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**CHINA LEON INSPECTION HOLDING LIMITED**

**中国力鸿检验控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1586)**

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

In this announcement, “we”, “us” and “our” refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the “**Board**”) of directors (the “**Directors**”) of China Leon Inspection Holding Limited (the “**Company**” or “**China Leon**” and, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2025 (the “**Period**”), together with the comparative figures for the corresponding period in 2024 as follows:

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		<b>Six months ended</b>	
		<b>30 June 2025</b>	<b>30 June 2024</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	3	<b>602,763</b>	611,913
Cost of sales		<u>(346,913)</u>	<u>(352,816)</u>
Gross profit		<b>255,850</b>	259,097
Other income and other gains and losses	4	<b>3,233</b>	1,048
Selling and distribution expenses		<b>(33,455)</b>	(23,203)
Administrative expenses		<b>(133,333)</b>	(124,376)
Fair value changes of financial assets and liabilities at fair value through profit or loss		<b>(140)</b>	(24)
Other expenses		<b>(20,906)</b>	(12,850)
Finance costs		<u><b>(3,312)</b></u>	<u>(4,038)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>67,937</b>	95,654
Income tax expense	6	<u><b>(12,620)</b></u>	<u>(15,739)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>55,317</b></u>	<u>79,915</u>
Attributable to:			
Owners of the Company		<b>40,743</b>	50,828
Non-controlling interests		<u><b>14,574</b></u>	<u>29,087</u>
		<u><b>55,317</b></u>	<u>79,915</u>

		<b>Six months ended</b>	
		<b>30 June 2025</b>	<b>30 June 2024</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Note</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income (loss):</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
	Exchange differences on translation from functional currency to presentation currency	<b>5,728</b>	<b>(600)</b>
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
	Exchange differences on translation of foreign operations	<b>19,600</b>	<b>(6,543)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF INCOME TAX</b>		<b>25,328</b>	<b>(7,143)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>80,645</b>	<b>72,772</b>
Attributable to:			
	Owners of the Company	<b>56,849</b>	<b>46,655</b>
	Non-controlling interests	<b>23,796</b>	<b>26,117</b>
		<b>80,645</b>	<b>72,772</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
	Basic (HK\$ cents)	<b>7.18</b>	<b>8.75</b>
	Diluted (HK\$ cents)	<b>6.88</b>	<b>8.71</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		245,903	244,187
Investment properties		13,633	14,114
Right-of-use assets		72,286	70,844
Goodwill		33,504	31,445
Intangible assets		2,035	2,341
Financial assets at fair value through profit or loss		4,557	4,697
Deferred tax assets		1,655	2,897
Prepayments, other receivables and other assets		3,168	2,962
		<hr/>	<hr/>
Total non-current assets		376,741	373,487
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		8,351	4,857
Trade and bills receivables	9	258,654	221,395
Prepayments, other receivables and other assets		79,641	47,425
Pledged deposits		4,815	2,726
Time deposits with an initial term of over three months		22,534	38,487
Cash and cash equivalents		215,932	267,235
		<hr/>	<hr/>
Total current assets		589,927	582,125
		<hr/>	<hr/>

		At 30 June 2025 (Unaudited) HK\$'000	At 31 December 2024 (Audited) HK\$'000
	<i>Note</i>		
<b>Current liabilities</b>			
Trade payables	10	47,530	47,558
Contract liabilities		8,488	7,285
Other payables and accruals		86,584	79,361
Interest-bearing bank loans		80,790	47,882
Tax payable		29,998	37,516
Lease liabilities		20,163	20,249
		<hr/>	<hr/>
Total current liabilities		273,553	239,851
		<hr/>	<hr/>
<b>Net current assets</b>		316,374	342,274
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		693,115	715,761
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Lease liabilities		32,312	37,776
Deferred tax liabilities		2,532	3,307
Other payables and accruals		–	631
Convertible bonds		19,924	19,945
		<hr/>	<hr/>
Total non-current liabilities		54,768	61,659
		<hr/>	<hr/>
<b>Net assets</b>		638,347	654,102
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>			
Equity attributable to owners of the Company			
Share capital		230	233
Reserves		459,583	468,270
		<hr/>	<hr/>
		459,813	468,503
Non-controlling interests		178,534	185,599
		<hr/>	<hr/>
<b>Total equity</b>		638,347	654,102
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2025*

## 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

## 2. CHANGES IN ACCOUNTING POLICIES

### **New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended International Financial Reporting Standards (“IFRS”) Accounting Standard for the first time for the current period’s financial information.

