advisors who in the sole discretion of the Board have contributed to and/or will contribute to our Group) (the “**Eligible Persons**”) to subscribe for such number of Shares in accordance with the terms of the Post-IPO Share Option Scheme.

(3) Maximum Number of Shares

- 1) The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.
- 2) Subject to paragraphs (3) 1), 4) and 5), at the time of adoption of the Post-IPO Share Option Scheme or any new share option scheme (the “**New Scheme**”) by our Company, the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme, the New Scheme and all schemes existing at such time (the “**Existing Schemes**”) of our Company must not in aggregate exceed 10% of the total number of the Shares in issue as at the Listing Date (the “**Scheme Mandate Limit**”). As at the date of this report, the maximum aggregate number of Shares available for issue under the Post-IPO Share Option Scheme was 100,000,000 Shares, representing approximately 8.03% of the Shares in issue as at the date of this report. As at the beginning and end of the Reporting Period, the number of options available for grant under the Post-IPO Share Option Scheme was 100,000,000.

Supplemental Information

- 3) For the purposes of calculating the Scheme Mandate Limit under paragraph (3) 2), Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted.
- 4) The Scheme Mandate Limit may be refreshed by an ordinary resolution approved by the Shareholders in general meeting, provided that:
 - A. the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of issued Shares as at the date of Shareholders' approval of the refreshment of the Scheme Mandate Limit;
 - B. options previously granted under any Existing Schemes (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the refreshed limit; and
 - C. a circular regarding the proposed refreshment of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.
- 5) Our Company may seek separate approval from the Shareholders in the general meeting for granting options which will result in the Scheme Mandate Limit being exceeded, provided that:
 - A. the options were granted to Eligible Persons specifically identified by the Company before such approval is sought in accordance with the terms of the Post-IPO Share Option Scheme; and
 - B. a circular in relation to such grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules and other applicable laws and regulations in accordance to the terms of the Post-IPO Share Option Scheme.

(4) Maximum Number of Options to any Individual

No option shall be granted to any Eligible Persons (the “**Relevant Eligible Person**”) if, at the relevant time of grant, the total number of Shares issued and to be issued upon the exercise of all options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the Relevant Eligible Person in the 12-month period expiring on the date on which a new offer of the grant of an option under the Post-IPO Share Option Scheme is made to the Relevant Eligible Person would exceed 1% of the total number of Shares in issue at such time, unless:

- 1) such grant has been duly approved, in the manner specified by the relevant provisions of Chapter 17 of the Listing Rules, by a resolution of the Shareholders in the general meeting, at which the Relevant Eligible Person and its associates shall abstain from voting;
- 2) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
- 3) the number and terms (including the subscription price) of such share options are determined before the general meeting of our Company at which the same are approved.

(5) Price of Shares

The subscription price for a Share in respect of any particular share option granted under the Post-IPO Share Option Scheme (which shall be payable upon exercise of the share option) shall be a price determined by the Board at its sole discretion and notified to all Eligible Persons and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to grant option, which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer to grant option (the "**Offer Date**") (provided that the new issue price shall be used as the closing price of the Shares for any business day before the listing of the Company in case of the offer date is less than five business days upon the listing of the Company); and (iii) the nominal value of the Share. A consideration of HK\$1.00 is payable on acceptance of the offer of share option.

(6) Granting Options to Related Persons

Any grant of options to Directors, the chief executive officer or Substantial Shareholders of our Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the options). If the Company proposes to grant options to a Substantial Shareholder or an independent non-executive Director of our Company or their respective associates which will result in the number and value of Shares issued and to be issued upon the exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the Shares in issue at the time of such grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of each grant, in excess of HK\$5,000,000, such grant shall not be valid unless: (A) a circular containing the details of the grant and the matters specified in the relevant provisions of Chapter 17 of the Listing Rules (including in particular, a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective grantee) to the independent Shareholders as to voting) has been dispatched to the Shareholders in a manner complying with the relevant provisions of Chapter 17 of the Listing Rules; and (B) such grant has been approved by the Shareholders in the general meeting (taken on a poll) at which all connected persons shall abstain from voting.

(7) Restrictions on the Time of Grant of Options

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be offered to be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified by our Company to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of actual publication of the results announcement. The period which no option may be granted will cover any period of delay in the publication of results announcement.

(8) Time of Exercise of Option

Subject to the provisions of the Listing Rules and other applicable laws and regulations, the Board may in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Post-IPO Share Option Scheme as the Board may think fit (to be stated in the offer letter), including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the option in respect of all or any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Post-IPO Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to the vesting, exercise or otherwise of an option), there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

The date of grant of any particular option shall be the date on which the offer of such option is duly accepted by the grantee in accordance with the Post-IPO Share Option Scheme. An option may be exercised before its expiry in whole or in part in accordance with the terms of the Post-IPO Share Option Scheme and the terms of the offer by the grantee (or his personal representative(s)) giving notice in writing to our Company stating that the option is to be exercised and the number of Shares in respect of which it is exercised provided that it is exercised in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. Such notice shall be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than ten years after the date of approval of the Post-IPO Share Option Scheme. Subject to earlier termination by our Company in the general meeting, the Post-IPO Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption of the Post-IPO Share Option Scheme by Shareholders by resolution at a general meeting.

(9) Performance Target

The Board may from time to time require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the Post-IPO Share Option Scheme can be exercised. There are no specific performance targets stipulated under the terms of the Post-IPO Share Option Scheme and the Board is currently unable to determine such restriction on the exercise of the options granted under the Post-IPO Share Option Scheme.

During the period from the Listing Date to 30 June 2025, no option has been granted, exercised, cancelled or lapsed under the Post-IPO Share Option Scheme and no options were outstanding under the Post-IPO Share Option Scheme. Accordingly, the number of Shares that may be issued in respect of options granted under the Post-IPO Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issue is nil.

As at the date of this report, the remaining life of the Post-IPO Share Option Scheme is approximately six (6) years.

RSU SCHEME

The Company adopted the RSU Scheme on 15 December 2021 and granted restricted share units (“**RSUs**”) on 5 January 2022 under the RSU Scheme. Set out below is a summary of the principal terms of the RSU Scheme, with specific details set out in the Company’s announcements dated 15 December 2021 and 5 January 2022 respectively.

(1) Purpose

The RSU Scheme is designed to attract and retain the best available talent, motivate employees and promote the success of the Company’s business.

