



SHOUGANG CENTURY HOLDINGS LIMITED

Stock Code: 103

2025

INTERIM REPORT



CONTENTS

	Pages
Corporate Profile	2
Corporate Information	3
Information for Investors	5
Report on Review of Condensed Consolidated Financial Information	6
Condensed Consolidated Statement of Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Changes in Equity	11
Condensed Consolidated Statement of Cash Flows	13
Notes to the Condensed Consolidated Financial Information	14
Management Discussion and Analysis	33
Interim Dividend	42
Purchase, Sale or Redemption of Listed Securities	42
Directors' Interests and Short Positions in Shares, Debentures or Underlying Shares under the SFO	42
Shareholders' Interests and Short Positions in Shares or Underlying Shares under the SFO	43
Share Option Scheme	44
Change of Auditor	44
Corporate Governance Code	44
Appreciation	45
Definitions	46

CORPORATE PROFILE

Shougang Century Holdings Limited (“Shougang Century”; together with its subsidiaries, collectively the “Group”) has been listed on the Stock Exchange since April 1992. Shougang Group Co., Ltd. (a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission) and its controlled corporations, Redamancy and Bekaert are the substantial shareholders of Shougang Century.

The Group is primarily involved in the following activities:

1. manufacturing and sales of steel cords for radial tyres
2. manufacturing and sales of sawing wires and hose wires

Corporate Goals

- create an influential “Eastern” brand recognition in steel cord industry based on the principles of integrity, pragmatism and efficiency
- gradually become an enterprise with annual manufacturing capacity in excess of 300,000 tonnes of high-quality steel cord
- become one of the three major manufacturers of steel cord industry in China

To learn more about Shougang Century, please visit <http://www.shougangcentury.com.hk>.

CORPORATE INFORMATION

As at 29 August 2025

Board of Directors

Executive Directors

Su Fanrong (*Chairman*)
Zhao Yue (*Vice Chairman*)
Li Jinping (*Managing Director*)
Yang Junlin (*Deputy Managing Director*)
Zhang Dan

Non-executive Directors

Xu Hongyan
Sun Chao (*Alternate Director to Xu Hongyan*)

Independent Non-executive Directors

Lam Yiu Kin
Feng Yaoling
Ho Shuk Ying, Sabrina

Audit Committee

Lam Yiu Kin (*Chairman*)
Feng Yaoling
Ho Shuk Ying, Sabrina

Remuneration Committee

Lam Yiu Kin (*Chairman*)
Su Fanrong (*Vice Chairman*)
Feng Yaoling
Ho Shuk Ying, Sabrina

Nomination Committee

Su Fanrong (*Chairman*)
Feng Yaoling (*Vice Chairman*)
Lam Yiu Kin
Ho Shuk Ying, Sabrina

Authorised Representatives

Su Fanrong
Cheung Wa Ying

Company Secretary

Cheung Wa Ying

CORPORATE INFORMATION (continued)

As at 29 August 2025

Principal Bankers

Agricultural Bank of China
Bank of China
Bank of Dongguan
China CITIC Bank
Chong Hing Bank
Hang Seng Bank
Industrial and Commercial Bank of China
Nanyang Commercial Bank
Ping An Bank
The Bank of East Asia

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants and Registered PIE Auditor

Internal Auditor

Moore Advisory Services Limited

Share Registrar

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

Registered Office

Room 1215, 12/F., Honour Industrial Centre
6 Sun Yip Street, Chai Wan
Hong Kong

Company's Website

<http://www.shougangcentury.com.hk>

Website For Publishing Listing Rules Related Announcements And Other Documents

<http://www.irasia.com/listco/hk/shougangcentury/>

HKEX Stock Code

103

Listing Date

9 April 1992

INFORMATION FOR INVESTORS

Share Information

Board lot size:	2,000 Shares
Shares issued as at the last trading day of 2025 interim period:	2,675,139,708 Shares
Market capitalisation as at the last trading day of 2025 interim period:	HK\$1,257,315,663
Closing Share price as at the last trading day of 2025 interim period:	HK\$0.47
Basic earnings per Share for the six months ended 30 June 2025:	HK1.25 cents

Key Date

Announcement of 2025 Interim Results:	29 August 2025
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Investor Relations Contact

Address	:	Room 1215, 12/F., Honour Industrial Centre 6 Sun Yip Street, Chai Wan, Hong Kong
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Fax	:	(852) 2861 3527
E-mail address	:	business_link@shougangcentury.com.hk ir@shougangcentury.com.hk schl@shougangcentury.com.hk
Website	:	http://www.shougangcentury.com.hk

Shareholder Enquiries

Any matters relating to your shareholding, e.g. transfer of Shares, change of name or address, lost share certificates and dividend warrants, should be sent in writing to:

Tricor Investor Services Limited

Address	:	17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong
Telephone	:	(852) 2980 1333
Fax	:	(852) 2810 8185
E-mail address	:	is-enquiries@vistra.com
Website	:	https://srhk.vistra.com

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF SHOUGANG CENTURY HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial information of Shougang Century Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 8 to 32, which comprises the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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. A review of condensed consolidated financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information is not prepared, in all material respects, in accordance with HKAS 34.

Other matter

The comparative condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2024 and the relevant explanatory notes included in this condensed consolidated financial information were extracted from the condensed consolidated financial information of the Group for the six-month period ended 30 June 2024 reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated financial information on 29 August 2024.