Amendments to IAS 21

*Lack of Exchangeability*

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable.

As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

## Issued but not yet effective IFRS Accounting Standards

The Group has not applied the following new and revised IFRS Accounting Standards, which have been issued but are not yet effective, in these interim condensed consolidated financial statements.

IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application.

## 3. REVENUE

### Disaggregation of revenue from contracts with customers

Segments	Six months ended	
	30 June 2025 (Unaudited) HK\$'000	30 June 2024 (Unaudited) HK\$'000
<b>Type of services</b>		
Testing services	307,083	342,386
Surveying services	166,933	174,188
Witnessing and ancillary services	128,747	95,339
Total	<u>602,763</u>	<u>611,913</u>
<b>Geographical markets</b>		
Greater China	307,746	337,086
Overseas	295,017	274,827
Total	<u>602,763</u>	<u>611,913</u>
<b>Timing of revenue recognition</b>		
A point in time	<u>602,763</u>	<u>611,913</u>
Total	<u>602,763</u>	<u>611,913</u>

#### 4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended	
	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Other income</b>		
Interest income	2,435	1,849
Value-added and other tax refund	135	155
Government subsidies	1,794	185
Rental income	676	746
	<u>5,040</u>	<u>2,935</u>
<b>Other gains and losses</b>		
Loss on convertible bond redemption	–	(2,043)
Loss on foreign exchange difference	(1,832)	(41)
Gain (loss) on disposal of items of property, plant and equipment	25	(20)
Others	–	217
	<u>(1,807)</u>	<u>(1,887)</u>
	<u><u>3,233</u></u>	<u><u>1,048</u></u>

#### 5. PROFIT BEFORE TAX

	Six months ended	
	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The Group's Profit before tax has been arrived after charging:		
Depreciation of property, plant and equipment	21,339	20,329
Depreciation of investment properties	691	701
Depreciation of right-of-use assets	12,477	9,895
Amortisation of intangible assets	455	533
Research and development costs (included in other expenses):		
— Current period expenditure	<u>20,757</u>	<u>12,848</u>



## 6. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30 June 2025</b>	30 June 2024
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current income tax		
— Mainland China	3,411	6,701
— Other jurisdictions	9,209	9,038
	<u>12,620</u>	<u>15,739</u>

## 7. DIVIDENDS

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

## 8. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 June 2025</b>	30 June 2024
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Profit for the period attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>40,743</u>	<u>50,828</u>
	'000	'000
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation ( <i>Notes</i> )	567,065	580,686
Effect of dilutive potential ordinary shares:		
— Share options	4,771	2,731
— Convertible bonds	<u>20,000</u>	<u>—</u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u>591,836</u>	<u>583,471</u>

Notes:

- (a) The weighted average number of ordinary shares shown above for the six months ended 30 June 2025 and 2024 have been arrived at after adjusting the shares held by the Company's share award scheme under the trust.
- (b) In addition, the number of shares adopted in the calculation of the basic and diluted earnings per share for the six months ended 30 June 2024 has been retrospectively adjusted to reflect the bonus shares which became effective in July 2024.
- (c) The weighted average number of shares was after taking into account the effect of shares held for Share Award Scheme and cancellation.

The computation of diluted earnings per share for the six months ended 30 June 2025 and 2024 does not assume the exercise of certain of the Company's share options because the exercise price of those options were higher than the average market price for shares for the six months ended 30 June 2025 and 2024.

Therefore, the diluted earnings per share amounts are based on the profit for the period of HK\$40,743,000, and the weighted average number of ordinary shares of 591,836,212 in issue during the period.

