LESSO 联塑

CHINA LESSO GROUP HOLDINGS LIMITED

中國聯塑集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2128)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The Board is pleased to announce the consolidated financial results of the Group for the six months ended 30 June 2025.

HIGHLIGHTS

Compared to the financial results for the six months ended 30 June 2024:

- Revenue decreased by 8.0% to RMB12,475 million
- Gross profit decreased by 5.7% to RMB3,514 million
- Profit for the period decreased by 8.0% to RMB935 million
- Basic earnings per share was stayed at RMB0.34
- The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**12,475,000**	13,563,523
Cost of sales		**(8,960,646)**	(9,835,737)
Gross profit		**3,514,354**	3,727,786
Other revenue, income and gains	*3*	**273,235**	380,796
Selling and distribution expenses		**(742,620)**	(726,697)
Administrative expenses		**(767,460)**	(805,665)
Impairment losses on financial and contract assets		**(35,057)**	(141,431)
Other expenses		**(589,804)**	(685,607)
Finance costs	*4*	**(374,244)**	(484,031)
Share of results of associates		**34,368**	22,526
Share of results of joint ventures		**(4,413)**	(4,373)
PROFIT BEFORE TAX	*5*	**1,308,359**	1,283,304
Income tax expense	*6*	**(373,052)**	(266,708)
PROFIT FOR THE PERIOD		**935,307**	1,016,596
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates, net of tax		**12,783**	(12,105)
Exchange differences on translation of financial statements		**186,249**	(494,634)
		199,032	(506,739)

	Note	Six months ended 30 June **2025** *RMB'000* **(Unaudited)**	2024 *RMB'000* (Unaudited)
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements		**(38,757)**	—
Changes in fair value of equity instruments at fair value through other comprehensive income		**(149,537)**	(169,755)
		(188,294)	(169,755)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**10,738**	(676,494)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**946,045**	340,102
Profit for the period attributable to:			
Owners of the Company		**1,045,966**	1,043,151
Non-controlling interests		**(110,659)**	(26,555)
		935,307	1,016,596
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,040,883**	394,373
Non-controlling interests		**(94,838)**	(54,271)
		946,045	340,102
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	*8*	**RMB0.34**	RMB0.34
Diluted	*8*	**RMB0.34**	RMB0.34

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	**30 June 2025** *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**15,157,789**	15,319,715
Right-of-use assets		**2,587,893**	2,578,186
Investment properties		**9,383,921**	9,335,283
Deposits paid for the purchase of land, property, plant and equipment		**823,427**	899,367
Goodwill		**477,166**	467,119
Other intangible assets		**316,621**	326,420
Interests in associates		**5,243,513**	5,309,098
Interests in joint ventures		**14,743**	28,222
Other financial assets	*9*	**1,806,531**	1,975,616
Loan receivables	*10*	**271**	1,851
Other non-current assets		**1,792,279**	1,659,729
Contract assets		**40,543**	40,928
Deferred tax assets		**627,814**	672,469
Total non-current assets		**38,272,511**	38,614,003
CURRENT ASSETS			
Inventories	*11*	**5,714,910**	5,815,011
Properties from receivables settlement		**471,302**	491,881
Contract assets		**349,047**	317,552
Other financial assets	*9*	**8,946**	5,181
Loan receivables	*10*	**230,545**	281,842
Trade and bills receivables	*12*	**4,672,945**	3,938,504
Prepayments, deposits and other receivables		**2,241,620**	2,222,534
Cash and bank deposits		**4,935,964**	6,642,551
Total current assets		**18,625,279**	19,715,056

	Note	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
CURRENT LIABILITIES			
Contract liabilities		**744,076**	2,560,202
Trade and bills payables	*13*	**8,626,032**	8,685,107
Other payables and accruals		**1,993,155**	1,376,297
Tax payable		**484,467**	340,588
Borrowings	*14*	**6,350,699**	8,556,717
Lease liabilities		**61,590**	62,774
Total current liabilities		**18,260,019**	21,581,685
NET CURRENT ASSETS/(LIABILITIES)		**365,260**	(1,866,629)
TOTAL ASSETS LESS CURRENT LIABILITIES		**38,637,771**	36,747,374
NON-CURRENT LIABILITIES			
Borrowings	*14*	**12,242,499**	10,672,102
Lease liabilities		**392,767**	354,112
Other long-term payables		**3,788**	4,184
Provision for long-term employee benefits		**6,942**	6,508
Deferred tax liabilities		**951,121**	1,037,425
Deferred income		**247,948**	257,668
Total non-current liabilities		**13,845,065**	12,331,999
Net assets		**24,792,706**	24,415,375
EQUITY			
Share capital	*15*	**135,344**	135,344
Reserves		**24,181,932**	23,708,980
Equity attributable to owners of the Company		**24,317,276**	23,844,324
Non-controlling interests		**475,430**	571,051
Total equity		**24,792,706**	24,415,375

Note:

1.1 BASIS OF PREPARATION

These condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Listing Rules and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, except for investment properties and other financial assets which have been measured at fair value. These condensed consolidated financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of these condensed consolidated financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the amended HKFRS Accounting Standards (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed in note 1.2 below.

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amended HKFRS Accounting Standards for the first time for the current period's condensed consolidated financial statements.

Amendments to HKAS 21	Lack of Exchangeability

The nature and impact of the amended HKFRS Accounting Standards are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of building materials and home improvement products; sale of products and provision of services relating to new energy business, the provision of renovation and installation works, environmental engineering and other related services, logistics and other related services, financial services and property rental and other related services. For management purposes, the Group's businesses are organised by geographical areas based on the location of the customers and assets are attributable to the geographical unit based on the location of the assets. The Group has three reportable operating segments as follows:

(i) Southern China, including Guangdong Province, Guangxi Zhuang Autonomous Region, Hunan Province, Fujian Province and Hainan Province;

(ii) Other than Southern China, including regions in China other than Southern China; and

(iii) Outside China.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, changes in fair value of investment properties, changes in fair value of financial instruments at FVTPL, investment income, gain from a bargain purchase, gain on disposal of an associate, (loss)/gain on disposal/loss of control of subsidiaries, gain on termination of right-of-use assets, gain on disposal of right-of-use assets, loss from debt restructuring with customers, exchange differences, non-lease-related finance costs, share of results of associates and joint ventures and other unallocated income and expenses are excluded from such measurement.

Segment assets exclude interests in associates, interests in joint ventures, other financial assets, deferred tax assets, cash and bank deposits and other unallocated head office and corporate assets as these assets are managed on a group basis.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Group's revenue from external customers is derived from its operations in China and outside China.

