



SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00058

*INTERIM
REPORT*

2025

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CORPORATE INFORMATION

DIRECTORS

Executive Director:

Law Chun Choi

Non-executive Director:

Yu Shui Sang Bernard
(redesignated on 15 January
2025)
Lum Pak Sum
(resigned on 15 January 2025)

Independent Non-executive Directors:

Choi Pun Lap
Wong Yue Kwan Alan
Tsang Ngo Yin
Yu Shui Sang Bernard
(redesignated to Non-executive
Director on 15 January 2025)

COMPANY SECRETARY

Law Chun Choi

LEGAL ADVISERS

As to Bermuda law:
Conyers Dill & Pearman
2901, One Exchange Square
8 Connaught Place
Central
Hong Kong

As to Hong Kong law:

Lam & Co.
19/F, Harbour Commercial Building
Nos. 122–124 Connaught Road
Central
Hong Kong

AUDITOR

Jon Gepsom CPA Limited
Room 1003–05, 10/F, Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Law Chun Choi
Yu Shui Sang Bernard
(appointed on 15 January 2025)
Lum Pak Sum
(resigned on 15 January 2025)

AUDIT COMMITTEE

Choi Pun Lap (*Chairman*)
Wong Yue Kwan Alan
Tsang Ngo Yin
Yu Shui Sang Bernard
(ceased on 15 January 2025)

REMUNERATION COMMITTEE

Tsang Ngo Yin (*Chairman*)
(redesignated on 15 January
2025)
Choi Pun Lap
Law Chun Choi
Wong Yue Kwan Alan
(redesignated on 15 January
2025)
Yu Shui Sang Bernard

NOMINATION COMMITTEE

Wong Yue Kwan Alan (*Chairman*)
(redesignated on 15 January
2025)
Choi Pun Lap
Tsang Ngo Yin
Yu Shui Sang Bernard
(redesignated on 15 January
2025)
Lum Pak Sum
(resigned on 15 January 2025)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

3/F, Mandarin Commercial House
38 Morrison Hill Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services
(Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
(appointed on 20 February 2025)
Tricor Tengis Limited
(terminated on 20 February 2025)
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
Dah Sing Bank Limited

In the People's Republic of China:
Guangdong Yangdong Rural

Commercial Bank
China Construction Bank
Corporation
Industrial and Commercial Bank of
China Limited

WEBSITE

<http://www.hk0058.com>

STOCK CODE

The Stock Exchange of Hong Kong Limited: 58

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “**Board**”) of Sunway International Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 together with comparative figures as follows:

	Notes	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	4	98,234	100,511
Cost of sales		(83,262)	(83,700)
 Gross profit		 14,972	 16,811
Other income		68	118
Other losses, net	5	(839)	(9,263)
Selling and distribution expenses		(17,654)	(20,927)
Administrative expenses		(10,000)	(9,861)
Other expenses		(408)	(745)
Finance costs	6	(1,261)	(592)
 LOSS BEFORE TAX	7	 (15,122)	 (24,459)
Income tax credit	8	—	5,360
 LOSS FOR THE PERIOD		 <u>(15,122)</u>	 <u>(19,099)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

Notes	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
LOSS FOR THE PERIOD		
ATTRIBUTABLE TO:		
Owners of the Company	(11,043)	(13,926)
Non-controlling interests	(4,079)	(5,173)
	<u>(15,122)</u>	<u>(19,099)</u>
LOSS PER SHARE	9	
Basic and diluted (HK cents)	<u>(5.12)</u>	<u>(7.75)</u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
LOSS FOR THE PERIOD	(15,122)	(19,099)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Item that may be subsequently reclassified to the profit or loss:		
Exchange differences on translation of foreign operations	1,209	(2,260)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	1,209	(2,260)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(13,913)	(21,359)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(9,974)	(15,643)
Non-controlling interests	(3,939)	(5,716)
	(13,913)	(21,359)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Notes	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	77,174	79,991
Right-of-use assets	11	41,193	43,347
Deposits paid for non-current assets		52	51
		118,419	123,389
CURRENT ASSETS			
Inventories	12	11,292	11,823
Trade and bill receivables		96,090	114,453
Amount due from a related company		3,611	3,509
Prepayment, deposits and other receivables		4,158	17,350
Cash and cash equivalents		8,384	10,593
		123,535	157,728
CURRENT LIABILITIES			
Trade payables	13	67,625	91,836
Accruals and other payables		85,107	76,514
Contract liabilities		4,296	6,127
Lease liabilities		4,702	5,081
Amounts due to non-controlling interests		584	568
Interest-bearing borrowings		8,294	11,465
		170,608	191,591
Net current liabilities		(47,073)	(33,863)
Total assets less current liabilities		71,346	89,526

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Notes	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		2,709	4,912
Interest-bearing borrowings		3,808	5,872
		<hr/>	<hr/>
		6,517	10,784
NET ASSETS		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	14	21,552	21,552
Convertible notes		35,736	35,736
Reserves		(5,255)	4,719
		<hr/>	<hr/>
Equity attributable to owners of the Company			
Non-controlling interests		52,033	62,007
		12,796	16,735
		<hr/>	<hr/>
TOTAL EQUITY		64,829	78,742
		<hr/>	<hr/>