(2) Participants

Persons eligible to receive RSUs under the RSU Scheme are existing employees (whether full-time or part-time) of the Company or any member of the Group. Employees who are granted Awards (if otherwise eligible) may be granted additional awards.

(3) Administration of the Scheme

The Company has appointed Futu Trustee Limited as the trustee of the RSU Scheme to assist in the administration and vesting of the RSUs granted under the RSU Scheme.

(4) Duration and Termination

Subject to any early termination as may be determined by the Board pursuant to the RSU Scheme, the Scheme shall be valid and effective for a period of five (5) years commencing from the Adoption Date. Upon termination of the RSU Scheme, no further RSUs shall be granted under the RSU Scheme.

(5) Scheme Limit

The Shares to be issued under the RSU Scheme shall be authorized but unissued or repurchased ordinary shares. The total number of Shares available for issue under the RSU Scheme is 30,000,000 Shares, representing approximately 2.41% of the Shares in issue as at the date of this report. In any event, 1) the maximum aggregate number of Shares which may be issued under the RSU Scheme shall not exceed 10% of the issued Shares of the Company (as varied from time to time); and 2) the maximum aggregate number of Shares which may be granted to individual employees under the RSU Scheme shall not exceed 1% of the issued Shares of the Company (as varied from time to time).

Supplemental Information

(6) Grant of RSUs

As at 30 June 2025, a total of 29,459,700 RSUs (equivalent to 29,459,700 underlying Shares) had been granted to 149 grantees under the RSU Scheme at nil consideration, representing approximately 2.37% of the issued Shares of the Company as at 30 June 2025. As at the beginning of the Reporting Period and the end of the Reporting Period, the number of RSUs available for grant under the RSU Scheme was 540,300.

(7) Purchase Price

The purchase price for a RSU is HK\$4.17. The purchase price for exercising a RSU shall be determined by the Board at its own discretion. In determining the purchase price, the Board takes into account considerations such as the prevailing closing price of the Shares prior to the date of grant of RSUs, the purpose of the RSU Scheme, and the financial condition and valuation of the Group.

(8) Vesting Schedule

The vesting schedule of the 29,459,700 RSUs granted to the grantees shall be as follows:

- 1) in relation to the 9,819,900 RSUs granted: the RSUs shall vest on 5 January 2023;
- 2) in relation to the 9,819,900 RSUs granted: the RSUs shall vest on 5 January 2024;
- 3) in relation to the 9,819,900 RSUs granted: the RSUs shall vest on 5 January 2025.

(9) Performance Targets

The vesting of each tranche of RSUs as described above is subject to the achievement of certain performance targets:

- 1) Performance at the Group level:

The Company will assess the Group's revenue and profit for the relevant year.

- 2) Performance at the individual level:

The Group has implemented a standardized performance appraisal system for its employees to comprehensively assess their performance and contribution to the Group. The Company will determine whether a grantee has met the individual performance targets based on the results of the grantee's performance assessment for the relevant year. If the performance targets are partially achieved and met, the applicable RSUs may vest pro rata according to the actual performance targets achieved in the relevant year.

Changes in RSUs

The Company adopted the RSU Scheme on 15 December 2021 and granted RSUs on 5 January 2022 under the RSU Scheme. Specific details of the RSU Scheme are set out in the Company's announcement dated 15 December 2021 and the announcement dated 5 January 2022. During the Reporting Period, no RSUs were granted under the RSU Scheme, and no RSUs were canceled. Details of the movements in RSUs granted under the RSU Scheme and the RSUs outstanding during the Reporting Period are set out below:

Grantees	Number of RSUs granted on 5 January 2022	Number of RSUs outstanding as at 1 January 2025	Number of RSUs vested during the Reporting Period	Purchase Price (HKD)	Number of RSUs lapsed during the Reporting Period	Number of RSUs outstanding as at 30 June 2025
149 employees	29,459,700	9,269,100	9,269,100	4.17	0	0

The closing price of the relevant RSUs before the date of grant was HK\$8.51. For the RSUs vested during the Reporting Period, the weighted average closing price immediately before the dates of vesting was HK\$4.54. As at 30 June 2025, the number of Shares issued by the Company under the RSU Scheme was 27,945,000 Shares, representing approximately 2.24% of the issued Shares of the Company as at 30 June 2025.

No further RSUs have been granted under the RSU Scheme during the Reporting Period. Accordingly, the number of Shares that may be issued in respect of RSUs granted under the RSU Scheme during the Reporting Period divided by the weighted average number of Shares in issue is nil.

As at the date of this report, the remaining life of the RSU Scheme is approximately one (1) year.

DIVIDEND

The Board did not resolve to declare the payment of any interim dividend for the six months ended 30 June 2025.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Group did not repurchase, sell or redeem any listed securities of the Company.

Supplemental Information

SUFFICIENCY OF PUBLIC FLOAT

According to the publicly available information and to the best knowledge of Directors, the Company has maintained a public float of not less than 25% of the issued Shares since the Listing Date up to the date of this report.

CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has adopted and complied with the code provisions of the CG Code and there had been no deviation from the code provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code as the code of conduct for securities transactions by Directors. Having made specific enquiries with all Directors, they have confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

MATERIAL LITIGATIONS AND ARBITRATION MATTERS

During the Reporting Period, the Group had no material litigation and arbitration matters.

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025 — unaudited

	Note	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue	3	2,687,283	3,476,752
Cost of sales		(1,898,497)	(2,448,304)
Gross profit		788,786	1,028,448
Other income	4	139,997	60,689
Selling and marketing expenses		(86,883)	(81,158)
General and administrative expenses		(298,629)	(264,573)
Research and development expenses		(113,902)	(219,020)
Impairment loss recognised on trade receivables and contract assets		(22,146)	(51,731)
Profit from operations		407,223	472,655
Finance costs	5(a)	(4,872)	(4,966)
Shares of results of associates		(128)	(202)
Profit before taxation	5	402,223	467,487
Income tax	6	(69,215)	(93,660)
Profit for the period		333,008	373,827
Attributable to:			
Equity shareholders of the Company		337,743	375,886
Non-controlling interests		(4,735)	(2,059)
Profit for the period		333,008	373,827
Earnings per share	7		
Basic (RMB)		0.28	0.32
Diluted (RMB)		0.27	0.30

The notes on pages 53 to 74 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025 — unaudited