The comparative condensed consolidated statement of financial position as at 31 December 2024 and the relevant explanatory notes included in this condensed consolidated financial information was extracted from the consolidated financial statements of the Group for the year ended 31 December 2024 audited by the same auditor who expressed an unqualified opinion on those consolidated financial statements on 31 March 2025.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Hon Kei, Anthony

Practising Certificate Number: P05591

Hong Kong, 29 August 2025

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue	5	1,159,711	1,260,697
Cost of sales	7	(993,675)	(1,062,862)
Gross profit		166,036	197,835
Other income	5	9,111	3,906
Other gains, net	6	15,032	7,485
Selling and distribution expenses	7	(73,792)	(67,052)
Administrative expenses	7	(31,970)	(28,915)
Research and development expenses	7	(51,460)	(53,995)
Net reversal of impairment losses on financial assets	13	869	469
Finance costs, net	8	(3,530)	(13,641)
Share of losses of a joint venture		(11)	–
Profit before income tax		30,285	46,092
Income tax expense	9	(535)	(3,569)
Profit for the period attributable to the owners of the Company		29,750	42,523
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences arising on translation into presentation currency		27,852	(14,587)
Total comprehensive income for the period attributable to the owners of the Company		57,602	27,936
		HK cents	HK cents
Earnings per share for the period			(Restated)
– Basic	10	1.25	2.14
– Diluted	10	1.25	2.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
ASSETS			
Non-current assets			
Investment properties	12	40,119	39,822
Property, plant and equipment	12	1,159,931	1,166,909
Right-of-use assets		3,736	4,691
Land use rights		118,338	118,338
Interest in a joint venture		35	46
Prepayments and deposits		6,341	3,053
Deferred income tax assets		25,119	20,716
Total non-current assets		1,353,619	1,353,575
Current assets			
Inventories		378,244	363,192
Trade receivables	13	608,062	638,935
Bills receivables	13	699,587	665,267
Prepayments, deposits and other receivables		43,671	40,407
Derivative financial instruments	20	2,398	1,839
Pledged bank deposits		22,962	24,060
Bank balances and cash		637,323	374,207
Total current assets		2,392,247	2,107,907
Total assets		3,745,866	3,461,482
LIABILITIES			
Non-current liabilities			
Other payables		70	67
Lease liabilities		1,964	2,960
Deferred income tax liabilities		31,849	29,566
Total non-current liabilities		33,883	32,593

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2025

	Notes	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Current liabilities			
Trade and bills payables	14	848,770	810,194
Other payables and accruals	15	244,314	242,809
Current income tax liabilities		3,540	5,444
Bank borrowings	16	670,045	582,973
Lease liabilities		1,971	1,932
Total current liabilities		1,768,640	1,643,352
Total liabilities		1,802,523	1,675,945
EQUITY			
Share capital	17	1,490,221	1,344,345
Reserves		453,122	441,192
Total equity		1,943,343	1,785,537
Total equity and liabilities		3,745,866	3,461,482

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Share capital HK\$'000	Capital reserve HK\$'000 (Note (i))	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	PRC reserve funds HK\$'000 (Note (ii))	Accumulated losses HK\$'000	Total HK\$'000
For the six months ended 30 June 2025							
At 1 January 2025 (audited)	1,344,345	23,990	163,802	157,416	110,315	(14,331)	1,785,537
Comprehensive income							
Profit for the period	-	-	-	-	-	29,750	29,750
Other comprehensive income							
Exchange differences arising on translation into presentation currency	-	-	-	27,852	-	-	27,852
Total comprehensive income for the period	-	-	-	27,852	-	29,750	57,602
Dividend declared	-	-	-	-	-	(45,672)	(45,672)
Issuance of shares	145,876	-	-	-	-	-	145,876
At 30 June 2025 (unaudited)	1,490,221	23,990	163,802	185,268	110,315	(30,253)	1,943,343

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2025

	Share capital HK\$'000	Capital reserve HK\$'000 (Note (i))	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	PRC reserve funds HK\$'000 (Note (iii))	(Accumulated losses)/ Retained profits HK\$'000	Total HK\$'000
For the six months ended 30 June 2024							
At 1 January 2024 (audited)	1,215,798	23,990	164,712	201,252	102,671	(18,750)	1,689,673
Comprehensive income							
Profit for the period	-	-	-	-	-	42,523	42,523
Other comprehensive expense							
Exchange differences arising on translation into presentation currency	-	-	-	(14,587)	-	-	(14,587)
Total comprehensive (expense)/income for the period	-	-	-	(14,587)	-	42,523	27,936
At 30 June 2024 (unaudited)	1,215,798	23,990	164,712	186,665	102,671	23,773	1,717,609

Notes:

- (i) The capital reserve represented the benefit of acquiring a shareholder's loan from a previous shareholder upon the acquisition of a subsidiary in previous years.
- (ii) In accordance with the Articles of Association of the Company's subsidiaries established in the People's Republic of China (the "PRC") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after taxation, which is determined in accordance with the PRC accounting rules and regulations, to a statutory reserve fund (including the general reserve fund and enterprise expansion fund, where appropriate). Transfer to this statutory reserve fund is subject to the approval of the respective board of directors, and is discretionary when the balance of such fund has reached 50% of the registered capital of the respective company. Statutory reserve fund can only be used to offset accumulated losses or to increase capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Cash flows from operating activities		
Cash generated from operations	77,142	94,466
PRC corporate income tax paid, net	(4,552)	(6,192)
Net cash generated from operating activities	72,590	88,274
Cash flows from investing activities		
Placement of pledged bank deposits	(22,904)	(27,154)
Withdrawal of pledged bank deposits	24,369	19,996
Purchase of property, plant and equipment	(33,890)	(20,439)
Prepayments for the acquisition of property, plant and equipment	(6,985)	(10,956)
Proceeds from disposals of property, plant and equipment	920	518
Interest received	4,328	1,296
Net cash used in investing activities	(34,162)	(36,739)
Cash flows from financing activities		
Proceeds from bank borrowings	809,010	768,289
Repayment of bank borrowings	(729,283)	(730,983)
Proceeds from issuance of shares, net of expenses	145,876	–
Interest paid	(8,305)	(4,747)
Payments for principal elements of lease liabilities	(957)	(577)
Payments for interest elements of lease liabilities	(90)	(24)
Net cash generated from financing activities	216,251	31,958
Net increase in cash and cash equivalents	254,679	83,493
Cash and cash equivalents at 1 January	374,207	77,138
Effect of foreign exchange rate changes	8,437	(871)
Cash and cash equivalents at 30 June	637,323	159,760

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shougang Century Holdings Limited (the “Company”) is an investment holding company and together with its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and sales of steel cords.

The Company is a limited company incorporated in Hong Kong. The address of its registered office is Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated financial information is presented in thousands of Hong Kong dollar (HK\$'000), unless otherwise stated.

This condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

The condensed consolidated financial information of the Group for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated financial information does not include all the notes of the type normally included in the annual consolidated financial statements, accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards. The financial information relating to the year ended 31 December 2024 that is included in the condensed consolidated financial information for the six months ended 30 June 2025 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

2. BASIS OF PREPARATION (continued)

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622). The Company's former auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the former auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

3. ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis, except for leasehold land and buildings, investment properties and derivative financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except as described below.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

4. SEGMENT INFORMATION

The Company's managing director, being the chief operating decision maker (the "CODM"), examines the Group's performance and allocates resources from a product perspective. The Group's operations are currently organised into one reportable segment which is steel cord segment.

Segment results represent the profit or loss of each segment without allocation of changes in fair value of derivative financial instruments, certain foreign exchange gains or losses, share of losses of a joint venture, central administration costs, the emoluments of directors of the Company, interest income on bank deposits, finance costs and rental and other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Steel cord segment – sales of goods:		
Segment revenue from external customers	1,156,976	1,260,079
Segment results	32,925	69,295
Unallocated amounts		
Rental income	2,735	618
Other income	26	26
Other gains, net	5,471	313
Expenses	(7,331)	(10,519)
Finance costs, net	(3,530)	(13,641)
Share of losses of a joint venture	(11)	–
Profit before income tax	30,285	46,092
Income tax expense	(535)	(3,569)
Profit for the period	29,750	42,523

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

5. REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue		
Revenue from contracts with customers within the scope of Hong Kong Financial Reporting Standard 15		
Sales of goods – Manufacturing of steel cords	1,156,976	1,260,079
Revenue from other source		
Rental income	2,735	618
	1,159,711	1,260,697
Other income		
Government grants (Note)	2,471	2,491
Sales of scrap materials	6,574	712
Others	66	703
	9,111	3,906

Note: Government grants for the period ended 30 June 2025 and 2024 mainly represented financial supports for business development by the local governments in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

6. OTHER GAINS, NET

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Fair value gain on derivative financial instruments	559	2,431
Gain/(loss) on disposals of property, plant and equipment, net	547	(143)
Foreign exchange gains, net	14,026	5,369
Others	(100)	(172)
	15,032	7,485

7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses and research and development expenses are analysed as follows:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Cost of inventories sold (including net provision for inventories)	986,604	1,057,573
Employee benefit expense (including directors' emoluments)	170,281	161,526
Depreciation of property, plant and equipment (Note 12(b))	39,218	51,935
Depreciation of right-of-use assets	956	581
Amortisation of land use rights	1,808	1,834

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

8. FINANCE COSTS, NET

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Finance income		
Interest income on bank deposits	4,328	1,296
Finance costs		
Interest expenses on bank borrowings	(6,632)	(11,558)
Interest expenses on lease liabilities	(90)	(24)
Foreign exchange losses on borrowings	(1,136)	(3,355)
	(7,858)	(14,937)
Finance costs, net	(3,530)	(13,641)

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Current income tax:		
– PRC corporate income tax	2,816	5,440
Over-provision in respect of prior periods	(315)	(1,429)
Total current income tax	2,501	4,011
Deferred income tax	(1,966)	(442)
Income tax expense	535	3,569

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

9. INCOME TAX EXPENSE (continued)

Income tax is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. No provision for Hong Kong profits tax for the six months ended 30 June 2025 and 2024 as there is no assessable profit subject to Hong Kong profits tax for both periods.

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 (the "CIT Law"), companies in the PRC are subject to income tax of 25% unless preferential rate is applicable.

If a subsidiary is subject to CIT and qualified as High and New Technology Enterprise, the applicable CIT tax rate is 15%. The applicable CIT tax rate for Jiaxing Eastern Steel Cord Co., Ltd. ("JESC") and Tengzhou Eastern Steel Cord Co., Ltd. ("TESC") was 15% for the six months ended 30 June 2025 and 2024.

10. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Profit attributable to the owners of the Company (HK\$'000)	29,750	42,523
Weighted average number of ordinary shares in issue (Shares)	2,375,306,761	1,985,241,453 (Restated)
Basic earnings per share (HK cents)	1.25	2.14 (Restated)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

10. EARNINGS PER SHARE (continued)

The diluted earnings per share for the periods ended 30 June 2025 and 2024 were the same as the basic earnings per share as there were no dilutive potential ordinary shares during the periods.

The weighted average number of ordinary shares of the purpose of basic and diluted earnings per share has been adjusted for the bonus element of the rights issue of shares that took place in June 2025 (Note 17) and October 2024.

11. DIVIDENDS

During the current interim period, a final dividend of HK1.71 cents per fully paid ordinary share, totaling to approximately HK\$45,672,000 for the year ended 31 December 2024 was approved. The amount was paid in July 2025.

No interim dividend has paid or proposed for the six months ended 30 June 2025 and 2024.

12. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

(a) Investment properties

The movement of fair value for investment properties is as follows:

	Leasehold land and buildings (Unaudited) HK\$'000
As at 1 January 2024	43,728
Exchange differences	(153)
As at 30 June 2024	43,575
As at 1 January 2025	39,822
Exchange differences	297
As at 30 June 2025	40,119

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

12. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Property, plant and equipment

The movement of the net book amount for property, plant and equipment is as follows:

	(Unaudited) HK\$'000
As at 1 January 2024	1,251,122
Additions	37,952
Disposals	(661)
Depreciation	(51,935)
Exchange differences	(9,049)
As at 30 June 2024	1,227,429
As at 1 January 2025	1,166,909
Additions	14,599
Disposals	(373)
Depreciation	(39,218)
Exchange differences	18,014
As at 30 June 2025	1,159,931

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

13. TRADE RECEIVABLES AND BILLS RECEIVABLES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade receivables (Note (a))	629,246	660,654
Less: provision for impairment losses on trade receivables (Note (c))	(21,184)	(21,719)
	608,062	638,935
Bills receivables (Note (b))	699,587	665,267
	1,307,649	1,304,202

(a) Trade receivables

The Group's credit terms to trade debtors range from 30 to 90 days. The aging analysis of the trade receivables based on invoice date was as follows:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Up to 90 days	487,721	469,593
91 to 180 days	92,833	137,869
Over 180 days	48,692	53,192
	629,246	660,654

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

13. TRADE RECEIVABLES AND BILLS RECEIVABLES (continued)

(b) Bills receivables

The aging analysis of the bills receivables based on invoice date was as follows:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Up to 90 days	47,474	55,479
91 to 180 days	269,875	247,791
Over 180 days	382,238	361,997
	699,587	665,267

As at 30 June 2025, the Group's bills receivables mature within one year (31 December 2024: same).

