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首惠产融

首惠產業金融服務集團有限公司*

CAPITAL INDUSTRIAL FINANCIAL SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 730)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM RESULTS

The board of directors (the “Board”) of Capital Industrial Financial Services Group Limited (the “Company”) is pleased to report the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025. These interim results have been reviewed by the Audit Committee of the Board of the Company (“Audit Committee”) and the Company’s auditor.

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
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue under sale and leaseback arrangements	5	29,650	93,805
Revenue from supply chain management and financial technology business	5	16,149	13,513
Property leasing income	5	2,023	2,134
Total revenue		47,822	109,452
Cost of revenue under sale and leaseback arrangements		(4,408)	(48,584)
Cost of revenue from supply chain management and financial technology business		(2,615)	(3,145)

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Gross profit		40,799	57,723
Other income	6	11,094	5,253
Administrative expenses		(25,198)	(25,014)
Change in fair value of investment properties		(8,452)	(2,341)
Change in fair value of financial assets at fair value through profit or loss		–	(10)
Reversal of impairment losses (impairment losses) on financial assets		17,727	(559)
Operating profit		35,970	35,052
Finance costs	8	(326)	(583)
Share of profit of an associate		1,354	2,556
Profit before income tax		36,998	37,025
Income tax expenses	9	(9,505)	(10,764)
Profit for the period	7	27,493	26,261
Profit is attributable to:			
Owners of the Company		19,838	17,981
Non-controlling interests		7,655	8,280
		27,493	26,261

		Six months ended 30 June	
		2025	2024
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit for the period		27,493	26,261
Other comprehensive income/(loss)			
<i>Items that will not be reclassified</i>			
<i>to profit or loss:</i>			
Currency translation differences		23,808	(9,957)
Share of currency translation difference of an associate using equity method		2,016	(1,973)
Total comprehensive income/(loss) for the period		25,824	(11,930)
Total comprehensive income for the period		53,317	14,331
Total comprehensive income attributable to:			
Owners of the Company		40,146	7,553
Non-controlling interests		13,171	6,778
		53,317	14,331
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted (<i>HK cents</i>)	<i>10</i>	0.50	0.45

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		757	927
Right-of-use assets		2,685	4,506
Investment properties		92,501	99,758
Intangible assets		75,010	74,769
Interest in an associate		89,707	86,337
Receivables under sale and leaseback arrangements	<i>11</i>	648,501	358,308
Prepayments		91	97
Deferred tax assets		42	40
Total non-current assets		909,294	624,742
Current assets			
Receivables under sale and leaseback arrangements	<i>11</i>	112,860	566,938
Receivable under credit financing arrangement	<i>15(g)</i>	492,955	377,580
Trade receivables	<i>12</i>	2,194	2,752
Prepayments, deposits and other receivables		16,135	5,673
Amounts due from related parties		–	7,527
Cash and cash equivalents		330,152	282,810
Total current assets		954,296	1,243,280
Total assets		1,863,590	1,868,022

		30 June 2025	31 December 2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
EQUITY			
Share capital	14	39,539	39,577
Reserves		1,383,558	1,355,335
Capital and reserves attributable to owners of the Company		1,423,097	1,394,912
Non-controlling interests		335,663	336,132
Total equity		1,758,760	1,731,044
LIABILITIES			
Non-current liabilities			
Loans from a related party	15(h)	16,525	16,274
Lease liabilities		503	1,898
Deferred tax liabilities		3,585	3,577
Total non-current liabilities		20,613	21,749
Current liabilities			
Trade payables	13	4	1,783
Other payables and accruals		77,341	100,360
Lease liabilities		3,652	4,172
Current tax liabilities		3,220	8,914
Total current liabilities		84,217	115,229
Total liabilities		104,830	136,978
Total equity and liabilities		1,863,590	1,868,022

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Capital Industrial Financial Services Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The Company is an investment holding company. The principal activities of its significant subsidiaries are provision of sale and leaseback arrangements services, property leasing services and supply chain management and financial technology business. These condensed consolidated interim financial information are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

These condensed consolidated interim financial information have not been audited.

2 BASIS OF PREPARATION

These condensed consolidated interim financial information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These condensed consolidated interim financial information do not include all the notes of the type normally included in the annual consolidated financial statements. Accordingly, these condensed consolidated interim financial statements are to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards.

The functional currency of the Company is Renminbi (“RMB”) while these condensed consolidated interim financial information are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. Exchange differences relating to the translation of the assets and liabilities of the subsidiaries with the same functional currency as the Company (i.e. RMB) to the presentation currency of the Group (i.e. HK\$) are recognised directly in other comprehensive income and accumulated translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards and interpretation as set out below.

