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JAPAN KYOSEI GROUP COMPANY LIMITED

日本共生集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00627)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM RESULTS HIGHLIGHTS

		(Unaudited)		
		Six months ended 30 June		
	<i>Unit</i>	2025	2024	Change
Revenue	<i>RMB million</i>	33.19	60.71	(45%)
Gross profit/(loss)	<i>RMB million</i>	0.87	(63.78)	101%
Loss before taxation	<i>RMB million</i>	(13.40)	(332.42)	(96%)
Loss for the period	<i>RMB million</i>	(13.43)	(312.01)	(96%)
Basic loss per share	<i>RMB Cents</i>	(0.90)	(21.29)	(96%)

The board (the “**Board**”) of directors (the “**Directors**”) of Japan Kyosei Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited interim 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 (the “**Previous Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	NOTES	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3		
Contracts with customers		33,024	60,295
Leases		169	417
		<u>33,193</u>	<u>60,712</u>
Total revenue		33,193	60,712
Cost of sales		<u>(32,325)</u>	<u>(124,493)</u>
Gross profit/(loss)		868	(63,781)
Other income	6	33	274
Other gains and losses, net	6	3,220	(6,279)
Selling and distribution expenses		(652)	(2,760)
Administrative expenses		(7,180)	(18,271)
Impairment losses	5	–	(51,889)
Other expenses		(1)	(35)
Loss on disposal of a subsidiary	15	–	(4,315)
Finance costs	7	(9,384)	(185,365)
Share of result from an associate		<u>(301)</u>	<u>–</u>
Loss before taxation		(13,397)	(332,421)
Income tax (expense)/credit	8	<u>(35)</u>	<u>20,409</u>
Loss for the period	9	(13,432)	(312,012)

		Six months ended 30 June	
		2025	2024
NOTES		RMB'000	RMB'000
		(unaudited)	(unaudited)
Other comprehensive income/(expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>6,686</u>	<u>(5,188)</u>
Total comprehensive expense for the period		<u>(6,746)</u>	<u>(317,200)</u>
Loss for the period attributable to:			
Owners of the Company		(12,726)	(302,399)
Non-controlling interests		<u>(706)</u>	<u>(9,613)</u>
		<u>(13,432)</u>	<u>(312,012)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(6,040)	(307,587)
Non-controlling interests		<u>(706)</u>	<u>(9,613)</u>
		<u>(6,746)</u>	<u>(317,200)</u>
Loss per share			
– Basic (<i>RMB cents</i>)	11	<u>(0.90)</u>	<u>(21.29)</u>
– Diluted (<i>RMB cents</i>)	11	<u>(0.90)</u>	<u>(21.29)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		At 30 June 2025	At 31 December 2024
	NOTES	RMB'000 (unaudited)	RMB'000 (audited)
Non-current Assets			
Property, plant and equipment		287	290
Interest in an associate		9,939	10,241
Investment properties	12	7,100	7,100
Interest in a joint venture		—	—
Equity instrument designated at fair value through other comprehensive income		500	500
Deferred tax assets		225	225
		<u>18,051</u>	<u>18,356</u>
Current Assets			
Properties under development/properties for sale	13	382,405	384,662
Receivables and prepayments	14	3,094,055	3,071,647
Prepaid income tax		34,012	33,807
Restricted bank deposits		532	532
Bank balances and cash		3,480	3,922
		<u>3,514,484</u>	<u>3,494,570</u>