## 9. TRADE RECEIVABLES

	<b>30 June 2025 (Unaudited) HK\$'000</b>	31 December 2024 (Audited) HK\$'000
Trade and bills receivables	<b>270,882</b>	233,750
Impairment	<b>(12,228)</b>	(12,355)
Total	<b><u>258,654</u></b>	<u>221,395</u>

The following is an ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice dates:

	<b>30 June 2025 (Unaudited) HK\$'000</b>	31 December 2024 (Audited) HK\$'000
Within 3 months	<b>199,650</b>	177,508
Over 3 to 6 months	<b>36,332</b>	25,113
Over 6 months to 1 year	<b>16,380</b>	13,578
Over 1 to 2 years	<b>4,899</b>	3,641
Over 2 years	<b>1,393</b>	1,555
Total	<b><u>258,654</u></b>	<u>221,395</u>

## 10. TRADE PAYABLES

The following is an ageing analysis of the trade payables presented based on invoice dates:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 3 months	39,066	41,433
Over 3 to 6 months	3,635	5,189
Over 6 months to 1 year	4,046	825
Over 1 to 2 years	783	111
	<hr/>	<hr/>
Total	47,530	47,558
	<hr/>	<hr/>

## 11. EVENT(S) AFTER THE REPORTING PERIOD

During the period ended 30 June 2025 (the “**Period**”), the Company repurchased a total of 9,004,000 of its ordinary shares (the “**Shares**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at an aggregate consideration of approximately HK\$21,194,360 (before expenses). Such repurchase of the Shares was effected by the Board pursuant to the mandate granted by the shareholders of the Company (“**Shareholders**”) at the annual general meeting held on 18 June 2024.

As at the date of this announcement, all repurchased Shares during the Period were cancelled.

Subsequent to the Period, the Company further repurchased 1,484,000 of its Shares on the Stock Exchange at an aggregate consideration of approximately HK\$4,245,480 (before expenses). Such repurchase of the Shares was effected by the Board pursuant to the mandate granted by the Shareholders at the annual general meeting held on 30 June 2025. As at the date of this announcement, all such repurchased Shares were cancelled.

Save as disclosed above, the Group has no other significant events after the reporting Period up to the date of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

The global landscape in the first half of 2025 remained complex and dynamic, with the business environment for enterprises continuing to present challenges. Trade restrictions had triggered a new wave of tariff barriers, compounded by multifaceted risk factors such as ongoing geopolitical conflicts and fluctuations in the US dollar exchange rate. Throughout the period, macroeconomic and commodity markets experienced sustained uncertainties and heightened price volatility, which posed significant challenges to the Group's business development. During the reporting period, the Company achieved operating revenue of approximately HK\$602.8 million, with a profit attributable to owners of the Company for the Period of approximately HK\$40.7 million.

Despite short-term performance fluctuations, the Group remains committed to advancing the development path of deepening the integration of its global service network expansion and technological innovation. On the one hand, it continues to intensify overseas market expansion, adding 200 overseas employees, with the total number of global branches and professional laboratories reaching 80. On the other hand, the Group has significantly increased investments in Artificial Intelligence (AI) technology research and innovative applications, laying the foundation for medium- and long-term development. Meanwhile, to address industry changes, the Group has proactively planned for talent reserves and technological upgrades. While these strategic investments have increased short-term expenditures, they will significantly enhance the Group's future market competitiveness and sustainable development capabilities:

- (1) **Globalization:** As the global economy continues to develop, the importance of emerging markets is increasingly evident. The Group has accurately seized development opportunities in emerging markets, leveraging its superior global service capabilities to proactively establish a presence in emerging markets such as Africa and the Middle East. Its service network, previously focused on major trade ports and hub cities in the Asia-Pacific region, has further expanded to multiple emerging markets, further strengthening its international service network advantages. To support the rapid development of overseas operations, the Company has continuously expanded its talent pool, adding 200 overseas employees in the first half of the year. As of now, the Group's global workforce has reached 3,574 employees, with 80 branches and professional laboratories spanning 19 countries, continuously enhancing customer loyalty and market competitiveness, further solidifying its industry-leading position.