Application of amendments to HKFRS Accounting Standards

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

Amendments to HKAS 21

Lack of Exchangeability

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

4 ESTIMATES AND JUDGEMENT

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2024.

5 SEGMENT INFORMATION

The Company's managing director, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group is currently organised into three operating divisions: sale and leaseback arrangements business, property leasing business and supply chain management and financial technology business.

Sale and leaseback arrangements business is engaging in collateral financing activities. Property leasing business is engaging in rental of properties. Supply chain management and financial technology business is engaged in supply chain management and financial technology services.

Segment results represent the profit or loss of each segment without allocation of central administration costs, changes in fair value of financial assets at fair value through profit or loss ("FVTPL"), unallocated other income, finance costs and share of profit of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operating and reportable segments. Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current and prior periods.

	Sale and leaseback arrangements business <i>HK\$'000</i>	Property leasing business <i>HK\$'000</i>	Supply chain management and financial technology business <i>HK\$'000</i>	Total <i>HK\$'000</i>
During the six months ended 30 June 2025 (unaudited)				
Revenue under sale and leaseback arrangements	29,650	–	–	29,650
Revenue from supply chain management and financial technology business	–	–	16,149	16,149
Property leasing income	–	2,023	–	2,023
Segment revenue	<u>29,650</u>	<u>2,023</u>	<u>16,149</u>	<u>47,822</u>
Segment results	<u>38,525</u>	<u>(6,494)</u>	<u>3,699</u>	<u>35,730</u>
Unallocated				
Central administration costs				(9,868)
Other income (<i>Note</i>)				10,108
Finance costs				(326)
Share of profit of an associate				<u>1,354</u>
Profit before income tax				<u>36,998</u>

	Sale and leaseback arrangements business HK\$'000	Property leasing business HK\$'000	Supply chain management and financial technology business HK\$'000	Total HK\$'000
During the six months ended 30 June 2024 (unaudited)				
Revenue under sale and leaseback arrangements	93,805	–	–	93,805
Revenue from supply chain management and financial technology business	–	–	13,513	13,513
Property leasing income	–	2,134	–	2,134
Segment revenue	<u>93,805</u>	<u>2,134</u>	<u>13,513</u>	<u>109,452</u>
Segment results	<u>39,219</u>	<u>(264)</u>	<u>4,135</u>	<u>43,090</u>
Unallocated				
Central administration costs				(12,437)
Other income (<i>Note</i>)				4,409
Changes in fair value of financial assets at FVTPL				(10)
Finance costs				(583)
Share of profit of an associate				<u>2,556</u>
Profit before income tax				<u>37,025</u>

Note:

Unallocated other income represents interest income from credit financing arrangement income from a related party and bank deposits held by investment holding companies.

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

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Segment assets		
Sale and leaseback arrangements business	986,216	1,145,871
Supply chain management and financial technology business	96,307	94,540
Property leasing business	94,191	101,220
	<hr/>	<hr/>
Total segment assets	1,176,714	1,341,631
Interest in an associate	89,707	86,337
Other unallocated assets	597,169	440,054
	<hr/>	<hr/>
Consolidated assets	1,863,590	1,868,022
	<hr/>	<hr/>
Segment liabilities		
Sale and leaseback arrangements business	58,980	99,681
Supply chain management and financial technology business	5,018	9,640
Property leasing business	129	44
	<hr/>	<hr/>
Total segment liabilities	64,127	109,365
Other unallocated liabilities	40,703	27,613
	<hr/>	<hr/>
Consolidated liabilities	104,830	136,978
	<hr/>	<hr/>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in an associate and other unallocated assets (including primarily unallocated property, plant and equipment, right-of-use assets, receivable under credit financing arrangement, cash and cash equivalents, interest receivable for credit financing arrangement, prepayments, deposits and other receivables and deferred tax assets).
- all liabilities are allocated to reportable segments other than other unallocated liabilities (including primarily loans from a related party, lease liabilities, deferred tax liabilities, other payables and accruals, and current tax liabilities).