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

Attributable to owners of the Company													
	Share capital HK\$'000	Share premium HK\$'000	Convertible notes HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2024 (Audited)	17,980	602,284	6,300	228,958	509	21,534	1,489	11,044	(798,117)	9,186.1	43,713	135,674	
Loss for the period	-	-	-	-	-	-	-	-	(13,826)	(13,826)	(5,173)	(19,999)	
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(1,777)	-	-	(1,777)	(543)	(226)	
Total comprehensive loss for the period	-	-	-	-	-	-	(1,777)	-	(13,826)	(15,603)	(5,716)	(21,359)	
As at 30 June 2024 (Unaudited)	17,980	602,284	6,300	228,958	509	21,534	(228)	11,044	(812,043)	76,318	37,997	114,316	
As at 1 January 2025 (Audited)	21,552	602,217	35,736	228,958	509	16,714	(5,975)	11,044	(848,748)	62,007	16,735	78,742	
Loss for the period	-	-	-	-	-	-	-	-	(11,043)	(11,043)	(4,079)	(15,122)	
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	1,069	-	-	1,069	140	1,209	
Total comprehensive income/ (loss) for the period	-	-	-	-	-	-	1,069	-	(11,043)	(9,974)	(3,939)	(13,913)	
As at 30 June 2025 (Unaudited)	21,552	602,217	35,736	228,958	509	16,714	(4,906)	11,044	(859,791)	52,033	12,796	64,829	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash generated from/(used in) operating activities	<u>9,105</u>	<u>(29,658)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(66)	(3)
Proceeds from disposal of property, plant and equipment	—	844
Net cash (used in)/generated from investing activities	<u>(66)</u>	<u>841</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of interest-bearing borrowings	(3,496)	(867)
Proceed from interest-bearing borrowings	—	9,237
Advance from a shareholder	—	2,000
Net cash outflow arising on other financing activities	<u>(4,012)</u>	<u>(644)</u>
Net cash (used in)/generated from financing activities	<u>(7,508)</u>	<u>9,726</u>
Net increase/(decrease) in cash and cash equivalents	1,531	(19,091)
Cash and cash equivalents at the beginning of the reporting period	10,593	27,749
Effect of foreign exchange rate changes	(3,740)	(1,314)
Cash and cash equivalents at the end of the reporting period	<u>8,384</u>	<u>7,344</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Sunway International Holdings Limited (the “**Company**”, together with its subsidiaries collectively as the “**Group**”) is a limited liability company incorporated in Bermuda and the issued shares of which are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is situated at 3/F, Mandarin Commercial House, 38 Morrison Hill Road, Wanchai, Hong Kong. Its controlling shareholder is Wealthy Port Holdings Limited, a company incorporated in Hong Kong and ultimately controlled by Mr. Chim Pui Chung.

The unaudited condensed consolidated financial statements of the Group (the “**Interim Financial Information**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Information has been prepared in accordance with the same accounting policies applied in the 2024 annual financial statements, except for additional accounting policies resulting from application of amendments to HKFRS Accounting Standards and application of certain accounting policies which became relevant to the Group for the six months ended 30 June 2025 as set out in note 2 to the Interim Financial Information.

The preparation of the Interim Financial Information in conformity with HKAS 34 requires management to make judgments, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

(Continued)

The Interim Financial Information 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 financial performance of the Group since the 2024 annual financial statements. The Interim Financial Information 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 Interim Financial Information has been prepared on the historical cost basis except for certain property, plant and equipment that are measured at revalued amounts as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Interim Financial Information is presented in Hong Kong dollar and all values are rounded to the nearest thousand (“**HK\$'000**”) except when otherwise indicated.

The Group is principally engaged in manufacturing and trading of pre-stressed high-strength concrete piles, ready-mixed concrete, autoclaved sand-lime bricks, aerated concrete products and eco-concrete products and related processing income (the “**PHC piles and others**”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

(Continued)

Going concern basis

During the six months ended 30 June 2025, the Group incurred a net loss of approximately HK\$15,122,000 (30 June 2024: HK\$19,099,000). As at 30 June 2025, the Group's current liabilities exceeds its current assets by approximately HK\$47,073,000 (31 December 2024: HK\$33,863,000).

These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- taking active measures to collect trade, bill and other receivables to improve operating cash flows and its financial position;
- the management closely monitors the Group's customers base and it will be more selective to do business with those customers with better creditability so as to minimise the percentage of doubtful debts;
- the Group will continue to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flows from its operation in the future; and

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

(Continued)

Going concern basis (Continued)

- the Group will consider other financing arrangements and fund-raising alternatives with a view to increase the Group's capitalisation/equity and to support the daily operations of the Group.

The Directors have reviewed the Group's cash flow projection covering a period of not less than twelve months from 30 June 2025 prepared by the management and have considered the possible downward changes in its operating performance. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations when they fall due within twelve months from 30 June 2025. Accordingly, the directors are satisfied that it is appropriate to prepare the Interim Financial Information on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Interim Financial Information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the Group's Interim Financial Information:

Amendments to HKAS 21 Lack of Exchangeability
and HKFRS 1

The application of the amendments to HKFRS Accounting Standards has had no material impact on the Group's financial position and financial performance for the current and/or prior periods and/or on the disclosure set out in the Interim Financial Information.