During the six months ended 30 June 2025 and 2024, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

	Southern China RMB'000	Other than Southern China RMB'000	Outside China RMB'000	Eliminations RMB'000	Consolidated RMB'000
Six months ended 30 June 2025 (Unaudited)					
Segment revenue:					
Sale of goods relating to building materials and home improvement business	5,486,190	5,375,328	878,116	—	11,739,634
Sale of goods and services income relating to new energy business	70,332	76,021	19,128	—	165,481
Contract revenue from renovation and installation works	144,347	131,673	19,674	—	295,694
Income from environmental engineering and other related services	49,038	55,269	55,164	—	159,471
Logistics and other related services	16,862	2,439	1,418	—	20,719
Financial service income	2,272	2,183	—	—	4,455
Property rental and other related services	7,886	—	81,660	—	89,546
Revenue from external customers	5,776,927	5,642,913	1,055,160	—	12,475,000
Intersegment revenue	269,934	654,154	372,643	(1,296,731)	—
	6,046,861	6,297,067	1,427,803	(1,296,731)	12,475,000
Segment results:	1,849,226	1,446,805	270,105	(51,782)	3,514,354
Reconciliations:					
Interest income					73,840
Gain on fair value changes of financial instruments at FVTPL					93,861
Investment income					7,426
Gain on disposal of an associate					3,288
Gain on termination of right-of-use assets					392
Loss on disposal of subsidiaries					(773)
Exchange loss					(58,131)
Finance costs (other than interest on lease liabilities)					(363,220)
Share of results of associates					34,368
Share of results of joint ventures					(4,413)
Unallocated income and expenses					(1,992,633)
Profit before tax					1,308,359

	Southern China RMB'000	Other than Southern China RMB'000	Outside China RMB'000	Eliminations RMB'000	Consolidated RMB'000
Other segment information:					
Write-back of inventories to net realisable value, net	**(37,005)**	**6,062**	**2,685**	**—**	**(28,258)**
Depreciation and amortisation	**485,477**	**224,265**	**74,992**	**—**	**784,734**
Reversal of impairment of loan receivables, net	**(351)**	**—**	**—**	**—**	**(351)**
Reversal of impairment of contract assets, net	**(1,660)**	**1**	**(32)**	**—**	**(1,691)**
Impairment of trade and bills receivables, net	**16,900**	**(2,990)**	**23,058**	**—**	**36,968**
Reversal of impairment of prepayment, net	**(2,373)**	**(253)**	**—**	**—**	**(2,626)**
Impairment of other receivables, net	**862**	**—**	**(731)**	**—**	**131**
Impairment of properties from receivables settlement, net	**33,585**	**2,480**	**—**	**—**	**36,065**
Capital expenditure#	**527,301**	**324,274**	**120,915**	**—**	**972,490**
As at 30 June 2025 (Unaudited)					
Segment assets	**25,444,775**	**8,097,978**	**10,717,526**	**—**	**44,260,279**

Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, investment properties and other intangible assets, among which the additions resulted from business combinations amounted to RMB26,227,000.

	Southern China RMB'000	Other than Southern China RMB'000	Outside China RMB'000	Eliminations RMB'000	Consolidated RMB'000
Six months ended 30 June 2024 (Unaudited)					
Segment revenue:					
Sale of goods relating to building materials and home improvement business	5,679,775	5,783,993	677,809	—	12,141,577
Sale of goods and services income relating to new energy business	49,425	100,045	7,692	—	157,162
Contract revenue from renovation and installation works	245,740	141,731	28,520	—	415,991
Income from environmental engineering and other related services	55,990	62,676	12,238	—	130,904
Logistics and other related services	26,267	82,009	526,081	—	634,357
Financial service income	4,467	2,236	—	—	6,703
Property rental and other related services	6,569	—	70,260	—	76,829
Revenue from external customers	6,068,233	6,172,690	1,322,600	—	13,563,523
Intersegment revenue	640,342	503,489	290,900	(1,434,731)	—
	6,708,575	6,676,179	1,613,500	(1,434,731)	13,563,523
Segment results:	1,726,577	1,710,507	334,031	(43,329)	3,727,786
Reconciliations:					
Interest income					88,355
Loss on fair value changes of investment properties					(1,762)
Loss on fair value changes of financial instruments at FVTPL					(32,331)
Investment income					8,592
Gain on disposal/loss of control of subsidiaries					123,471
Gain from a bargain purchase					2,907
Gain on termination of right-of-use assets					23,532
Gain on disposal of right-of-use assets					773
Loss from debt restructuring with customers					(1,609)
Exchange loss					(99,833)
Finance costs (other than interest on lease liabilities)					(469,153)
Share of results of associates					22,526
Share of results of joint ventures					(4,373)
Unallocated income and expenses					(2,105,577)
Profit before tax					1,283,304

	Southern China RMB'000	Other than Southern China RMB'000	Outside China RMB'000	Eliminations RMB'000	Consolidated RMB'000
Other segment information:					
Write-down of inventories to net realisable value, net	(7,704)	141	7,797	—	234
Depreciation and amortisation	617,297	178,088	81,010	—	876,395
Impairment of loan receivables, net	1,520	—	—	—	1,520
Impairment of contract assets, net	195	—	222	—	417
Impairment of trade and bills receivables, net	65,733	2,613	22,806	—	91,152
Impairment of other receivables, net	47,708	—	634	—	48,342
Capital expenditure#	1,039,312	186,055	333,163	—	1,558,530
As at 30 June 2024 (Unaudited)					
Segment assets	27,039,998	8,056,655	9,717,582	—	44,814,235

Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, investment properties and other intangible assets, among which the additions resulted from business combinations amounted to RMB10,409,000.

3. REVENUE, OTHER REVENUE, INCOME AND GAINS

Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

By revenue nature:

	Six months ended 30 June 2025			Six months ended 30 June 2024		
	Goods transferred at a point in time *RMB'000* (Unaudited)	Services transferred over time *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)	Goods transferred at a point in time *RMB'000* (Unaudited)	Services transferred over time *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue from contracts with customers:						
Sale of goods relating to building materials and home improvement business	11,739,634	—	11,739,634	12,141,577	—	12,141,577
Sale of goods and services income relating to new energy business	165,481	—	165,481	157,162	—	157,162
Contract revenue from renovation and installation works	—	295,694	295,694	—	415,991	415,991
Income from environmental engineering and other related services	—	159,471	159,471	—	130,904	130,904
Logistics and other related services	—	20,719	20,719	—	634,357	634,357
	11,905,115	475,884	12,380,999	12,298,739	1,181,252	13,479,991
Financial service income			4,455			6,703
Property rental and other related services			89,546			76,829
			12,475,000			13,563,523

By geographical locations:

	Six months ended 30 June 2025			Six months ended 30 June 2024		
	Goods transferred at a point in time *RMB'000* (Unaudited)	Services transferred over time *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)	Goods transferred at a point in time *RMB'000* (Unaudited)	Services transferred over time *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue from contracts with customers:						
China	11,007,871	399,628	11,407,499	11,613,238	614,413	12,227,651
Outside China	897,244	76,256	973,500	685,501	566,839	1,252,340
	11,905,115	475,884	12,380,999	12,298,739	1,181,252	13,479,991
Financial service income			4,455			6,703
Property rental and other related services			89,546			76,829
			12,475,000			13,563,523