(c) Provision for impairment losses on trade receivables

The movement on the provision for impairment losses on trade receivables is as follows:

	Six months ended 30 June 2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
At beginning of the period	21,719	21,803
Net reversal of impairment losses on trade receivables for the period	(869)	(469)
Exchange differences	334	440
At end of the period	21,184	21,774

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

14. TRADE AND BILLS PAYABLES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade payables (Note (a))	736,112	707,120
Bills payables (Note (b))	112,658	103,074
	848,770	810,194

(a) Trade payables

The Group's credit period granted by the suppliers range from 15 to 30 days. The aging analysis of the trade payables based on invoice date was as follows:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Up to 30 days	331,445	278,522
31 to 90 days	222,033	163,202
91 to 180 days	131,034	188,180
181 to 365 days	42,538	53,075
Over 365 days	9,062	24,141
	736,112	707,120

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

14. TRADE AND BILLS PAYABLES (continued)

(b) Bills payables

The aging analysis of the bills payables based on invoice date was as follows:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Up to 30 days	32,897	25,269
31 to 90 days	–	30,561
91 to 180 days	67,665	33,235
Over 180 days	12,096	14,009
	112,658	103,074

15. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Contract liabilities	4,732	4,124
Accrued wages and salaries	26,244	29,610
Other tax payables	7,658	8,408
Other accruals	3,094	5,434
Interest payables	1,276	2,833
Dividend payables	45,672	–
Other payables (including payables for property, plant and equipment)	155,638	192,400
	244,314	242,809

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

16. BANK BORROWINGS

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Bank loans	663,882	582,973
Discounted bills with recourse	6,163	–
	670,045	582,973
Current portion	670,045	582,973
Secured	6,163	–
Unsecured	663,882	582,973
	670,045	582,973

The Group's bank borrowings were repayable as follows:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Within 1 year	670,045	582,973

The carrying amounts of the bank borrowings approximate their fair values.

As at 30 June 2025, the carrying amount of fixed rate bank borrowings and variable rate bank borrowings are approximately HK\$479,544,000 (31 December 2024: HK\$482,973,000) and HK\$190,501,000 (31 December 2024: HK\$100,000,000) respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

17. SHARE CAPITAL

	Number of shares '000 shares	HK\$'000
Issued and fully paid:		
As at 1 January 2024	1,968,904	1,215,798
Cancellation of shares (<i>Note (a)</i>)	(10,522)	–
As at 30 June 2024	1,958,382	1,215,798
As at 1 January 2025	2,350,058	1,344,345
Rights issue of shares (<i>Note (b)</i>)	325,082	145,876
As at 30 June 2025	2,675,140	1,490,221

Notes:

- (a) 10,522,000 shares repurchased during the year ended 31 December 2023, were cancelled in January 2024.
- (b) During the six months ended 30 June 2025, the Company issued 325,081,515 ordinary shares, for a consideration of HK\$0.455 per share. HK\$145,876,000 is received after deducted all the related expenses. The 325,081,515 ordinary shares were issued on 25 June 2025 to the existing shareholders, on the basis of three rights share for every twenty ordinary shares currently held on 28 May 2025.

18. CAPITAL COMMITMENTS

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Commitments in respect of the acquisition of property, plant and equipment – contracted for but not provided in the condensed consolidated financial information	12,570	29,626

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

19. MATERIAL RELATED PARTIES TRANSACTIONS AND BALANCES

The Company's substantial shareholder with significant influence is Shougang Holding (Hong Kong) Limited ("Shougang HK"), which is a wholly-owned subsidiary of Shougang Group Co., Ltd., a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission. Shougang Group Co., Ltd., together with its associates (as defined in the Listing Rules) other than the Group, will hereinafter be referred to as the "Shougang Group". Accordingly, the Group is significantly influenced by Shougang Group, which is part of a larger group of companies ultimately controlled by the PRC government.

Apart from the transactions with Shougang Group, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business.

(i) Transactions with PRC government-related entities

(a) Transactions and balances with Shougang Group

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Consultancy fees paid and payable	–	1,380
Amount placed with Shougang Group Finance Co. Ltd.	16,496	15,035
Loan amount due to Shougang Group Finance Co. Ltd.	12,062	–

As at 30 June 2025, amount due to Shougang Group was approximately HK\$12,062,000 (31 December 2024: Nil). The loan is interest bearing, unsecured and will be repaid within 1 year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

19. MATERIAL RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

(i) Transactions with PRC government-related entities (continued)

(b) Transactions with other PRC government-related entities

The Group has entered into various transactions, including sales to, purchases from and other operating expenses paid to other PRC government-related entities. In the opinion of the directors of the Company, these transactions are considered as individually insignificant to the operation of the Group during the reporting period.

In addition, the Group has entered into various banking transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosure would not be meaningful.

(ii) Transactions with non-PRC government-related entities

(a) Transactions and balances with a shareholder

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Royalty expenses	1,504	1,682

As at 30 June 2025, amount due to a shareholder was approximately HK\$1,465,000 (31 December 2024: HK\$1,441,000). The balance was interest-free, unsecured, with 15-day credit period and denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

19. MATERIAL RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

(ii) Transactions with non-PRC government-related entities (continued)

(b) Compensation of key management personnel

The key management of the Group comprises all executive directors of the Company, details of their emoluments are as follows:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Director fees	—	—
Salaries and other benefits	1,048	2,731
Retirement benefit scheme contributions	18	18
	1,066	2,749

The emoluments of the executive directors of the Company were decided by the remuneration committee of the Company having regard to individual's performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

20. FAIR VALUE MEASUREMENTS ON FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The following table presents the Group's financial instruments that are measured at fair value as at 30 June 2025 and 31 December 2024:

	Fair value as at		Valuation technique(s) and key inputs	
	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000	Fair value hierarchy	
Financial assets				
Derivative financial instruments:	2,398	1,839	Level 2	Level 2 derivative financial instruments comprise cross currency swaps. The fair value of the derivative financial instruments were determined using forward exchange rates and interest rates that are quoted by financial institutions.
– Cross currency swaps				

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is principally engaged in the manufacturing and sales of steel cords for radial tyres, sawing wires and hose wires. For the six months ended 30 June 2025, the Group recorded revenue of approximately HK\$1,159,711,000 (2024: HK\$1,260,697,000), representing a decrease of approximately 8.0% as compared with the last corresponding period. The gross profit also decreased by 16.1% to HK\$166,036,000 (2024: HK\$197,835,000). Therefore, the Group's net profit decreased by 30.0% from the same period last year of HK\$42,523,000 to HK\$29,750,000. The basic earnings per Share for the six months ended 30 June 2025 was HK1.25 cents.

Business Review

According to the National Bureau of Statistics, in the first half of 2025, China's gross domestic product was RMB66,053.6 billion, representing a year-on-year growth of 5.3% calculated at constant prices. However, fierce competition has emerged since the second half of 2024, in order to maintain market share, the sales price of steel cords declined year-on-year, resulting in a decline in gross profit. Compared to the second half of 2024, the situation in the first half of 2025 continued to improve. The profit after tax for the six months ended 30 June 2025 achieved to HK\$29,750,000, which approached the full-year profit after tax for 2024.

For the six months ended 30 June 2025, the steel cord segment sold 119,919 tonnes of steel cords and decreased by 0.6% as compared to 120,658 tonnes in the same period last year. In respect of the sales of sawing wire products, it increased by 30.9% from 421 tonnes to 551 tonnes for the corresponding period last year attributable to our persistent effort in exploring new customers as well as the improvement of the photovoltaic, sapphire, and magnetic material markets. There was a 22.0% increase in the sales of our other wire products from 6,282 tonnes to 7,662 tonnes for the corresponding period. The sales volume of this segment for the period is analysed as follows:

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

	Six months ended 30 June 2025		2024		% change
	Sales volume (Tonnes)	% of total sales volume of steel cords	Sales volume (Tonnes)	% of total sales volume of steel cords	
Steel cords for:					
– truck tyres	62,366	52.0	68,185	56.5	–8.5
– off the road truck tyres	10,685	8.9	9,267	7.7	+15.3
– passenger car tyres	46,868	39.1	43,206	35.8	+8.5
Total for steel cords	119,919	100.0	120,658	100.0	–0.6
Sawing wire products	551		421		+30.9
Other wire products	7,662		6,282		+22.0
Total	128,132		127,361		+0.6

In respect of sales of steel cords by region, the volume of export sales amounted to 38,464 tonnes for the period, increased by 2.6% as compared to 37,478 tonnes for the same period last year signaling the increasing recognition of our brand to the international tyres manufacturers. The volume of export sales represented 32.1% of total sales volume of steel cords for the period, compared to 31.1% for the same period last year. The breakdown of sales volume of steel cords for the period is as follows:

	Six months ended 30 June 2025		2024		% change
	Sales volume (Tonnes)	% of total sales volume of steel cords	Sales volume (Tonnes)	% of total sales volume of steel cords	
PRC sales	81,455	67.9	83,180	68.9	–2.1
Export sales	38,464	32.1	37,478	31.1	+2.6
Total	119,919	100.0	120,658	100.0	–0.6

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review

Revenue

Revenue of the Group amounted to HK\$1,159,711,000 (2024: HK\$1,260,697,000) for the period, decreased by 8.0% over the same period last year, which was primarily due to the impact of price competition of the steel cords/wire products. The breakdown of revenue of the Group for the period is as follows:

	Six months ended 30 June				
	2025		2024		% change
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	
Steel cords/wire products	1,156,976	99.8	1,260,079	99.9	-8.2
Property rental	2,735	0.2	618	0.1	+342.6
Total	1,159,711	100.0	1,260,697	100.0	-8.0

Gross profit

The gross profit of the Group decreased by 16.1% over the same period last year to HK\$166,036,000 (2024: HK\$197,835,000). The gross profit margin of the Group also decreased by 1.4 percentage points from 15.7% to 14.3% for the current period as compared to that of last period. The breakdown of gross profit of the Group for the period is shown in the table below. To counter such price cutting pressure, both our manufacturing plants would continue to lower unit production cost of steel cords through the enhancement in production efficiency and higher production volume.

	Six months ended 30 June				
	2025		2024		% change
	HK\$'000	Gross profit margin (%)	HK\$'000	Gross profit margin (%)	
Steel cords/wire products	163,424	14.1	197,274	15.7	-17.2
Property rental	2,612	95.5	561	90.8	+365.6
Total	166,036	14.3	197,835	15.7	-16.1

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review (continued)

Other gains, net

Other gains, net of the Group for the six months ended 30 June 2025 recorded HK\$15,032,000 while that for the six months ended 30 June 2024 was HK\$7,485,000. This was mainly due to the net foreign exchange gains increased from HK\$5,369,000 to HK\$14,026,000 in the current period.

Selling and distribution expenses

Selling and distribution expenses of the Group amounted to HK\$73,792,000 (2024: HK\$67,052,000) for the period, increased by HK\$6,740,000 over the same period last year, mainly because of the increase in export sales volume during the period under review.

Administrative expenses

Administrative expenses of the Group amounted to HK\$31,970,000 (2024: HK\$28,915,000) for the period, increased by HK\$3,055,000 as compared to the same period last year. The Group would implement the cost control measures.

Research and development expenses

Research and development expenses of the Group amounted to HK\$51,460,000 for the period, decreased by HK\$2,535,000 as compared to HK\$53,995,000 for the same period last year. Such expenses were all incurred by the steel cord segment.

Treasury and Funding Policies

The treasury and funding policies of the Group concentrate on the management of liquidity and the monitoring of financial risks, including interest rate risk, currency risk and counterparty risk. The objectives are to ensure the Group has adequate financial resources to maintain business growth with a viable financial position.