The Group has not applied any new and amendments to HKFRS Accounting Standards that have been issued but not yet effective for the current accounting period.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors, being the chief operating decision maker (the "**CODM**"), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. SEGMENT INFORMATION (Continued)

The Group has one reportable segment for both periods. The reportable segment is based on the information about the operations of the Group that management uses to make decisions.

Particulars of the Group's reportable segment is summarised as follows:

Sales and manufacturing of the PHC piles and others.

The CODM considered the Group has only one single reporting and operating segment under HKFRS 8 *Operating Segments*, thus no segment information is presented.

Since all of the Group's revenue were generated in the People's Republic of China (the "PRC") for both periods and all of the Group's non-current assets (excluded financial instruments) were located in the PRC, no geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. SEGMENT INFORMATION (Continued)

Information about major customer

Revenue from customers of the corresponding period contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Customer A	22,029	—
Customer B <i>(Note)</i>	10,455	N/A
Customer C	—	11,951
Customer D	—	11,421
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

Except for the above disclosures, no other customers contributed 10% or more to the Group's revenue for both periods.

Note:

The corresponding revenue did not contribute 10% of the total revenue of the Group.

4. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue from contracts with customers recognised at a point in time:		
Sales of PHC piles and others	98,234	100,511

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

5. OTHER LOSSES, NET

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Provision for compensation and cost for legal cases	(839)	(821)
Exchange gain, net	—	141
Loss on disposal of property, plant and equipment	—	(8,583)
	(839)	(9,263)

6. FINANCE COSTS

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Interest on interest-bearing borrowings (other than unsecured bond)	720	406
Interest on unsecured bond	112	112
Interest on lease liabilities	429	74
	1,261	592

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	3,849	5,197
Depreciation of right-of-use assets	3,406	836
Cost of inventories sold	55,070	54,011
Staff costs (including directors' remuneration):		
– Salaries, bonuses and allowances	11,532	11,179
– Retirement benefits schemes contributions	1,529	1,287
	<u>13,061</u>	<u>12,466</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

7. LOSS BEFORE TAX (Continued)

There was no forfeiture of retirement benefits scheme contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group for both reporting periods. As at the end of each reporting period, no forfeited contribution under the retirement benefits scheme of the Group is available to reduce the contribution payable in future years.

8. INCOME TAX CREDIT

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Current tax — PRC Enterprise		
Income Tax		
– Over-provision in prior years	—	(5,360)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

No provision for Hong Kong Profits Tax has been made for both periods as the Group has no assessable profits arising in Hong Kong.

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% of the estimated profit for both periods.

No provision for PRC Enterprise Income Tax has been made for both periods as the Group has no assessable profits arising in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to owners of the Company)	<u><u>(11,043)</u></u>	<u><u>(13,926)</u></u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>215,520</u></u>	<u><u>179,600</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

9. LOSS PER SHARE (Continued)

As the Company's outstanding convertible notes had an anti-dilutive effect to the basic loss per share calculation for both periods, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

10. DIVIDEND

No interim dividend was paid or proposed during the six months ended 30 June 2025 and 30 June 2024, nor any dividend been proposed by the Board subsequent to the end of the reporting period.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the period under review, the Group acquired property, plant and equipment with a cost of approximately HK\$66,000 (six months ended 30 June 2024: HK\$3,000).

In the opinion of the Board, the carrying amounts of property, plant and equipment as at 30 June 2025 and 30 June 2024 that are carried at revalued amounts do not differ significantly from their respective estimated fair values. Consequently, no revaluation surplus or deficit has been recognised during the six months ended 30 June 2025 and 30 June 2024.

The Group did not have any new lease agreements entered into during the six months ended 30 June 2025 and 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

12. TRADE AND BILL RECEIVABLES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Trade receivables from contracts with customers	182,658	196,484
Less: allowance for credit losses	(86,568)	(84,111)
Trade receivables (net of allowance for credit losses)	96,090	112,373
Bill receivables	837	2,898
Less: allowance for credit losses	(837)	(818)
Trade and bill receivables (net of allowance for credit losses)	96,090	114,453

All trade and bill receivables (net of allowance for credit losses) are denominated in Renminbi (“**RMB**”) at the end of each reporting period.

The Group’s trading terms with its customers are mainly on credit except for new customers, where payment in advance is normally required. For trade receivables resulted from sales of PHC piles and others, the credit period is generally one to three months from the date of billing, except for certain well-established customers, where the term is extended to six months.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

12. TRADE AND BILL RECEIVABLES (Continued)

The aging analysis of trade and bill receivables (net of allowance for credit losses), based on the earlier of invoice date or revenue recognition date, is as follow:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within 3 months	29,257	57,028
4 to 6 months	18,689	32,259
7 to 12 months	34,861	25,166
Over 12 months	13,283	—
	<hr/> 96,090 <hr/>	<hr/> 114,453 <hr/>

13. TRADE PAYABLES

The aging analysis of trade payables, based on invoice date, is as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within 3 months	19,060	56,256
4 to 6 months	14,292	25,449
7 to 12 months	29,345	7,565
Over 12 months	4,928	2,566
	<hr/> 67,625 <hr/>	<hr/> 91,836 <hr/>

The average credit terms received from suppliers of the Group is one month. All trade payables are denominated in RMB at the end of each reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

14. SHARE CAPITAL

	Number of shares		Amount	
	As at 30 June 2025 '000 (Unaudited)	As at 31 December 2024 '000 (Audited)	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Ordinary shares of HK\$0.1 each				
Authorised: At the beginning and end of the reporting period	<u>10,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid: At the beginning of the reporting period	<u>215,520</u>	179,600	<u>21,552</u>	17,960
Issue of new shares	—	35,920	—	3,592
At the end of the reporting period	<u>215,520</u>	<u>215,520</u>	<u>21,552</u>	<u>21,552</u>

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

15. MATERIAL RELATED PARTY TRANSACTIONS

The amounts due to non-controlling interests were unsecured, interest-free and repayable on demand.