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	333,008	373,827
Other comprehensive income for the period		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	(5,602)	809
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside mainland China	18,375	(6,072)
Other comprehensive income for the period	12,773	(5,263)
Total comprehensive income for the period	345,781	368,564
Attributable to:		
Equity shareholders of the Company	340,213	371,199
Non-controlling interests	5,568	(2,635)
Total comprehensive income for the period	345,781	368,564

The notes on pages 53 to 74 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2025 — unaudited

	Note	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	8	2,515,939	2,398,082
Right-of-use assets	9	248,111	243,646
Intangible assets		53,939	53,710
Interests in associates		64,742	64,870
Interest in joint venture		7	7
Financial assets measured at fair value through profit or loss ("FVPL")	16	13,313	13,313
Deferred tax assets		24,136	22,318
Other non-current assets	10	28,214	33,101
		2,948,401	2,829,047
Current assets			
Inventories	11	1,022,649	797,243
Contract assets		1,116,032	938,869
Trade and other receivables	12	1,371,229	1,347,940
Financial assets measured at fair value through profit or loss ("FVPL")	16	588,948	396,598
Restricted cash	13	30,359	3,188
Cash and bank deposits	13	2,584,568	2,595,448
		6,713,785	6,079,286
Current liabilities			
Trade and other payables	14	1,757,217	1,646,583
Contract liabilities		1,918,212	1,476,247
Financial liabilities measured at fair value through profit or loss ("FVPL")	16	—	557
Interest-bearing borrowings		135,199	87,906
Lease liabilities		36,507	27,233
Current taxation		72,855	108,931
Provisions		27,598	30,386
		3,947,588	3,377,843
Net current assets		2,766,197	2,701,443
Total assets less current liabilities		5,714,598	5,530,490

The notes on pages 53 to 74 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2025 — unaudited

	Note	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Non-current liabilities			
Interest-bearing borrowings		81,284	126,279
Lease liabilities		52,040	54,376
Deferred tax liabilities		10,034	28,001
Deferred income		47,536	45,978
		190,894	254,634
Net assets			
		5,523,704	5,275,856
Capital and reserves			
Share capital	15(c)	1,412,341	1,351,129
Reserves		3,877,218	3,697,230
Total equity attributable to equity shareholders of the Company		5,289,559	5,048,359
Non-controlling interests		234,145	227,497
Total equity		5,523,704	5,275,856

The notes on pages 53 to 74 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 — unaudited

	Note	Attributable to equity shareholders of the Company						Non-controlling interest	Total equity	
		Share capital	Treasury stock	Capital reserve	Other reserve	Exchange reserve	Retained earnings**			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
							Total			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2024		1,302,751	(38,944)	640,993	8,837	21,365	2,447,489	4,382,491	8,118	4,390,609
Changes in equity for the six months ended 30 June 2024:										
Profit for the period		—	—	—	—	—	375,886	375,886	(2,059)	373,827
Other comprehensive income for the period		—	—	—	—	(4,687)	—	(4,687)	(576)	(5,263)
Total comprehensive income for the period		—	—	—	—	(4,687)	375,886	371,199	(2,635)	368,564
Profit distribution	15(a)	—	—	—	—	—	(110,810)	(110,810)	—	(110,810)
Acquisition of a subsidiary	15(e)	—	—	—	—	—	—	—	55,176	55,176
Investment from non-controlling shareholder	15(e)	—	—	—	—	—	—	—	59,239	59,239
Purchase of minority shares	15(e)	—	—	(11,417)	—	—	—	(11,417)	(18,138)	(29,555)
Equity settled share-based payment	15(b)	—	—	29,425	—	—	—	29,425	—	29,425
Issuance and repurchase of ordinary shares to the Company	15(c)	2	(2)	—	—	—	—	—	—	—
Repurchase of ordinary shares to the Company	15(c)	—	(7,535)	—	—	—	—	(7,535)	—	(7,535)
Cancellation of ordinary shares to the Company	15(c)	(7,535)	7,535	—	—	—	—	—	—	—
Exercise of share option	15(c)	10,712	(*)	(10,712)	—	—	—	—	—	—
Balance at 30 June 2024		1,305,930	(38,946)	648,289	8,837	16,678	2,712,565	4,653,353	101,760	4,755,113

* The balances represent amounts less than RMB1,000.

** As at 30 June 2024, the retained earnings contain RMB312,524,000 which is undistributable.

The notes on pages 53 to 74 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 — unaudited

Note	Attributable to equity shareholders of the Company						Total	Non-controlling interest	Total equity
	Share capital	Treasury stock	Capital reserve	Other reserve	Exchange reserve	Retained earnings*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2024	1,305,930	(38,946)	648,289	8,837	16,678	2,712,565	4,653,353	101,760	4,755,113
Changes in equity for the six months ended 31 December 2024:									
Profit for the period	—	—	—	—	—	361,355	361,355	(5,301)	356,054
Other comprehensive income for the period	—	—	—	—	9,920	—	9,920	6,866	16,786
Total comprehensive income for the period	—	—	—	—	9,920	361,355	371,275	1,565	372,840
Investment from non-controlling shareholder	—	—	—	—	—	—	—	124,172	124,172
Equity settled share-based payment	—	—	31,415	—	—	—	31,415	—	31,415
Issuance and repurchase of ordinary shares to the Company	32,072	(32,072)	—	—	—	—	—	—	—
Repurchase of ordinary shares to the Company	—	(7,685)	—	—	—	—	(7,685)	—	(7,685)
Exercise of share option	13,127	1	(13,127)	—	—	—	1	—	1
Balance at 31 December 2024	1,351,129	(78,702)	666,577	8,837	26,598	3,073,920	5,048,359	227,497	5,275,856

* As at 31 December 2024, the retained earnings contain RMB361,006,000 which is undistributable.