6 OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income		
— Bank deposits	184	593
— Deposit service interest income from a related party	864	294
— Credit financing arrangement income from a related party	9,970	3,936
	<u>11,018</u>	<u>4,823</u>
Others	76	430
	<u>11,094</u>	<u>5,253</u>

7 PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Employee benefit expenses	20,831	22,460
Depreciation of property, plant and equipment	182	163
Amortisation of intangible assets	1,472	1,126
Depreciation of right-of-use assets	1,863	1,885
	<u>24,348</u>	<u>25,634</u>

8 FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on loans from a related party	217	373
Interest on lease liabilities	109	210
	<u>326</u>	<u>583</u>

9 INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
— China enterprise income tax	9,577	12,000
Deferred income tax	(72)	(1,236)
	<u>9,505</u>	<u>10,764</u>

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2025 (six months ended 30 June 2024: 16.5%).
- (b) 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% for the six months ended 30 June 2025 (six months ended 30 June 2024: 25%).

10 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	19,838	17,981
Weighted average number of ordinary shares (<i>thousand</i>)	3,953,963	3,973,037
Basic earnings per share (<i>HK cents</i>)	0.50	0.45

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. No diluted earnings per share for the six months ended 30 June 2025 and 2024 as there was no dilutive potential shares during the periods.

11 RECEIVABLES UNDER SALE AND LEASEBACK ARRANGEMENTS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Current assets	112,860	566,938
Non-current assets	648,501	358,308
	<u>761,361</u>	<u>925,246</u>

At 30 June 2025 and 31 December 2024, the Group's receivables under sale and leaseback arrangements were repayable as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within one year	112,860	566,938
Between 1 and 2 years	252,181	84,655
Between 2 and 3 years	301,436	199,569
Between 3 and 4 years	86,536	50,614
Between 4 and 5 years	8,348	23,470
	<u>761,361</u>	<u>925,246</u>

As at 30 June 2025 and 31 December 2024, all of the Group's receivables under sale and leaseback arrangements were not yet overdue.

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Analysed as:		
Current receivables under sale and leaseback arrangements (receivable within 12 months)	120,928	611,036
Non-current receivables under sale and leaseback arrangements (receivable after 12 months)	690,226	381,014
	<u>811,154</u>	<u>992,050</u>
Provision of impairment loss allowance	(49,793)	(66,804)
	<u>761,361</u>	<u>925,246</u>

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Fixed-rate receivables under sale and leaseback arrangements	761,361	925,246

Interest rates per annum of the above receivables under sale and leaseback arrangements for the period/year are as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Fixed-rate receivables	5.0% to 5.5%	5.0% to 5.5%

12 TRADE RECEIVABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables	2,194	2,752

The credit terms of trade receivables are normally 30 days as at 30 June 2025 and 31 December 2024. The aging analysis of trade receivables is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 3 months	2,194	2,752

13 TRADE PAYABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade payables	<u>4</u>	<u>1,783</u>

Note:

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

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 30 days	<u>4</u>	<u>1,783</u>

14 SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2024, 30 June 2024, 1 January 2025 and 30 June 2025	<u>10,000,000,000</u>	<u>10,000</u>
Issued and fully paid:		
At 1 January 2024	3,984,639,703	39,846
Cancellation of shares	(12,064,000)	(120)
At 30 June 2024 (unaudited)	<u>3,972,575,703</u>	<u>39,726</u>
At 1 January 2025	3,957,702,703	39,577
Cancellation of shares	(3,764,000)	(38)
At 30 June 2025 (unaudited)	<u>3,953,938,703</u>	<u>39,539</u>

Note:

During the six months ended 30 June 2025, the Company repurchased 903,000 of its own shares for an aggregate cash consideration of approximately HK\$99,000.

All of the repurchased shares were cancelled and the difference between the consideration paid and the nominal value of shares were charged to share premium within shareholders' equity.

15 RELATED PARTY DISCLOSURES

The controlling shareholder of the Company as defined under the Listing Rules is Wheeling Holdings Limited which is a wholly-owned subsidiary of Shougang Group Co., Ltd., a state-owned enterprise under the direct supervision of the State Council of the PRC. Accordingly, the Company and the Group are ultimately controlled by Shougang Group Co., Ltd. The transactions and those balances with Shougang Group Co., Ltd. and its subsidiaries (collectively referred as “Shougang Group”) and other PRC government-related financial institutions are disclosed below:

(a) Key management personnel compensation

Key management personnel includes directors (executive, non-executive and external directors) and the senior management of the Group. The compensation paid or payable to key management personnel is shown below:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Wages, salaries and other benefits	2,909	3,859
Retirement benefit scheme contribution	335	232
	<hr/>	<hr/>
Total employee benefit expenses	3,244	4,091
	<hr/>	<hr/>