16. PLEDGED OF ASSETS

Assets with the following carrying amounts have been pledged to secure interest-bearing borrowings (excluded unsecured bond) of the Group:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Buildings	38,799	42,115
Plant and machinery	7,979	8,691
Right-of-use assets	21,005	21,157
	<hr/> 67,783 <hr/>	<hr/> 71,963 <hr/>

In addition, the interest-bearing borrowings (excluded unsecured bond) were secured by land and buildings held by a related company of a subsidiary of the Group and have a personal guarantee provided by the directors of a subsidiary and guarantee provided by non-controlling interests of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. CONTINGENT LIABILITIES

Please refer the details to Note 1 under the section of “Legal Proceedings” relating to the Plaintiffs (comprising the Company and First Billion Global Limited) and the Defendants (comprising Xiao Guang Kevin (蕭光) and Wang Zhining (王志寧)). Pleadings had recently been amended on 16 September 2022, in that the Defendants had belatedly lodged counterclaims, in the total amount of HK\$262,000,000, against the Plaintiffs.

According to the legal opinion dated 31 March 2023 which is updated on 17 March 2025, the counterclaims, which may be disallowed, be recognised as contingent liability on the following groundings:

- (a) the counterclaims belatedly raised recently so that it may be time-barred and/or is an abuse of process of the court; and
- (b) the counterclaims may be dismissed because of the breaches, which are supported by an independent professional adviser’s investigation report dated 24 July 2015, and misrepresentations made by the Defendants as stated in the Amended Statement of Claim.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS AND OPERATIONS

Construction Materials Business

Construction Materials Business consisted of the pre-stressed high-strength concrete piles and others business (the “**PHC Pile and Others Business**”).

PHC Pile and Others Business

PHC Pile and Others Business are operated by a subsidiary of the Company, 廣東恆佳建材股份有限公司 (Guangdong Hengjia Building Materials Co., Ltd*, “**Guangdong Hengjia**”) and its production factory is situated in Yangjiang City, Guangdong Province, the People’s Republic of China (the “**PRC**”). Guangdong Hengjia sells its products to customers located in Yangjiang City and its surrounding cities in Guangdong Province.

Revenue from the PHC Pile and Others Business represented sales of pre-stressed high strength concrete pile, ready-mixed concrete and bricks which contributed approximately 26%, 70% and 4% (six months ended 30 June 2024 (“**FP2024**”): approximately 16%, 75% and 9%) respectively to the revenue of PHC Pile and Others Business of the Group for the six months ended 30 June 2025 (“**FP2025**”).

Revenue from external customers for FP2025 was HK\$98,234,000 compared with HK\$100,511,000 reported in FP2024, which decreased by approximately 2% due to the weakening of property and construction market.

Other losses, net

Other losses, net for FP2025 amounted to HK\$839,000 (FP2024: HK\$9,263,000), represented a decrease of approximately 91%, which was mainly due to the compliance with the environmental requirements, part of the production facilities have to be relocated or re-arranged and this gives rise to a loss on disposal of property, plant and equipment amounting to approximately HK\$8,583,000 for FP2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Selling and distribution expenses for FP2025 amounted to HK\$17,654,000 (FP2024: HK\$20,927,000), represented a decrease of 16%. The decrease in selling and distribution expenses for FP2025 was mainly due to the decrease in transportation costs. Selling and distribution expenses for FP2025 mainly comprised transportation costs of HK\$16,201,000.

Administrative expenses

Administrative expenses for FP2025 amounted to HK\$10,000,000 (FP2024: HK\$9,861,000), representing an increase of 1%, which was mainly due to the increase in legal and professional expenses. Administrative expenses for FP2025 mainly comprised staff costs (including directors' remuneration) of HK\$5,391,000.

Finance costs

Finance cost for FP2025 amounted to HK\$1,261,000 (FP2024: HK\$592,000), representing an increase of 113%, which was due to the increase in interest on interest-bearing borrowings (other than unsecured bond) and lease liabilities during FP2025. Finance costs for FP2025 were interest on interest-bearing borrowings (other than unsecured bond) of HK\$720,000, interest expenses for unsecured bond of HK\$112,000 and interest on lease liabilities of HK\$429,000.