- (2) **AI Strategy Empowerment:** The rapid advancement of AI technology is reshaping the global economic landscape in the medium to long term. In 2025, the Group has designated AI as a key application of the new technologies, firmly seizing the opportunities presented by the AI industry's growth. The Group has made significant strategic investments in the research and application of AI robotics, leveraging AI and robotics to drive technological innovation and upgrades, accelerating AI empowerment in business scenarios, and establishing a blueprint for corporate AI development.
- (3) **Technological Innovation:** The Group is actively fostering an internal innovation ecosystem to accelerate corporate growth. It prioritizes innovation construction and technology incubation by establishing a dedicated technology innovation incubation platform to continuously strengthen its technological innovation capabilities. By addressing technological innovation management challenges, including innovation and development, industry-academic-research collaboration, and the development of a high-caliber technical talent pool, the Group ensures that its technological innovation is both systematic and comprehensive, continuously building higher corporate competitive barriers.

### **Business review of each segment**

The Group provides global industry leaders with a wide range of one-stop services in testing, inspection, as well as technical and consulting services around the clock, focusing on four key areas, namely commodity services, clean energy, environmental protection and climate change, empowering global industry leaders to achieve eco-friendly and low-carbon transition. ESG-oriented development is a key priority for the Group's "3+X" development strategy. Through the three main implementation dimensions of (1) ESG-Friendly; (2) ESG+; and (3) ESG-Focused, the Group has achieved our long-term sustainable strategies, fulfilled its corporate social responsibilities, and contributed to the green and low-carbon transition of the industry. In the first half of 2025, the Group leveraged synergies across its business segments. Details are set out below:

## ***I. ESG-Friendly:***

### *Commodity Business*

The Group provides services through its 80 global service outlets and 18 professional certifications, covering more than 50 categories of commodities and natural resources. Supported by its robust comprehensive strength, exceptional technical capabilities, and outstanding talent pool, the Group has become a designated inspection institution for multiple exchanges. The Group's inspection and testing product lines continue to expand, and it has now become a leading quality inspection institution for lithium carbonate, ferroalloy, and industrial silicon. Building on this momentum, since the beginning of the year, the Group has continued to secure additional qualifications as a designated quality inspection institution for futures exchanges, further solidifying its extensive experience and brand credibility in commodity inspection.

The Shanghai Futures Exchange authorized the Group as its designated inspection institution for cast aluminum alloy futures. Following its designation as the quality inspection institution for the three major non-ferrous metal varieties — copper, aluminum, and zinc — as well as alumina futures, the Group's subsidiary, Shibiao Testing, has also been appointed as the designated quality inspection institution for cast aluminum alloy futures. The Group has gradually deepened its brand recognition among non-ferrous metal clients.

The Guangzhou Futures Exchange has added Shibiao Testing, a subsidiary of the Group, as its designated quality inspection institution (sampling institution) for polysilicon futures. After being the designated inspection institution for industrial silicon and lithium carbonate futures, Shibiao Testing has now also become the designated quality inspection institution (sampling institution) for polysilicon futures, fully demonstrating the Guangzhou Futures Exchange's recognition of the Group's extensive experience and brand credibility in commodity inspection.

The following is a list of the futures designated quality inspection institution qualifications obtained by the Group and its subsidiaries from major exchanges as of now:

<b>Exchange</b>	<b>Commodities</b>
Shanghai Futures Exchange	Copper, aluminum, zinc, alumina, aluminum alloy
Dalian Commodity Exchange	Coking coal, coke, iron ore
Zhengzhou Commodity Exchange	Thermal coal, ferrosilicon, manganese-silicon
Guangzhou Futures Exchange	Industrial silicon, lithium carbonate, polysilicon
Shanghai International Energy Exchange	Bonded copper

In the future, the Group will accelerate its expansion into emerging markets such as the Middle East, Africa, and Southeast Asia, focusing on high-growth sectors in new energy, strengthening professional technical barriers, and fostering differentiated competitive advantages. With fair, efficient, and professional services, the Group will contribute actively to the high-quality and sustainable development of the new energy industry and continuously enhance its international competitiveness. Additionally, the Group will comprehensively deepen its digital transition, improving efficiency through AI operations, innovating data-driven value-added service models, and continuously optimizing customer experiences.

### *R&D*

The rapid development of AI technology is profoundly reshaping the global industrial competitive landscape. In 2025, the Group has established AI as its core technology strategy, fully seizing the historic opportunities presented by the AI revolution. The Group focuses on achieving technological breakthroughs through the dual-driven approach of “AI + Robotics”, accelerating the AI transition of all business scenarios.

