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BILLION INDUSTRIAL HOLDINGS LIMITED

百宏實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2299)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

HIGHLIGHTS

- Revenue for the first half of 2025 amounted to RMB9,485 million, representing a decrease of 10.7% over the same period last year.
- Profit for the first half of 2025 amounted to RMB377 million, representing an increase of 15.0% over the same period last year.
- Earnings per share amounted to RMB0.18.

The board of directors (the “**Board**”) of Billion Industrial Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024 as follows. The interim results have not been audited by the external auditor but they have been reviewed by the Audit Committee of the Company.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2025 <i>RMB'000</i> (unaudited)	2024 <i>RMB'000</i> (unaudited)
Revenue	2	9,484,707	10,619,933
Cost of sales		<u>(8,680,344)</u>	<u>(9,888,027)</u>
Gross profit		804,363	731,906
Other revenue	3	143,015	227,265
Other net gains and (losses)	4	(3,493)	(33,469)
Selling and distribution expenses		(126,009)	(150,282)
Administrative expenses		<u>(322,038)</u>	<u>(347,028)</u>
Profit from operations		495,838	428,392
Finance costs	5	<u>(66,178)</u>	<u>(85,386)</u>
Profit before tax	5	429,660	343,006
Income tax expenses	6	<u>(52,968)</u>	<u>(15,541)</u>
Profit for the period attributable to owners of the Company		<u>376,692</u>	<u>327,465</u>
Earnings per share			
Basic and diluted (<i>RMB</i>)	8	<u>0.18</u>	<u>0.15</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company	376,692	327,465
Other comprehensive (loss) income for the period:		
<i>Item that will not be reclassified to profit or loss</i>		
Translation of the Company's financial statements into presentation currency	(1,858)	983
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on consolidation	(71,637)	(5,134)
Total other comprehensive loss for the period	(73,495)	(4,151)
Total comprehensive income for the period attributable to owners of the Company	303,197	323,314

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		11,806,753	12,128,369
Intangible assets		5,190	4,468
Equity Investments – Designated FVOCI	9	35,820	35,820
Deposits and prepayments	11	247,454	141,336
		<u>12,095,217</u>	<u>12,309,993</u>
Current assets			
Inventories	10	5,746,210	5,314,738
Trade and other receivables	11	4,372,484	4,257,385
Financial assets at FVPL		11,571	15,791
Restricted bank deposits	12	5,012,130	6,089,347
Cash and cash equivalents	13	1,148,198	227,528
		<u>16,290,593</u>	<u>15,904,789</u>
Current liabilities			
Trade and other payables	14	12,076,422	15,810,267
Contract liabilities		983,750	302,764
Bank loans	15	3,647,077	501,852
Lease liabilities		848	879
Tax payable		73,343	111,780
		<u>16,781,440</u>	<u>16,727,542</u>
Net current liabilities		<u>(490,847)</u>	<u>(822,753)</u>
Total assets less current liabilities		<u>11,604,370</u>	<u>11,487,240</u>

		At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
	<i>Note</i>		
Non-current liabilities			
Bank loans	15	91,336	281,952
Lease liabilities		2,899	3,377
Deferred tax liabilities		218,741	212,318
		<u>312,976</u>	<u>497,647</u>
NET ASSETS		<u>11,291,394</u>	<u>10,989,593</u>
Capital and reserves			
Share capital	16	17,788	17,791
Reserves		11,273,606	10,971,802
TOTAL EQUITY		<u>11,291,394</u>	<u>10,989,593</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standards (“**HKASs**”) 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 Statements have been prepared on historical cost basis except for financial assets at fair value through profit or loss (“**FVPL**”) and equity investments at fair value through other comprehensive income (“**Equity Investments – Designated FVOCI**”) which are stated at fair value. The Interim Financial Statements are presented in Renminbi (“**RMB**”) as the functional currency of the Group’s major operating subsidiaries is RMB. All amounts have been rounded to the nearest thousand, unless otherwise stated.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2024, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2024 (the “**2024 Annual Financial Statements**”).

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the 2024 Annual Financial Statements except for the adoption of the new/revised HKFRS Accounting Standards, HKASs and Interpretations which are relevant to the Group (hereinafter collectively referred to as the “**new/revised HKFRS Accounting Standards**”) as detailed below which are effective for current period.

Going Concern

At 30 June 2025, the Group recorded net current liabilities of approximately RMB490,847,000. Based on the estimation of the future cash flows of the Group, after taking into account of (i) the bank and cash balances at 30 June 2025; and (ii) the confirmed and indicated credit commitments from financial institutions, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its normal operation and meet the obligation for its liabilities for the twelve months from the end of the reporting period of the unaudited condensed consolidated financial statements. Accordingly, the unaudited condensed consolidated financial statements have been prepared on a going concern basis.

Adoption of new/revised HKFRS Accounting Standards

In the current period, the Group has adopted, for the first time, the following new/revised HKFRS Accounting Standards issued by the HKICPA, which are effective for the current period.

Amendments to HKAS 21	Lack of Exchangeability
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The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

At the date of authorisation of the Interim Financial Statements, the HKICPA has issued a number of new/revised HKFRS Accounting Standards that are not yet effective for the current period, which the Group has not early adopted. The management of the Company does not anticipate that the adoption of the new/revised HKFRS Accounting Standards in future periods will have any material impact on the financial performance and financial position of the Group.

2. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are manufacturing and sales of polyester filament yarns products, polyester products*, polyester industrial yarns products and ES fiber products. The Group has only one reportable operating segment. The Group's most senior executive management reviews the Group as a whole and internal reports including only revenue analysis by product types and no other discretionary information is prepared for resource allocation and performance assessment. Therefore, no operating segment information is presented.

* *Polyester products represent BOPET thin films, polyester bottle chips, polyester films and wasted filament generated during the production process.*

Disaggregation of revenue

Revenue represents the sales value of goods supplied to customers (net of value-added tax, other sales tax and discounts). Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue from contracts with customers		
within the scope of HKFRS 15		
<i>Disaggregated by major products lines</i>		
Polyester filament yarns products	3,399,973	4,502,961
Polyester products*	5,054,138	5,227,993
Polyester industrial yarns products	968,958	828,618
ES fiber products	61,638	60,361
	<u>9,484,707</u>	<u>10,619,933</u>
<i>Disaggregated by geographical location of customers</i>		
The People's Republic of China (the "PRC")	6,349,491	7,374,624
Vietnam	497,198	542,367
Others	2,638,018	2,702,942
	<u>9,484,707</u>	<u>10,619,933</u>

The Group's customer base is diversified. No individual customer had transactions which exceeded 10% of the Group's aggregate revenue for the six months ended 30 June 2025 and 2024.

The timing of revenue recognition of all revenue from contracts with customers is at a point in time during the six months ended 30 June 2025 and 2024.

Geographical information

The following table sets out information about the geographical location of the Group's property, plant and equipment (including right-of-use assets), intangible assets and deposits and prepayments ("Specified Non-current Assets"). The geographical location of the Specified Non-current Assets is presented based on the physical location of the assets or the location of operation.

* Polyester products represent BOPET thin films, polyester bottle chips, polyester films and wasted filament generated during the production process.

Location of the Specified Non-current Assets

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
The PRC	9,690,812	9,749,612
Vietnam	2,329,357	2,484,071
Hong Kong	39,228	40,490
	<u>12,059,397</u>	<u>12,274,173</u>

3. OTHER REVENUE

	Six months ended 30 June 2025 <i>RMB'000</i> (unaudited)	2024 <i>RMB'000</i> (unaudited)
Bank interest income	90,472	95,084
Government grants (<i>Note</i>)	32,667	115,205
Sales of raw materials	18,428	16,952
Dividend income from Equity Investment – Designated FVOCI	1,378	–
Others	70	24
	<u>143,015</u>	<u>227,265</u>

Note:

In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to the grants during the six months ended 30 June 2025 and 2024.