Other Revenue, Income and Gains

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**22,778**	28,970
Interest income from other receivables	**6,942**	12,618
Interest income from other financial assets	**3,763**	5,366
Interest income from long-term lease receivables	**40,357**	41,401
Total interest income	**73,840**	88,355
Government grants and subsidies	**32,367**	79,266
Gain on fair value changes of financial instruments at FVTPL	**93,861**	—
Investment income	**7,426**	8,592
Gain on disposal/loss of control of subsidiaries	**—**	123,471
Gain from a bargain purchase	**—**	2,907
Gain on disposal of an associate	**3,288**	—
Gain on termination of right-of-use assets	**392**	23,532
Gain on disposal of right-of-use assets	**—**	773
Rental income	**9,128**	6,912
Reversal of impairment of prepayments, net	**2,626**	—
Others	**50,307**	46,988
	273,235	380,796

Government grants and subsidies mainly represent funding received from government authorities to support certain of the Group's research and development activities. There are no unfulfilled conditions or contingencies related to these grants and subsidies.

4. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses on bank and other loans	**392,537**	514,255
Interest expenses on lease liabilities	**11,024**	14,878
	403,561	529,133
Less: Interest capitalised	**(29,317)**	(45,102)
	374,244	484,031

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold relating to building materials and home improvement business	**8,371,775**	8,694,771
Cost of goods and services relating to new energy business	**207,476**	167,529
Direct cost of renovation and installation works	**239,144**	320,483
Direct cost of environmental engineering and other related services	**122,835**	90,257
Direct cost of logistics and other related services	**18,149**	533,759
Direct cost of financial services	**229**	805
Direct cost of property rental and other related services	**29,296**	27,899
(Write-back)/write-down of inventories to net realisable value, net	**(28,258)**	234
Depreciation of property, plant and equipment	**701,321**	761,562
Depreciation of right-of-use assets	**67,313**	85,829
Amortisation of other intangible assets	**16,100**	29,004
Total depreciation and amortisation	**784,734**	876,395
Research and development costs	**449,104**	534,541
Loss on disposal of items of other intangible assets and property, plant and equipment	**27,845**	9,276
Loss on fair value changes of investment properties	**—**	1,762
Loss/(gain) on disposal/loss of control of subsidiaries	**773**	(123,471)
Gain on disposal of an associate	**(3,288)**	—
Loss from debt restructuring with customers	**—**	1,609
Gain on termination of right-of-use assets	**(392)**	(23,532)
Gain on disposal of right-of-use assets	**—**	(773)
(Gain)/loss on fair value changes of financial instruments at FVTPL	**(93,861)**	32,331
Gain from a bargain purchase	**—**	(2,907)
(Reversal of impairment)/impairment of loan receivables, net	**(351)**	1,520
(Reversal of impairment)/impairment of contract assets, net	**(1,691)**	417
Impairment of trade and bills receivables, net	**36,968**	91,152
Reversal of impairment of prepayments, net	**(2,626)**	—
Impairment of other receivables, net	**131**	48,342
Impairment of properties from receivables settlement, net	**36,065**	—
Foreign exchanges differences, net	**58,131**	99,833

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
China	**401,520**	289,777
Hong Kong	**—**	1,653
Other jurisdictions	**16,436**	21,928
	417,956	313,358
(Over)/under provision in prior years		
China	**(28,547)**	(46,314)
Hong Kong	**—**	—
Other jurisdictions	**1,390**	1,841
	(27,157)	(44,473)
Deferred tax	**(17,747)**	(2,177)
Total tax charge for the period	**373,052**	266,708

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong profits tax

The statutory rate of Hong Kong profits tax was 16.50% (six months ended 30 June 2024: 16.50%) on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (six months ended 30 June 2024: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2024: 8.25%) and the remaining assessable profits are taxed at 16.50% (six months ended 30 June 2024: 16.50%).

China corporate income tax

The Group's income tax provision in respect of its operations in China has been calculated at the applicable tax rates on the taxable profits for both periods, based on the existing legislation, interpretations and practices in respect thereof.

Certain of the Group's China subsidiaries are qualified as High and New Technology Enterprises and are entitled to a preferential corporate income tax rate of 15.00% during both periods.

Income tax for other jurisdictions

The Group's tax provision in respect of other jurisdictions has been calculated at the applicable tax rates in accordance with the prevailing practices of the jurisdictions in which the Group operates.

7. DIVIDENDS

	Six months ended 30 June			
	2025		2024	
	HK$ per share	***HK$'000***	*HK$ per share*	*HK$'000*
2024 final dividend declared (2024: 2023 final dividend declared)	**0.20**	**620,483**	0.20	620,483
Less: Dividends for shares held for share award scheme	**0.20**	**(4,598)**	0.20	(4,598)
		615,885		615,885
Equivalent to		**RMB566,251,000**		RMB560,751,000

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

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	**1,045,966**	1,043,151

	Number of Shares Six months ended 30 June	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue	**3,102,418,400**	3,102,418,400
Weighted average number of shares held for the share award scheme	**(22,991,000)**	(22,991,000)
Adjusted weighted average number of ordinary shares of the Company in issue used in the basic and diluted earnings per share calculation	**3,079,427,400**	3,079,427,400

The Group had no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2025 and 2024, respectively.

9. OTHER FINANCIAL ASSETS

	Note	**30 June 2025** ***RMB'000*** **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Non-current			
Debt instruments at FVTOCI:			
Debt securities listed in Hong Kong	*(i)*	**71,828**	115,403
Debt instruments at FVTPL:			
Unlisted convertible loans	*(ii)*	**70,768**	71,228
Equity instruments at FVTOCI:			
Equity securities listed in Hong Kong		**206,540**	216,240
Unlisted equity securities		**971,502**	1,183,303
		1,178,042	1,399,543
Equity instruments at FVTPL:			
Equity securities listed in PRC		**30,000**	30,000
Equity securities listed in Hong Kong		**204,085**	—
Unlisted equity securities	*(iii)*	**181,921**	288,676
		416,006	318,676
Funds at FVTPL:			
Stock funds		**69,887**	70,766
		1,806,531	1,975,616
Current			
Derivative financial instruments:			
Forward commodity contracts	*(iv)*	**8,946**	5,181
		1,815,477	1,980,797

Notes:

(i) The debt securities carry fixed interest at rate of 7.50% (31 December 2024: 7.50%) per annum, payable semi-annually in arrears and will mature in May 2034 (31 December 2024: May 2034).

(ii) Among the convertible loans, one convertible loan carries fixed interest at a rate of 6.00% (31 December 2024: 6.00%) per annum and contains a right to convert the loan into ordinary shares of the issuers after June 2023 (31 December 2024: June 2023), while the other convertible loan is interest free (31 December 2024: interest-free) and contains a right to convert the loan into ordinary shares of the issuers with a maturity date of October 2026 (31 December 2024: October 2026).