In the first quarter of this year, the Group officially announced phased achievements of AI technology applications: realizing innovative application breakthroughs and successfully deploying them in three major application scenarios. The Group’s Information Technology Center, through its independently developed “Leon AI System”, has pioneered the deep integration of AI large models with core energy inspection businesses, marking the official entry of traditional inspection operations into a new phase of “AI-driven” development.

Additionally, based on the personalized needs of modern enterprise safety production, the Group has integrated the Internet of Things, big data analytics, and multi-modal AI technologies to actively advance the development and establishment of an AI safety production platform. This platform, with AI technology as its core support, aims to optimize enterprise safety management efficiency by deeply analyzing enterprise-specific safety risk characteristics, achieving seamless integration with production and operational systems.

In the second half of the year, the Group plans to continue promoting the global deployment of the AI system and achieve ongoing breakthroughs in areas such as establishing a cross-border AI inspection mutual recognition system, developing AI-based carbon emission accounting modules, and building quality prediction models for energy commodities.

The Group will continue to invest in technological research and development, promoting the deep integration of AI in inspection and safety management to create smarter and more reliable service value for clients. Through innovative AI application technologies to drive service capability optimization and upgrades, the Group continues to enhance customer loyalty and market competitiveness, further solidifying its industry-leading position.

## **II. ESG+:**

As the construction of a new power system accelerates, the Group leverages its ESG+ business, encompassing the three core segments of clean energy, environmental protection, and climate change, to fully harness its deep industry experience and strengths. The Group actively aligns with the transition needs of existing clients, introduces advanced technologies, and drives technological innovation. With a multifaceted focus on environmental protection, it supports clients in proactively addressing climate change, directly contributing to the green and low-carbon transition of the industry and facilitating the high-quality, accelerated development of new power systems.

- (1) **Clean Energy Business:** The Group has expanded into new energy sectors, focusing on wind power and solar power generation, as well as testing services in other clean energy fields. Our service scope includes quality inspection and re-inspection for wind power and photovoltaic projects, covering manufacturing supervision, hoisting supervision, wind turbine inspections, pre-warranty expiration quality assessments, and operational maintenance. Additionally, we provide data collection, testing, and regular maintenance during the operation of wind and photovoltaic systems to improve power generation stability.



- (2) **Environmental protection business:** The Group enhances its environmental protection capabilities through Leakage Detection and Repair (“**LDAR**”) services, screening and precisely locating suspected pipeline leaks. By integrating pipeline data platforms, risk identification and assessment systems, and detection and repair processes, we offer diversified and comprehensive services. These efforts assist enterprises in mitigating pipeline safety risks, reducing accident rates, and strengthening environmental protection services. LDAR service is a key contributor to low-carbon emissions reduction and an essential element in achieving green low carbon goals. Additionally, the Group provides a wide range of ecological and environmental consulting and testing services, including environmental protection monitoring, ecological monitoring, soil pollution investigation, environmental pollution prevention and control, professional total solution operator for environmental protection, consulting on environmental protection technology, soil and water conservation, water resources argumentation, social stability risk assessment, environmental protection equipment sales, as well as sales and operation maintenance of online monitoring equipment.
- (3) **Climate change business:** The Group offers a wide range of professional, integrated solutions in the fields of low-carbon and sustainable development. These services primarily encompass four key areas: due diligence, development, technical consulting, and trading of carbon emission reduction assets; low-carbon technology consulting; ESG technical consulting; and low-carbon digitalization. Our key strategic clients are core contributors to building clean, low-carbon, safe, and efficient energy systems. The Group actively supports these clients in enhancing efficiency, achieving their goals, and implementing large-scale energy-saving and carbon reduction initiatives, enabling them to pursue sustainable, low-carbon, and green development strategies. Furthermore, through a one-stop comprehensive carbon neutrality solution, the Group has successfully assisted industry-leading clients in meeting their corporate carbon neutrality commitments. With a deep understanding of the global carbon market’s current status and trends, the Group proactively helps clients complete the registration of projects under various international carbon reduction mechanisms, thereby empowering our clients to fully uphold their corporate social responsibilities and establish themselves as leaders in low-carbon and sustainable development within their industries.