(b) Transactions with related parties

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue under sale and leaseback arrangements		
<i>(Note ii)</i>		
Subsidiaries of Shougang Group	<u>12,451</u>	<u>7,726</u>
Revenue from supply chain management and financial technology services		
<i>(Note iii)</i>		
Subsidiaries of Shougang Group	<u>5,586</u>	<u>5,530</u>
Associate of Shougang Group	<u>35</u>	<u>22</u>
	<u>5,621</u>	<u>5,552</u>
Credit financing arrangement interest income		
<i>(Note 6)</i>		
Subsidiary of Shougang Group	<u>9,970</u>	<u>3,936</u>
Deposit service interest income		
<i>(Note 6)</i>		
Subsidiary of Shougang Group	<u>864</u>	<u>294</u>
Management fee expenses		
<i>(Note i)</i>		
Subsidiary of Shougang Group	<u>236</u>	<u>187</u>
Utility expenses		
<i>(Note i)</i>		
Subsidiary of Shougang Group	<u>55</u>	<u>4</u>
Interest expense		
<i>(Note 8)</i>		
Subsidiary of Shougang Group	<u>217</u>	<u>373</u>
Information technology services expense		
<i>(Note i)</i>		
Subsidiary of Shougang Group	<u>1,298</u>	<u>—</u>
Lease payments		
<i>(Note i)</i>		
Subsidiary of Shougang Group	<u>704</u>	<u>850</u>

Notes:

- (i) The transactions were carried out in accordance with the relevant other agreements.
- (ii) The transactions were carried out in accordance with relevant sale and leaseback and loan agreements summarised as below:

The Company entered into the master facility agreement with Shougang Group Co., Ltd., pursuant to which the Company has conditionally agreed to provide or procure its subsidiaries to provide the uncommitted facilities to Shougang Group Co., Ltd. and/or its subsidiaries in an aggregate principal amount of up to RMB2,000,000,000 for a term of 3 years commenced from October 2024.

- (iii) The transactions were carried out in accordance with master service agreement with Shougang Group which the Company has agreed to provide supply chain management and financial technology service, for a term of 32 months commenced from May 2023.

(c) Outstanding balance arising from sale and leaseback arrangements business

Included in receivables under sale and leaseback arrangements of the Group as disclosed in Note 11, there are receivables under sale and leaseback arrangements from subsidiaries of Shougang Group with total carrying amount of HK\$410,219,000 as at 30 June 2025 (31 December 2024: HK\$398,325,000).

(d) Outstanding balance arising from supply chain management and financial technology business

Included in trade receivables of the Group as disclosed in Note 12, there are receivables from supply chain management and financial technology services for the service fee charge with carrying amount of HK\$2,013,000 as at 30 June 2025 (31 December 2024: HK\$2,730,000) from subsidiaries of Shougang Group.

(e) Amounts due from related parties

Included in prepayments, deposits and other receivables, there are amounts due from related parties with carrying amount of HK\$2,528,000 in relation to management and financial advisory service and HK\$4,999,000 in relation financial technical service as at 31 December 2024. The balances are unsecured, repayable on demand and interest free.

No amounts due from related parties in relation to management and financial advisory service and financial technical service as at 30 June 2025.

(f) Amounts due to related parties

Included in other payables and accruals, there are amounts due to related parties in relation to information technology services with carrying amount of HK\$315,000 as at 30 June 2025 (31 December 2024: HK\$292,000). The balances are unsecured, repayable on demand and interest free.

(g) Receivable under credit financing arrangement

At 30 June 2025, the balance of HK\$492,955,000 (31 December 2024: HK\$377,580,000) is unsecured, repayable on demand and carried interest of 5% per annum (31 December 2024: 5% per annum). Interest receivable for credit financing arrangement of HK\$11,310,000 (31 December 2024: HK\$628,000) is included in prepayments, deposits and other receivables.

(h) Loans from a related party

At 30 June 2025, the balance of HK\$16,525,000 (31 December 2024: HK\$16,274,000) is unsecured, repayable on demand and carried interest ranging from 2.48% to 2.76% per annum (31 December 2024: 2.48% to 2.76% per annum).

(i) Deposits in a related company

Included in cash and cash equivalents as at 30 June 2025, there are demand deposits of HK\$208,731,000 (31 December 2024: HK\$194,961,000) placed in a financial institution, which is a subsidiary of the Shougang Group. The interest rate of the demand deposits is 1.35% per annum (2024: 0.35% to 1.55% per annum).