Loss before tax

Loss before tax was HK\$15,122,000 for FP2025 compared with loss before tax of HK\$24,459,000 reported in FP2024. It was mainly due to the decrease in other losses, net for FP2025 as compared with those reported in FP2024. The gross profit for FP2025 was HK\$14,972,000 compared with HK\$16,811,000 reported in FP2024, which decreased by 11%. The overall gross profit ratio decreased from 16.7% in FP2024 to 15.2% in FP2025 because of the decrease in profitability of the bricks.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations with equity fund raising activities, internally generated cash flow, banking facilities provided by its principal bankers in the PRC and convertible notes issued. As at 30 June 2025, equity attributable to owners of the Company was HK\$52,033,000, representing a decrease of approximately 16% as compared with that as at 31 December 2024. As at 30 June 2025, the Group's cash and cash equivalents stood at HK\$8,384,000 which were denominated in Hong Kong Dollars and Renminbi whereas total interest-bearing borrowings were HK\$12,102,000. The annual interest rates of the borrowings for FP2025 ranged from 1.91% to 7.50% per annum. Approximately 69% of the total interest-bearing borrowings were accounted for as current liabilities of the Group. The above borrowings were denominated in Hong Kong Dollars and Renminbi. During FP2025, the Group did not use any financial instruments for any hedging purposes. The gearing ratio, which was computed by dividing the current liabilities and non-current liabilities by total equity, was approximately 273% as at 30 June 2025.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

The Group has no significant investment, acquisition and disposal during FP2025.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

Convertible notes

As at 30 June 2025, the Company had outstanding 2014 convertible notes (the “**2014 CN**”) and 2024 convertible notes (the “**2024 CN**”) with principal amounts of HK\$15,000,000 and HK\$30,000,000 respectively. Based on the opinions obtained from the legal adviser of the Company, in view of the on-going legal proceedings mentioned under the paragraphs headed “Contingent Liabilities” and “Legal Proceedings” in this report, the Company maintains the position that all remaining 2014 CN of the Company are void and are not capable of converting into shares of the Company.

Share subscription and issue of convertible notes

On 6 September 2024, the Company entered into the following agreements with Wealthy Port Holdings Limited (“**Wealthy Port**”), the then controlling shareholder of the Company, which is beneficially owned by Mr. Chim Pui Chung:

- (1) share subscription agreement pursuant to which the Company has conditionally agreed to allot and issue 35,920,000 ordinary shares of HK\$0.1 each to Wealthy Port at a price of HK\$0.1 per share (“**Share Subscription**”);
- (2) the 2024 CN subscription agreement pursuant to which the Company has conditionally agreed to issue the 2024 CN in the principal amount of HK\$30,000,000 to Wealthy Port. The 2024 CN subscription price was partially set-off against the amount due by the Company to Wealthy Port as a Shareholder in the amount of HK\$22,677,000 and the balance of HK\$7,323,000 was paid by Wealthy Port in cash upon completion. Based on the initial conversion price of HK\$0.1 per conversion share, a maximum number of 300,000,000 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the 2024 CN in full; and

MANAGEMENT DISCUSSION AND ANALYSIS

- (3) based on the closing price of the Company's shares of HK\$0.051 per share on the last trading day of 5 September 2024, the shares under the Share Subscription have a market value of approximately HK\$1.8 million while the conversion shares under the 2024 CN subscription agreement have a market value of approximately HK\$15.3 million. After the deduction of relevant expenses, the net issue price per share from the Share Subscription is approximately HK\$0.07 while the net conversion price per share under the 2024 CN subscription agreement is approximately HK\$0.097.

Both of the Share Subscription and the issuance of the 2024 CN were completed on 29 November 2024 and it was expected that the net proceeds arising from Share Subscription and the issuance of the 2024 CN, in the total amount of approximately HK\$10.3 million (before general offer expenses of approximately HK\$1.4 million), would be used for general working capital purposes. During the period ended 30 June 2025, the net proceeds was utilised as follows:

Intended usage of the net proceeds	Estimated amount (HK\$ million)	Actual usage		
		Actual usage as at 1 January 2025		Actual usage during the period ended 30 June 2025
		(HK\$ million)	(HK\$ million)	(HK\$ million)
Directors' remuneration and staff costs	3.90	0.34	1.03	1.37
Audit fee and other legal and professional expenses	4.40	1.37	1.23	2.60
Rental and others	2.00	0.20	0.34	0.54
Total	10.30	1.91	2.60	4.51

The unutilised net proceeds as at 30 June 2025 is expected to be utilised in accordance with the intended usage during the year ending 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Share options

No share options were granted, exercised, cancelled or lapsed during FP2025 and FP2024.

PLEDGED OF ASSETS

Details of pledged of assets of the Group are set out in note 16 to Interim Financial Information.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had approximately 263 full-time management, administrative, technical and production staff in the PRC and Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practice. The Group's Directors and employees in Hong Kong joined the Mandatory Provident Fund Scheme.

FOREIGN EXCHANGE AND CURRENCY RISKS

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("RMB") and Hong Kong Dollars ("HKD"). The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against RMB. The Group has a net exchange exposure to RMB as the Group's assets are principally located in the PRC. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented in a timely and effective manner.

COMMITMENTS

The Group did not have material capital commitments as at 30 June 2025 (31 December 2024: Nil).

IMPORTANT EVENTS AFFECTING THE GROUP WHICH HAVE OCCURRED SINCE THE END OF THE FINANCIAL PERIOD

The Group did not have important events affecting the Group which have occurred since the end of the financial period.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group are set out in note 17 to Interim Financial Information.

PROSPECT

According to Yangjiang Daily on 6 February 2025, the deputy director of the Development and Reform Bureau of Yangjiang stated that:

1. Yangjiang municipal committee and municipal government will follow their work arrangements, striving to achieve the target of an approximately 5% growth in local GDP and further drive fixed investment amount to exceed RMB70 billion;
2. focuses will be attached to green energy, commercial aerospace, low-altitude economy, marine ranching and other aspects;
3. construction of a multi-billion-dollar energy base will be accelerated to further promote the reputation of our “International Wind Power City”;
4. construction of key provincial and municipal projects will be promoted vigorously; and
5. construction of Yangjiang Airport and Guangzhou-Zhanjiang High-speed Railway will be accelerated.

In addition, Guangdong Province's GDP reached approximately RMB14 trillion last year, ranking first nationwide for 36 consecutive years. Guangdong Province's total import and export volume exceeded RMB9 trillion last year, ranking first nationwide for 39 consecutive years.

The Directors consider that these policies and historical records will have positive effects to the construction material industry in the Guangdong Province and thus can benefit the Group. In addition, the Group has committed to expand the business scale by exploring new business, bringing new growth and momentum to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

UPDATES ON DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and based on the confirmations from the Directors, save as set out below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules for the six months ended 30 June 2025 and up to the date of this report:

Ms. Tsang Ngo Yin was appointed as an independent director of China Liberal Education Holdings Limited, a company listed on the NASDAQ Capital Market (NASDAQ: CLEU) on 8 May 2020. China Liberal Education Holdings Limited was delisted from NASDAQ on 3 June 2025, and its shares have been trading on the OTC Pink Current Market (OTC Markets) since 3 June 2025 under the symbol “CLEUF”.

LEGAL PROCEEDINGS

As at the date of this report, the Company or its subsidiaries were involved in the following material legal proceedings:

1. The Company/its subsidiary as the plaintiff

By a Generally Indorsed Writ of Summons dated 23 June 2015 and Statement of Claim dated 18 August 2015 issued by the Company and First Billion Global Limited, a wholly-owned subsidiary of the Company (collectively, the “**Plaintiffs**”) against Xiao Guang Kevin (蕭光) (“**Mr. Xiao**”) and Wang Zhining (王志寧) (“**Mr. Wang**”) (collectively, the “**Defendants**”), the vendor and the guarantor, respectively, all of whom were parties to a very substantial acquisition of the Company (the “**VSA**”) as announced by the Company in its announcement dated 30 January 2014 and its circular dated 31 March 2014, the Plaintiffs claimed that the Defendants had fundamentally breached the terms and conditions of the sale and purchase agreement dated 3 October 2013 (the “**SPA Legal Proceedings**”). Accordingly, the Plaintiffs were seeking to rescind the SPA under which, as part of the consideration price, certain convertible notes were issued by the Company to Mr. Xiao. As at 30 June 2025, the outstanding convertible notes, with principal amount of HK\$15,000,000, were under dispute.

MANAGEMENT DISCUSSION AND ANALYSIS

On 16 March 2017, the Plaintiffs filed an Amended Statement of Claim to the Court of First Instance adding Ms. Liu Qian (劉倩) (“**Ms. Liu**”) as a defendant to the SPA Legal Proceedings claiming, amongst other things, that Ms. Liu was a nominee of Mr. Wang and further claimed against the Defendants for misrepresentation regarding the undisclosed guarantees given by Zhuhai Houston in favour of Wang Tian (王天) which had led to the Group’s involvement in such litigation.

Pleadings had recently been amended on 16 September 2022, in that the Defendants had belatedly lodged counterclaims, as mentioned in Note 17 under the section of “Contingent Liabilities”, against the Plaintiffs. The Plaintiffs accordingly prepared a defence to such counterclaims which was also filed on 17 November 2022.

In early 2023, Ms. Liu had requested to discontinue her claims against the Company provided that the Plaintiffs discontinued their claims against Ms. Liu upon the receipt of the convertible notes with principal amount of HK\$15,000,000 by the Company’s solicitors from Ms. Liu’s solicitors. According to the consent order dated 21 June 2023, the Plaintiffs’ claims against Ms. Liu was dismissed with no order as to costs.

2. The Company’s subsidiary as the defendant

(a) Reference was made to the Company’s announcement dated 11 November 2016 and the Annual Report 2024 in relation to the legal proceedings involving 寇金水 (Kou Jinshui) and 珠海河川商貿有限公司 (Zhuhai Hechuan Commercial and Trade Co., Ltd.*) (“**Zhuhai Hechuan**”), independent third parties, as Plaintiffs and Zhuhai Houston, an indirectly non-wholly owned (95%) subsidiary of the Company, as defendant. Upon the application of Kou Jinshui, who was also the legal representative of Zhuhai Hechuan,

MANAGEMENT DISCUSSION AND ANALYSIS

Zhuhai Hoston's 70% equity interest in Guangdong Hengjia was suspended for the three years from 23 August 2022 to 22 August 2025 (the "**Frozen Shares**") by the Xiangzhou People's Court (the "**Xiangzhou Court**") pursuant to an execution order dated 9 August 2022. On 10 April 2023, it was held by the Xiangzhou Court that the suspended equity interest in Guangdong Hengjia be reduced from 70% to 50%.

As at 30 June 2025, the total outstanding amounts including interest due by Zhuhai Hoston to Kou Jinshui and Zhuhai Hechuan were approximately RMB2,300,000 and RMB4,900,000 respectively. The freezing of the Frozen Shares is only an assets preservation measure by litigants in pending lawsuits. Nevertheless, the Group retains to have control and ownership in such Frozen Shares and there will not have material impact on the operations of Guangdong Hengjia. The outstanding debts will be handled as soon as possible.

- (b) Reference was made to the Company's announcement dated 12 December 2022, Sunway FM, an indirectly wholly-owned subsidiary of the Company, received a statutory demand (the "**First Statutory Demand**") on 9 December 2022 from Messrs. Gallant, a solicitors firm previously acting for Sunway FM, pursuant to Sections 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong), demanding Sunway FM to pay an amount of approximately HK\$958,000, being the outstanding fees and relevant interest incurred due and owed by Sunway FM for legal services previously provided.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of the Company announces that on 15 November 2023, Sunway FM received a statutory demand (the “**Second Statutory Demand**”) from Messrs. Gallant pursuant to Sections 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong), demanding Sunway FM to pay an amount of approximately HK\$754,000 (the “**Revised Outstanding Fees**”), being the outstanding fees due and owed by Sunway FM for legal services previously provided. The amount claimed under the Second Statutory Demand represents the revised claim amount under the First Statutory Demand as disclosed in the announcement dated 12 December 2022.

The Second Statutory Demand requested Sunway FM to settle the Revised Outstanding Fees within three weeks from the date of receipt of the Second Statutory Demand, failing which Messrs. Gallant may present a winding-up petition against Sunway FM. Given the Revised Outstanding Fees are in dispute, the Group is now seeking legal advice in respect of the said claim under the Second Statutory Demand.

Save as disclosed above and elsewhere in this report, as at the date of this report, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2025.

* *For identification purpose only*

DISCLOSURE OF ADDITIONAL INFORMATION

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

As at 30 June 2025, none of the Directors or the chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)), that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”).

SHARE OPTION SCHEME

Share Option Scheme adopted on 17 June 2016 (the “Option Scheme”)

The Option Scheme was adopted on 17 June 2016. The purpose of the Option Scheme is to recognise and acknowledge the contributions or potential contributions made or to be made by the eligible participants to the Group and the entity in which the Group holds any equity interest (the “**Invested Entity(ies)**”), to motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group and the Invested Entities, and to maintain or attract business relationship with the eligible participants whose contributions are or may be beneficial to the growth of the Group and the Invested Entities.

Eligible participants of the Option Scheme include employee (whether full-time or part-time including any executive director), officer (including any non-executive director and independent non-executive director), substantial shareholder, consultant, agent, adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, the Company or any subsidiary or any Invested Entity, or any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the abovementioned category(ies) of persons, or any company beneficially owned by any of the abovementioned category(ies) of persons, or any other person who satisfies the criteria set out in the Option Scheme.

DISCLOSURE OF ADDITIONAL INFORMATION

The Option Scheme, unless otherwise terminated or amended, will remain in force for a period of 10 years from 17 June 2016 (being the date of approval and adoption of the Option Scheme). The maximum numbers of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be granted under the Option Scheme and other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the shares of the Group in issue as at the date of adopting the Option Scheme, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under the Option Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted under the Option Scheme and other share option schemes of the Group (including both exercised and outstanding options) to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting of the Company. Share options granted under the Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is also a grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5,000,000, within any 12-month period up to and including the date of such grant, are subject to shareholders' approval in general meeting of the Company.

DISCLOSURE OF ADDITIONAL INFORMATION

A share option may be accepted by a participant within 21 days from the date of the offer of the option. The exercise period of the share options granted is determined by the directors in accordance with the terms of the Option Scheme, and commences from the date of acceptance of the offer of the share options and ends on a date which is not later than 10 years from the date of grant of the share options.

The subscription price shall be determined by the board of directors and notified to a participant at the time the grant of the option(s) (subject to any adjustments made pursuant to the terms of the Option Scheme) is made to (and subject to acceptance by) the participant and shall be at least the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and (c) the nominal value of the shares.

A nominal consideration of HK\$1 is payable on acceptance of the offer of an option. Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting. Each option gives the holder the right to subscribe for one ordinary share in the Company.

No share options were granted, exercised, cancelled or lapsed during FP2025 and FP2024.

As of 1 January 2025 and 30 June 2025, the number of share options available for grant under the scheme mandate of the Option Scheme, which will be expired on 16 June 2026, were both 10,714,166. As at the date of the interim report, the total number of shares of the Company available for issue under the Option Scheme is 10,714,166, representing approximately 4.97% of the entire issued shares (excluding treasury shares). No service provider sublimit was set under the Option Scheme.

DISCLOSURE OF ADDITIONAL INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed under the sections headed "Directors' and chief executives' interests and short positions in shares and underlying shares" and "Share option scheme" as disclosed in the immediately preceding section, at no time during the six months ended 30 June 2025 were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire such rights in any other body corporate.

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

As at 30 June 2025, so far as is known to the Directors, the interests or short positions of the persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number of Shares or underlying Shares held			Approximate percentage of interest held (Note 4)
		Shares	2024 CN	Total	
Wealthy Port Holdings Limited ("Wealthy Port") (Note 1)	Beneficial owner	109,796,566	300,000,000	409,796,566	190.14%
Mr. Chim Pui Chung (Note 1)	Interest in controlled corporation	109,796,566	300,000,000	409,796,566	190.14%
Business Century Investments Limited ("Business Century") (Note 2)	Beneficial owner	12,873,166	—	12,873,166	5.97%
Xie Guilin (Note 2)	Interest in controlled corporation	12,873,166	—	12,873,166	5.97%

DISCLOSURE OF ADDITIONAL INFORMATION

Name	Capacity	Number of Shares or underlying Shares held			Approximate percentage of interest held (Note 4)
		Shares	2024 CN	Total	
Everun Oil Co., Limited ("Everun Oil") (Note 3)	Beneficial owner	17,316,200	—	17,316,200	8.03%
Chen Jingan (Note 3)	Interest in controlled corporation	17,316,200	—	17,316,200	8.03%

Notes:

1. (a) These 109,796,566 Shares and 2024 CN are beneficially held by Wealthy Port. The issued capital of Wealthy Port is held by Mr. Chim Pui Chung. Under the SFO, Mr. Chim Pui Chung is deemed to be interested in all the Shares and underlying Shares held by Wealthy Port. As at 30 June 2025, the number of Shares held by Wealthy Port represents approximately 50.95% (Note 4) of the total number of issued Shares of the Company.
 - (b) The Company has allotted and issued 35,920,000 Shares, at HK\$0.1 per Share for a total consideration HK\$3,592,000, to Wealthy Port on 29 November 2024.
 - (c) The Company has issued the 2024 CN in the principal amount of HK\$30,000,000 to Wealthy Port on 29 November 2024. The 2024 CN subscription price was partially set-off against the amount due by the Company to Wealthy Port as a Shareholder in the amount of HK\$22,676,844 and the balance of HK\$7,323,156 was paid by Wealthy Port in cash upon completion. Based on the initial conversion price of HK\$0.1 per conversion share, a maximum number of 300,000,000 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the 2024 CN in full.
2. These 12,873,166 Shares are beneficially held by Business Century. The issued capital of Business Century is held by Ms. Xie GuiLin. Under the SFO, Ms. Xie GuiLin is deemed to be interested in all the Shares held by Business Century.
3. These 17,316,200 Shares are beneficially held by Everun Oil. The issued capital of Everun Oil is held by Mr. Chen Jingan. Under the SFO, Mr. Chen Jingan is deemed to be interested in all the Shares held by Everun Oil.
4. Based on the total number of issued Shares (i.e. 215,520,000 Shares) of the Company as at 30 June 2025.

DISCLOSURE OF ADDITIONAL INFORMATION

Save as disclosed above, as at 30 June 2025, the Company had not been notified of any persons (other than the Directors and chief executive of the Company) having any interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the “**Code**”) contained in Appendix C1 to the Listing Rules during the six months ended 30 June 2025 and as at the date of this report except for the following deviation.

Identity of the chairman and chief executive and whether their roles are separate

Following the resignation of Mr. Li Chongyang, former Managing Director, and Mr. Fok Po Tin, former Chairman, on 27 August 2021 and 1 January 2022 respectively, the Company had no designated Director to act as a chairman or a chief executive. The responsibility of a chairman or a chief executive rests with the board of directors of the Company and the Company fails to comply with code provision C.2.1 of the Code contained in Appendix C1 to the Listing Rules.

The Company has made endeavors however more time is required to identify suitable candidate to be the chairman and chief executive in order to comply with the Code. The Company will continue with such endeavors and will comply with the Code as soon as possible.

DISCLOSURE OF ADDITIONAL INFORMATION

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the financial reporting, risk management and internal controls of the Group. The Audit Committee comprises the three independent non-executive Directors, namely Mr. Choi Pun Lap (chairman of the Audit Committee), Mr. Wong Yue Kwan Alan and Ms. Tsang Ngo Yin. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2025 and this report have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee, which comprises one executive Director, namely Mr. Law Chun Choi, one non-executive Director, namely Mr. Yu Shui Sang Bernard and three independent non-executive Directors, namely Ms. Tsang Ngo Yin (chairman of the Remuneration Committee), Mr. Choi Pun Lap and Mr. Wong Yue Kwan Alan, is responsible for determining, reviewing and evaluating the remuneration packages of the executive Directors and making recommendations to the Board from time to time.

NOMINATION COMMITTEE

The Nomination Committee comprises three independent non-executive Directors, namely Mr. Wong Yue Kwan Alan (chairman of the Nomination Committee), Mr. Choi Pun Lap and Ms. Tsang Ngo Yin, and one non-executive Director, namely Mr. Yu Shui Sang Bernard. It is responsible for the appointment of new Directors. To maintain the quality of the Board with a balance of skills and experience, the Committee will identify individuals suitably qualified to become Directors when necessary. In evaluating whether an appointee is suitable to act as a Director, the Committee will consider the experience, qualification and other relevant factors.

DISCLOSURE OF ADDITIONAL INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS

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

By order of the Board

Sunway International Holdings Limited

Law Chun Choi

Executive Director and Company Secretary

Hong Kong, 29 August 2025