(iii) The equity securities contained puttable options were classified as equity instruments at FVTPL.

(iv) The Group has entered into various forward commodity contracts in order to protect itself from adverse movements in raw material prices. The forward commodity contracts are not designated for hedge purposes and are measured at FVTPL. Loss of change in fair value of non-hedging forward commodity contracts amounting to RMB5,934,000 (six months ended 30 June 2024: Gain on change in fair value of RMB62,000) was recognised in profit or loss during the period.

10. LOAN RECEIVABLES

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Non-current		
Finance lease receivables	**271**	1,500
Factoring receivables	**—**	351
	271	1,851
Current		
Finance lease receivables	**126,064**	126,787
Factoring receivables	**316,195**	304,649
Receivables from supply-chain financing services	**37,019**	99,139
	479,278	530,575
Less: Provision for impairment	**(248,733)**	(248,733)
	230,545	281,842
	230,816	283,693

(A) Finance lease receivables

	Minimum lease receivables		Present value of minimum lease receivables	
	30 June 2025	31 December 2024	**30 June 2025**	31 December 2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Not more than 1 year	**126,128**	127,070	**126,064**	126,787
Over 1 year but within 5 years	**292**	1,660	**271**	1,500
	126,420	128,730	**126,335**	128,287
Less: Unearned finance income	**(85)**	(443)		
Present value of minimum lease receivables	**126,335**	128,287		

The Group's finance lease receivables are denominated in Renminbi. The effective interest rates of the receivables range from 5.89% to 10.78% (31 December 2024: 5.89% to 10.78%) per annum. There are no unguaranteed residual values of assets leased under finance leases and no contingent rent arrangements that needed to be recognised (31 December 2024: Nil).

The following is a credit quality analysis of these finance lease receivables:

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not past due	**3,652**	5,604
Overdue	**122,683**	122,683
	126,335	128,287

The receivables are secured by assets leased under finance leases and cash deposits (where applicable).

At the end of the reporting period, RMB73,299,000 (31 December 2024: RMB73,299,000) of the Group's finance lease receivables was impaired.

(B) Factoring receivables

The Group's factoring receivables arise from the provision of factoring services to companies located in China. The credit period granted to each customer is generally within 365 days.

Factoring receivables are secured by receivables and/or commercial bills originally owned by the customers. These receivables carry interest at rates ranging from 3.50% to 11.04% (31 December 2024: 5.00% to 11.04%) per annum.

The maturity profile of the factoring receivables at the end of the reporting period is as follows:

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
With a residual maturity of:		
Not more than 3 months	**4,854**	2,900
Over 3 months to 6 months	**516**	3,119
Over 6 months to 12 months	**13,851**	1,656
Over 12 months to 24 months	**—**	351
Overdue	**296,974**	296,974
	316,195	305,000

At the end of the reporting period, RMB173,914,000 (31 December 2024: RMB173,914,000) of the Group's factoring receivables was impaired.

(C) Receivables from supply-chain financing services

The Group's receivables from supply-chain financing services arise from the provision of supply-chain financing services to companies located in China. The credit period for each customer is generally within 365 days.

These receivables carry interest at rates ranging from 9.00% to 16.20% (31 December 2024: 9.00% to 16.20%) per annum.

Certain receivables from supply-chain financing services amounting to RMB35,499,000 (31 December 2024: RMB97,619,000) are secured by certain interests of companies and personal guarantees.

The maturity profile of the receivables from supply-chain financing services at the end of the reporting period is as follows:

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
With a residual maturity of:		
Not more than 3 months	**21,399**	30,850
Over 3 months to 6 months	**14,100**	14,600
Over 6 months to 12 months	**—**	52,169
Overdue	**1,520**	1,520
	37,019	99,139

At the end of the reporting period, RMB1,520,000 (31 December 2024: RMB1,520,000) of the Group's receivables from supply-chain financing services was impaired.

An impairment analysis is performed at each reporting date by considering the probability of default of those companies with financial conditions, historical loss experience, coverage by letters of credit or other forms of credit insurance. At the end of the reporting period, the loss given default for the remaining balance of loan receivables was not material and has no impact on the Group's condensed consolidated financial statements.

11. INVENTORIES

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Manufacturing and trading	**4,741,026**	4,911,827
Property development	**973,884**	903,184
	5,714,910	5,815,011

(A) Manufacturing and trading

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Raw materials	**1,673,989**	1,497,179
Work in progress	**612,104**	665,619
Finished goods	**2,454,933**	2,749,029
	4,741,026	4,911,827

(B) Property development

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Property under development	**973,884**	903,184

The property under development is expected to be completed in more than twelve months after the end of the reporting period.

12. TRADE AND BILLS RECEIVABLES

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Trade receivables	**7,438,290**	6,617,006
Bills receivable	**30,507**	81,873
Less: Provision for impairment	**(2,795,852)**	(2,760,375)
	4,672,945	3,938,504

The Group's major customers are independent distributors, civil contractors, property developers, utility companies and municipalities in China. Depending on the market condition, marketing tactics and relationships with the customers, the Group's trading terms with its independent distributors may change from settlement on an advance receipt basis to giving a credit period of generally one month or more, if appropriate. The Group does not have a standardised and universal credit period granted to the non-distributor customers. The credit period of an individual non-distributor customer is considered on a case-by-case basis and is set out in the sales contracts, as appropriate. Sales to small, new, or short-term customers are normally expected to be settled on an advance receipt basis or shortly after the goods delivery. No credit term period is set by the Group for small, new and short-term customers.

Trade and bills receivables are unsecured and interest-free.

An ageing analysis of the Group's trade and bills receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not more than 3 months	**2,258,517**	1,463,516
Over 3 months to 6 months	**439,207**	458,116
Over 6 months to 12 months	**475,338**	529,070
Over 1 year to 2 years	**819,751**	894,988
Over 2 years to 3 years	**440,274**	414,878
Over 3 years	**239,858**	177,936
	4,672,945	3,938,504

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

13. TRADE AND BILLS PAYABLES

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**3,474,997**	3,491,040
Bills payable	**5,151,035**	5,194,067
	8,626,032	8,685,107

The trade payables are interest-free and are normally settled on terms of 30 to 180 days.