(j) Transaction and balance with other PRC government-related entities

Apart from the transactions and balances with the Shougang Group as disclosed in Notes 15(b), 15(c), 15(d), 15(e), 15(f), 15(g), 15(h) and 15(i), the Group has entered into various transactions in its ordinary course of business including deposit placements and other general banking facilities, with certain banks and financial institutions which are government-related entities. As at 30 June 2025, 100% (31 December 2024: 100%) of bank balances are held with these government-related financial institutions.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to push ahead the development philosophy of supply chain management and financial technology business, finance lease and commercial factoring as core businesses, and endeavored to become a service provider of a supply chain financial technology platform characterised by integrating industry and finance to support for industrial upgrading. The Group maintained stable growth in results by seeking progress while ensuring stability, discovering its own potential and constantly making improvement and enhancement in its ability to respond to market changes.

KEY FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators are analysed as below:

	Six months ended 30 June		
	2025	2024	+ / (-)
	HK\$'000	HK\$'000	Change
Financial performance			
Revenue	47,822	109,452	-56%
Gross profit margin (%)	85%	53%	32%
Profit for the period	27,493	26,261	5%
Profit attributable to owners of the Company	19,838	17,981	10%
Basic earnings per share (HK cents)	0.50	0.45	11%
	30 June	31 December	
	2025	2024	+ / (-)
	HK\$'000	HK\$'000	Change
Key financial indicators			
Total cash	330,152	282,810	17%
Total assets	1,863,590	1,868,022	1%
Total liabilities	104,830	136,978	-23%
Loans from a related party	16,525	16,274	2%
Capital and reserves attributable to owners of the Company	1,423,097	1,394,912	2%
Current ratio	1,133%	1,079%	54%

FINANCIAL OVERVIEW

The Group recorded profit attributable to owners of the Company of approximately HK\$19,838,000 for the six months ended 30 June 2025, representing an increase of approximately 10% as compared with profit attributable to owners of the Company of approximately HK\$17,981,000 for the six months ended 30 June 2024, which was mainly due to the significant effort has been put on risk management and control in relation to sales and leaseback customers, which resulted in a decrease of impairment losses on financial assets. Revenue of the Group for the six months ended 30 June 2025 was approximately HK\$47,822,000, which represented a decrease of approximately 56% when compared with that of approximately HK\$109,452,000 for the same period of 2024. The decrease was mainly attributable to change in business direction and dedicated more resources from individual customers to corporate customers under the sales and leaseback arrangements business segment. The Group recorded a gross profit of approximately HK\$40,799,000 for the six months ended 30 June 2025, representing a decrease of approximately 29% when compared with the gross profit of approximately HK\$57,723,000 for the same period of 2024. The Group recorded a gross profit margin of approximately 85% for the six months ended 30 June 2025, representing an increase when compared with the gross profit margin of approximately 53% for the same period of 2024. Basic earnings per share of the Group for the six months ended 30 June 2025 was HK0.50 cents (six months ended 30 June 2024: basic earnings per share was HK0.45 cents).

Revenue for the six months ended 30 June 2025 was approximately HK\$47,822,000, representing a decrease of approximately 56% when compared with that of approximately HK\$109,452,000 for the same period of 2024. The decrease was mainly attributable to change in business direction and dedicated more resources from individual customers to corporate customers under the sales and leaseback arrangement business segment.

The Group recorded a gross profit of approximately HK\$40,799,000 for the six months ended 30 June 2025, representing a decrease of approximately 29%, when compared with the gross profit of approximately HK\$57,723,000 for the same period of 2024. The Group recorded a gross profit margin of approximately 85% for the six months ended 30 June 2025, representing an increase when compared with the gross profit margin of approximately 53% for the same period of 2024, which was mainly attributable to the change in business direction and dedicated more resources from individual customers to corporate customers under the sales and leaseback arrangements business segment.

Other income for the six months ended 30 June 2025 amounted to approximately HK\$11,094,000 (six months ended 30 June 2024: HK\$5,253,000), representing a significant increase of approximately 111%. The increase was mainly due to the increase in credit financing arrangement income from a related party.

Administrative expenses for the six months ended 30 June 2025 amounted to approximately HK\$25,198,000 (six months ended 30 June 2024: HK\$25,014,000), representing a slight increase of approximately 1%, remained stable in general.

For the six months ended 30 June 2025, share of profit of an associate amounted to approximately HK\$1,354,000 (six months ended 30 June 2024: profit of HK\$2,556,000), continued to make contribution to the Group's profit.

BUSINESS REVIEW AND OUTLOOK

The Group continued to push ahead the development philosophy of supply chain management and financial technology business, finance lease and commercial factoring as core businesses, endeavored to become a supply chain financial technology and service platform characterised by integrating industry and finance, and gave full play to the important role of financial services in empowering real economy. Taking advantage of our industrial advantages and competitive edges, we focus on the provision of customized and comprehensive financial service solutions to the steel industry and upstream and downstream customers on the industry chain for different business scenarios including the corporate customer and individual consumer leasing market, and strive to meet our medium- and long-term strategic goal of continuous growth in performance.