Surplus funds of the Group are generally placed on short term deposits mainly denominated in HKD, EUR, RMB or USD with reputable banks in Hong Kong and the PRC. The financing of the Group principally comprises the cash generated from operations, equity fundraising and debt financing. The financing portfolio mainly takes into consideration the liquidity of the Group and interest costs.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Share Capital, Liquidity and Financial Resources

Share capital and net asset value

The Company manages its capital structure with the objectives of ensuring that the businesses of the Group can maintain a sustainable growth and providing a long-term reasonable return to its Shareholders.

The total number of issued shares of the Company was 2,675,139,708 Shares as at 30 June 2025 (31 December 2024: 2,350,058,193 Shares). Net asset value of the Group was HK\$1,943,343,000 as at 30 June 2025, increased by 8.8% as compared to HK\$1,785,537,000 as at 31 December 2024. Net asset value per Share was HK\$0.73 as at 30 June 2025, was decreased by 3.9% as compared to HK\$0.76 as at 31 December 2024.

Rights issue and use of proceeds

On 13 May 2025, the Company proposed to raise up to approximately HK\$160 million before expenses by way of the issue of a maximum of 352,508,727 rights shares (the "Rights Shares") at the subscription price of HK\$0.455 (the "Subscription Price") per Rights Share on the basis of three (3) Rights Shares for every twenty (20) existing Shares (the "Rights Issue"). The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is approximately HK\$0.449. The Subscription Price represented a premium of approximately 12.3% to the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on 13 May 2025.

The Rights Issue represented a good opportunity to raise additional funds through the equity market and enhanced the Group's financial strength without the ongoing burden of interest expenses, and also offered all qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company.

On 25 June 2025, 325,081,515 Rights Shares were issued pursuant to the Rights Issue. The gross proceeds from the Rights Issue are approximately HK\$148 million and the net proceeds from the Rights Issue, after deducting all related expenses for the Rights Issue, are approximately HK\$146 million.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Share Capital, Liquidity and Financial Resources (continued)

Rights issue and use of proceeds (continued)

The Company expects that the net proceeds from the Rights Issue in the amount of approximately HK\$146 million would be fully utilised by the end of 2025. As at 30 June 2025, the intended use and actual use of the net proceeds from the Rights Issue, as well as the unutilised net proceeds therefrom are as follows:

	Intended use of net proceeds from the Rights Issue HK\$ million	Actual use of net proceeds as at 30 June 2025 HK\$ million	Unutilised net proceeds as at 30 June 2025 HK\$ million
For upgrading the Company's technology, including but not limited to manufacturing process, workflow and production capacity optimisation as well as cost reduction, efficiency improvements, production support, and research and development	98	–	98
For general working capital and repayment of loans and borrowings of the Group	48	–	48

For details of the Rights Issue, please refer to the Company's announcements dated 13 May 2025 and 24 June 2025 and the Company's prospectus dated 2 June 2025.

Bank balances and cash and interest bearing borrowings

The Group's bank balances and cash (including pledged bank deposits) amounted to HK\$660,285,000 as at 30 June 2025, increased by 65.8% as compared to HK\$398,267,000 as at 31 December 2024. Total interest bearing borrowings of the Group (comprised of bank borrowings) were HK\$670,045,000 as at 30 June 2025, increased by 14.9% as compared to HK\$582,973,000 as at 31 December 2024. The amount of net interest bearing borrowings (total interest bearing borrowings less bank balances and cash) therefore decreased from HK\$184,706,000 as at 31 December 2024 to HK\$9,760,000 as at 30 June 2025.

Debt and liquidity ratios

Gearing ratio (calculated as total interest bearing borrowings less bank balances and cash (including pledged bank deposits) divided by Shareholders' equity) of the Group decreased from 10.3% as at 31 December 2024 to 0.5% as at 30 June 2025. The current ratio (calculated as current assets divided by current liabilities) of the Group was 1.4 times at 30 June 2025 and compared to 1.3 times as at 31 December 2024. We are committed to improving our liquidity ratios in order to attain a vibrant yet manageable position to facilitate sustainable growth of our business.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Foreign Currency and Interest Rate Exposures

The Group's source of revenue is mainly denominated in EUR, RMB and USD, while those of purchases and payments are mainly denominated in HKD, RMB and USD. During the period under review, the interest bearing borrowings were mainly at fixed rates and denominated in RMB. The Group also entered into cross currency swap transactions to manage its risks on exchange and interest rate in respect of our interest bearing borrowings.

We will review and adjust the currency composition of our interest bearing borrowings from time to time to minimise these risks. In any event, we would keep monitoring the currency and interest rate composition of the Group's interest bearing borrowings under the guidance of the Internal Control Manual and take appropriate action to minimise our exchange and interest rate risks when needed.

Capital Commitments

As at 30 June 2025, the Group had commitments in respect of the acquisition of property, plant and equipment amounted to approximately HK\$12,570,000.

Business Development Plan

The Company continues to formulate its business transformation plan: it intends to leverage the existing land of its two production bases to expand production capacity while significantly improving and reducing costs. On one hand, the Company will initiate capacity expansion projects at JESC and TESC, with JESC planned to gradually expand to a production capacity of 100,000 tonnes, and TESC to expand in phases from its current production capacity to 200,000 tonnes. On the other hand, the Company will continue to carry out cost reduction and efficiency enhancement initiatives, and will continue to invest in greening, digitalisation, automation, equipment optimisation, intelligent inspection and process optimisation to achieve comprehensive production cost reduction.

Facing the growing automotive and tyre market, the Group strives to enhance its productivity and plans to improve domestic production capacity by strengthening technological transformation and production automation, while simultaneously achieving production cost reduction and efficiency improvement. The Group will strive to make great strides towards its goal to manufacture over 300,000 tonnes of high-quality steel cords annually. This increase in productivity will also significantly enhance the Group's core competitiveness and profitability.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Development Plan (continued)

The Company actively advances its overseas expansion strategy, exploring both self-built and acquisition plans for capacity expansion. Dealing with the ever-changing international political and economic situation, in order to further respond to the needs of international customers for a secure supply chain, the Company will continue to focus on expanding high-end customers and establishing an international market network. On one hand, the Company will continue to strengthen cooperation with its Shareholders, develop new overseas customers and establish new overseas plants to drive incremental overseas sales. On the other hand, the Board will consider to commence and review the feasibility study of establishing a production base in Europe, preferably in Eastern Europe, and to explore the proposal for global capacity acquisition and cooperation within and outside the industry. The Company currently explores opportunities in capacity self-construction and capacity acquisition cooperation, and will implement corresponding capital arrangements as and when appropriate. By developing global production capacity of the Group, we aim to achieve expansion of global operation, seize new opportunities in technology manufacturing and create an influential “Eastern” brand recognition, thereby bringing the best interests to the Group and the Shareholders.