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

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not more than 3 months	**5,719,369**	5,761,266
Over 3 months to 6 months	**2,428,981**	2,617,806
Over 6 months to 12 months	**368,238**	182,882
Over 1 year to 2 years	**73,317**	73,573
Over 2 years to 3 years	**14,670**	15,502
Over 3 years	**21,457**	34,078
	8,626,032	8,685,107

14. BORROWINGS

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current		
Unsecured bank loans	**4,022,071**	4,968,294
Current portion of long term unsecured bank loans	**2,210,619**	1,643,405
Secured bank loans	**110,079**	115,884
Current portion of long-term secured bank loans	**7,096**	8,127
Current portion of unsecured syndicated loans	**—**	1,808,243
Other borrowings	**834**	12,764
	6,350,699	8,556,717
Non-current		
Unsecured bank loans	**8,380,980**	6,485,478
Unsecured syndicated bank loans	**3,830,057**	4,137,607
Secured bank loans	**31,462**	49,017
	12,242,499	10,672,102
	18,593,198	19,228,819
Analysed into borrowings repayable:		
Within one year or on demand	**6,350,699**	8,556,717
In the second year	**4,730,597**	2,808,881
In the third to fifth years, inclusive	**7,280,399**	7,613,800
More than five years	**231,503**	249,421
	18,593,198	19,228,819

The carrying amounts of borrowings are denominated in the following currencies:

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
RMB	**13,498,158**	11,850,772
HK$	**2,470,282**	3,654,818
US$	**2,176,180**	3,390,927
Australian dollar	**361,193**	261,407
Thai baht	**87,385**	55,215
Tanzanian shilling	**—**	11,760
Malaysian ringgit	**—**	2,916
Philippine peso	**—**	1,004
	18,593,198	19,228,819

Notes:

(a) The effective interest rates of the Group's borrowings range from 1.70% to 6.16% (31 December 2024: 1.70% to 8.00%) per annum.

(b) At the end of the reporting period, the secured bank loans are secured by land and its concession rights of subsidiaries, leasehold lands and buildings of a subsidiary, investment property of a subsidiary and personal guarantee provided by shareholders of subsidiaries.

At 31 December 2024, the secured bank loans are secured by land and its concession rights of a subsidiary, leasehold lands and buildings of subsidiaries, other intangible assets of a subsidiary, investment property of a subsidiary and a personal guarantee provided by a shareholder of a subsidiary.

15. SHARE CAPITAL

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Authorised:		
20,000,000,000 (31 December 2024: 20,000,000,000) ordinary shares of HK$0.05 each	**HK$1,000,000,000**	HK$1,000,000,000
Issued and fully paid:		
3,102,418,400 (31 December 2024: 3,102,418,400) ordinary shares of HK$0.05 each	**HK$155,120,920**	HK$155,120,920
Equivalent to	**RMB135,344,000**	RMB135,344,000

16. COMMITMENTS

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

	30 June 2025 ***RMB'000*** **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Contracted, but not provided for:		
Property, plant and equipment and investment properties	**1,673,781**	1,735,048

CORPORATE PROFILE

China Lesso Group Holdings Limited (Stock Code of Hong Kong Stock Exchange: 2128) is a leading large-scale industrial group that manufactures piping and building materials in China. After more than 38 years of rapid development, the Group has evolved into a leader in the industry of building materials and home improvement. It provides high-quality products and services such as plastic piping, building materials and home improvement, new energy, environmental protection, and operates a supply chain service platform.

Currently, the Group has established over 30 advanced production bases in 19 provinces of China and in foreign countries. The Group has established a nationwide sales network and has developed long-term strategic partnerships with 3,061 independent and exclusive first-tier distributors that enable timely and efficient supply of comprehensive, quality products and professional services to customers. As an integrated manufacturer of a comprehensive range of piping and building materials, China Lesso provides over 10,000 types of quality products, which are widely applied to such fields as home improvement, civil architecture, municipal water supply, drainage, energy management, electric power transmission, telecommunication, gas supply, fire services, environmental protection, agriculture and marine aquaculture.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In the first half of 2025, the pace of global economic recovery remained slow. The continued existence of geopolitical tensions and trade protectionism brought uncertainties to global economic growth. After the challenges in 2024, China's economy is gradually demonstrating its resilience and dynamism. Although the overall economy is still in a period of adjustment and the release of domestic demand still requires time, the government's continuous macro policies and promotion of new quality productive forces have provided strong support and market confidence for steady economic growth.

According to the data released by the National Bureau of Statistics, China's gross domestic product (GDP) grew by 5.3% year on year in the first half of 2025, indicating that China's economy is operating steadily and improving amidst stability, demonstrating a resilient attitude in facing challenges and overcoming difficulties. Infrastructure construction, as a crucial engine for economic growth, continued to receive policy support in the first half of 2025. The central government, through issuing national bonds and increasing central budget investment, continuously promoted social and livelihood construction, especially in the areas of transportation, agriculture, water conservancy, and energy. This provided a stable demand foundation for the infrastructure and piping industries. In the first half of 2025, overall infrastructure investment increased by 4.6% year-on-year, higher than the 2.8% year-on-year growth of national fixed asset investment, driving the continuous and stable development of the infrastructure and piping sectors.

The property market continues to undergo deep adjustment. While policies like "ensuring timely deliveries of pre-sold homes" and a series of housing support measures are gradually being implemented, property developers still face liquidity pressures, and it will take time for homebuyers' confidence to recover. As a result, the building materials and home improvement and piping sectors are facing challenges including slow demand growth, overcapacity and price competition, which put a certain degree of pressure on the overall industry.

In terms of green development, the Chinese government continues to intensify its implementation of the Action Plan for Energy Saving and Carbon Reduction in 2024 to 2025, driving green transformation of industries. This brings new development opportunities for companies like China Lesso that actively practice green manufacturing concepts, while also placing higher demands on enterprises' technological innovation and sustainable development capabilities.

BUSINESS OVERVIEW

In the first half of 2025, China Lesso continued to adhere to its development strategy of "further developing the piping business and capitalising on the emergence of green energy for mutual benefit", while operating under its principle of "striving for customer satisfaction by prioritising quality and driving its development with industry-leading technology". Facing a complex and ever-changing market environment, the Group firmly executed its steady development strategy, achieving parallel growth in both its piping system business and diversified businesses. It also actively expanded its overall revenue base by focusing on overseas market expansion through a light-asset model, continuously unleashing the Company's long-term value and sustainable development.

The Group continued to deepen its core brand strategy of "quality, platform development, and global expansion", upholding technological innovation, professionalism, and high-quality development. The Group consistently invested in research and development to enhance product performance and production efficiency, thereby solidifying its market position with high-quality products. Meanwhile, the Group actively responded to the national "dual-carbon" strategy, promoting green manufacturing, improving resource utilisation efficiency, reducing energy consumption and emissions, and striving to build green factories, thereby contributing to sustainable development.

Revenue by Region#

	Revenue			% of total revenue	
Six months ended 30 June	**2025**	2024		**2025**	2024
	RMB million	*RMB million*	***Change***		
Southern China	**5,777**	6,068	*(4.8%)*	**46.3%**	44.7%
Other than Southern China	**5,643**	6,173	*(8.6%)*	**45.2%**	45.5%
Outside China	**1,055**	1,323	*(20.2%)*	**8.5%**	9.8%
	12,475	13,564	*(8.0%)*	**100.0%**	100.0%

Details of the scope of coverage of each region are set out in note 2 to this announcement.