The notes on pages 53 to 74 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 — unaudited

	Note	Attributable to equity shareholders of the Company						Non-	Total equity
		Share capital	Treasury stock	Capital reserve	Other reserve	Exchange reserve	Retained earnings*	controlling interest	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025		1,351,129	(78,702)	666,577	8,837	26,598	3,073,920	5,048,359	5,275,856
Changes in equity for the six months ended 30 June 2025:									
Profit for the period		—	—	—	—	—	337,743	337,743	333,008
Other comprehensive income for the period		—	—	—	—	2,470	—	2,470	12,773
Total comprehensive income for the period		—	—	—	—	2,470	337,743	340,213	345,781
Profit distribution	15(a)	—	—	—	—	—	(170,474)	(170,474)	(170,474)
Investment from non-controlling shareholder	15(e)	—	—	—	—	—	—	1,080	1,080
Equity settled share-based payment	15(b)	—	—	36,050	—	—	—	36,050	36,050
Issuance and repurchase of ordinary shares to the Company	15(c)	2	(2)	—	—	—	—	—	—
Cancellation of ordinary shares to the Company	15(c)	(7,685)	7,685	—	—	—	—	—	—
Exercise of share option and RSUs	15(c)	68,895	35,028	(68,512)	—	—	—	35,411	35,411
Balance at 30 June 2025		1,412,341	(35,991)	634,115	8,837	29,068	3,241,189	5,289,559	5,523,704

* As at 30 June 2025, the retained earnings contain RMB381,018,000 which is undistributable.

The notes on pages 53 to 74 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2025 — unaudited

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Operating activities:		
Cash generated from operations	470,805	435,287
Income tax paid	(125,076)	(121,111)
Net cash generated from operating activities	345,729	314,176
Investing activities:		
Payment for the purchase of long-term assets	(237,324)	(227,587)
Net cash paid for the purchase of monetary fund	(190,201)	(396,337)
Payment for minority shares	—	(19,555)
Cash paid for acquisition of investment	—	(2,413)
Decrease in deposits with original maturity of over three months when acquired, net	65,424	—
Proceeds from sale of long-term assets	314	629
Net cash received from acquisition of subsidiary	—	121,563
Proceeds from disposal of monetary fund	3,691	3,094
Interest received	38,764	25,697
Net cash used in investing activities	(319,332)	(494,909)
Financing activities:		
Capital element of lease rentals paid	(16,070)	(5,462)
Proceeds from bank loans	50,000	—
Repayment of bank loans	(49,179)	(84,485)
Proceeds from exercise of share options and RSUs	35,411	—
Repurchase of ordinary shares	—	(7,536)
Cash received from non-controlling shareholder	1,080	59,239
Interest element of lease rentals paid	(1,843)	(833)
Interest paid	(2,866)	(3,397)
Net cash generated from/(used in) financing activities	16,533	(42,474)
Effect of foreign exchange rate changes on cash and cash equivalents	11,614	(6,257)
Net increase/(decrease) in cash and cash equivalents	54,544	(229,464)
Cash and cash equivalents at 1 January	2,424,764	2,168,682
Cash and cash equivalents at 30 June	2,479,308	1,939,218

The notes on pages 53 to 74 form part of this interim financial report.

Notes to Unaudited Interim Financial Report

(Expressed in Renminbi yuan unless otherwise indicated)

1 BASIS OF PREPARATION

(a) Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 28 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2 CHANGES IN ACCOUNTING POLICIES

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

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

Notes to Unaudited Interim Financial Report

(Expressed in Renminbi yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the production and sales of various pressure equipment.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— core equipment	819,651	1,249,383
— reactor	237,126	664,387
— heat exchanger	162,692	351,164
— tank	217,829	79,271
— tower	202,004	154,561
— modular pressure equipment	1,768,903	2,143,433
— others*	10,872	11,108
Sales of products	2,599,426	3,403,924
— Pressure equipment design, validation, and maintenance service	87,857	72,828
Service	87,857	72,828
Revenue of operations	2,687,283	3,476,752

* Others include primarily sales of raw materials and scrap materials.

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Point in time	1,942,619	2,372,607
Over time	744,664	1,104,145
Total	2,687,283	3,476,752

Notes to Unaudited Interim Financial Report

(Expressed in Renminbi yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue (Continued)

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 3(a)(ii).

The Group's customer base is diversified and includes one customer with whom transactions have exceeded 10% of the Group's revenues of six months ended 30 June 2025 (six months ended 30 June 2024: one). Revenues from those customers are set out below:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Customer A	403,749	*
Customer B	*	355,367

* Less than 10% of the Group's revenue for the corresponding periods.

(ii) Geographic information

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

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Mainland China	746,294	1,524,316
North America	550,791	549,514
Asia (excluding Mainland China)	1,089,863	1,005,229
Europe	240,585	99,951
Others (Note)	59,750	297,742
Total	2,687,283	3,476,752

Note: Others mainly included countries in South America, Oceania and Africa.

The Group's property, plant and equipment, intangible assets are mainly located in mainland China and accordingly, no geographical information of non-current assets is presented.

Notes to Unaudited Interim Financial Report

(Expressed in Renminbi yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision makers for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sale of comprehensive pressure equipment.

4 OTHER INCOME

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Government grants (i)	4,765	12,761
Interest income	38,764	25,697
Net realised gains on monetary fund	3,691	3,094
Net realised gains on forward exchange contracts	369	—
Net foreign exchange gains	12,983	19,714
Changes in fair value of financial assets and liabilities	2,706	835
Net loss on disposal of property, plant and equipment (Note 8)	(1,030)	(342)
Relocation allowance (ii)	65,924	—
Others	11,825	(1,070)
	139,997	60,689

(i) Government grants mainly include: (a) grants relating to expenses which represent unconditional grants received from local government to encourage the Group's development; and (b) grants relating to assets which represent the amortisation of deferred income.

(ii) The relocation allowance compensates for the relocation of leased property from Shanghai Morimatsu Chemical Equipment Co., Ltd.

Notes to Unaudited Interim Financial Report

(Expressed in Renminbi yuan unless otherwise indicated)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
(a) Finance costs:		
Interest on interest-bearing borrowings	3,029	4,133
Interest on lease liabilities	1,843	833
	4,872	4,966
(b) Staff costs:		
Salaries, wages and other benefits	578,246	514,581
Equity-settled share-based payment expenses (Note 15(b))	36,050	29,425
Contributions to defined contribution retirement plans (i)	62,688	58,926
	676,984	602,932

- (i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
(c) Other items:		
Amortisation of intangible assets	12,607	9,884
Depreciation charge		
— owned property, plant and equipment	85,211	68,023
— right-of-use assets	18,422	5,734
Research and development costs (i)	113,902	219,020
Increase in provisions	2,761	6,098
Cost of inventories (ii)	1,898,497	2,448,304
Inventory write-down and losses net of reversals (Note 11)	10,094	6,572

- (i) Research and development costs included staff costs of RMB57,823,000 (six months ended 30 June 2024: RMB107,820,000), depreciation and amortisation expenses of RMB4,328,000 (six months ended 30 June 2024: RMB5,297,000) for the six months ended 30 June 2025, which are also included in the respective total amounts disclosed separately above or in Note 5(b).