The Group’s climate change business has continued to build on its momentum in the first half of the year. As one of the most significant carbon asset traders in the Beijing carbon market, the Group has expanded the scale of carbon asset transactions in collaboration with clients in the first half of the year, assisting more clients in completing their annual compliance obligations at low cost. In the first half of the year, the Group was honored with the 2024 Best Trading Award by the Beijing Green Exchange, fully demonstrating the exchange’s

high recognition of the Group's extensive expertise and brand credibility in the carbon market. Looking ahead, the Group will continue to leverage its strengths in green and low-carbon initiatives, partnering with the Beijing Green Exchange to contribute to the nation's high-quality green and low-carbon development.

As new global carbon market rules are gradually introduced and clarified, the market is expected to experience significant growth. The Group will actively capitalize on this vast market potential, fully utilizing the expertise of its internal specialists in global carbon market mechanisms and its brand credibility and influence among clients and governments.

### ***III. ESG-Focused:***

The Group has bolstered its sustainability capabilities, sharpening its expertise in ESG-related areas such as green and low-carbon solutions, energy-saving initiatives, and emission reduction services, while keeping a keen eye on potential investment opportunities. Looking ahead, the Company will accelerate investment plans aligned with the Group's ESG strategy, targeting mergers, acquisitions, and investment opportunities in emerging markets with strong potential for green, low-carbon, and sustainable growth. By integrating innovative AI technologies, we aim to deliver a broader range of high-quality services, empowering our clients to achieve their green and low-carbon transition goals.

### **Prospect**

Looking ahead, the global inspection, testing, and certification (TIC) industry faces both challenges and opportunities, with broad prospects for development. As a leader in the Asia-Pacific region, the Group will further seize the thriving TIC market opportunities from the following dimensions: 1) In terms of international expansion, we will deepen our presence in the 19 countries already entered, with a focus on expanding into emerging markets such as the Middle East and Africa, while enhancing our global service network. By establishing a cross-border AI inspection mutual recognition system, we aim to improve international business synergy; 2) In terms of technological innovation, the Group will continue to increase R&D investment, prioritizing the deep integration of AI applications and technological innovation. Having successfully deployed the independently developed "Leon AI System" in three major business scenarios, the Group's next steps will focus on breakthroughs in key technologies such as AI carbon emission accounting and commodity quality prediction, driving the transition of traditional inspection services toward AI and digitized operations; 3) In terms of ESG strategy implementation, the Group will fully leverage our first-mover advantage in clean energy testing and carbon asset trading, actively capitalizing on the expansion opportunities in the global carbon market. The Group's goal is to become a leading provider of low-carbon integrated services in the Asia-Pacific region.

With forward-looking strategic planning, robust technological expertise, and efficient execution capabilities, the Group is confident in seizing opportunities amid industry transition, achieving high-quality sustainable development, and creating long-term value for shareholders, clients, and society.

## Financial Review

### Overview

	For the six months ended		Change
	30 June 2025 (Unaudited) HK\$'000	30 June 2024 (Unaudited) HK\$'000	
Revenue	602,763	611,913	(1.5%)
Profit attributable to owners of the Company	<u>40,743</u>	<u>50,828</u>	<u>(19.8%)</u>

### Revenue

The Group's revenue for the Period decreased by HK\$9.1 million, from approximately HK\$611.9 million for the six months ended 30 June 2024, to approximately HK\$602.8 million. Recent global developments have caused significant uncertainty and volatility in macroeconomic conditions and commodity markets. The trade protectionist policies triggered a new wave of tariff barriers, compounded by escalating geopolitical conflicts in many parts of the world, fluctuations in the U.S. dollar exchange rate and other risk factors. These risk factors intensified volatility and uncertainty in global energy and commodity markets, posing challenges to the Group's business development.

### *Profit attributable to owners of the Company for the Period*

The profit attributable to owners of the Company for the Period decreased by HK\$10.1 million from approximately HK\$50.8 million for the six months ended 30 June 2024 to approximately HK\$40.7 million. In the first half of the year, despite the external environment being fraught with challenges, the Group steadfastly advanced the development path of deep integration between “deepening the global service network layout” and “technological innovation”. Guided by long-termism, the Group strengthened forward-looking strategic investments. The Group continued to solidify the foundation of our international business, break through the boundaries of AI technology applications, and focused on enhancing customer service capabilities, optimizing service experience and value creation, thereby systematically building sustainable long-term competitive advantages.