		At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
	<i>NOTES</i>		
Current Liabilities			
Payables and accruals	16	4,921,496	4,898,797
Contract liabilities		38,465	35,675
Income tax payable		184,027	183,992
Borrowings – due within one year	17	194,691	193,860
		<u>5,338,679</u>	<u>5,312,324</u>
Net Current Liabilities		<u>(1,824,195)</u>	<u>(1,817,754)</u>
Total Assets Less Current Liabilities		<u>(1,806,144)</u>	<u>(1,799,398)</u>
Capital and Reserves			
Share capital	18	12,924	12,924
Reserves		<u>(1,892,261)</u>	<u>(1,886,221)</u>
Deficit attributable to owners of the Company		(1,879,337)	(1,873,297)
Non-controlling interests		<u>65,857</u>	<u>66,563</u>
Total Deficit		<u>(1,813,480)</u>	<u>(1,806,734)</u>
Non-current Liability			
Deferred tax liabilities		<u>7,336</u>	<u>7,336</u>
		<u>(1,806,144)</u>	<u>(1,799,398)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 Interim financial reporting. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcement made by the Company during the interim reporting period.

Going concern basis

The Group reported a net loss of approximately RMB13.4 million during the period ended 30 June 2025. As at 30 June 2025, the Group’s total deficit attributable to owners of the Company amounted to approximately RMB1,879.3 million and its current liabilities exceeded its current assets approximately RMB1,824.2 million. At the same date, the Group’s total borrowings amounted to approximately RMB194.7 million, of which approximately RMB151.5 million were collateralised by the Group’s properties under development and properties for sale recorded at a total carrying amount of approximately RMB295.4 million. As at 30 June 2025, the Group had total unrestricted cash and cash equivalents of approximately RMB3.5 million.

As at 30 June 2025, the Group was unable to repay borrowings and interest payables (the “**Defaulted Borrowings**”) according to the repayment schedule with total principal amounts of approximately RMB151.5 million and related interest payables of approximately RMB37.1 million. As a result, the entire outstanding principal and interest payables of the Defaulted Borrowings of approximately RMB188.6 million would be immediately repayable if requested by the respective lenders.

Management of the Company has undertaken plans and measures to improve the Group’s liquidity and financial position. The condensed consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including, inter alia, (a) the Group’s ability to generate operating cash flows from new business opportunities; (b) obtaining new and/or renewing loans from the lenders with which the Group is negotiating; and (c) further controlling administrative costs.

The Directors are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis, except for the investment properties and certain financial assets at fair value through other comprehensive income, which are measured at fair values.

Application of amendments to HKFRS Accounting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group’s condensed consolidated financial information:

Amendments to HKAS 21	The effects of changes in foreign exchange rates – Lack of exchangeability
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The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in this condensed consolidated financial information.

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

3. REVENUE

Disaggregation of revenue from contracts with customers

Six months ended 30 June (unaudited)

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Types of goods		
Sales of completed properties	3,024	60,295
Sales of commodities	<u>30,000</u>	<u>–</u>
Geographical market		
The People’s Republic of China (“PRC”)	<u>33,024</u>	<u>60,295</u>
Timing of revenue recognition		
A point in time	<u>33,024</u>	<u>60,295</u>

3. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Six months ended 30 June 2025 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Supply chain business <i>RMB'000</i>	Consolidated total <i>RMB'000</i>
Sales of completed properties	3,024	–	–	3,024
Sales of commodities	–	–	30,000	30,000
Revenue from contracts with customers and total revenue	3,024	–	30,000	33,024
Leases	–	169	–	169
Total revenue	3,024	169	30,000	33,193

Six months ended 30 June 2024 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Consolidated total <i>RMB'000</i>
Sales of completed properties	60,295	–	60,295
Revenue from contracts with customers and total revenue	60,295	–	60,295
Leases	–	417	417
Total revenue	60,295	417	60,712

4. SEGMENT INFORMATION

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

Six months ended 30 June 2025 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Supply chain business <i>RMB'000</i>	Segment total <i>RMB'000</i>
Segment revenue (external)	<u>3,024</u>	<u>169</u>	<u>30,000</u>	<u>33,193</u>
Segment profit/(loss)	<u>(2,277)</u>	<u>129</u>	<u>141</u>	<u>(2,007)</u>
Finance costs				(9,384)
Bank interest income				7
Exchange gain, net				3,220
Share of result from an associate				(301)
Unallocated expenses				<u>(4,932)</u>
Loss before taxation				<u>(13,397)</u>