Other than that, the Group will explore the business opportunities on energy management and energy conservation and renovation (EMC) related business as well as other business with potential in order to maximise shareholders' return.

Sale and Lease Back Arrangements Business Segment

An indirectly owned subsidiary of the Company, South China International Leasing Co., Ltd. ("South China Leasing"), principally engages in the provision of financial leasing in the PRC. The principal mode of finance lease offered by South China Leasing mainly include direct leasing and sale and leaseback arrangements. The major source of fund for this business is loans from banks and internal resources of the Group.

Direct leasing: Under this arrangement, the lessee designates the supplier of the selected equipment. Then the lessee, the equipment supplier, and South China Leasing sign a tripartite leasing contract pursuant to which South China Leasing will pay the equipment supplier for the equipment after acceptance of the equipment by the lessee and the lessee will pay South China Leasing rent for the use of the equipment based on the agreed terms.

Sale and leaseback: Under this arrangements, the lessee sells the subject equipment to South China Leasing and signs an equipment sale and purchase contract with South China Leasing. Then South China Leasing signs a sale-and-leaseback contract with the lessee. South China Leasing will pay the lessee for the equipment and the lessee will pay South China Leasing rent for using the equipment based on the agreed terms.

South China Leasing focuses on steel companies and domestic conglomerates as well as their upstream and downstream customers as its core customer groups as it would enable the Group to earn a stable revenue stream with a considerably lower risk exposure. Most customers of South China Leasing in the PRC are obtained through (a) referrals from business partners of existing customers, banks or peers and (b) marketing and sales effort from South China Leasing.

As at 30 June 2025, approximately 95% (31 December 2024: 62%) of the total receivables under the sale and leaseback arrangements was due from the Group's three largest sale and leaseback customers, of which two such customers are related parties of the Group.

Customer Diversity Table

	Receivables as at 30 June 2025 HK\$'000	%
Customers		
Independent individual customers	28,134	4
Beijing Enji Energy Technology Co., Ltd.*^	323,008	42
Tonghua Steel Co., Ltd.*#	305,322	40
Shougang Shuicheng Iron and Steel (Group) Co. Ltd.*#	101,134	13
Beijing Shougang International Engineering Technology Co., Ltd.*#	<u>3,763</u>	<u>1</u>

Notes:

Tonghua Steel Co., Ltd.*, Shougang Shuicheng Iron and Steel (Group) Co., Ltd* and Beijing Shougang International Engineering Technology Co., Ltd.* are subsidiaries of Shougang Group Co., Ltd., Shougang Group Co., Ltd., a company established in the PRC, which is the holding company of Wheeling Holdings Limited, which in turn, Wheeling Holdings Limited is the controlling shareholder of the Company. Therefore, Tonghua Steel Co., Ltd.*, Shougang Shuicheng Iron and Steel (Group) Co., Ltd* and Beijing Shougang International Engineering Technology Co., Ltd.* are connected persons of the Company.

^ Beijing Enji Energy Technology Co., Ltd.* is a company established in PRC with limited liability and is principally engaged in among others, (i) energy saving technology development, technology promotion and technical services; (ii) energy contract management; (iii) sales of hardware and electricity, mechanical, special and general equipment, electronic products, instrumentation, computer hardware and software and auxiliary equipment; and (iv) engineering, procurement and construction (EPC) contracting. To the best knowledge, information and belief of the Directors after having all reasonable enquiries, Beijing Enji Energy Technology Co., Ltd. * is independent of the Company and its connected person. The Group has provided finance lease services and EMC finance lease services to Beijing Enji Energy Technology Co., Ltd.* during the year. For details, please refer to the announcements of the Company dated 25 July 2024, 29 August 2024 and in the circular of the Company dated 9 October 2024.

* For identification purpose only

The Group's sale and leaseback customers are spread across diverse industries such as manufacturing industries and individual mobile phone rental customers.

During the period under review, revenue from the sale and leaseback arrangements services segment decreased by approximately 68% to approximately HK\$29,650,000 (six months ended 30 June 2024: HK\$93,805,000), and the segment results recorded a profit of approximately HK\$38,525,000 (six months ended 30 June 2024: HK\$39,219,000). The decrease in revenue from the sales and leaseback arrangements segment was mainly due to change in business direction and dedicated more resources from individual customers to corporate customers while the segment's performance was steady as compared to last year same period.