- (ii) Cost of inventories included staff costs of RMB364,934,000 (six months ended 30 June 2024: RMB323,073,000), depreciation and amortisation expenses of RMB67,299,000 (six months ended 30 June 2024: RMB61,954,000) for the six months ended 30 June 2025, which are also included in the respective total amounts disclosed separately above or in Note 5(b).

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6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Current tax:		
Provision for the year	89,000	113,261
Deferred tax:		
Origination and reversal of temporary differences	(19,785)	(19,601)
Actual tax expense	69,215	93,660

- (i) Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to income tax at the statutory tax rate unless otherwise specified.

Pursuant to the income tax rules and regulations of where the Company and the Group's subsidiaries located, the Company and the Group's subsidiaries outside PRC were subject to the corporate income tax at a rate listed below:

Country and region	Company	Six months ended 30 June	
		2025	2024
Hong Kong	Morimatsu International Holdings Company Limited(*)	16.5%	16.5%
	Morimatsu Investment Company Limited(*)	16.5%	16.5%
	Morimatsu International Investment Company Limited(*)	16.5%	16.5%
Sweden	Pharmadule Morimatsu AB	20.6%	20.6%
The United States	Pharmadule Morimatsu Inc(****)	21.0%	21.0%
	Morimatsu Houston Corporation(****)	21.0%	21.0%
India	Pharmadule Engineering India Private Limited(*)	25.17%	25.17%
Malaysia	Morimatsu Dialog (Malaysia) SDN. BHD.(*)	24.0%	24.0%
	Morimatsu Engineering & Technology (Malaysia) SDN. BHD.(*)(***)	24.0%	24.0%

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6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS *(Continued)*

(a) Taxation in the consolidated statements of profit or loss represents: *(Continued)*

(i) *(Continued)*

Country and region	Company	Six months ended 30 June	
		2025	2024
Japan	Pharmadule Technology And Service Company Limited (previous name: Morimatsu Technology and Service Company Limited)(*)	33.58%	33.58%
	Morimatsu Technology and Service Company Limited(*)	33.58%	33.58%
Italy	Morimatsu Italy S.R.L	24.0%	24.0%
Mexico	Permanent Establishment in Mexico, the branch of Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd.	30.0%	30.0%
Singapore	Morimatsu Pharmadule (Singapore) Pte. Ltd.	17.0%	17.0%
	Morimatsu Lifesciences (Singapore) Pte. Ltd. (*)	17.0%	17.0%
	Morimatsu (Singapore) Pte. Ltd.(*)	17.0%	17.0%
Thailand	Morimatsu (Thailand) Co., Ltd.(*)(***)	20.0%	20.0%

* No provision for income tax was made for these companies as these companies did not have income subject to corporate income tax during the six months ended 30 June 2025 and 2024 respectively.

** The company has been dissolved since 10 May 2024.

*** These companies were not registered during the six months ended 30 June 2024.

**** The tax rate represents federal income tax.

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6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (Continued)

(a) Taxation in the consolidated statements of profit or loss represents:
(Continued)

- (ii) The subsidiaries of the Group are entitled as a High and New Technology Enterprise as follows:

	Applicable preferential tax rate	Period
Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd. ("Morimatsu Pharmaceutical") (上海森松製藥設備工程有限公司)*	15%	2024–2025
Morimatsu (Jiangsu) Heavy Industry Co., Ltd. ("Morimatsu Heavy Industry") (森松(江蘇)重工有限公司)*	15%	2024–2025
Shanghai Morimatsu Biotechnology Co., Ltd. ("Morimatsu Biotechnology") (上海森松生物科技有限公司)*	15%	2024–2025
Shanghai Morimatsu Engineering Technology Co., Ltd. ("Morimatsu Engineering Technology") (上海森松工程技術有限公司)*	15%	2024–2025
Morimatsu (Suzhou) LifeSciences Co., Ltd. ("Morimatsu LifeSciences") (森松(蘇州)生命科技有限公司)*	15%	2024–2025

* The English translation of these entities is for reference only. The official name of these entities in the PRC is in Chinese.

- (iii) Under the CIT Law of the PRC and its relevant regulation, qualified research and development expenses are subject to income tax deduction at 200% on the amount actually incurred for each of the year ended 31 December 2025 and 2024.
- (iv) According to the CIT Law and its implementing regulations of the CIT Law, for dividends payable to investors that are non-resident enterprise (who do not have organisations or places of business in the PRC, or that have organisations and places of business in PRC but to whom the relevant income tax is not effectively connected), 10% of the PRC withholding tax shall be paid, unless there are any applicable tax treaties are reached between the jurisdictions of non-resident enterprises and the PRC which may reduce or provide exemption to the relevant tax. Similarly, any gain derived from the transfer of shares by such investor, if such gain is regarded as income derived from sources within the PRC, shall be subject to 10% PRC income tax rate (or a lower tax treaty rate (if applicable)).
- (v) Under PRC CIT law, the deductible tax losses expire within 5 years from the year when such losses were incurred. It mainly arose from Morimatsu (China) Investment Co., Ltd. whose principal activity was investment holding, Morimatsu (Suzhou) LifeSciences Co., Ltd., Shanghai Morimatsu Engineering Technology Co., Ltd. and Shanghai Mori-Biounion Technology Co., Ltd..

Notes to Unaudited Interim Financial Report

(Expressed in Renminbi yuan unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS *(Continued)*

(b) Pillar Two income tax

The Company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules (“**Pillar Two model rules**”) published by the Organisation for Economic Co-operation and Development.

From 1 January 2024, the Group’s earnings in Sweden and Italy is subject to the domestic minimum top-up tax that was introduced by Sweden and Italy with effect from 1 January 2024.

From 1 January 2025, the Group is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB337,743,000 (six months ended 30 June 2024: RMB375,886,000) and the weighted average of 1,202,925,000 ordinary shares (2024: 1,169,729,000 shares) in issue during the interim period.

Weighted average number of ordinary shares

	Six months ended 30 June	
	2025	2024
Issued ordinary shares at the beginning of the period	1,157,017,000	1,140,869,000
Effect of shares repurchase and cancelled	(115,000)	(18,000)
Effect of exercise of share options	2,184,000	4,004,000
Effect of exercised RSUs	1,639,000	—
Effect of vested shares options exercisable for no more than little consideration (note (i) below)	42,200,000	24,874,000
Weighted average number of ordinary shares	1,202,925,000	1,169,729,000

note (i): The number of ordinary shares outstanding were vested and exercisable for no more than little consideration, as if the shares vested and exercised from the vesting date.