Six months ended 30 June 2024 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Segment total <i>RMB'000</i>
Segment revenue (external)	<u>60,295</u>	<u>417</u>	<u>60,712</u>
Segment loss	<u>(76,100)</u>	<u>(5,035)</u>	<u>(81,135)</u>
Impairment losses			(51,889)
Finance costs			(185,365)
Bank interest income			108
Exchange loss, net			(6,293)
Loss on disposal of a subsidiary			(4,315)
Unallocated expenses			<u>(3,532)</u>
Loss before taxation			<u>(332,421)</u>

4. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

At 30 June 2025 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Supply chain business <i>RMB'000</i>	Segment total <i>RMB'000</i>
Segment assets	<u>1,008,939</u>	<u>7,119</u>	<u>30,000</u>	1,046,058
Unallocated				<u>2,486,477</u>
Consolidated total assets				<u>3,532,535</u>

At 31 December 2024 (audited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Segment total <i>RMB'000</i>
Segment assets	<u>1,011,323</u>	<u>7,113</u>	1,018,436
Unallocated			<u>2,494,490</u>
Consolidated total assets			<u>3,512,926</u>

4. SEGMENT INFORMATION (Continued)

Segment liabilities

At 30 June 2025 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Supply chain business <i>RMB'000</i>	Segment total <i>RMB'000</i>
Segment liabilities	<u>1,229,251</u>	<u>167</u>	<u>29,894</u>	1,259,312
Unallocated				<u>4,086,703</u>
Consolidated total liabilities				<u>5,346,015</u>

At 31 December 2024 (audited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Segment total <i>RMB'000</i>
Segment liabilities	<u>1,231,563</u>	<u>167</u>	1,231,730
Unallocated			<u>4,087,930</u>
Consolidated total liabilities			<u>5,319,660</u>

5. IMPAIRMENT LOSSES

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Amount due from a former subsidiary	–	31,489
Amounts due from non-controlling interests	<u>–</u>	<u>20,400</u>
	<u>–</u>	<u>51,889</u>

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Other income:		
Rental income from temporary lease of completed properties for sales	–	116
Interest income on bank deposits	7	108
Others	26	50
	<u>33</u>	<u>274</u>
Other gains and losses, net:		
Gain on disposal of property, plant and equipment	–	14
Exchange gain/(loss), net	3,220	(6,293)
	<u>3,220</u>	<u>(6,279)</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interests on		
– bank and other loans	9,384	180,798
– contract liabilities	–	4,567
	<u>9,384</u>	<u>185,365</u>

8. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax expense/(credit):		
PRC Enterprise Income Tax (“EIT”)	35	2,497
Land Appreciation Tax (“LAT”)	—	(22,821)
	35	(20,324)
Deferred tax credit	—	(85)
	35	(20,409)

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial information as the Hong Kong subsidiaries incurred tax losses during current and prior period.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The provision of LAT is estimated according to the requirement set forth in the relevant PRC tax law and regulations. LAT has been provided at ranges of progressive rate of the appreciation value, with certain allowable exemptions and deductions.

9. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Cost of properties for sale included in cost of sales	2,605	124,471
Cost of commodities for sale included in cost of sales	29,700	–
Impairment losses on properties under development/properties for sale included in cost of sales	–	58,425
Gain on disposal of property, plant and equipment	–	(14)
Depreciation of property, plant and equipment	4	997
Depreciation of right-of-use assets	–	340
Gross rental income from investment properties	(169)	(417)
Less: direct operating expenses included for investment properties that generated rental income during the period	<u>20</u>	<u>22</u>
	<u>(149)</u>	<u>(395)</u>
Staff costs		
Staff salaries and allowances	2,882	7,427
Retirement benefit contributions	<u>198</u>	<u>554</u>
Total staff costs, excluding directors' remuneration	<u>3,080</u>	<u>7,981</u>

10. DIVIDENDS

No dividend was paid to or proposed for shareholders of the Company during the six months ended 30 June 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

11. LOSS PER SHARE

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

Loss figures are calculated as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(12,726)</u>	<u>(302,399)</u>

Number of shares:

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,420,673,262</u>	<u>1,420,673,262</u>

For the six months ended 30 June 2025 and 2024, diluted loss per share equals basic loss per share as there were no diluted potential ordinary shares in issue during the period.