4. OTHER NET GAINS AND (LOSSES)

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Donations	(87)	(228)
Exchange gain (loss), net	9,729	(51,958)
Gain on disposal of property, plant and equipment, net	115	242
Unrealised gain on financial instruments at FVPL, net		
– Contracts for financial instruments at FVPL	862	12,511
Realised (loss) gain on financial instruments at FVPL, net		
– Contracts for financial instruments at FVPL	(16,681)	3,432
Others	2,569	2,532
	<u>(3,493)</u>	<u>(33,469)</u>

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging (crediting):

(a) Finance costs

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank loans	28,245	14,439
Interest on lease liabilities	96	87
Other interest expenses	38,245	71,119
	<u>66,586</u>	<u>85,645</u>
Total finance costs		
Less: Capitalised into construction in progress (<i>Note (i)</i>)	(408)	(259)
	<u>66,178</u>	<u>85,386</u>

(b) Staff costs (including directors' emoluments)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries, wages, allowances and other benefits	259,583	242,496
Discretionary bonus	—	—
Contributions to defined contribution retirement plans (Note (ii))	12,406	10,178
	271,989	252,674

(c) Other items

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortisation of intangible assets (included in “ Administrative expenses ”)	707	683
Auditors' remuneration	184	182
Cost of inventories (Note (iii))	8,680,344	9,888,027
Depreciation (included in “ Cost of sales ” and “ Administrative expenses ”, as appropriate)		
– property, plant and equipment	403,815	405,373
– right-of-use assets	27,723	14,951
Reversal of loss allowance on trade receivables, net	(6,553)	(868)
Research and development costs (Note (iv))	239,631	260,632

Notes:

- (i) The borrowing costs have been capitalised at a rate of 2.24% (*six months ended 30 June 2024: 2.44%*) per annum for the six months ended 30 June 2025.
- (ii) For the six months ended 30 June 2025 and 2024, there were no forfeited contributions in respect of contribution previously made which were available to reduce the Group's existing level of contributions to the relevant defined contribution retirement plans.
- (iii) For the six months ended 30 June 2025, cost of inventories included approximately RMB607,308,000 (*six months ended 30 June 2024: approximately RMB607,341,000*) relating to staff costs and depreciation, which were included in the respective amounts as disclosed above.
- (iv) For the six months ended 30 June 2025, research and development costs included approximately RMB77,515,000 (*six months ended 30 June 2024: approximately RMB72,400,000*) relating to staff costs and depreciation, which were included in the respective amounts as disclosed above.

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
PRC Corporate Income Tax (“CIT”)		
Current period	46,343	8,377
Vietnam CIT		
Current period	2,467	—
Over-provision in prior year	(3,267)	—
Withholding tax		
Withholding tax on dividends	1,002	500
Deferred tax		
Origination and reversal of temporary differences	6,423	6,664
	52,968	15,541

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Under the Laws of the PRC on CIT (the “CIT Law”) and Implementation Regulation of the CIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 June 2025 and 2024.

In accordance with the relevant CIT Law, regulations and implementation guidance notes, the subsidiaries in the PRC, Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.* (福建百宏聚纖科技實業有限公司) (“**Billion Fujian**”) and Fujian Billion High-tech Material Industry Co., Ltd.* (福建百宏高新材料實業有限公司) (“**Billion High-tech**”) were approved to be the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2021 to 2023 and is further extended from 2024 to 2026, and from 2023 to 2025, respectively, which entitles Billion Fujian and Billion High-tech to a reduced PRC CIT tax rate at 15% during the valid period.

Hong Kong Profits Tax has not been provided as the Group had no assessable profits for the six months ended 30 June 2025 and 2024.

* The English translation of the name is for reference only.

From 1 January 2008, a non-resident enterprise without an establishment or a place of business in the PRC or which has an establishment or a place of business in the PRC but whose relevant income is not effectively connected with the establishment or place of business in the PRC, will be subject to a withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident may be liable for a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the PRC enterprise. The Group had obtained the certificates of Hong Kong tax residents from the Inland Revenue Department of Hong Kong, which are effective until 2026. Withholding tax on dividend represents tax charged by the PRC tax authority on dividends distributed by the Group’s subsidiaries in the PRC for the six months ended 30 June 2025 and 2024.

The standard corporate income tax rate in Vietnam is 17% of taxable profits for the first 10 years starting from the first period of operation (i.e. 2019-2028 for Billion Industrial (Viet Nam) Co., Ltd. (“**Billion Vietnam**”)) and 20% for the succeeding years. The provisions of the Investment Registration Certificate of Billion Vietnam allow Billion Vietnam to be exempted from Vietnam CIT for 2 years starting from the first year it generates taxable profit and entitled to a 50% reduction in income tax for the next 4 succeeding years. The above exemption and reduction are not applicable to other income. As Billion Vietnam generated taxable profit for the first year in 2021, Billion Vietnam is exempted from Vietnam CIT for the years ended 31 December 2021 and 2022, and 50% reduction in income tax until the year ending 31 December 2026.

In 2025, Billion Vietnam has obtained the Supporting Industry Products Certificate issued by Vietnam’s Ministry of Industry and Trade which allows profit from FDY and DTY products of Billion Vietnam to be exempted from Vietnam CIT for 2 years starting from the first year it generates taxable profit and entitled to a 50% reduction in income tax for the next 8 succeeding years. As Billion Vietnam generated taxable profit from FDY and DTY products for the first year in 2024 under the Supporting Industry Products Certificate, Billion Vietnam is exempted from Vietnam CIT for profits from FDY and DTY products for the years ended 31 December 2024 and 2025, and 50% reduction in income tax until the year ending 31 December 2033.

For the six months ended 30 June 2025, Vietnam CIT has been provided at 17% as Billion Vietnam generated taxable profit on product lines other than FDY and DTY as mentioned above and is entitled to a 50% reduction in income tax. For the six months ended 30 June 2024, Vietnam CIT has not been provided as Billion Vietnam incurred a loss for taxation purpose.

7. DIVIDENDS

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2025 and 2024.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit:		
Profit attributable to owners of the Company used for the purpose of basic earnings per share	<u>376,692</u>	<u>327,465</u>
	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Number of shares:		
Issued ordinary shares at 1 January	2,115,676,000	2,118,658,000
Effect of shares repurchased and cancelled (<i>Note 16(b)</i>)	<u>(169,602)</u>	<u>(211,000)</u>
Weighted average number of ordinary shares	<u>2,115,506,398</u>	<u>2,118,447,000</u>

There were no dilutive potential ordinary shares during the six months ended 30 June 2025 and 2024, and therefore, diluted earnings per share is the same as the basic earnings per share.

9. EQUITY INVESTMENTS – DESIGNATED FVOCI

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Unlisted equity investment, at fair value	<u>35,820</u>	<u>35,820</u>

The unlisted equity investment represented the 1.56% of equity interests in a local bank incorporated and operated in Jinjiang, Quanzhou in Fujian Province in the PRC (the “**Bank**”), which has been acquired by the Group at cash consideration of approximately RMB35,820,000 during the year ended 31 December 2024. Dividend income of approximately RMB1,378,000 were received on this investment during the six months ended 30 June 2025. The Group irrevocably designated the investment in the Bank as Equity Investments – Designated FVOCI since the Group intends to hold the investment for long-term strategic purposes and considers the accounting treatment applied provide more relevant information for the investment. At the end of the reporting period, the fair value of the Equity Investments – Designated FVOCI is determined by the directors of the Company based on the recent transaction price that is not supported by observable market prices or rates, and therefore classified as level 3 under fair value hierarchy as defined in HKFRS 13 “Fair Value Measurement”.

10. INVENTORIES

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Raw materials	838,193	683,839
Work in progress	216,077	205,813
Finished goods	4,691,940	4,425,086
	<u>5,746,210</u>	<u>5,314,738</u>

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Trade receivables from third parties	685,073	1,155,299
Less: Loss allowance	<u>(21,547)</u>	<u>(28,121)</u>
	663,526	1,127,178
Bills receivables from third parties	<u>89,955</u>	<u>69,549</u>
	753,481	1,196,727
Deposits, prepayments and other receivables	<u>3,866,457</u>	<u>3,201,994</u>
	4,619,938	4,398,721
Less: Non-current portion of deposits and prepayments	<u>(247,454)</u>	<u>(141,336)</u>
	<u>4,372,484</u>	<u>4,257,385</u>

All of the trade and other receivables that are classified as current assets are expected to be recovered or recognised as expenses within one year.