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(Expressed in Renminbi yuan unless otherwise indicated)

7 EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB337,743,000 (six months ended 30 June 2024: RMB375,886,000) and the weighted average number of ordinary shares of 1,257,894,000 (2024: 1,239,937,000 shares).

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2025	2024
Weighted average number of ordinary shares	1,202,925,000	1,169,729,000
Effect of deemed issue of shares under the Company's Pre-IPO Share Option Scheme and RSU Scheme	54,969,000	70,208,000
Weighted average number of ordinary shares (diluted)	1,257,894,000	1,239,937,000

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of plant and buildings, machinery and equipment, office and other equipment, motor vehicles and construction in progress with a cost of RMB190,587,000 (six months ended 30 June 2024: RMB224,540,000). Items of machinery and equipment, office and other equipment, motor vehicles with a net book value of RMB1,344,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB640,000), resulting in a loss on disposal of RMB1,030,000 (six months ended 30 June 2024: RMB342,000).

9 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group entered into a number of lease agreements for leasehold plant and buildings, and therefore recognised the additions to right-of-use assets of RMB21,907,000 (six months ended 30 June 2024: RMB12,768,000).

10 OTHER NON-CURRENT ASSETS

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Prepayments for property, plant and equipment	11,403	15,580
Long-term deferred expense	16,811	17,521
	28,214	33,101

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(Expressed in Renminbi yuan unless otherwise indicated)

11 INVENTORIES

During the six months ended 30 June 2025, RMB370,000 (six months ended 30 June 2024: RMB274,000) has been recognised as a reduction in the amount of inventories recognised as an expense in profit or loss during the period, being the amount of reversal of a write-down of inventories to the estimated net realisable value. This reversal arose due to an increase in the estimated net realisable value of certain comprehensive pressure equipment as a result of increase of market price.

12 TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Bills receivable	70,775	45,238
Trade debtors net of loss allowance	947,551	1,035,842
Other debtors	128,374	85,425
Financial assets measured at amortised cost	1,146,700	1,166,505
Prepayments	224,529	181,435
	1,371,229	1,347,940

As at the end of each reporting period, an ageing analysis of the trade debtors (which are included in trade and other receivables), based on the date of invoice and net of loss allowance, is as follows:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Within 3 months	302,240	277,753
More than 3 months but less than 1 year	246,109	434,838
More than 1 year but less than 2 years	334,516	273,638
More than 2 years	64,686	49,613
	947,551	1,035,842

Trade debtors and bills receivable are mainly due within 30–120 days from the date of invoice.

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(Expressed in Renminbi yuan unless otherwise indicated)

13 CASH AND BANK DEPOSITS AND RESTRICTED CASH

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Cash and bank balances	1,236,046	1,477,549
Non-pledged time deposits with original maturity of three months or less when acquired	1,243,262	947,215
Subtotal	2,479,308	2,424,764
Non-pledged time deposits with original maturity of over three months when acquired	105,260	170,684
Cash and bank deposits	2,584,568	2,595,448
Restricted cash	30,359	3,188
Total	2,614,927	2,598,636

As at the end of each reporting period, cash and bank deposits and restricted cash situated in Mainland China amounted to RMB1,256,608,000 (2024: RMB1,480,676,000). Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control.

14 TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Bills payable	121,749	116,775
Trade payables	1,103,597	1,076,073
Other payables and accruals	531,871	453,735
Financial liabilities measured at amortised cost	1,757,217	1,646,583

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14 TRADE AND OTHER PAYABLES (Continued)

As at the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Within 3 months	662,533	638,085
More than 3 months but less than 6 months	136,619	139,691
More than 6 months but less than 12 months	96,938	114,704
More than 1 year but less than 2 years	106,789	121,368
More than 2 years	100,718	62,225
	1,103,597	1,076,073

15 CAPITAL AND RESERVES

(a) Dividend

No dividends attributable to the interim period was declared by the Board of the Company during the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

The Board of the Company has resolved to declare dividends attributable to the previous financial year of HKD0.15 per ordinary share, HKD182,926,000 in total (six months ended 30 June 2024: HKD0.10 per ordinary share, HKD121,328,000 in total), and is unpaid as of 30 June 2025.

After the end of the reporting period, the Board of the Company's subsidiary has resolved to declare dividends attributable to the interim period of RMB100,000,000 to the Company.

(b) Equity-settled share-based transactions

The Company has a share option scheme (the "**Pre-IPO Share Option Scheme**") which was adopted on 1 July 2020 whereby the directors of the Company are authorised, at their discretion, to invite employees and directors of the Group, to take up options at HKD1.00 for each acceptance of the share offer. The vesting period of five years started after one year from the listing date (28 June 2021) and are then exercisable within a period of five years. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

As at 1 July 2020, the Company has conditionally granted options to subscribe for an aggregate of 132,380,000 ordinary shares to 27 participants (including employees and directors of the Group) in consideration of an option price of HKD0.0001 for each acceptance of an offer of options under the Pre-IPO Share Option Scheme.

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15 CAPITAL AND RESERVES *(Continued)*

(b) Equity-settled share-based transactions *(Continued)*

The Group recognised an expense of RMB13,164,000 in the six months period ended 30 June 2025 (six months ended 30 June 2024: RMB23,012,000), which is by reference to the fair value of the options granted on the measurement date (also referred as “grant date” herein), and will recognise relevant cost for services received over the remaining vesting periods, in administrative expenses and capital reserve, respectively.

The Group has a Restricted Share Units Scheme (the “**RSU Scheme**”) which was adopted on 15 December 2021 whereby 29,459,700 restricted share units (“**RSU**”) were granted to 149 qualified employees on 5 January 2022. The vesting period of three years started after one year from 5 January 2022 and are then exercisable within a period of three years. Each RSU gives the holder the right to subscribe for one ordinary share in the Group at the purchase price of HKD4.17.

As of 31 December 2024, all expenses related to the RSU Scheme have been recognised.

The Group recognised an expense of RMB6,413,000 in the six months period ended 30 June 2024, which is by reference to the fair value of the RSUs on the vesting date, and will recognise relevant cost for services received over the remaining vesting periods, in administrative expenses and capital reserve, respectively.