12. INVESTMENT PROPERTIES

	Investment properties <i>RMB'000</i>
At fair value	
At 31 December 2024 (audited) and 30 June 2025 (unaudited)	<u>7,100</u>

All of the Group's property interests held under operating leases to earn rentals or intended to earn rentals in future or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are situated in the PRC.

13. PROPERTIES UNDER DEVELOPMENT/PROPERTIES FOR SALE

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Properties under development	122,660	122,660
Properties for sale	259,745	262,002
	<u>382,405</u>	<u>384,662</u>

14. RECEIVABLES AND PREPAYMENTS

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade and other receivables and prepayments (<i>Note a</i>)	3,086,957	3,064,427
Refundable deposits paid	–	28
Prepayments to suppliers	5,889	5,990
Other taxes prepaid	1,209	1,203
	<u>3,094,055</u>	<u>3,071,647</u>

Notes:

- a. Trade receivables from contracts with customers amounted to approximately RMB30,000,000 (2024: nil). Other receivables and prepayments consist of amounts due from related companies of approximately RMB4,000 (2024: 5,000), amounts due from former related companies of approximately RMB160,000 (2024: nil), and amounts due from former subsidiaries of approximately RMB3,040,547,000 (2024: approximately RMB3,047,745,000) arising from the Group Reorganisation. All of the amounts are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade receivables based on the date of delivery at the end of each reporting period.

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 to 90 days	30,000	–
	<u>30,000</u>	<u>–</u>

15. DISPOSAL OF A SUBSIDIARY

On 21 May 2024, the Group entered into a sale and purchase agreements with an independent third party to dispose the equity interest in 湖南亞太美立方投資置業有限公司 (“**Hunan Yatai**”) at the consideration of approximately RMB500,000. The disposal was completed on 21 May 2024. Upon completion of the disposal, Hunan Yatai ceased to be an indirectly wholly owned subsidiary of the Group, resulting to a loss on disposal of approximately RMB4,315,000.

The net assets of Hunan Yatai at the date of disposal were as follows:

	<i>RMB'000</i>
Properties for sale	81,100
Other receivables and prepayments	5,769
Prepaid tax	2,262
Restricted bank deposits	5
Bank balances and cash	41
Trade and other payables and accruals	(80,646)
Contract liabilities	(3,248)
Deferred tax liabilities	(468)
Net assets derecognised of	4,815
Loss on disposal of Hunan Yatai:	
Cash consideration	500
Net assets derecognised of Hunan Yatai	(4,815)
Loss on disposal of Hunan Yatai	(4,315)
Net cash inflow arising from disposal of Hunan Yatai:	
Cash consideration	500
Less: bank balances and cash derecognised	(41)
	459

16. PAYABLES AND ACCRUALS

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade and other payables and accruals (<i>Note a</i>)	3,679,990	3,661,098
Retention payables	1,062	1,062
Interest payables	50,662	41,285
Other tax payables	189,755	178,552
Consideration payables for acquisition of a subsidiary	82,658	82,658
Deposit received	1,354	1,453
Accrued construction costs	163,609	180,283
Provision for litigation	89,021	89,021
Provision for tax surcharges	63,610	63,610
Provision for financial guarantees	599,775	599,775
	4,921,496	4,898,797

Note:

- a. Trade payables to suppliers amounted to approximately RMB29,743,000 (2024: RMB43,000). Other payables and accruals consist of amounts due to former subsidiaries of RMB3,123,068,000 (2024: RMB3,140,253,000), amounts due to former related companies of RMB384,477,000 (2024: 384,604,000), amounts due to related companies of RMB14,149,000 (2024: 10,080,000) and amount due to an associate of RMB5,403,000 (2024: 3,363,000), respectively. These amounts are unsecured, interest-free and repayable on demand.