At 30 June 2025, the Group had discounted bank acceptance bills totalling approximately RMB3,730,619,000 (31 December 2024: approximately RMB3,447,137,000) and endorsed bank acceptance bills totalling approximately RMB102,374,000 (31 December 2024: approximately RMB68,130,000), which are derecognised as financial assets (the “**Derecognition**”). These bank acceptance bills matured within one year from date of issue. The Group considered that the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable. During the six months ended 30 June 2025, the loss arising from the Derecognition was approximately RMB9,769,000 (31 December 2024: approximately RMB9,083,000).

Non-current portion of deposits and prepayments mainly represents deposits and prepayment for acquisition of interests in leasehold land and property, plant and equipment.

Current portion of deposits, prepayments and other receivables mainly represents prepayments on raw materials, interest receivables from deposits with banks and value added tax recoverable.

Ageing analysis

At the end of the reporting period, the ageing analysis of trade receivables and bills receivables (which are included in “trade and other receivables”), based on the date of billing and net of loss allowance for expected credit losses (“ECL”), is as follows:

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Within 1 month	733,274	1,140,691
1 to 2 months	2,417	48,170
2 to 3 months	12,202	7,586
Over 3 months	5,588	280
	<u>753,481</u>	<u>1,196,727</u>

At 30 June 2025, trade receivables and bills receivables are due within 30 to 210 days (31 December 2024: 30 to 210 days) and 1 to 365 days (31 December 2024: 1 to 365 days), respectively, from the date of billing.

12. RESTRICTED BANK DEPOSITS

At 30 June 2025, the restricted bank deposits of approximately RMB223,581,000 (31 December 2024: approximately RMB221,120,000) and approximately RMB4,788,549,000 (31 December 2024: approximately RMB5,868,227,000) were pledged to the banks to secure certain bank loans (Note 15) and bills payables (Note 14), respectively.

13. CASH AND CASH EQUIVALENTS

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Bank balances and cash	<u>1,148,198</u>	<u>227,528</u>

14. TRADE AND OTHER PAYABLES

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Trade payables	1,475,743	1,776,654
Bills payables	10,041,349	13,478,598
Other payables and accrued charges	213,358	218,456
Salaries and welfare payables	55,697	52,984
Interest payables	21,593	13,078
Equipment payables	58,722	59,003
Construction payables	47,998	36,733
Accrued land cost	6,041	5,024
Other tax payables	155,921	169,737
	<u>12,076,422</u>	<u>15,810,267</u>

All of the trade and other payables are expected to be settled within one year or repayable on demand.

Certain bills payables are secured by restricted bank deposits at the end of each reporting period (*Note 12*).

The Group normally is allowed a credit term of 60 to 180 days by its suppliers. At the end of the reporting period, the ageing analysis of trade payables and bills payables (which are included in “trade and other payables”), based on the invoice date/issue date, is as follows:

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Within 3 months	6,869,987	7,502,733
More than 3 months but within 6 months	1,603,013	4,693,857
More than 6 months but within 1 year	3,037,042	3,032,934
More than 1 year	7,050	25,728
	<u>11,517,092</u>	<u>15,255,252</u>

15. BANK LOANS

At the end of the reporting period, the bank loans were repayable as follows:

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Within 1 year or on demand	<u>3,647,077</u>	<u>501,852</u>
After 1 year but within 2 years	<u>91,336</u>	<u>281,952</u>
	<u>3,738,413</u>	<u>783,804</u>

At the end of the reporting period, the bank loans were secured as follows:

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Secured bank loans	<u>3,738,413</u>	<u>783,804</u>

At 30 June 2025, the secured bank loans are collectively secured by:

- (i) restricted bank deposits amounted to approximately RMB223,581,000 (31 December 2024: approximately RMB221,120,000); and
- (ii) building held for own use amounted to approximately RMB39,222,000 (31 December 2024: approximately RMB40,490,000).
- (iii) corporate guarantee given by Billion Fujian and Billion High-tech to the extent of approximately RMB2,689,846,000 (31 December 2024: approximately RMB2,511,775,000).

The ranges of effective interest rates on the Group's bank loans are as follows:

	At 30 June 2025 % (unaudited)	At 31 December 2024 % (audited)
Fixed rate bank loans	2.00 – 4.00	2.00 – 2.80
Variable rate bank loans	5.35	5.98

16. SHARE CAPITAL

(a) Authorised and issued share capital

	Par value <i>HK\$</i>	Number of shares	Nominal value of ordinary shares <i>HK\$</i>
Authorised:			
At 1 January 2024,			
31 December 2024 (audited) and			
30 June 2025 (unaudited)	<u>0.01</u>	<u>10,000,000,000</u>	<u>100,000,000</u>
	Par value <i>HK\$</i>	Number of shares	Nominal value of ordinary shares <i>HK\$</i> <i>RMB</i>
Issued and fully paid:			
At 1 January 2024	0.01	2,118,658,000	21,186,580 17,816,695
Repurchase and cancellation of shares	0.01	<u>(2,982,000)</u>	<u>(29,820)</u> <u>(25,076)</u>
At 31 December 2024 (audited)	0.01	2,115,676,000	21,156,760 17,791,619
Repurchase and cancellation of shares (<i>Note 16(b)</i>)	0.01	<u>(348,000)</u>	<u>(3,480)</u> <u>(2,927)</u>
At 30 June 2025 (unaudited)	0.01	<u>2,115,328,000</u>	<u>21,153,280</u> <u>17,788,692</u>

(b) Purchase and cancellation of own shares

During the six months ended 30 June 2025 and the year ended 31 December 2024, the Company cancelled its own ordinary shares on the Stock Exchange as follows:

Month/Year of repurchase	Number of shares	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>RMB '000</i>
November 2024	22,000	4.59	4.48	93
December 2024	<u>102,000</u>	4.30	4.25	<u>407</u>
Repurchased during the year ended 31 December 2024 and cancelled during the six months ended 30 June 2025	<u>124,000</u>			<u>500</u>
January 2025	6,000	4.35	4.35	24
March 2025	42,000	4.38	4.20	165
April 2025	130,000	4.60	4.10	510
May 2025	<u>46,000</u>	4.70	4.54	<u>197</u>
Repurchased and cancelled during the six months ended 30 June 2025	<u>224,000</u>			<u>896</u>
May 2025	60,000	4.37	4.17	235
June 2025	<u>900,000</u>	4.60	4.27	<u>3,701</u>
Repurchased during the six months ended 30 June 2025 and cancelled subsequent to 30 June 2025	<u>960,000</u>			<u>3,936</u>
Total	<u><u>1,308,000</u></u>			<u><u>5,332</u></u>

Pursuant to section 37(3) of the Companies Law of the Cayman Islands, 348,000 shares, of which 124,000 and 224,000 shares were repurchased during the year ended 31 December 2024 and the six months ended 30 June 2025, respectively, were cancelled during the six months ended 30 June 2025. The remaining 960,000 shares repurchased during the six months ended were cancelled subsequent to the reporting period. Accordingly, the issued share capital of the Company was reduced by the nominal value of 348,000 shares. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of approximately RMB3,000 was transferred from share premium to the capital redemption reserve during the six months ended 30 June 2025. The premium for the repurchase of 348,000 shares of approximately HK\$1,505,000 (equivalent to approximately RMB1,393,000) were charged to share premium for the six months ended 30 June 2025. The premium for remaining 960,000 shares of approximately HK\$4,305,000 (equivalent to approximately RMB3,929,000) were charged to share premium subsequent to the reporting period.

17. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided, net of any deposits paid, for in the Interim Financial Statements were as follows:

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Authorised but not contracted for	2,395,730	—
Contracted for	1,062,692	623,224
	<u>3,458,422</u>	<u>623,224</u>

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGES IN MACRO-ECONOMIC ENVIRONMENT

In 2025, the impact of the novel coronavirus (the “COVID-19”), Russia-Ukraine and Israeli-Palestinian wars, global interest rate hikes, and the delicate moment in the Sino-US relation have had an impact on the global economic landscape. However, as the COVID-19 passed, together with policies implemented to boost consumption, the markets and industries started to gradually resume their business operation and production. The global economy began to show signs of recovery from the impacts of the epidemic. The impact of the pandemic on China economy was temporary and unable to change the promising prospect of China’s economy to expand stably in long term. In face of the adversely affected business activities in global trade, many countries around the world have been proposing or enhancing their economic stimulus policies to cope with economic downturn and rising unemployment brought by the epidemic. The progress of global stable recovery largely depends on the sustainability and effectiveness of various economic stimulus policies and the improvement of the world economic governance.

In addition, with improved fiscal and currency policy, global economy is expected to improve gradually by 2025, and China is striving for the stable economic development, which further helps the people’s access to services and goods, so as to stimulate consumption.

INDUSTRY REVIEW

The textile and apparel industry employs a large number of workers and plays an important role in ensuring the employment of residents, protecting the market players and stabilizing the supply chain of the industry chain. In 2025, China’s textile industry faced an increasingly complicated external environment. The increasing risk points of the global economy and the domestic structural issues have brought impacts on the textile and apparel industry. Despite those adverse impacts, the development trend of China’s macro economy will remain positive in long term due to its continuing effort to stabilize growth for the domestic macro-economic policies. In recent years, China’s textile industry has seen the trend of growing export of textile machinery and chemical fibers with higher technology content and added value. Trade tensions may accelerate the adjustment of the industry. As the Chinese government promulgated various anti-epidemic support measures to ease the operating pressure of the textile enterprises, the textile industry will develop under the general keynote of seeking progress while maintaining stability.

BUSINESS REVIEW

With the mission of “providing eco-friendly products for the public, aspiring to be the world’s premier supplier of consumer product materials”, the Group implements the operation philosophy of “creating green products”. In order to achieve “technology innovation and improving competitive strength”, the Group persists in pursuing technology innovation in a comprehensive approach addressing “Production, Learning, Research and Application”. The Group has formulated the deepened reform proposal through technology improvement, technology innovation, product mix optimization and recruiting innovative talents, strives to research and develop new products and enhance product added value, and improves brand values and market competitiveness of the Company. As a “High Technology Enterprise” and the “Pilot Demonstration Enterprise of Intelligent Manufacturing in Fujian Province”, the Group is the first enterprise pioneering in the application of the full process intelligent automatic production in the industry. The Group leverages on the digitalization, networking and modularization of automatic equipment to keep on improving its products’ quality and production volume. During the pandemic, the Group showed great resilience to risks. Benefiting from technologies and equipment such as intelligent transformation, intelligent production, intelligent packaging and intelligent storage, our production was less impacted by the pandemic. The Group’s production lines of each workshop continued to run at full speed during the outbreak of the pandemic when manpower was largely limited. The capability of maintaining operation benefits from the automation, which proves that our forward-looking decision made years ago to carry out intelligent transformation, and also reinforces the Group’s determination towards further intelligent upgrade.

The Group attaches great importance to the introduction and cultivation of talents and has adopted the talent strategy of “recruiting employees with due care and connecting people with heart (招人留心、用人連心)” which attracts more talented individuals to join our business. We established a talents practice base in cooperation with Donghua University, and we have become an enterprise with excellent research and development talents. The Group has a research and development team, comprising a large number of senior technicians from all around the country, to develop new products under a market-oriented approach. The Group also has a sizable quality control team equipped with the world class testing facilities to ensure stringent product quality and personalized quality service.

The management team of the Group applied scientific management software to achieve networking and informatization of the management during the course of production, to allocate production among various products and to allocate equipment between production and research and development to maximize the utilization of production capacity. The scientific production management process enhanced the production efficiency of the Group, which enabled the Group to constantly launch new products on time targeting at market demand with a view to increasing product differentiation. Our ES fiber project successfully commenced production on 27 June 2020. ES fiber is a kind of bicomponent skin-core structure composite fiber where the skin component has a low melting point and good flexibility and the core component has a high melting point and high strength. After heating, a portion of the skin component will be melted and bonded together, and the rest maintains the fiber properties while enjoying a low thermal shrinkage rate. It is particularly suitable for use in the through air drying process to manufacture products such as sanitary materials, thermal filling materials and filtration materials.

With respect to model selection and main equipment installation, our ES fiber project adopts German facilities. The excellent equipment largely ensures the Group's product innovation and technological innovation. The Group targets at the high-end customers to provide them with high-end customized products according to their demand, as a gradual process to enter into the international high-end market. Moving forward, the Group expects more promising prospects for the ES fiber business as to demand and application. High value-added products can generate higher profits, which will also consolidate the position of the Group in the industry.

The Group manufactures functional polyester thin films project of 255,000 tons in production site G on an annual basis, of which, 2 of the production lines focused on the production of polyester thin films, with an annual capacity of 70,000 tons, were duly put into production in December 2020. The project adopts international advanced polyester production process with six biaxially-oriented polyester thin films production lines of the latest model purchased from Dornier in Germany, equipped with the cutting machines in KAMPF of Germany, and 9 APET sheet production lines. By virtue of the automatic control, the implementation of purification management in production workshops, and the smooth operation and stability of the equipment and the production lines, we can manufacture thin films of larger span, which can satisfy more customers' needs and ensure the quality of various products. Positioning at high-end functional polyester thin films market at home and abroad, the products can be mainly applied in the segments including soft packaging, composite printing, garments, safety and energy saving, cosmetics, food packaging, toys, electronic products including solar backplane, protective film and release film. Due to the prosperous market conditions in the thin films market this year and wide market potential, there have been advanced orders placed by our customers prior to the commencement of commercial production of the project. Relying on the entire supply chain platform of the Group and mature technology management team, the products will serve customers in all respects with a focus on high quality, high starting point and specialization. The production of the project will allow the Group to double the capacity of its existing polyester thin films and APET sheet and strengthen its market position as a large polyester thin films manufacturer in China.

The Group also announced on 20 September 2022 that it will further invest approximately US\$73,900,000 in the development of a new production facility in Vietnam for polyester bottle chips. The expected annual production capacity is about 300,000 tons and it has been put into commercial production gradually in July 2023. In addition, the production line for polyester thin films established by the Group with a planned investment of approximately US\$320 million over a period of four years from 2020 to 2023 has been put into commercial production in November 2023. Upon the full completion, the additional polymerizing production capacity is 400,000 tons per year, which enables the additional polyester thin films to give their full play to reach the production capacity of 228,000 tons per year.

After more than one year of planning and construction, the manufacturing facilities of polyester industrial yarns, which has an annual production capacity of approximately 250,000 tons, commenced operation in July 2022. The Group has been committed to constructing its polyester industrial yarns products with the belief of “high quality, high starting point, specialization, and serving various fields”. The Group adopts world-class advanced polyester process in its production by introducing the latest high-speed spinning winder of Oerlikon Barmag (a German brand), which can produce a full range of products including ordinary high-strength, low-shrink, ultra-low-shrink, activated, anti-wicking and water-repellent, car seat belt wear resistant and special sewing thread and non-ferrous type, as complemented by the plied and twisted lines and twisting device to enrich the product structure. Meanwhile, the Group is equipped with the whole-process intelligent production and management from the latest intelligent winding, product inspection, packaging to storage, together with the optimized application of Oerlikon Barmag’s automation solution. The Group is also among the top ten polyester industrial yarns manufacturers in China. The project has led the Group to expand the business of polyester industrial yarns products, marking another milestone towards the whole industry chain layout of the Group. We gradually acquire expertise in the direction of customer flow, information flow and capital flow in the industry. Meanwhile, the Company continues to strengthen its publicity efforts to further enhance our reputation for polyester industrial yarns products, and proactively deepens understanding of customers’ needs for polyester industrial yarns prices, functions and services. The Group will continue to provide customers with high-end quality products and gradually take the lead in the market.

In addition, in view of the global development trend of synthetic fibers, by expanding the polyamide (commonly known as: nylon) business, the Company can seize the growth opportunities in this market, increase the variety and capacity of the Group’s existing production projects, and strengthen the Group’s market position as one of the large-scale manufacturers in the PRC. We expect to invest approximately RMB2,395,730,000 during the three-year period from 2025 to 2027, and we estimate the total production capacity of the new facilities will be approximately 120,000 tons per annum, with gradual commencement of commercial production starting from 2026. Synthetic fibers have become one of the most widely used outdoor fabrics due to its superior characteristics, and it is estimated that the scale of the sports outdoor market in China will be close to RMB600 billion.

The Group has signed a 5G new technology strategic cooperation with China Mobile, to jointly explore development opportunities in the 5G business sector by further leveraging the unique advantages of both parties. The Group’s commissioning of 5G smart factories has eased the pressure caused by rising labor costs, improved production efficiency, and promoted high-quality development in digital, intelligent, and flexible aspects with reform and innovation. As the first 5G intelligent chemical factory in the chemical fiber industry in the country, the Group and China Mobile cooperate in the fields of intelligent manufacturing, 5G data acquisition and transmission, high-precision positioning, visual recognition, network security, etc., to expand 5G industrial Internet application scenarios and achieve mutual benefit and win-win results.

As a leading enterprise in Fujian, the Group has been dedicated to building the front-end platform for foreign economic and trading cooperation in recent years. In active response to the national call, the Group decided to invest in Vietnam to build a polyester factory as early as 2016. On 3 May 2020, the Group officially commenced the second project, i.e. the “polyester bottle chips project with an annual production capacity of 250,000 tons”, under phase I of the Group’s investment in and construction of the “700,000-ton differentiated chemical fiber project” in Tay Ninh, Vietnam. The main products of the project are bottle grade chips suitable for making bottles for water such as mineral water and purified water. Coupled with the “polyester filament yarns and chips project with an annual production capacity of 200,000 tons”, which commenced operation in September 2019, the two projects under phase I of our investment in and construction of the “700,000-ton differentiated chemical fiber project” in Vietnam have completed construction. The Group aims to develop these projects to create a demonstration platform for China-Vietnam production capacity cooperation, being a further great leap forward for the development of the Group. Leveraging on the geographical location of Vietnam and its huge market potential, the Group will continue to capitalize on its opportunities and utilise its strengths as a large-scale corporation to differentiate itself from the competitors and enter the textile and polyester bottle chips market in Vietnam.

The Group has always been highly valuing the importance of marketing channel expansion and customer services. The flexible sales strategies enable it to understand market situations in time, focus on customers’ experience and timely communicate the feedback from customers to the technology and production center, in order to ensure interaction and provide fast and efficient product aftersales services. While consolidating its market share in Fujian and Guangdong Provinces, the Group also strived to develop international markets and continued to improve its response to the market whilst expanding the emerging markets. According to the feedback of downstream users in the emerging markets, the Group made functional improvement and technology upgrade to its existing product lines with suitable marketing strategies, strengthened quality control on export products, and maintained cost advantages.

The Group’s major subsidiaries, Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.* (福建百宏聚纖科技實業有限公司) (“**Billion Fujian**”) and Fujian Billion High-tech Material Industry Co., Ltd.* (福建百宏高新材料實業有限公司) (“**Billion High-tech**”) have been awarded as Advanced and New Technology Enterprise Status. During the period under review, the revenue from and the research and development expenses of the Group’s differentiated products amounted to RMB5,126,910,000 and RMB239,631,000, representing 54.1% and 2.5% of the total revenue respectively. The Group’s research and development focused on improving the product quality and production efficiency, as well as enhancing its innovative capability in all aspects from chemical fiber to textile fabrics. The Group remains confident in the medium-term and long-term development as it continues to push ahead its innovative capability and intelligentization achievements, alongside with the application for patents in China, increasing national income, optimizing demographic structure and consumption upgrade.

* The English translation of the name is for reference only.

FINANCIAL REVIEW

Operational Performance

1. Revenue

Total revenue of the Group for the period under review amounted to RMB9,484,707,000 (for the first half of 2024: RMB10,619,933,000), representing an decrease of 10.7% as compared to the same period last year. Revenue attributable to the sales of polyester filament yarns, the Group's main products, was RMB3,399,973,000, accounting for 35.9% of the total revenue. Revenue attributable to the sales of polyester products* was RMB5,054,138,000, accounting for 53.3% of the total revenue. Revenue attributable to the sales of ES fiber and polyester industrial yarns was RMB61,638,000 and RMB968,958,000, accounting for 0.6% and 10.2% of total revenue, respectively. The revenue analysis of the Group's various products is as follows:

Polyester filament yarns

The Group adopts a melt-direct spinning differentiated chemical fiber production line which is technologically advanced by global standards, and possesses the leading spinning and texturing equipment and technology in the industry. The Group's polyester filament yarns products are positioned at the middle and high-end markets both domestically and abroad, a majority of which are differentiated products and have special physical features and functionalities, such as cotton-like fibers, protection against ultraviolet rays, moisture and sweat-absorption, flame-resistant, abrasion-resistant, super-soft, super-shining and antibacterial. These products are widely used in apparel, footwear and home furnishings and high-end fabrics and textiles for industry. The Group has a clear positioning of its product solutions which target at the mid to high-end markets. In response to the needs of the target markets, the product plan designs are based on the production of differential Oerlikon fibers and functional fibers.

Revenue attributable to the sales of polyester filament yarns products for the period under review was RMB3,399,973,000, representing an decrease of RMB1,102,988,000 or 24.5% as compared to RMB4,502,961,000 in the first half of 2024. The average selling price of polyester filament yarns in the period under review was RMB8,218 per ton, representing an decrease of RMB590 or 6.7% as compared to RMB8,808 per ton in the first half of 2024.

* Polyester products represent BOPET thin films, polyester bottle chips, polyester films and wasted filament generated during the production process.

Polyester products

The Group's polyester products can be widely used in various sectors including packaging, magnetic materials, imaging, industry, electronics and electrical appliances, with its principal products positioned at the middle and high-end markets both domestically and abroad. The Group re-engineered its polyester products production lines to conduct research and development on various categories of thin films products under different raw material formulae and various technological conditions. The Group introduced the production lines and research and development equipment with advanced international standards for biaxially-oriented polyethylene terephthalate ("BOPET") thin films from Dornier in Germany, which mainly focuses on the production, research and development and sales of BOPET thin films. The Group has become one of the largest polyester thin films production enterprises in China. In addition, the commencement of production of the facility of Billion Vietnam has also expanded the production capacity of polyester products of the Group.

Revenue attributable to the sales of polyester products for the period under review was RMB5,054,138,000, representing an decrease of RMB173,855,000 or 3.3% as compared to RMB5,227,993,000 in the first half of 2024. The average selling price of polyester products in the period under review was RMB6,132 per ton, representing a decrease of RMB625 or 9.2% as compared to RMB6,757 per ton in the first half of 2024. The sales volume of the Group's polyester products during the period under review increased from 773,671 tons in the first half of 2024 to 824,171 tons during the period under review or an increase of 6.5%. The sales volume continued to record steady growth.

ES fiber and polyester industrial yarns

The Group's ES fiber is a new type of thermally bonded composite fiber. After heating, a portion of the skin component will be melted and bonded together enjoying a low thermal shrinkage rate. Fibers are interlinked to form a non-woven fabric without adhesives. Different heat treatment methods will produce non-woven fabrics with different effects. For example, the application of hot air bonding can produce fluffy non-woven fabrics, the application of hot rolling bonding can produce high strength non-woven fabrics, products of which are mainly used in disposable sanitary products. The prospects for ES fiber demand are becoming broader, and the broad demand potential for ES fibers in the future is expected to open up new sources of revenue growth for the Group. During the period under review, the revenue attributable to the sale of ES fiber products was RMB61,638,000, and the average selling price of the products was RMB9,254 per ton.

Different from the production process of polyester filament, polyester industrial yarns of the Group requires a solid phase polymerization device which can increase the viscosity through solid phase polycondensation. The tensile strength of such yarns is controlled by winding hot rolls industrial silk, and physical properties are controlled. Different strengths have different uses. Industrial silk products of the Group serve various fields with high quality, high starting point and specialization, including hoisting belts, conveyor belts, car seat belts, canvas, teslin, coated cloth, fire hoses, oil and water pipelines, geotextiles and so on. During the period under review, the revenue attributable to the sale of polyester industrial yarns products was RMB968,958,000, and the average selling price of the products was RMB7,421 per ton.

Breakdown of Revenue and Sales Volume (By Product)

	Revenue				Sales volume			
	For the six months ended 30 June				For the six months ended 30 June			
	2025		2024		2025		2024	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>	<i>Tons</i>	<i>Percentage</i>	<i>Tons</i>	<i>Percentage</i>
Polyester filament yarns								
DTY	2,523,103	26.6%	3,190,455	30.0%	283,359	20.6%	338,787	24.2%
FDY	551,644	5.8%	923,049	8.7%	71,405	5.2%	109,746	7.8%
POY	148,489	1.6%	96,395	0.9%	23,779	1.7%	13,779	1.0%
Other polyester filament yarns products*	176,737	1.9%	293,062	2.8%	35,186	2.6%	48,901	3.5%
Sub-total	3,399,973	35.9%	4,502,961	42.4%	413,729	30.1%	511,213	36.5%
Polyester products								
BOPET thin films	1,961,476	20.7%	1,816,472	17.1%	284,565	20.7%	259,599	18.5%
Polyester bottle chips	2,457,500	25.9%	2,766,766	26.0%	405,548	29.5%	410,194	29.3%
Other polyester products**	635,162	6.7%	644,755	6.1%	134,058	9.7%	103,878	7.4%
Sub-total	5,054,138	53.3%	5,227,993	49.2%	824,171	59.9%	773,671	55.2%
ES fiber	61,638	0.6%	60,361	0.6%	6,661	0.5%	6,656	0.5%
Polyester industrial yarns	968,958	10.2%	828,618	7.8%	130,572	9.5%	108,996	7.8%
Total	9,484,707	100.0%	10,619,933	100.0%	1,375,133	100.0%	1,400,536	100.0%

* Other polyester filament yarns products represent polyethylene terephthalate (“PET”) chips and wasted filament generated during the production process.

** Other polyester products represent polyester chips, polyester films and wasted filament generated during the production process.

Sales by geographic region

The Group's overseas sales revenue decreased from RMB3,245,309,000 in the first half of 2024 to RMB3,135,216,000 during the period under review or an decrease of 3.4%. Consequentially, the percentage of overseas sales revenue also increased from 30.5% in the first half of 2024 to 33.0% during the period under review, representing an increase of 2.5 percentage points. The stable development of the Group's overseas sales was not affected. In addition, the second project under phase I of the Group's investment in and construction of the "700,000-ton differentiated chemical fiber project" in Tay Ninh, Vietnam fully commenced production, which boosted the overall overseas sales of the Group. Approximately 67.0% of the Group's revenue was generated from domestic market sales, of which 39.4% was from sales to customers in Fujian Province and 13.9% to customers in the adjacent Guangdong Province. The textile manufacturing industries in these two provinces have been booming, resulting in a relatively strong demand for the Group's products.

Geographic Breakdown of Revenue

	For the six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Domestic sales				
Fujian Province	3,736,139	39.4%	4,658,977	43.9%
Guangdong Province	1,315,230	13.9%	1,369,345	12.9%
Other Provinces	1,298,122	13.7%	1,346,302	12.7%
Overseas sales				
Vietnam	497,198	5.2%	542,367	5.1%
Others*	2,638,018	27.8%	2,702,942	25.4%
Total	9,484,707	100.0%	10,619,933	100.0%

* Overseas sales were mainly made to countries such as ASEAN countries, EU countries, Japan, South Korea, Central America and South America.

2. *Cost of Sales*

Cost of sales of the Group for the period under review was RMB8,680,344,000, representing an decrease of 12.2% as compared to the cost of sales of RMB9,888,027,000 in the first half of 2024. The cost of sales for polyester filament yarns was RMB3,030,637,000, accounting for 34.9% of the total cost of sales. The cost of sales for polyester products was RMB4,699,418,000, accounting for 54.1% of total cost of sales. Revenue from ES fiber and polyester industrial yarns was RMB58,116,000 and RMB892,173,000, accounting for 0.7% and 10.3% of total cost of sales.

Polyester filament yarns

Average cost of sales for polyester filament yarns decreased from RMB7,868 per ton in the first half of 2024 to RMB7,326 per ton during the period under review, representing a decrease of RMB542 or 6.9% per ton. The average price of raw materials for polyester filament yarns decreased from RMB6,140 per ton in the first half of 2024 to RMB5,549 per ton during the period under review, representing a decrease of RMB591 or 9.6% per ton. PTA and MEG, major raw materials for products of the Group, accounted for 69.7% of the total cost of sales of polyester filament yarns and the price of which was directly affected by the price of their raw material, i.e. crude oil.

Polyester products

Average cost of sales for polyester products decreased from RMB6,463 per ton in the first half of 2024 to RMB5,701 per ton during the period under review, representing a decrease of RMB762 or 11.8% per ton. The average price of raw materials for polyester products decreased from RMB5,687 per ton in the first half of 2024 to RMB4,933 per ton during the period under review, representing an decrease of RMB754 or 13.3% per ton.

ES fiber and polyester industrial yarns

Average cost of sales for ES fiber was RMB8,725 per ton, while the average price of raw materials for ES fiber was RMB6,727 per ton. Average cost of sales for polyester industrial yarns was RMB6,833 per ton, while the average price of raw materials for polyester industrial yarns was RMB5,176 per ton.

Breakdown of Cost of Sales

For the six months ended 30 June				
2025		2024		
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Polyester filament yarns				
Cost of raw materials				
PTA	1,538,889	17.7%	2,278,250	23.0%
MEG	573,430	6.6%	651,892	6.6%
POY and other raw materials	183,224	2.1%	208,382	2.1%
Sub-total	2,295,543	26.4%	3,138,524	31.7%
Manufacturing costs	735,094	8.5%	883,984	8.9%
Sub-total	3,030,637	34.9%	4,022,508	40.6%
Polyester products				
Cost of raw materials				
PTA	2,856,013	32.8%	3,294,690	33.3%
MEG	1,020,214	11.8%	965,346	9.8%
Chips and other raw materials	189,825	2.2%	140,041	1.4%
Sub-total	4,066,052	46.8%	4,400,077	44.5%
Manufacturing costs	633,366	7.3%	599,802	6.1%
Sub-total	4,699,418	54.1%	4,999,879	50.6%

For the six months ended 30 June				
2025			2024	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
ES fiber				
Cost of raw materials				
PTA	12,826	0.1%	15,189	0.2%
MEG	4,902	0.1%	4,386	0.0%
Other raw materials	27,078	0.3%	26,763	0.3%
Sub-total	44,806	0.5%	46,338	0.5%
Manufacturing costs	13,310	0.2%	12,966	0.1%
Sub-total	58,116	0.7%	59,304	0.6%
Polyester industrial yarns				
Cost of raw materials				
PTA	477,984	5.5%	480,298	4.9%
MEG	178,504	2.1%	143,324	1.4%
Oil and other raw materials	19,381	0.2%	16,488	0.2%
Sub-total	675,869	7.8%	640,110	6.5%
Manufacturing costs	216,304	2.5%	166,226	1.7%
Sub-total	892,173	10.3%	806,336	8.2%
Total	8,680,344	100.0%	9,888,027	100.0%

3. *Gross Profit*

Gross profit of the Group for the period under review was RMB804,363,000, which increased by RMB72,457,000, representing an increase of 9.9% as compared to RMB731,906,000 in the first half of 2024. Sales volume of the Group during the period under review decreased by 25,403 tons, representing an decrease of 1.8% as compared to that in the first half of 2024. Average selling price of products per ton decreased by an average of RMB686 per ton, representing a decrease of 9.0% from RMB7,583 per ton in the first half of 2024 to RMB6,897 per ton during the period under review, while average cost of products per ton also decreased by an average of RMB748 per ton, representing a decrease of 10.6% from RMB7,060 per ton in the first half of 2024 to RMB6,312 per ton during the period under review. Therefore, the average gross profit of products per ton increased from RMB523 in the first half of 2024 to RMB585 during the period under review. Gross profit margin increased by 1.6 percentage points from 6.9% in the first half of 2024 to 8.5% during the period under review.

Polyester filament yarns

Average selling price of polyester filament yarns products decreased by an average of RMB590 per ton, representing an decrease of 6.7% from RMB8,808 in the first half of 2024 to RMB8,218 during the period under review. The average gross profit of polyester filament yarns products per ton decreased from RMB940 in the first half of 2024 to RMB892 during the period under review. The gross profit margin increased by 0.2 percentage points from 10.7% in the first half of 2024 to 10.9% during the period under review.

Polyester products

Average selling price of polyester products per ton decreased by an average of RMB625 per ton, representing a decrease of 9.2% from RMB6,757 per ton in the first half of 2024 to RMB6,132 per ton during the period under review. The average gross profit of polyester products per ton increased from RMB294 in the first half of 2024 to RMB431 during the period under review. The gross profit margin increased by 2.6 percentage points from 4.4% in the first half of 2024 to 7.0% during the period under review.

ES fiber and polyester industrial yarns

Average selling prices of ES fiber and polyester industrial yarns were RMB9,254 and RMB7,421 respectively, while ES fiber recorded an average gross profit of RMB529 per ton and polyester industrial yarns an average gross profit of RMB588 per ton.

During the period under review, the enterprises in textile industry face various difficulties including the impact of the loss in foreign trade orders and the intensifying international competition, there's a decrease in the sales volume and sales of the Group as compared to the same period last year even. The development of textile industry progressively recovers as the pandemic passed, while the country starts to issue different supporting policies with regard to the influence of pandemic to help mitigate the operating pressure of enterprises in textile industry and to ensure the overall steady progress and stable development of the enterprises. While the Group is constantly committed to expanding their shares in both domestic market and overseas market and its production capacity continued to expand as planned. Factors including the official production of ES fiber and polyester industrial yarns allow the stable growth in the sales volume and sales of the Group's products continue in 2025. As the textile industry is still well-founded, we remain confident in the medium and long-term development of the business. In the future, we will focus on controlling raw material costs and changes in trade policies to ensure sustainable growth.

Analysis of gross profit by product

	For the six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Polyester filament yarns				
DTY	281,157	35.0%	339,780	46.4%
FDY	88,863	11.1%	136,810	18.7%
POY and other polyester filament yarns products*	(684)	(0.1%)	3,860	0.5%
Sub-total	369,336	46.0%	480,450	65.6%
Polyester products				
BOPET thin films	250,729	31.2%	27,516	3.8%
Polyester bottle chips	88,529	11.0%	153,229	20.9%
Other polyester products**	15,462	1.9%	47,371	6.4%
Sub-total	354,720	44.1%	228,116	31.1%
ES fiber	3,522	0.4%	1,058	0.2%
Polyester industrial yarns	76,785	9.5%	22,282	3.1%
Total	804,363	100.0%	731,906	100.0%

* Other polyester filament yarns products represent PET chips and wasted filament generated during the production process.

** Other polyester products represent polyester chips, polyester films and wasted filament generated during the production process.

Breakdown of Product Selling Price, Cost and Gross Profit (Average per ton)

		For the six months ended 30 June	
		2025	2024
		RMB	RMB
Polyester filament yarns			
Average selling price		8,218	8,808
Average cost of sales		7,326	7,868
Average gross profit		892	940
Average gross profit margin		10.9%	10.7%
Polyester products			
Average selling price		6,132	6,757
Average cost of sales		5,701	6,463
Average gross profit		431	294
Average gross profit margin		7.0%	4.4%
ES fiber			
Average selling price		9,254	9,069
Average cost of sales		8,725	8,910
Average gross profit		529	159
Average gross profit margin		5.7%	1.8%
Industrial yarns			
Average selling price		7,421	7,602
Average cost of sales		6,833	7,398
Average gross profit		588	204
Average gross profit margin		7.9%	2.7%

4. Other revenue

Other revenue of the Group for the period under review amounted to RMB143,015,000 representing a decrease of 37.1% as compared to RMB227,265,000 in the first half of 2024. Other revenue included bank interest income, government grants and gains on sales of raw materials. Such change was mainly attributable to the effect of a decrease in government grants.

5. Other net gains and losses

Other net losses of the Group during the period under review amounted to RMB3,493,000 (in the first half of 2024: other net losses amounted to RMB33,469,000), representing a decrease by 89.6%. Other net gains and losses mainly comprised the realised and unrealised gains and losses on financial instruments at FVPL, donation expenses and net exchange gain and loss. Such change was mainly attributable to the effects of a decrease in net exchange loss.

6. Selling and distribution expenses

Selling and distribution expenses of the Group for the period under review amounted to RMB126,009,000, representing an decrease of 16.2% as compared to RMB150,282,000 in the first half of 2024. Selling and distribution expenses mainly comprised transportation costs, wages of our sales staffs, operating expenses and promotion expenses. Such decrease was mainly due to the decrease in relevant transportation costs resulted from the decrease in sales volume in other provinces outside Fujian province and overseas during the period under review.

7. Administrative expenses

Administrative expenses of the Group for the period under review amounted to RMB322,038,000, representing an decrease by 7.2% as compared to RMB347,028,000 in the first half of 2024. Administrative expenses mainly comprised research and development costs, depreciation on office equipment, staff wages, general office expenses, professional and legal fees etc. Such change was mainly due to the decrease in research and development expenses during the period under review.

8. Finance costs

Finance costs of the Group for the period under review amounted to RMB66,178,000, representing an decrease by 22.5% as compared to RMB85,386,000 in the first half of 2024. Such change was mainly due to a decrease in other interest expense.

9. *Income tax*

Income tax of the Group for the period under review amounted to RMB52,968,000, representing an increase by 240.8% as compared to RMB15,541,000 in the first half of 2024.

10. *Profit for the period*

Profit of the Group for the period under review amounted to RMB376,692,000, representing an increase by RMB49,227,000 or 15.0% as compared to RMB327,465,000 in the first half of 2024. Such increase was mainly attributable to a decrease in expenses as compared to the same period last year.

Financial position

1. *Liquidity and capital resources*

As at 30 June 2025, cash and cash equivalents of the Group amounted to RMB1,148,198,000, representing an increase by RMB920,670,000 or 404.6% as compared to RMB227,528,000 as at 31 December 2024.

During the period under review, net cash outflow from operating activities amounted to RMB2,925,465,000. Net cash inflow from investing activities amounted to RMB949,342,000, which mainly comprised the capital expenditure of RMB253,446,000 and the net decrease of restricted bank deposit placement of RMB1,077,194,000. Net cash inflow from financing activities amounted to RMB2,894,742,000, which mainly comprised repayment of bank loans of RMB1,935,206,000 and proceeds from new bank loans of RMB4,889,853,000 during the period.

During the period under review, inventory turnover days were 116.3 days (in the first half of 2024: 84.8 days), an increase of 31.5 days as compared to the same period last year, which was mainly due to insufficient orders during the period under review as a result of market conditions. The trade receivable turnover days were 18.8 days (in the first half of 2024: 21.0 days), representing a decrease of 2.2 days as compared to the same period last year, which was mainly due to efficiency improvement resulting from improved accounts receivable collection procedures. The trade payable turnover days were 196.7 days (in the first half of 2024: 369.8 days), representing a decrease of 173.1 days as compared to the same period last year mainly due to the sound relationship the Group maintains with the suppliers.

As at 30 June 2025, the Group had capital commitments of RMB3,458,422,000, which were mainly used for the expansion of domestic production capacity as well as development of the Vietnam production business.

2. Capital Structure

As at 30 June 2025, the total liabilities of the Group amounted to RMB17,094,416,000, whereas capital and reserves amounted to RMB11,291,394,000. The gearing ratio (total liabilities divided by total equity) was 151.4%. Total assets amounted to RMB28,385,810,000. The debt-to-assets ratio (total assets divided by total liabilities) was 1.66 times. Bank loans of the Group amounted to RMB3,738,413,000, of which RMB3,647,077,000 were repayable within one year, and RMB91,336,000 were repayable after one year. RMB3,738,413,000 of the bank borrowings were secured by properties and restricted bank deposits.

Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or acquiring capital assets

Save for those disclosed in this announcement, there were no other significant investments held by the Group, nor were there any material acquisitions or disposals of subsidiaries during the period under review.

The Group will continue to seek opportunities in utilising its idle cash by investing in appropriate financial products. The Company's future plans in the coming year for other material investments and additions of capital assets are primarily related to the expansion of domestic production capacity as well as development of the Vietnam production business. The Company intends to finance such plans through internally generated funds and bank loans.

Charges on assets

Save as disclosed in this report, there was no other charge on Group's assets as of 30 June 2025 (31 December 2024: Nil).

Contingent liabilities

As at 30 June 2025, the Group did not have any contingent liabilities (31 December 2024: Nil).

Foreign currency risk

The exposure of the Group's transactional currency to foreign currency risk was minimal as most of the financial assets and liabilities held by group entities of the Group are denominated in the respective functional currency of the respective group entities.

Certain financial assets and financial liabilities of the Group are denominated in RMB, which is different from the functional currency of the respective group entities.

The management monitors the related foreign currency risk exposure closely on daily basis and, pursuant to a written foreign currency hedging policy as approved by the management, the Group would only enter into foreign currency forward contracts should need to arise. At 30 June 2025, the Group had significant outstanding foreign currency forward contracts of approximately RMB98,562,000 (31 December 2024: RMB98,562,000). No significant realised and unrealised fair value gain or loss has been arising for the foreign currency forward contracts.

Employees and remuneration

As at 30 June 2025, the Group had a total of 9,562 employees. The remuneration for employees is determined in accordance with their performance, professional experience and the prevailing market conditions. The management reviews the Group's employee remuneration policy and arrangements on a regular basis. Apart from pension, the Group also grants discretionary bonus to certain employees as awards in accordance with individual performance.

BUSINESS OUTLOOK

As the improved fiscal and currency policy, the global economy is expected to continue to rebound in 2025, and China is striving for the stable economic development, which is more conducive to people's access to services and commodities to stimulate consumption in this way.

As the largest polyester filament yarns manufacturer in Southern China, the Group has always been focusing on technological innovation. It adopts the world advanced melt-direct spinning differentiated chemical fiber production line, and possesses the leading spinning and texturing equipment and technology in the industry. Benefiting from the economic cycle and the rise of the crude oil price, the price trend of polyester thin films of the Group continued to improve. In addition, the continuous launch of new products has driven up the price of the Group's products and coupled with our appropriate cost control, the Group's overall business has experienced steady growth.

The Billion Vietnam Polyester Filament Project, which has an iconic significance for the Group's expansion into emerging markets, was formally put into operation in September 2019, further expanding the Group's overseas markets. Furthermore, in view of the increasing consumption of polyester industrial yarns in the PRC in recent years, in particular, the accelerating expansion of the polyester industrial yarns market in Eastern China, the Group invested approximately US\$185 million to set up a production line for polyester industrial yarns products to expand this business. The total production capacity of the new manufacturing facilities will be approximately 250,000 tons per annum, and they had been gradually commenced commercial production.

The Group also announced on 20 September 2022 that it will further invest approximately US\$73,900,000 in the development of a new production facility in Vietnam for polyester bottle chips. The designed annual production capacity is about 300,000 tons. It has been put into commercial production in July 2023.

Polyester products consumption has been increasing in China in recent years, and China has become an important production base for polyester products worldwide. By expanding the existing polyester thin film business, the Company will be able to leverage its existing scale and expertise in manufacturing polyester products to enjoy the growth of this market. The Group currently has geographical, technological and cost advantages in the polyester thin film industry. At a time when the industry is still in the blue ocean stage, the future polyester thin film will remain an important performance growth driver of the Group. The production line for polyester thin films established by the Group with a planned investment of approximately US\$320 million over a period of four years from 2020 to 2023 had been put into commercial production in November 2023. Upon the full completion, the additional polymerizing production capacity is 400,000 tons per year, which enables the additional polyester thin films to give their full play to reach the production capacity of 228,000 tons per year.

After the expansion plans for the polyester industrial yarns project and the polyester thin film project are completed, the size of the Group, and the sales volume and sales revenue of products will further increase. However, due to the impact of the lingering pandemic, there was some short-term impacts on the overall textile industry and the sales of the Group. However, as the textile industry is still well-founded, we remain confident in the medium and long-term development of the business.

In addition, in view of the global development trend of synthetic fibers, by expanding the polyamide (commonly known as: nylon) business, the Company can seize the growth opportunities in this market, increase the variety and capacity of the Group's existing production projects, and strengthen the Group's market position as one of the large-scale manufacturers in the PRC. We expect to invest approximately RMB2,395,730,000 during the three-year period from 2025 to 2027, and we estimate the total production capacity of the new facilities will be approximately 120,000 tons per annum, with gradual commencement of commercial production starting from 2026. Synthetic fibers have become one of the most widely used outdoor fabrics due to its superior characteristics, and it is estimated that the scale of the sports outdoor market in China will be close to RMB600 billion.

INTERIM DIVIDEND

The board (“**Board**”) of directors (“**Directors**”) of the Company resolved not to declare an interim dividend for the six months ended 30 June 2025 (2024 interim dividend: nil).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 30 June 2025, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

Following the retirement of Ms. Shi Haiyan on 23 May 2025, the Board comprised six Directors, all of whom were male. Pursuant to Rule 13.92 of the Listing Rules, diversity is not considered to be achieved for a single gender board. Following the appointment of Ms. Shi Haiyan on 30 June 2025, there is at least a Director of a different gender on the Board and hence the Company is in compliance with Rule 13.92 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 3.21 and 3.22 of Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group. The Audit Committee comprises three members: Mr. Yu Wai Ming, Mr. Lin Jian Ming and Mr. Shih Chun Pi. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Yu Wai Ming. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Company on financial reporting matters including a review of the unaudited interim financial information of the Group for the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the six months ended 30 June 2025, the Company bought back a total of 1,184,000 shares on the Stock Exchange. The 224,000 bought-back shares were cancelled during the six months ended 30 June 2025 and the 960,000 bought-back shares were cancelled subsequently in July 2025. The details of the bought-back shares are as follows:

Date	Number of shares bought back	Price per share or highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate price paid (HK\$)
January	6,000	4.35	4.35	26,100
March	42,000	4.38	4.20	178,360
April	130,000	4.60	4.10	548,780
May	106,000	4.70	4.17	467,880
June	900,000	4.60	4.27	4,044,860
Total	1,184,000	4.70	4.10	5,265,980

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any other listed securities (including sale of treasury shares) of the Company during the six months ended 30 June 2025. As at 30 June 2025, the Company did not hold any treasury shares.

There have been no options, awards, convertible securities or similar rights or arrangements, issued or granted by the Group during the six months ended 30 June 2025 and as at the date of this interim report.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is also published on the Company's website (www.baihong.com) and the designated website of the Stock Exchange (www.hkexnews.hk). The interim report for the six months ended 30 June 2025 containing all the information required by Appendix D2 to the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Billion Industrial Holdings Limited
Sze Tin Yau
Co-chairman

Hong Kong, 15 August 2025

As at the date of this announcement, the Board comprises Mr. Sze Tin Yau, Mr. Wu Jinbiao and Ms. Shi Haiyan as executive directors, Mr. Zhang Shengbai as non-executive director and Mr. Yu Wai Ming, Mr. Lin Jian Ming and Mr. Shih Chun Pi as independent non-executive directors.