Morimatsu Pharmaceutical Equipment, the subsidiary of the Group, has a Restricted Share Scheme (the “**RS Scheme**”) which was adopted on 30 September 2024 whereby 12,868,710 restricted shares (“**RS**”) were granted to 16 qualified employees on 30 September 2024, at the exercise price of RMB2 per RS. The RSs vest under one of the following approaches:

- 26% of the RSs which granted with a three-year service period, vest after three years from 1 January 2025, and are exercisable after vested.
- 62% of the RSs which granted with a six-year service period and subject to non-market performance condition, vest after six years from 1 January 2025, and are exercisable after vested.
- 12% of the RSs which granted with a six-year service period and subject to non-market performance condition, are exercisable from 1 January 2032, one year after vested.

The Group recognised an expense of RMB22,886,000 in the six months period ended 30 June 2025 (six months ended 30 June 2024: nil), which is by reference to the fair value of the ordinary shares on the grant date, and will recognise relevant cost for services received over the remaining vesting periods, in administrative expenses and capital reserve, respectively.

15 CAPITAL AND RESERVES (Continued)

(c) Share capital

(i) Issuance and repurchase of ordinary shares to the Company

The Company issued and repurchased 25,910,000 ordinary shares at HK\$1.1964 per share for exercise of Pre-IPO Share Option Scheme on 4 June 2025 (24,778,000 ordinary shares at HK\$1.208 on 3 June 2024).

During the six months ended 30 June 2025, no ordinary shares were issued or repurchased in connection with the RSU Scheme (six months ended 30 June 2024: nil).

The cost of the treasury shares which were repurchased for the purposes of equity settled share-based transactions is in the amount of RMB2,000 during the six months period ended 30 June 2025 (six months ended 30 June 2024: RMB2,000).

(ii) Exercise of share option and RSU

The option to subscribe for an aggregate of 13,410,575 ordinary shares, which grant date fair value is RMB2.29, were exercised in the six months period ended 30 June 2025 at the exercise price of RMB1,000. RMB30,720,000 was transferred from the capital reserve to the share capital account.

The option to subscribe for an aggregate of 4,676,227 ordinary shares, which grant date fair value is RMB2.29, were exercised in the six months period ended 30 June 2024 at the exercise price of less than RMB1,000. RMB10,712,000 was transferred from the capital reserve to the share capital account.

9,269,100 RSUs were vested and exercised at the exercise price of RMB35,410,000 in the six months period ended 30 June 2025. RMB37,792,000 was transferred from the capital reserve to the share capital account.

9,269,100 RSUs were vested, and no RSUs were exercised in the six months period ended 30 June 2024.

(iii) Repurchase and cancellation of ordinary shares to the Company

The Company cancelled a total of 2,074,000 treasury shares at a price ranging from HK\$3.55 to HK\$4.83 per share during the six months period ended 30 June 2025.

The Company repurchased and cancelled a total of 1,592,000 ordinary shares at a price ranging from HK\$4.30 to HK\$6.18 per share during the six months period ended 30 June 2024.

(d) Other reserve

Other reserve mainly represented the differences between the considerations paid and the relevant carrying value of net assets of the subsidiaries acquired, after eliminating the internal transaction.

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15 CAPITAL AND RESERVES (Continued)

(e) Investments in subsidiaries

On 27 January 2025, Morimatsu (Singapore) Pte. Ltd., a subsidiary of the Company, set up a new subsidiary, Morimatsu Engineering & Technology (Malaysia) SDN. BHD. ("**MET Malaysia**"), holds 100% of the shares and has control over MET Malaysia. The registered capital of MET Malaysia is MYR 3,000,000 which was fully paid as at 30 June 2025.

On 13 February 2025, Morimatsu Biotechnology, a subsidiary of the Company, set up a new subsidiary, Shanghai MoriSora Technology Co., Ltd. ("**MoriSora Technology**"), with four independent third parties and holds 70% of the shares in MoriSora Technology. The registered capital of MoriSora Technology is RMB12,000,000 of which RMB3,600,000 was paid as at 30 June 2025.

On 30 April 2025, Morimatsu Lifesciences (Singapore) Pte. Ltd. ("**Morimatsu Lifesciences Singapore**") and Morimatsu Pharmadule Singapore Pte. Ltd. ("**Pharmadule Singapore**"), subsidiaries of the Company, entered into a share transfer agreement with two third parties, pursuant to which, Morimatsu Lifesciences Singapore and Pharmadule Singapore agreed to acquire 80% and 20% shares of Morimatsu (Thailand) Co., Ltd. ("**Morimatsu Thailand**") respectively. The registered capital of Morimatsu Thailand is THB2,000,000 and is unpaid as at 30 June 2025.

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

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16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

(i) Fair value hierarchy (Continued)

	Fair value at 30 June 2025 RMB'000	Fair value measurements as at 30 June 2025 categorised ratio		
		Level 1	Level 2	Level 3
		RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial Assets:				
Monetary fund	587,064	—	587,064	—
Forward exchange contract	1,884	—	1,884	—
Unlisted equity securities-A	10,900	—	—	10,900
Unlisted equity securities-B	2,413	—	—	2,413
Fair value measurements as at 31 December 2024 categorised ratio				
	Fair value at 31 December 2024 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Financial Assets				
Monetary fund	396,598	—	396,598	—
Unlisted equity securities-A	10,900	—	—	10,900
Unlisted equity securities-B	2,413	—	—	2,413
Financial Liabilities				
Forward exchange contract	(557)	—	(557)	—

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contracts in Level 2 is the estimated amount that the Group would receive or pay to transfer the contract at the end of the reporting period, taking into account current forward price which is derived from Standard Chartered Bank.

The fair value of monetary fund in Level 2 is the estimated amount that the Group would receive or pay to transfer the financial assets at the end of the reporting period, taking into account current interest rates which is derived from China Zheshang Bank Co., LTD., Agricultural Bank of China, Bank of Communications and Bank of China.

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16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

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

(iii) Information about Level 3 fair value measurements

The unlisted equity securities-A in level 3 is shares in Lab Direct China Limited. Lab Direct China Limited is a company incorporated in Shanghai and engaged in provision of one-stop integrated procurement and supply services for life science industry.