The following is an aged analysis of the Group's trade payables presented based on invoice date at the end of reporting period.

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
0 to 60 days	29,700	—
61 to 180 days	—	—
181 to 365 days	—	—
Over 1 year	43	43
	29,743	43

17. BORROWINGS

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Other loans	194,691	193,860
The carrying amounts of the borrowings that do not contain a repayment on demand clause and are repayable: Immediately or on demand or within one year	153,823	152,992
The carrying amounts of the borrowings that contain a repayment on demand clause (shown under current liabilities) and repayable: Immediately or on demand or within one year	40,868	40,868
	194,691	193,860
Less: amounts due within one year/repayable on demand shown under current liabilities	(194,691)	(193,860)
Amounts due after one year	–	–

During the six months ended 30 June 2025, approximately RMB889,000 new borrowing was raised (six months ended 30 June 2024: RMB761,000) and the Group did not repay borrowings (six months ended 30 June 2024: repaid borrowings approximately amounting to RMB91,000).

Details of Group's pledge of assets are set out in Note 19.

18. SHARE CAPITAL

	Number of shares	Amount HK\$'000	Equivalent to RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 31 December 2024 and 30 June 2025	50,000,000,000	500,000	423,381
Issued and fully paid:			
At 31 December 2024 and 30 June 2025	1,420,673,262	14,207	12,924

19. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group and the mortgage loans granted to the customers of the Group at the end of each reporting period.

	30 June 2025 <i>RMB'000</i> (unaudited)	31 December 2024 <i>RMB'000</i> (audited)
Properties under development	122,660	122,660
Properties for sale	172,781	172,781
	295,441	295,441

In addition, certain equity shares of the subsidiaries of the Group were pledged to several borrowings granted to the Group.

20. OTHER COMMITMENTS

	30 June 2025 <i>RMB'000</i> (unaudited)	31 December 2024 <i>RMB'000</i> (audited)
Commitments for property development contracted for but not provided in the condensed consolidated financial information	1,373	1,373

21. LITIGATIONS

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgements and the legal advice. No provision has been made for pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group does not have any material subsequent events after the reporting date and up to the date of this condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's principal operations remain within the property sector, encompassing property development and property investment. The Group has further expanded to supply chain business for sale of a range of commodities within the PRC. As of 30 June 2025, the Group's development projects, properties held for sale, and investment portfolio are primarily located in Changsha City, Hunan Province. A summary of the Group's financial performance for the six-month period ended 30 June 2025, is summarised below:

OVERALL REVIEW

Property development

During the Period, revenue from sales of properties was approximately RMB3,024,000 (Previous Period: approximately RMB60,295,000).

The revenue from sales of properties for the Period was only contributed by projects in Hunan Province compared with sales in Zhejiang Province, Hunan Province, Fujian Province and Guangdong Province across Mainland China in the Previous Period. The significant decrease in recognised sales during the Period by 95.0% as compared to that of the Previous Period due to continuous shrinkage of the property markets of second-, third- and lower-tier cities with the insufficient speed of recovery.

Property investment

Rental income for the Period was approximately RMB169,000 (Previous Period: approximately RMB417,000). Rental income was mainly contributed by the commercial investment properties in Changsha.

As at 30 June 2025, the fair value on the Group's investment property portfolio remained unchanged.

Supply chain business

Building on its established foundation, the Group is strategically leveraging its extensive property network, market experience, and core expertise to identify and execute new growth opportunities. This strategic initiative has led to the successful expansion to supply chain business in the PRC. This diversification capitalises on the Group's direct access to properties, warehouses and logistics centres, creating a synergistic revenue stream that contributed approximately RMB30,000,000 to the Group's revenue during the Period.