- 1) **Overseas Expansion:** The Group continued to intensify its efforts in overseas market expansion, capitalizing on growth opportunities in emerging markets and expanding its talent pool. In the first half of the year, 200 new overseas employees were added, bringing the total number of global branches and professional laboratories to 80, thereby enhancing customer retention and market competitiveness. Additionally, the Group actively pursued its merger and acquisition strategy to accelerate the realization of global scale effects through the acquisition of global premium targets.
- 2) **AI Strategy Empowerment:** In the first half of the year, the Group seized the opportunities presented by the development of the AI industry, prioritizing AI as a key focus for new technology applications. It made significant strategic investments in AI robotics research and application fields. Through AI and robotics-driven technological innovation and upgrades, the Group accelerated AI empowerment in business scenarios and established a blueprint for corporate AI development.

Despite the pressure of short-term performance fluctuations, the Group remains committed to a “long-termism” approach and sustainable development philosophy. The Group’s investments in global strategic expansion, AI technology research and development, implementation of robotics application, and the establishment of an innovation platform are gradually building a service network and a technology-driven business growth engine. These efforts optimize customer service experiences and position the Group to gain a first-mover advantage in AI transition, significantly enhancing its future market competitiveness and sustainable development capabilities, while continuously strengthening its competitive moat.

### ***Treasury Management and Funding Policy***

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize our Shareholders’ value. We manage and adjust our capital structure considering changes in economic conditions and the risks of the underlying assets. To maintain or adjust our capital structure, we may adjust dividend payments to Shareholders, return capital to Shareholders or raise funds through issuing new equity.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period under review. To manage the Group’s liquidity risk, the management monitors the Group’s liquidity position and maintains sufficient cash and cash equivalents within the Group, as well as ensuring the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

### ***Contingent Liabilities***

As at 30 June 2025, the Group did not have any significant contingent liabilities or guarantees to third parties.

### ***Gearing Ratio***

The Group monitors capital on the basis of the gearing ratio. The calculation of gearing ratio is based on total net debt divided by capital plus net debt and multiplied by 100%. Net debt is calculated as trade payables, other payables and accruals, interest-bearing bank loans, convertible bonds, less cash and cash equivalents as shown in the condensed consolidated statement of financial position. Total capital is calculated as “equity attributable to owners of the Company” as shown in the condensed consolidated statement of financial position.

	<b>30 June 2025 HK\$'000</b>	<b>31 December 2024 HK\$'000</b>
Trade payables	<b>47,350</b>	47,558
Other payables and accruals	<b>86,584</b>	79,992
Interest-bearing bank loans	<b>80,790</b>	47,882
Convertible bonds	<b>19,924</b>	19,945
Less: Cash and cash equivalents	<b>(215,932)</b>	(267,235)
Net debt (surplus)	<b>18,896</b>	(71,858)
Equity attributable to owners of the Company	<b>459,813</b>	468,503
Capital and net debt	<b>478,709</b>	396,645
Gearing ratio ( <i>Note</i> )	<b>4.11%</b>	—

*Note:* Gearing ratio is zero when the amount of cash and cash equivalents is higher than gross debt.

## ***Credit Risk***

Credit risk is the risk of loss arising from a customer's or counterparty's inability to meet its obligations. The Group enters into transactions only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to have credit transactions with the Group are subject to credit verification procedures taking into account the customers' financial position and the Group's past experience with the customers.

In addition, the Group monitors receivable balances on an ongoing basis, and its exposure to bad debts is not significant. The management of the Group evaluates the creditworthiness of its existing and prospective customers and ensures that the customers have adequate financing for the projects as well as the source of the financing. No collateral is required.

The Group's other financial assets include other receivables and cash and cash equivalents. The credit risk of these financial assets arises from default of the counterparty. The maximum exposure to credit risk equals the carrying amounts of these assets.

## **Material Acquisition and Disposal**

During the six months ended 30 June 2025, the Group had no material acquisitions or disposals of subsidiaries, associate and joint ventures.