In view of the national dual-carbon target and the policy guidelines of "Guiding Opinions on Further Strengthening Financial Support for Green and Low-Carbon Development" jointly issued by the People's Bank of China and the relevant regulatory authorities in the PRC, the Group will dedicate more resources to provide finance lease services for different energy management and energy conservation and renovation (EMC) projects and engineering companies, and also explore other business opportunities in relation to EMC projects, which align to the latest environmental policies set out by the PRC and consistent with the Group's finance lease business development strategy.

Supply Chain Management and Financial Technology Business Segment

During the period under review, revenue from the supply chain management and financial technology business segment was approximately HK\$16,149,000 (six months ended 30 June 2024: HK\$13,513,000). The supply chain management and financial technology business segment results recorded a profit of approximately HK\$3,699,000 (six months ended 30 June 2024: HK\$4,135,000). The supply chain management and financial technology business segment refers to a business model based on real trade, relying on logistics and centering around the capital flow control. Such business model enables a win-win situation for various participating entities, which include steel enterprises, banks and logistics companies, through the design and management of financial products. The supply chain management and financial technology business segment focused on the electronic multitier transfer of creditor's rights certificates (the "Shougang Credit Certificate") and related businesses for the steel industry chain. Based on the business application scenarios of core enterprises, this business provides negotiable, apportionable and financeable electronic creditor's rights certificate to core enterprises. It is an electronic certificate created by the Group under a self-developed supply chain financial platform (the "Shougang SCF Platform") that utilise blockchain technology to create immutable and traceable digital representation of suppliers' account receivable due from anchor enterprises that suppliers can use for payment and financing purposes, and to serve the upstream and downstream of the steel industry chain. The increase in revenue was mainly due to the continuous expansion of business and decrease in segment's performance was mainly due to increase in staff cost.

The Group will further sort out procurement needs in the supply chain, analyze the settlement habit and settlement cycles of each category and supplier, so as to formulate diversified Shougang Credit Certificate products and pricing strategies to cover more application scenarios in the supply chain and gain more recognition. In addition to the existing Shougang Credit Certificate, the Group will continue to develop different products to diversify its product offerings. By doing so, the Group helps to resolve the problems faced by small-to-medium sized suppliers in business scenarios with diversified product offerings, such as financing difficulties, high financing costs, high risk control costs, credit period mismatch and inventory backlog.

In addition, the Group will continue to focus on the supply chain management and financial technology business in the future, and continue to improve the intelligent construction level of the Shougang SCF Platform (ie. the integration of DeepSeek) as well as exploring other business opportunities in supply chain. Based on the actual businesses of supply chain finance, the Group will make use of the advantages of high-techs, innovate the design and create synergies for its other businesses.

Property Leasing Business Segment

During the period under review, revenue from the property leasing business segment decreased to approximately HK\$2,023,000 (six months ended 30 June 2024: HK\$2,134,000), while the segment results recorded a loss of approximately HK\$6,494,000 (six months ended 30 June 2024: a loss of approximately HK\$264,000). The revenue from the property leasing business segment remains stable. The decrease in profit recorded in segment results was mainly attributable to the decrease in fair value of investment properties of the property leasing business segment during the period of approximately HK\$8,452,000 (six months ended 30 June 2024: decrease in fair value of investment properties of HK\$2,341,000).

Under the policy environment and market environment of promoting financial innovation, the Group will grasp opportunities brought by the policies in relation to China's innovation of modern supply chain area and the upgrading strategies of industries in which target core enterprises operate to provide innovative financial products and service portfolios to those target core enterprises and their upstream and downstream customer groups, so as to serve the real economy. Through our supply chain financing platform, we will provide accessible financing to our small-to-medium sized enterprises customers to lower financing costs and enhance the stability of supply chains, which will bring low cost funds and equity capital to our customers and optimise their capital structure, help the Group to achieve sustainable growth in its business scale and create greater business value for our customers, shareholders and society.

In terms of risk management infrastructure, prudent and effective risk management can help in tapping the commercial value of long- term investments, as well as laying a solid foundation for the Group’s sustainable development. We will put emphasis on strengthening our risk control system, introducing information technology platform, and adjusting our management and control strategies in a timely manner and continuously improving our management by improving and optimising our risk control mechanism. In addition, we will also continue to promote the development of our online risk management platform based on asset securitisation and industry supply chain business so as to provide an effective tool for the Group’s risk management.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

The Group has been focusing on maintaining stable funding sources and financing is arranged to match business requirements and cash flows. The financial leverage of the Group as at 30 June 2025 as compared to 31 December 2024 is summarised below:

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Total borrowings		
Current borrowings	–	–
Non-current borrowings	16,525	16,274
Sub-total	16,525	16,274
Total cash		
Cash and cash equivalents	330,152	282,810
Total equity	1,758,760	1,731,044
Total assets	1,863,590	1,868,022
Financial leverage		
Current ratio	<u>1,133%</u>	<u>1,079%</u>

As at 30 June 2025, the Group had cash and cash equivalents of approximately HK\$330,152,000 (31 December 2024: HK\$282,810,000), which were mainly denominated in Hong Kong dollars and Renminbi. The increase was mainly attributable to the net cash generated from operating activities of approximately HK\$49,503,000.

As at 30 June 2025, the Group's borrowings amounted to approximately HK\$16,525,000 (31 December 2024: HK\$16,274,000), which were repayable after twelve months from 30 June 2025 (31 December 2024: HK\$16,274,000). During the period under review, the Group did not obtain any new borrowings as the working capital for the Group's operations. All borrowings bore interest at fixed rate.

CAPITAL STRUCTURE

The capital and reserves attributable to owners of the Company amounted to approximately HK\$1,423,097,000 as at 30 June 2025 (31 December 2024: HK\$1,394,912,000). The increase was mainly due to the exchange differences arising from translation during the period totalling approximately HK\$18,796,000. The Company did not issue any new shares during the period under review. The issued share capital of the Company was approximately HK\$39,539,000 (represented by approximately 3,953,938,000 issued ordinary shares).

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

On 9 January 2025 (after trading hours), South China Leasing (an Indirect non-wholly owned subsidiary of the Company) entered into the disposal agreement with the Sichuan Xinhuan Jiuhe Financial Leasing Co., Ltd* (the "Purchaser"), pursuant to which South China Leasing agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivables, at a consideration of no more than RMB300 million (equivalent to approximately HK\$318.03 million). For details, please refer to the announcement and circular dated on 9 January 2025 and 24 January 2025 respectively.

Save as disclosed above, the Group had no material acquisitions, disposals and significant investment during the six months ended 30 June 2025.

* *For identification purpose only*

CHARGE ON ASSETS

As at 30 June 2025, the Group had no charge on its assets.

FOREIGN EXCHANGE EXPOSURE

The normal operations and investments of the Group are mainly in Hong Kong and China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign exchange exposures. As at 30 June 2025, the Group has no significant foreign exchange exposure.

CONTINGENT LIABILITIES

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

EMPLOYEES

As at 30 June 2025, the Group employed 61 (31 December 2024: 63) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and work experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund and discretionary bonus are also available to employees of the Group. Remuneration packages are reviewed either annually or through special increment.

During the six months ended 30 June 2025, the Company and its subsidiaries have not paid or committed to pay to any individual any amount as an inducement to join or upon joining the Company and/or its subsidiaries.

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

During the six months ended 30 June 2025, the Company repurchased at total of 903,000 shares on the stock exchange at an aggregate consideration (before expenses) of HK\$98,595. All such repurchased shares were cancelled during the period under review.

Particular of the shares repurchased during the period are set out below:

Month	Number of share repurchased	Consideration per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
January	903,000	0.114	0.108	98,595
Total	903,000			98,595

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the period under review.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency.

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30 June 2025.

AUDIT COMMITTEE

The Audit Committee comprised four members including three Independent Non-executive Directors, namely Mr. Tam King Ching, Kenny as Chairman, Mr. Ng Man Fung, Walter and Ms. On Danita, and one Non-executive Director, namely Mr. Huang Donglin.

The Audit Committee is accountable to the Board. It focuses primarily on financial reporting related matters, such as reviewing financial information and overseeing financial reporting related systems and controls. The Committee also advises the Board on high-level risk related matters, risk management and internal control, including advising on risk assessment and oversight of the internal audit function.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025.

SCOPE OF WORK OF SHINEWING

SHINEWING (HK) CPA Limited, certified public accountants and the independent auditor of the Company, has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the period.

By order of the Board
Capital Industrial Financial Services Group Limited
Sun Yajie
Chairman

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises Ms. Sun Yajie (Chairman); Ms. Fu Yao (Managing Director); Mr. Tian Gang (Executive Director); Mr. Huang Donglin (Non-executive Director); Mr. Tam King Ching, Kenny (Independent Non-executive Director); Mr. Ng Man Fung, Walter (Independent Non-executive Director) and Ms. On Danita (Independent Non-executive Director).

* For identification purpose only