Operating expenses

During the Period, the selling and distribution expenses was approximately RMB652,000 (Previous Period: approximately RMB2,760,000), and the cost-income ratio calculated as the relevant expenses divided by the revenue for the Period was 1.96% (Previous Period: 4.55%). During the Period, the administrative expenses was approximately RMB7,180,000 (Previous Period: approximately RMB18,271,000), and the cost-income ratio calculated as the relevant expenses divided by the revenue for the Period was 21.63% (Previous Period: 30.09%).

Finance costs

Finance costs comprised of interest on bank and other borrowings and interest on contract liabilities. The finance costs was approximately RMB9,384,000 for the Period (Previous Period: approximately RMB185,365,000).

Income tax expense

During the Period, income tax expense amounted to approximately RMB35,000 (Previous Period: income tax credit amounted to approximately RMB20,409,000). The income tax credit in prior year was mainly due to the recognition of prior year LAT over-provision.

PROSPECTS

Amid ongoing uncertainty in China's property market that driven by persistent challenges such as U.S. tariff policies, weakening domestic demand, and liquidity constraints in the real estate sector, the operating environment remains highly volatile. The market continues to undergo a prolonged correction, creating unprecedented challenges for industry players. Against this backdrop, 2025 proved to be an exceptionally difficult year for the Group.

The Group shall launch a strategic growth initiative to capitalise on evolving market dynamics and amplify long-term value creation. Building upon our established foundation in the PRC property market, we will extend our geographical footprint by pursuing high-quality development opportunities in key cities like Guangzhou and Shenzhen, as well as exploring high-potential markets across Asia, such as Japan and Australia.

While residential development remains a core pillar of our business, we will strategically diversify our portfolio by accelerating investment in modern logistics warehouses, distribution centres, and data centres. This move is a direct response to the rapid, transformative growth in demand driven by e-commerce, cloud computing, and the digitalisation of the economy.

By aligning our portfolio with these powerful macroeconomic trends, we are future-proofing our business and positioning the Group not merely as a property builder, but as a developer of the essential infrastructure for the region's next chapter of economic development.

EVENTS AFTER THE REVIEW PERIOD

There are no significant events after the reporting date.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period (Previous Period: nil).

CORPORATE GOVERNANCE

Save as disclosed below, the Group has complied with the code provisions set out in Appendix C1 (the “**CG Code**”) to the Listing Rules throughout the Period and, where appropriate, the applicable recommended best practices of the CG Code.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company does not have a designated position of Chairman from 30 November 2023 onwards. The responsibilities of the chairman and the chief executive officer of the Company are currently vested in Dr. Hiroshi Kaneko (the executive Director and the chief executive officer of the Company). As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she had complied with the required standards as set out in the Model Code throughout the Period.

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

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

REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) is currently comprised of three independent non-executive Directors, namely Ms. Ha Sze Wan (Chairperson of the Audit Committee), Mr. Huang Zhongquan and Ms. Tang Ying Sum. The main duties of the Audit Committee are to examine, review and monitor the financial reporting procedures and financial reporting, risk management and internal control systems of the Company. The Audit Committee has reviewed the unaudited interim results of the Group for the Period.

PUBLICATION OF THE INTERIM RESULTS AND 2025 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (www.hkexnews.hk) and the Company (www.jkgc.com.hk), and the 2025 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Japan Kyosei Group Company Limited
Dr. Hiroshi Kaneko
Executive Director and Chief Executive Officer

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises one executive Director, namely Dr. Hiroshi Kaneko, one non-executive Director, namely Mr. Chung Ho Wai Alan and three independent non-executive Directors, namely Mr. Huang Zhongquan, Ms. Tang Ying Sum and Ms. Ha Sze Wan.