## **EMPLOYEES**

As at 30 June 2025, the Group had 3,574 employees (six months ended 30 June 2024: 3,184) in total. The Group's employee compensation includes base salaries, bonuses and cash subsidies. Other agreed employee benefits includes pension scheme, medical insurance, on-job training, education subsidy and other social security and paid leaves stipulated under the relevant jurisdiction of places of operation. Furthermore, the Company has adopted the share option scheme as well as the share award scheme as the incentives to Directors and eligible employees.

As regards to the emolument policy of the employees of the Group, in general, the Group determines employee compensation based on each employee's performance, qualifications, position and seniority. The emoluments of the Directors are recommended and decided by the remuneration committee and the Board respectively, having regard to the Company's operating results, individual performance and comparable market statistics. The Company maintained good relationship with its employees.

## **INTERIM DIVIDEND**

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

## CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its Shareholders as a whole. The Company has adopted the code provisions on the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 (under Part 2 — Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

During the Period, in the opinion of the Directors, the Company had complied with the code provisions as set out in the CG Code except the deviation from code provision C.2.1 of the CG Code.

Currently, Mr. LI Xiangli (“**Mr. Li**”) takes up the roles of both chairman of the Board and chief executive officer (“**CEO**”) of the Company, which is deviated from code provision C.2.1 of the CG Code that requires the roles of chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. The Board considers that Mr. Li possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. In the opinion of the Directors, through supervision by the Board and the independent non-executive Directors, together with effective control of the Company’s internal checking and balance mechanism, the same individual performing the roles of chairman and chief executive can achieve the goal of improving the Company’s efficiency in decision-making and execution and effectively capturing business opportunities. The Board will review the effectiveness of this arrangement from time to time.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company’s employees who, because of such offices or employments, are likely to possess inside information of the Company and/or its securities.

Having made specific enquiry by the Company with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code regarding directors’ securities transactions throughout the Period.



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

During the Period, the Company repurchased a total of 9,004,000 of its Shares on the Stock Exchange at an aggregate consideration of approximately HK\$21,194,360 (before expenses).

Out of those repurchased Shares, 2,404,000 repurchased Shares, 1,776,000 repurchased Shares, 4,384,000 repurchased Shares and 440,000 repurchased Shares were cancelled by the Company on 21 February 2025, 29 April 2025, 29 July 2025 and 20 August 2025 respectively and the issued share capital of the Company was reduced accordingly. As at the date of this announcement, all repurchased Shares during the Period were cancelled.

Details of the Shares repurchases during the Period are summarised as follows:

Month	Number of Shares repurchased	Purchase Price per Share		Aggregate consideration paid (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2025	2,404,000	2.43	2.13	5,457,040
February 2025	1,776,000	2.48	2.24	4,242,000
April 2025	2,612,000	2.60	2.05	6,012,160
May 2025	1,148,000	2.68	2.39	2,907,000
June 2025	1,064,000	2.50	2.23	2,576,160
	<u>9,004,000</u>			<u>21,194,360</u>

The aforesaid repurchase of the Shares was effected by the Board pursuant to the mandate granted by the Shareholders at the annual general meeting held on 18 June 2024.

Save as disclosed above, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.



## REVIEW OF FINANCIAL INFORMATION

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rules 3.21 and 3.22 of the Listing Rules. Currently, the Audit Committee comprises three members, namely Ms. Li Hongwei (Chairman), Mr. Frédéric Herren and Dr. Xue Jun, all being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the Period.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.hk1586.com](http://www.hk1586.com), respectively. The interim report of the Company for the Period containing all the information required by the Listing Rules will be published on the abovementioned websites and printed copies will be sent to Shareholders who have elected to receive printed copies in due course.

On behalf of the Board  
**China Leon Inspection Holding Limited**  
**Li Xiangli**  
*Chairman and CEO*

Hong Kong, 28 August 2025

*As at the date of this announcement, the Board of the Company comprises seven Directors:*

*Executive Directors:*

Mr. Li Xiangli (*Chairman and CEO*)

Ms. Zhang Aiying (*Vice President*)

Mr. Liu Yi (*Vice President*)

Mr. Yang Rongbing (*Vice Chairman*)

*Independent Non-executive Directors:*

Mr. Frédéric Herren

Ms. Li Hongwei

Dr. Xue Jun