In addition, the Company firmly advances its new business strategy by leveraging its steel cord production technology to develop tendon materials for robot bodies and dexterous hands. The Company has currently gradually engaged with downstream users for sample testing and will continue to promote the research and development, and production and sales of this business.

Employees, Remuneration Policies and Training Scheme of the Group

As at 30 June 2025, the Group had a total of 2,662 employees located in Hong Kong and the PRC. The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence as well as the prevailing market condition of the industry. Remuneration packages, which include an element of discretionary bonuses, are generally reviewed annually. In addition to salary payments, other employee benefits include medical subsidies, hospitalisation scheme and a defined contribution provident fund, Mandatory Provident Fund Scheme and other retirement scheme or other similar defined contribution provident fund stipulated by the regulations of the PRC which provided retirement benefits to employees in Hong Kong and the PRC respectively. The Group's contributions to these schemes are charged against profits or loss as they are incurred. The total employee benefit expense for the period under review amounted to approximately HK\$170.3 million.

The Group had also provided training programmes or courses for the mainland staff at all levels from different departments, and also for Directors and employees of the Company so as to further enhance their technical skills in production operation and management, professional skills and knowledge, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Employees, Remuneration Policies and Training Scheme of the Group (continued)

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to individual performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market conditions.

Contingent Liabilities and Pledge of Assets

The Group had no material contingent liabilities as at 30 June 2025.

As at 30 June 2025, the carrying amounts of assets pledged as security for bank borrowings and bills payables were:

1. Bills receivables of HK\$6,163,000; and
2. Bank deposits of HK\$22,962,000.

Business Outlook

Looking forward, the instability of the political and economic situation arising from the Sino-American relations, conflicts in Russia-Ukraine and the Middle East region, as well as the risk of global recession due to high interest rates have not yet been averted. But we, Shougang Century, are confident and optimistic about our business in light of the followings:

- To continue the construction of our production lines at TESC to facilitate the expansion plan of an additional 100,000 tonnes of steel cords manufacturing capacity;
- To further reduce our cost of production by streamlining our manufacturing process and increasing automation;
- By taking into consideration the Chinese government's regulations on energy conservation and emission reduction, the constant increase in output of electric cars drives demand for their accessorial tyres, which will in turn expedite the market expansion of steel cords for domestic radial tyres and bring a more ample room for development to steel cord industry in the long term;
- To reduce carbon emissions through reduction of energy consumption, application of clean energy, research and development on low-carbon products, the application of new technologies and new equipment and so on, the Group can achieve the green, low-carbon and sustainable corporate development and fulfil social responsibilities; and
- To explore new business growth opportunities, particularly the innovative applications of the Group's products in robotic dexterous hands and tendon-driven mechanisms for robotic bodies.

INTERIM DIVIDEND

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

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 six months ended 30 June 2025.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO

As at 30 June 2025, save for the interest of the Directors in the Shares set out as below, none of the Directors and chief executives of the Company had any interests and short positions in the Shares, debentures or underlying Shares or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register referred therein or which were required to be disclosed herein pursuant to the Model Code.

Long position in Shares

Ordinary shares of the Company

Name of Directors	Total number of Shares held	Approximate% of the total number of issued Shares	Capacity in which interests are held
ZHAO Yue	334,291,479	12.50	Interests of controlled corporations ^(Note)
SU Fanrong	1,000,000	0.04	Beneficial owner
LI Jinping	1,000,000	0.04	Beneficial owner
YANG Junlin	626,000	0.02	Beneficial owner

Note: The 334,291,479 Shares were held by Redamancy, a wholly-owned subsidiary of Always Blooming Holdings Limited which is wholly owned by Mr. Zhao Yue.

Save as disclosed above, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, debentures or underlying Shares or any of the Company's associated corporations at 30 June 2025.

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES UNDER THE SFO

As at 30 June 2025, so far as was known to the Directors, the following parties had an interest or long position or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in Shares or underlying Shares

Name of Shareholders	Total number of Shares/ underlying Shares held	Approximate% of the total number of issued Shares	Capacity in which interests are held
Fair Union	982,745,268	36.74	Beneficial owner
Shougang HK	982,745,268	36.74	Interests of a controlled corporation <i>Note (1)</i>
Jingxi Holdings	231,048,150	8.64	Beneficial owner
Shougang Fund	231,048,150	8.64	Interests of a controlled corporation <i>Note (2)</i>
Shougang Group	1,213,793,418	45.37	Interests of controlled corporations <i>Note (3)</i>
Redamancy	334,291,479	12.50	Beneficial owner
Always Blooming Holdings Limited	334,291,479	12.50	Interests of a controlled corporation <i>Note (4)</i>
Bekaert Combustion	250,000,000	9.35	Beneficial owner
Bekaert	250,000,000	9.35	Interests of a controlled corporation <i>Note (5)</i>

Notes:

- (1) As Fair Union is Shougang HK's wholly-owned subsidiary, by virtue of the SFO, Shougang HK is deemed to be interested in 982,745,268 Shares held by Fair Union.
- (2) As Jingxi Holdings is Shougang Fund's wholly-owned subsidiary, by virtue of the SFO, Shougang Fund is deemed to be interested in 231,048,150 Shares held by Jingxi Holdings.
- (3) As Shougang Group is the ultimate holding company of Shougang HK, by virtue of the SFO, Shougang Group is deemed to be interested in 982,745,268 Shares held by Fair Union, the wholly-owned subsidiary of Shougang HK. By virtue of the SFO, Shougang Group is also deemed to be interested in 231,048,150 Shares held by Jingxi Holdings, the wholly-owned subsidiary of Shougang Fund, which is a wholly-owned subsidiary of Shougang Group.
- (4) As Redamancy is wholly owned by Always Blooming Holdings Limited which is wholly owned by Mr. Zhao Yue, by virtue of the SFO, Always Blooming Holdings Limited is deemed to be interested in 334,291,479 Shares held by Redamancy.
- (5) By virtue of the SFO, Bekaert is deemed to be interested in 250,000,000 Shares held by Bekaert Combustion, which is a wholly-owned subsidiary of Bekaert.