Pursuant to the written resolution dated on 6 June 2022, the Group invested RMB10,000,000 to obtain 1.75% equity interest of Lab Direct China Limited. The Group categorized its investment in Lab Direct China Limited as FVPL. No dividends were received on this investment during the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

The fair value of the investment RMB10,900,000 is determined by market approach as at 31 December 2024. The unlisted equity securities in the interim financial statements maintain the valuation from the previous year, unless significant impairment indicators arise, necessitating a revaluation.

The unlisted equity securities-B in level 3 is shares in 3DC Inc.. 3DC Inc. is a company incorporated in Japan and engaged in development and manufacturing of carbon materials.

Pursuant to the written resolution dated on 16 January 2024, the Group invested JPY49,999,992 (equivalent to RMB2,413,000) to obtain 2.82% equity interest of 3DC Inc. The Group categorized its investment in 3DC Inc. as FVPL. As of 30 June 2025, the Group's interest has been reduced to 2.12% due to subsequent financing of 3DC Inc.. No dividends were received on this investment during the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

The unlisted equity securities in the interim financial statements maintain the valuation from the previous year, unless significant impairment indicators arise, necessitating a revaluation.

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

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

17 COMMITMENTS

(a) Capital commitments

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Authorised but not contracted for acquisition of property, machinery and equipment	7,359	97,520
Contracted for but not provided for acquisition of property, machinery and equipment	39,974	136,311
	47,333	233,831

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17 COMMITMENTS (Continued)

(b) Operating lease commitments

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Within 1 year	1,367	747

18 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the six months ended 30 June 2025 and 2024, transactions with the following parties are considered as related party transactions:

Name of party	Relationship
Morimatsu Group Co., Ltd. (Prior named as "Morimatsu Holdings Co., Ltd.")	Controlling Shareholder
Morimatsu Holdings Co., Ltd. (Prior named as "Morimatsu Industry Company Limited")	Parent Company
Shanghai Morimatsu Chemical Equipment Co., Ltd.	Fellow subsidiary
Morsburn Engineering and Technology LLC	Joint venture
Dialog Corporate SDN. BHD.	Company controlled by non-controlling interests
Dialog Construction SDN. BHD.	Company controlled by non-controlling interests
Dialog E & C SDN. BHD.	Company controlled by non-controlling interests
Dialog Fabricators SDN. BHD.	Company controlled by non-controlling interests
Saga Dialog SDN. BHD.	Company controlled by non-controlling interests
Dialog Properties SDN. BHD.	Company controlled by non-controlling interests
Terumoto Matsuhisa 松久晃基	Members of director and key management personnel
Jungo Hirazawa 平澤準悟	Members of director and key management personnel
Hirota Kawashima 川島宏貴	Members of director and key management personnel
Koei Nishimatsu 西松江英	Members of director and key management personnel
Wei Hua Tang 湯衛華	Members of director and key management personnel
Ye Sheng 盛曄	Members of director and key management personnel

Note: The English translation of the above company names is for reference only. The official names of the companies established in the PRC are in Chinese.

Notes to Unaudited Interim Financial Report

(Expressed in Renminbi yuan unless otherwise indicated)

18 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Rental expense		
Shanghai Morimatsu Chemical Equipment Co., Ltd.	12,654	26,106
Dialog Fabricators SDN. BHD.	3,284	1,381
Saga Dialog SDN. BHD.	161	—
	16,099	27,487
Other income		
Shanghai Morimatsu Chemical Equipment Co., Ltd.	65,924	—
	65,924	—
Outsourcing service income		
Morimatsu Holdings Co., Ltd.	181	181
	181	181
Sales of Product		
Dialog E & C SDN. BHD.	2,230	—
	2,230	—
Purchase of Product		
Dialog E & C SDN. BHD.	—	56
Dialog Fabricators SDN. BHD.	523	—
	523	56
Purchase of Service		
Dialog E & C SDN. BHD.	113,642	26,323
Dialog Corporate SDN. BHD.	57	96
Dialog Construction SDN. BHD.	94	48
Dialog Properties SDN. BHD.	431	—
	114,224	26,467

Notes to Unaudited Interim Financial Report

(Expressed in Renminbi yuan unless otherwise indicated)

18 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Related party balances

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000
Amounts due to (trade):		
Shanghai Morimatsu Chemical Equipment Co., Ltd.	64,915	67,327
Dialog Fabricators SDN. BHD.	—	434
Dialog E & C SDN. BHD.	475	31,037
Dialog Construction SDN. BHD.	—	41
Dialog Corporate SDN. BHD.	—	15
	65,390	98,854
Trade payables	64,915	95,807
Contract liabilities	475	3,047
	65,390	98,854
Amounts due from (trade):		
Morimatsu Holdings Co., Ltd.	195	240
Dialog E & C SDN. BHD.	2,770	3,062
	2,965	3,302
Trade debtors net of loss allowance	2,965	3,302
	2,965	3,302
Amounts due from (non trade):		
Shanghai Morimatsu Chemical Equipment Co., Ltd.	46,147	—
Other debtors	46,147	—

Notes to Unaudited Interim Financial Report

(Expressed in Renminbi yuan unless otherwise indicated)

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) New investors of a subsidiary

On 7 July 2025, the Company, Morimatsu (China) Investments, a wholly-owned subsidiary of the Company, Morimatsu Pharmaceutical Equipment, a non-wholly owned subsidiary of the Company, and several investors have entered into the transaction documents, pursuant to which the investors have agreed to subscribe for the additional registered capital of Morimatsu Pharmaceutical Equipment of RMB12,946,412 at a consideration of RMB330,000,000. Upon completion of the subscription, the registered capital of Morimatsu Pharmaceutical Equipment will increase from RMB86,309,407 to RMB99,255,819.

The additional registered share capital subscribed for by the investors and the considerations are as follows:

- CICC Generation Fund (Suzhou) subscribed for RMB2,574,849 at RMB65,632,110;
- CICC Generation Fund (Wuxi) subscribed for RMB1,936,779 at RMB49,367,890;
- Suzhou Pioneer Industrial Upgrade Fund subscribed for RMB1,961,578 at RMB50,000,000;
- Fuzhou Pingtai Investment subscribed for RMB6,473,206 at RMB165,000,000.

(b) Investment of a new subsidiary

On 8 August 2025, Morimatsu (Singapore) Pte. Ltd., a subsidiary of the Company, set up a new subsidiary, Morimatsu Engineering & Technology (Italy) S.R.L. ("**MET Italy**"), holds 100% of the shares and has control over MET Italy. The registered capital of MET Italy is EUR4,500.