For the reporting period of six months ended 30 June 2025, the number of the Group's independent and exclusive first-tier distributors across the country increased to 3,061 (1H 2024: 2,891). Southern China remained the Group's major revenue-contributing market, accounting for 46.3% of the Group's total revenue (1H 2024: 44.7%), while revenue from other regions accounted for 53.7% (1H 2024: 55.3%).

Revenue by Business Unit

Six months ended 30 June	Revenue			% of total revenue	
	2025	2024		**2025**	2024
	RMB million	*RMB million*	***Change***		
Plastic piping systems	**10,856**	11,219	*(3.2%)*	**87.0%**	82.7%
Building materials and home improvement	**858**	1,080	*(20.6%)*	**6.9%**	8.0%
Others	**761**	1,265	*(39.8%)*	**6.1%**	9.3%
	12,475	13,564	*(8.0%)*	**100.0%**	100.0%

In the first half of 2025, China Lesso, leveraged on its strong resilience and flexible strategic adjustments, maintained stable business operations, fully demonstrating the Group's operational resilience, corporate flexibility and core competitiveness. The Group invested resources in its core piping industry, focused on market penetration, strengthened product quality, and actively expanded market presence, further consolidating its business foundation and maintaining reasonable profitability and sustainable development.

During the reporting period, the Group recorded revenue of RMB12,475 million (1H 2024: RMB13,564 million). Gross profit was RMB3,514 million (1H 2024: RMB3,728 million) and gross profit margin slightly increased to 28.2% (1H 2024: 27.5%) mainly due to the Group's production facilities implemented automation, proactively and strictly controlled costs, and improved production efficiency, leading to the effective implementation of the overall cost control strategy.

The Group's EBITDA amounted to RMB2,467 million (1H 2024: RMB2,644 million), and the EBITDA margin was 19.8% (1H 2024: 19.5%). Net profit margin remained at 7.5% (1H 2024: 7.5%). Amidst the current industry consolidation and market challenges, the management adhered to its original mission, focusing on the core piping business, consolidating its business foundation and competitiveness, and bravely overcoming difficulties to maintain reasonable profitability and its leading position in the industry. Profit attributable to owners of the Company was RMB1,046 million (1H 2024: RMB1,043 million). Basic earnings per share were RMB0.34 (1H 2024: RMB0.34). The decline in profit was primarily due to the industry being in an adjustment cycle and the Group's adoption of cost plus pricing method, leading to a decrease in overall revenue and gross profit, increase in an initial operating and development expenses related to overseas markets, and set-off with reduced financing costs resulting from optimized debt structure and partial debt repayment, during the period.

However, sales and operations in the second quarter of 2025 showed significant improvement, particularly in May and June. This reflected the Group's flexible strategic optimisation and response, and benefits from the implementation of policies and signs of industry recovery, which boosted overall demand for piping products. The Group is confident in the industry's recovery in the second half of 2025.

BUSINESS REVIEW AND OUTLOOK

Plastic Piping Systems

In the first half of 2025, the plastic piping system industry in China maintained a relatively stable development trend, driven by the government's continuous investment in infrastructure. The Group oriented the national policy guidance, flexibly adjusted resource allocation, focused on developing its main plastic piping systems business, and continuously strengthened its core competitiveness. The Group actively expanded domestic and overseas markets and promoted a diversified product strategy.

In the domestic market, the Group continued to optimise its customer base structure, explored new customers with stronger capital strength, and continually researched, developed and launched more high-quality products and services in line with national policies and market development trends. Through technological innovation, the Group improved production efficiency and quality, proactively and prudently managed finances and cash flow, and controlled production and operating costs. These measures enabled the Group to maintain stable product prices and sales volumes, and reasonable gross profit margins and profit levels even in a challenging market environment, fully demonstrating the Company's risks resistance capabilities and operational resilience, and further consolidating its leading position in the piping systems market. In overseas markets, the Group continued to adopt a light-asset operating model and explore localised production and sales strategies to quickly meet local market demand and open up new markets and create growth drivers.

Revenue by Region

Six months ended 30 June	Revenue			% of revenue	
	2025	2024		**2025**	2024
	RMB million	*RMB million*	***Change***		
Southern China	**5,040**	5,191	*(2.9%)*	**46.4%**	46.3%
Other than Southern China	**5,141**	5,506	*(6.6%)*	**47.4%**	49.1%
Outside China	**675**	522	*29.5%*	**6.2%**	4.6%
	10,856	11,219	*(3.2%)*	**100.0%**	100.0%

Revenue by Product Application

Six months ended 30 June	Revenue			% of revenue	
	2025	2024		**2025**	2024
	RMB million	*RMB million*	***Change***		
Water supply	**4,592**	4,411	*4.1%*	**42.3%**	39.3%
Drainage	**3,787**	4,131	*(8.3%)*	**34.9%**	36.8%
Power supply and telecommunications	**1,464**	1,641	*(10.8%)*	**13.5%**	14.6%
Gas transmission	**209**	207	*1.1%*	**1.9%**	1.9%
Others	**804**	829	*(3.1%)*	**7.4%**	7.4%
	10,856	11,219	*(3.2%)*	**100.0%**	100.0%

Average Selling Price, Sales Volume, and Revenue by Product Material

Six months ended 30 June	Average selling price			Sales volume			Revenue		
	2025	2024		**2025**	2024		**2025**	2024	
	RMB	*RMB*	***Change***	***Tonne***	*Tonne*	***Change***	***RMB million***	*RMB million*	***Change***
PVC products	**6,756**	7,299	*(7.4%)*	**891,430**	887,769	*0.4%*	**6,023**	6,480	*(7.1%)*
Non-PVC products	**13,501**	15,058	*(10.3%)*	**357,963**	314,700	*13.7%*	**4,833**	4,739	*2.0%*
	8,689	9,330	*(6.9%)*	**1,249,393**	1,202,469	*3.9%*	**10,856**	11,219	*(3.2%)*

In the first half of 2025, the plastic piping systems business recorded revenue of RMB10,856 million (1H 2024: RMB11,219 million), representing a slight decrease of 3.2%, and accounting for 87% of the total revenue of the Group. During the period, sales volume of products increased slightly by 3.9% year-on-year. Sales volume and revenue of PVC products were 891,430 tonnes (1H 2024: 887,769 tonnes) and RMB6,023 million (1H 2024: RMB6,480 million), respectively; for non-PVC products, they were 357,963 tonnes (1H 2024: 314,700 tonnes) and RMB4,833 million (1H 2024: RMB4,739 million), respectively. The average selling price of plastic piping systems decreased year-on-year to RMB8,689 per tonne (1H 2024: RMB9,330 per tonne). This business maintained at a healthy gross profit margin of 29.4% (1H 2024: 29.5%).

The Group actively practiced the concept of green manufacturing in production, enhancing "traditional manufacturing" with "smart intelligent manufacturing". By utilising new-generation information technologies such as AI, 5G, Internet and the IoT, the Group was upgrading and building smart factories that integrate IoT, smart manufacturing, and automated production. In the first half of 2025, the Group's annual designed production capacity for plastic piping systems was 3.37 million tonnes, with an average capacity utilisation rate of approximately 73.2%.

The Group continued to deeply cultivate its core plastic piping system business, grasping the main engine of innovative development, has been and continuously enhancing its technological research and development capabilities to diversify its piping products to meet market demand and lead industry innovation. Particularly in the agricultural application market, the Group continued to promote the application of green agricultural production models. It has refined its product strategies to drive product transformation while launching a series of high-quality agricultural piping products, so as to facilitate the green transformation of agriculture.

The Group has proactively adjusted its customer structure and strengthened its relationships with strategic partners, including government departments and strong leading central government-owned and state-owned enterprises in the infrastructure sector. By actively participating in national projects and municipal reconstruction projects, the Group fully leveraged synergies, focusing on developing and cultivating new customers with growth potential and financial strength, further reinforcing its dominant position in the piping systems market.

In terms of international strategy, the Group continued to accelerate the promotion of brand internationalisation and localisation, proactively exploring overseas markets. In additional to prioritising Southeast Asia and North America as key development regions, deeply participating in domestic markets and infrastructure construction, the Group is also committed to entering the African market. Following the commencement of operations at the production base in Tanzania, China Lesso's production base in Ethiopia successfully held its opening ceremony in May 2025, adding new momentum to the development of the East African market. Currently, the Group has established production bases and sales centers in multiple countries and regions, developing a green building materials supply chain system covering overseas markets and further consolidating its global supply chain system. Overall, the progress of overseas market expansion is in line with expectations, and the overall business performance is good.

Looking ahead, the management is confident in the future development of the plastic piping systems business and believes it will continue to bring stable business performance and profit contribution to the Group. With strong comprehensive strength and robust corporate resilience, the Group aims to overcome market challenges and industry cycles to consolidate its leading position in the piping market. In the second half of 2025, the Group will continue to drive product innovation and upgrades, actively leverage the core strength of its smart manufacturing, and seize opportunities arising from national policies and industry consolidation to enhance overall core competitiveness. Simultaneously, the Group will further advance automation and intelligentisation, introducing technologies such as AI, big data and IoT to improve production technology and operational management. This will enable comprehensive and precise management of strategies related to sales, inventory and procurement, effectively controlling production costs and enhancing economies of scale. Domestically, the Group will continue to strengthen its strategic partnerships with government departments, leading central government-owned and state-owned enterprises to maximise synergies. In terms of overseas markets, the Group will further expand global footprint and promote localisation. Leveraging strong production technology and comprehensive support systems, and adopting light-asset and trade-driven models, the Group aims to strengthen brand presence and enable global connectivity.

Building Materials and Home Improvement Business

For the building materials and home improvement business, the property market remains in a phase of deep adjustment, continuously impacting the building materials and home improvement industry. During the reporting period, revenue from the building materials and home improvement business was RMB858 million (1H 2024: RMB1,080 million), accounting for 6.9% of the Group's total revenue. Amid the current severe situation in the real estate industry, the Group proactively adjusted its strategies, optimised its customer base, and shifted more resources towards collaborative projects with government departments, central government-owned and state-owned enterprises, to foster long-term stable partnerships and simultaneously reduce exposure to risks from private real estate enterprises. In the second half of 2025, the Group will continue to optimise its customer structure, focusing on developing new clients with strong capital strength, and fully leverage the synergies between its plastic piping system and building materials and home improvement businesses to expand sales channels and meet evolving market needs.

Other Businesses

The Group's other businesses include environmental protection, supply chain service platform and new energy

The environmental protection business recorded revenue of RMB159 million (1H 2024: RMB131 million) during the reporting period. Facing challenges such as the slow recovery of domestic economy and tight funding for local governments, the Group is actively refining its customer portfolio and continuously deepening its engagement in government projects to lay a more solid foundation for future development.

For the supply chain service platform business, the Group kept developing the business with a prudent approach and was actively evaluating overseas assets, gradually selling or converting them to rental use based on actual market conditions, in order to optimise its financial position, improve cash flow, and maximise shareholder value. Revenue for the first half of 2025 was RMB140 million (1H 2024: RMB769 million). The decline in performance was primarily due to the completion of spin-off of EDA Group Holdings Limited (stock code: 2505) last year, with its related performance no longer reflected within the Group. Looking ahead, the Group will agilely recalibrate its development strategy and prudently address market challenges.

In the new energy business, the photovoltaic industry was still beset with overcapacity and supply-demand imbalance. In the first half of 2025, the Group's new energy business recorded revenue of RMB166 million (IH 2024: RMB157 million). The Group will continue to maintain a cautious attitude, closely monitor market dynamics and the supply and demand, streamline its new energy business, and adjust its development direction and operating strategies in a timely manner according to market changes.

SUMMARY

Looking ahead to the second half of 2025, despite continued uncertainties in the global business environment, China's economy remains resilient and potential remains vast. Favorable factors such as fixed-asset investments, urban and rural infrastructure construction, and the release of domestic demand will dominate and support overall economic operations. China Lesso will assess the situation with a disciplined approach, continue to implement a steady growth strategy to mitigate the impact of operation environment and industry cycles on its business development, leverage its core strength of smart manufacturing to drive product innovation and upgrades, enhance brand influence and market penetration, further expand its revenue base and improve profitability, and continuously create long-term value for shareholders.

CAPITAL EXPENDITURE

During the reporting period, the Group's capital expenditure was approximately RMB972 million, which was primarily used for construction of overseas production bases, procurement of equipment, and development of certain investment properties.

FINANCIAL POSITION

The Group continued to adopt prudent financial policies. Finance, fund utilisation and fund raising activities of the Group are subject to effective centralised management and supervision. The Group keeps reasonable gearing level and adequate liquidity.

At the end of the reporting period, the Group had total debts (i.e. borrowings and lease liabilities) of RMB19,048 million, of which 12.1% was denominated in US dollar, 13.0% was denominated in HK dollar, 72.3% was denominated in RMB, 1.9% was denominated in Australian dollar and 0.8% was denominated in other currencies. The Group's borrowings are subject to effective interest rates ranging from 1.70% to 6.16% per annum with maturity periods ranging from within one year to more than five years. The Group's Gearing Ratio fell to 43.4% on lower debt.

At the end of the reporting period, the Group's total equity increased to RMB24,793 million. The Group's current assets and current liabilities were RMB18,625 million and RMB18,260 million, respectively. The Group's Current Ratio increased to 1.02 from 0.91 as at 31 December 2024, while Quick Ratio increased to 0.68 from 0.62 as at 31 December 2024.

The Board believes the Group will be able to generate positive cash flows from its operations. With cash and bank deposits, including restricted cash, of RMB4,936 million as well as unutilised banking facilities, the Board considers that the Group has sufficient working capital for its operation and future development.

The Group had no material exposure to foreign exchange fluctuation and no hedging had been arranged during the period.

CHARGE ON ASSETS

At the end of the reporting period, the secured bank loans are secured by land and its concession rights of a subsidiary, leasehold lands and buildings of a subsidiary, investment property of a subsidiary and personal guarantee provided by shareholders of subsidiaries.

CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

HUMAN RESOURCES

At the end of the reporting period, the Group employed a total of approximately 20,800 employees including directors. Total staff costs were RMB1,277 million during the reporting period. The Group ensures that the remuneration packages for employees are determined based on their work performance, professional experience and the prevailing industry practice. Discretionary year-end bonus and shares award may be distributed to employees based on individual performance. Other benefits to employees include medical insurance, retirement scheme and training programmes.

SIGNIFICANT INVESTMENT

The Group did not have any significant investment with a value of 5% or more of its total assets at the end of the reporting period.

INVESTMENT IN ASSOCIATES

	30 June 2025 *RMB million*	31 December 2024 *RMB million*
Keda	**2,088**	2,038
Xingfa Aluminium	**1,869**	1,872
Others	**1,287**	1,399
	5,244	5,309

At the end of the reporting period, the Group held 26.11% and 8.01% equity interests in Xingfa Aluminium Holdings Limited ("**Xingfa Aluminium**") (Stock Code: 98) and Keda Industrial Group Co., Ltd. ("**Keda**") (listed on the Shanghai Stock Exchange, stock code: 600499), respectively.

Xingfa Aluminium is one of the leading aluminium profile manufacturers in China, the core businesses of which include the manufacture and sale of construction aluminium profiles and industrial aluminium profiles. The Group considers that Xingfa Aluminium not only serves as a valuable investment with sustainable returns, but also as a good strategic investment. With extensive experience in the business of construction materials and industrial materials, Xingfa Aluminium has established various kinds of sales channels and a diverse customer base. During the reporting period, Xingfa Aluminium recorded a revenue of RMB9,323 million, and profit attributable to the shareholders of Xingfa Aluminium was RMB271 million.

Keda's businesses cover, among others, ceramic machinery, brick machinery, stone machinery and other building materials machinery manufacturing and sale, clean energy environmental protection equipment, lithium battery materials and smart energy. Keda's enterprise mission of "green solution, greener life" is consistent with the Group's strategy to promote green development. The Group will strengthen its connection with Keda by actively seeking business cooperation in overseas markets such as Africa and exploring new business development. During the reporting period, Keda recorded a revenue of RMB8,188 million, and profit attributable to the shareholders of Keda was RMB745 million.

These investments may create long-term commercial synergies with the Group's businesses to broaden its sales channels and expand its customer base, and enrich the Group's comprehensive portfolio of products and services. These investments can facilitate the Group's business diversification and reinforce its market leadership.

INVESTMENT PROPERTIES

At the end of the reporting period, the Group's investment properties were RMB9,384 million. Increase of investment properties was mainly attributable to the construction on certain investment properties under development of RMB46 million, exchange gain on translation of RMB29 million and reduction of RMB27 million of an investment property resulted from disposal of a subsidiary, during the reporting period.

Among these investment properties, the properties in Toronto, Canada, Long Island, US, Auburn district of Sydney and China are existing properties; the construction of first-phase projects in Thailand, Myanmar, Cambodia and Indonesia have been completed; and other properties are under rezoning or at the planning stage of development.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025. Such condensed consolidated financial statements have not been audited but have been reviewed by the independent auditor of the Company, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE PRACTICES

China Lesso is always committed to maintaining high standards of corporate governance practices and business ethics of the Group. The Board believes that good corporate governance practices and business ethics are essential for achieving sustainable development, establishing investors' confidence in the Company and safeguarding and enhancing the interests of the Shareholders.

In pursuit of good and high standards of corporate governance practices, the Board reviews the corporate governance practices of the Company from time to time so as to meet the expectations of the Shareholders for continual improvement, and fulfill its commitment of pursuing excellent corporate governance. In the opinion of the directors, the Company complied with all the applicable code provisions of the Code during the reporting period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code governing securities transactions by directors of the Company. Having made specific enquiry to the directors, all of them confirmed that they have complied with the required standards as set out in the Model Code throughout the reporting period. The Model Code is also applicable to other specific senior management of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CHANGE IN COMPOSITION OF BOARD

Dr. Lin Shaoquan retired from his office as an executive director of the Company with effect from 20 May 2025. Mr. Huang Zhanxiong has been serving as an executive director of the Company with effect from 20 May 2025.

Save for those disclosed above, there is no other information in respect of the directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. For details, please refer to the Company's announcement dated 20 May 2025 in respect of the changes.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025 (1H2024: Nil). A final dividend of HK20 cents per Share was paid on Wednesday, 9 July 2025 in respect of the year ended 31 December 2024 to Shareholders.

EVENT AFTER THE REPORTING PERIOD

Subsequent to 30 June 2025, the Board has resolved to terminate the share award scheme of the Company which was adopted on 28 August 2018 with effect from 31 August 2025.

Save for those disclosed above, no significant event took place subsequent to 30 June 2025.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company (www.lesso.com). The 2025 interim report will be despatched to the Shareholders and available on the above websites in due course.

By Order of the Board
China Lesso Group Holdings Limited
Wong Luen Hei
Chairman

Hong Kong, 29 August 2025

As at the date of this announcement, the executive directors of the Company are Mr. Wong Luen Hei, Mr. Zuo Manlun, Ms. Zuo Xiaoping, Mr. Lai Zhiqiang, Mr. Kong Zhaocong, Mr. Chen Guonan, Mr. Luo Jianfeng, Dr. Song Keming and Mr. Huang Zhanxiong; and the independent non-executive directors of the Company are Dr. Tao Zhigang, Mr. Cheng Dickson, Ms. Lu Jiandong, Dr. Hong Ruijiang and Ms. Lee Vanessa.

GLOSSARY

"Board"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
"Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Company" or "China Lesso"	China Lesso Group Holdings Limited
"Current Ratio"	the ratio of current assets to current liabilities
"EBITDA"	earnings before interest, taxes, depreciation and amortisation
"FVTOCI"	fair value through other comprehensive income
"FVTPL"	fair value through profit or loss
"Gearing Ratio"	the total debts divided by the sum of total debts and total equity
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong" or "HK"	Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"PVC"	polyvinyl chloride
"Quick Ratio"	the ratio of current assets less inventories to current liabilities
"RMB"	Renminbi, the lawful currency of the PRC

"Share(s)"	share(s) of a nominal value of HK$0.05 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"tonne(s)"	a unit measuring weight, equal to 1,000 kilograms
"US"	the United States of America
"US$"	US dollar, the lawful currency of US
"%"	per cent

* The English or Chinese translations in this announcement, where indicated, denote for identification purposes only.

FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements. These forward-looking statements include, without limitation, statements related to revenue and earnings. The words "believe", "intend", "expect", "anticipate", "forecast", "estimate", "predict", "is confident", "has confidence" and similar expressions are also intended to represent forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of China Lesso about the businesses, industries and markets in which China Lesso operates.