SHARE OPTION SCHEME

Neither the Company nor its subsidiaries had any share option scheme during the six months ended 30 June 2025.

CHANGE OF AUDITOR

The Board resolved to propose the appointment of SHINEWING (HK) CPA Limited (“SHINEWING”) as the auditor of the Company for 2025 to replace PricewaterhouseCoopers. It was considered and approved at the annual general meeting on 10 June 2025. The respective term of service of SHINEWING has commenced from the date of the approval at the annual general meeting up to the date of next annual general meeting of the Company. For details, please refer to the announcement of the Company dated 9 May 2025, the circular of the Company dated 12 May 2025 and the announcement of the Company dated 10 June 2025.

CORPORATE GOVERNANCE CODE

The Board is committed to practising and achieving a high standard of corporate governance. It also recognises that effective risk management and internal control systems are crucial to the long-term development of the Company. Thus, the Board reviews from time to time the daily corporate governance practices and procedures of the Company and its subsidiaries and procures the Company and its subsidiaries to strictly comply with the relevant laws and regulations, and the rules and guidelines of regulatory authorities, aiming to maintain sound and effective risk management and internal control systems of the Group, such as financial, operational and compliance controls and risk management functions. The Company has adopted the SCHL Corporate Governance Code and the Internal Control Manual, which will be amended and revised where appropriate, in order to enhance the effectiveness of the corporate governance practices and the risk management and internal control systems, and to get in line with the relevant amendments of law, rules and regulations.

In the opinion of the Board, the Company has complied with all the principles and code provisions of the Code and also the SCHL Corporate Governance Code throughout the six months ended 30 June 2025.

Risk Management and Internal Control Systems

The Company has engaged Moore Advisory Services Limited as the internal auditor of the Company since 2015 in relation to the provision of internal audit services to the Company.

CORPORATE GOVERNANCE CODE (continued)

Model Code for securities transactions by Directors

The Company has approved and adopted the SCHL Code on terms no less exacting than Model Code.

The Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and SCHL Code during the period under review.

Audit Committee

The Company's audit committee comprises three independent non-executive Directors, namely Mr. Lam Yiu Kin, Mr. Feng Yaoling and Ms. Ho Shuk Ying, Sabrina. Mr. Lam Yiu Kin acts as the chairman of the audit committee. The audit committee was established with specific written terms of reference with the task including but not limited to monitoring the financial reporting procedures, reviewing risk management and internal control systems of the Group and monitoring the independence and objectivity of the external auditor. The Company has engaged the external auditor to assist the audit committee to review the Group's unaudited condensed consolidated financial information for the six months ended 30 June 2025. During the meetings of the audit committee for the period under review, the audit committee members, amongst other things, had reviewed the accounting principles and practices adopted by the Group; discussed the financial information matters related to the preparation of the unaudited condensed consolidated financial information for the six months ended 30 June 2025.

In summary, the audit committee has reviewed the unaudited interim results for the six months ended 30 June 2025. In addition, the independent auditor of the Company, SHINEWING, has reviewed the unaudited interim financial information for the period 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.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt thanks to our customers, suppliers and Shareholders for their continued support and trust. I would also like to take this opportunity to express my sincere gratitude to all the fellow members on the Board for their diligence and valuable contributions, as well as to the management and colleagues for their unwavering commitment, dedication and continued hard work to the Group throughout the period under review.

By order of the Board
Shougang Century Holdings Limited
SU Fanrong
Chairman

Hong Kong, 29 August 2025

This interim report can also be accessed through the internet at the Stock Exchange's website at <http://www.hkexnews.hk> and the Company's website at <http://www.shougangcentury.com.hk>.

DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the meanings set out below:

“Bekaert”	NV Bekaert SA, a company incorporated under the laws of Belgium, a substantial Shareholder (as defined under the SFO)
“Bekaert Combustion”	Bekaert Combustion Technology B.V., a wholly-owned subsidiary of Bekaert, a substantial Shareholder (as defined under the SFO)
“Board”	the board of Directors
“Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company”/“Shougang Century”	Shougang Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EUR”	Euros, the lawful currency of the participating states within the European Union
“Fair Union”	Fair Union Holdings Limited, a wholly-owned subsidiary of Shougang HK
“Group”	the Company and its subsidiaries
“HKD”/“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Internal Control Manual”	Shougang Century Holdings Limited’s internal management and control manual adopted in 1999 and revised from time to time thereafter

DEFINITIONS (continued)

"JESC"	Jiaxing Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Jingxi Holdings"	Jingxi Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Fund
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"PRC"	the People's Republic of China, which for the purpose of this report shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Redamancy"	Redamancy.Z Holdings Limited, a company incorporated in British Virgin Islands and indirectly wholly owned by Mr. Zhao Yue, a substantial Shareholder (as defined under the SFO)
"RMB"	Renminbi, the lawful currency of the PRC
"SCHL Code"	Shougang Century Holdings Limited's Model Code for Securities Transactions by Directors and Specified Individuals adopted in 2004 and revised from time to time thereafter
"SCHL Corporate Governance Code"	Shougang Century Holdings Limited's Code on Corporate Governance (revised from time to time)
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of the Company

DEFINITIONS (continued)

“Shareholder(s)”	holder(s) of the Share(s)
“Shougang Fund”	Beijing Shougang Fund Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of Shougang Group
“Shougang Group”	Shougang Group Co., Ltd. (a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission, established in the PRC), a controlling Shareholder (as defined under the Listing Rules)
“Shougang HK”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with Limited Liability, a substantial Shareholder (as defined under the SFO)
“Stock Exchange”/“HKEX”	The Stock Exchange of Hong Kong Limited
“TESC”	Tengzhou Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent