LESSO 联塑

CHINA LESSO GROUP HOLDINGS LIMITED

中國聯塑集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2128)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board is pleased to announce the consolidated financial results of the Group for the six months ended 30 June 2026.

HIGHLIGHTS

Compared with the financial results for the six months ended 30 June 2025:

- Revenue decreased by 4.5% to RMB11,912 million
- Gross profit decreased by 2.5% to RMB3,426 million
- Profit for the period decreased by 25.6% to RMB695 million
- Basic earnings per share was RMB0.24, decreased by 29.4%
- The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2026

	Note	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
REVENUE	3	**11,911,989**	12,475,000
Cost of sales		**(8,485,700)**	(8,960,646)
Gross profit		**3,426,289**	3,514,354
Other revenue, income and gains	3	**147,126**	273,235
Selling and distribution expenses		**(757,278)**	(742,620)
Administrative expenses		**(769,348)**	(767,460)
Impairment losses on financial and contract assets		**(51,428)**	(35,057)
Other expenses		**(814,778)**	(589,804)
Finance costs	4	**(299,695)**	(374,244)
Share of results of associates		**69,302**	34,368
Share of results of joint ventures		**(189)**	(4,413)
PROFIT BEFORE TAX	5	**950,001**	1,308,359
Income tax expense	6	**(254,522)**	(373,052)
PROFIT FOR THE PERIOD		**695,479**	935,307
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Debt instruments at fair value through other comprehensive income:			
Changes in fair value		**(1,863)**	–
Share of other comprehensive income of associates, net of tax		**(10,362)**	12,783
Exchange differences on translation of foreign operations		**175,375**	186,249
		163,150	199,032

	Note	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**(152,326)**	(38,757)
Equity instruments at fair value through other comprehensive income:			
Changes in fair value		**83,162**	(176,768)
Income tax effect		**(14,554)**	27,231
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**79,432**	10,738
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**774,911**	946,045
Profit for the period attributable to:			
Owners of the Company		**726,582**	1,045,966
Non-controlling interests		**(31,103)**	(110,659)
		695,479	935,307
Total comprehensive income for the period attributable to:			
Owners of the Company		**828,378**	1,040,883
Non-controlling interests		**(53,467)**	(94,838)
		774,911	946,045
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	*8*	**RMB0.24**	RMB0.34
Diluted	*8*	**RMB0.24**	RMB0.34

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2026

	Note	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**15,121,560**	15,194,164
Right-of-use assets		**2,638,792**	2,699,002
Investment properties		**9,087,184**	9,216,239
Deposits paid for the purchase of land, property, plant and equipment		**952,688**	919,400
Goodwill		**358,179**	351,878
Other intangible assets		**290,231**	309,319
Interests in associates		**5,330,123**	5,395,748
Interests in joint ventures		**14,726**	14,915
Other financial assets	*9*	**1,685,775**	1,702,364
Loan receivables	*10*	**–**	167
Other non-current assets		**1,697,552**	1,702,208
Contract assets		**35,017**	39,929
Deferred tax assets		**573,527**	594,786
Total non-current assets		**37,785,354**	38,140,119
CURRENT ASSETS			
Inventories	*11*	**6,301,960**	5,905,292
Properties from receivables settlement		**611,533**	613,342
Contract assets		**311,925**	290,344
Other financial assets	*9*	**49,323**	53,884
Loan receivables	*10*	**68,299**	176,729
Trade and bills receivables	*12*	**4,149,705**	3,326,590
Prepayments, deposits and other receivables		**2,309,657**	2,247,121
Cash and bank deposits		**4,569,184**	6,516,467
		18,371,586	19,129,769
Asset held for sale		**–**	76,813
Total current assets		**18,371,586**	19,206,582

	Note	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
CURRENT LIABILITIES			
Contract liabilities		**757,814**	2,459,957
Trade and bills payables	*13*	**8,575,068**	8,338,125
Other payables and accruals		**1,817,672**	1,692,937
Tax payable		**406,375**	420,191
Other financial liabilities		**100**	109
Borrowings	*14*	**7,988,079**	6,268,140
Lease liabilities		**75,793**	77,834
Total current liabilities		**19,620,901**	19,257,293
NET CURRENT LIABILITIES		**(1,249,315)**	(50,711)
TOTAL ASSETS LESS CURRENT LIABILITIES		**36,536,039**	38,089,408
NON-CURRENT LIABILITIES			
Borrowings	*14*	**9,480,068**	11,272,515
Lease liabilities		**441,254**	469,532
Other long-term payables		**4,479**	4,919
Provision for long-term employee benefits		**6,714**	7,141
Other financial liabilities		**307**	3,915
Deferred tax liabilities		**954,666**	939,423
Deferred income		**215,886**	231,650
Total non-current liabilities		**11,103,374**	12,929,095
Net assets		**25,432,665**	25,160,313
EQUITY			
Share capital	*15*	**135,344**	135,344
Reserves		**24,831,412**	24,502,163
Equity attributable to owners of the Company		**24,966,756**	24,637,507
Non-controlling interests		**465,909**	522,806
Total equity		**25,432,665**	25,160,313

Note:

1.1 BASIS OF PREPARATION

These condensed consolidated financial statements of the Group for the six months ended 30 June 2026 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Listing Rules and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, except for investment properties, other financial assets and other financial liabilities which have been measured at fair value. These condensed consolidated financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

As at 30 June 2026, the Group recorded net current liabilities of RMB1,249,315,000. The Group has obtained sufficient facilities from certain banks relating to the new bank loans. At the same time, it will be able to continue to generate positive cash flows from its operations in the foreseeable future. On this basis, the directors of the Company consider that the Group is able to meet in full its financial obligations as they fall due in the coming 12 months. Accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

The accounting policies and basis of preparation used in the preparation of these condensed consolidated financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of amended HKFRS Accounting Standards (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed in note 1.2 below.

These condensed consolidated financial statements do not include all information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amended HKFRS Accounting Standards for the first time for the current period's condensed consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of building materials and home improvement products; sale of products and provision of services relating to new energy business; the provision of renovation and installation works, environmental engineering and other related services, logistics and other related services, financial services and property rental and other related services. For management purposes, the Group's businesses are organised by geographical areas based on the location of the customers and assets are attributable to the geographical unit based on the location of the assets. The Group has three reportable operating segments as follows:

(i) Southern China, including Guangdong Province, Guangxi Zhuang Autonomous Region, Hunan Province, Fujian Province and Hainan Province;

(ii) Other than Southern China, including regions in China other than Southern China; and

(iii) Outside China.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, changes in fair value of financial instruments at FVTPL, investment income, gain/(loss) on disposal of subsidiaries, gain on disposal of an associate, (loss)/gain on termination of right-of-use assets, loss on debt restructuring with customers, exchange differences, non-lease-related finance costs, share of results of associates and joint ventures and other unallocated income and expenses are excluded from such measurement.

Segment assets exclude interests in associates, interests in joint ventures, other financial assets, deferred tax assets, cash and bank deposits, asset held for sale and other unallocated head office and corporate assets as these assets are managed on a group basis.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Group's revenue from external customers is derived from its operations in China and outside China.

During the six months ended 30 June 2026 and 2025, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

	Southern China RMB'000	Other than Southern China RMB'000	Outside China RMB'000	Eliminations RMB'000	Consolidated RMB'000
Six months ended 30 June 2026 (Unaudited)					
Segment revenue:					
Sale of goods relating to building materials and home improvement business	4,960,595	5,098,794	1,152,471	–	11,211,860
Sale of goods and services income relating to new energy business	43,881	25,597	135,902	–	205,380
Contract revenue from renovation and installation works	109,442	93,094	8,725	–	211,261
Income from environmental engineering and other related services	46,726	72,118	34,495	–	153,339
Logistics and other related services	9,807	3,252	12,229	–	25,288
Financial service income	1,684	439	–	–	2,123
Property rental and other related services	8,711	737	93,290	–	102,738
Revenue from external customers	5,180,846	5,294,031	1,437,112	–	11,911,989
Intersegment revenue	179,818	546,054	551,757	(1,277,629)	–
	5,360,664	5,840,085	1,988,869	(1,277,629)	11,911,989
Segment results:	1,701,812	1,370,292	323,777	30,408	3,426,289
Reconciliations:					
Interest income					66,362
Loss on fair value changes of financial instruments at FVTPL					(2,390)
Investment income					2,758
Gain on disposal of subsidiaries					2,271
Loss on termination of right-of-use assets					(238)
Loss on debt restructuring with customers					(32,392)
Exchange loss					(163,815)
Finance costs (other than interest on lease liabilities)					(285,218)
Share of results of associates					69,302
Share of results of joint ventures					(189)
Unallocated income and expenses					(2,132,739)
Profit before tax					950,001

	Southern China RMB'000	Other than Southern China RMB'000	Outside China RMB'000	Eliminations RMB'000	Consolidated RMB'000
Other segment information:					
Write-down of inventories to net realisable value, net	**14,513**	**(879)**	**209**	**–**	**13,843**
Depreciation and amortisation	**493,285**	**224,128**	**80,605**	**–**	**798,018**
Reversal of impairment of loan receivables, net	**(10,818)**	**–**	**–**	**–**	**(10,818)**
Reversal of impairment of contract assets, net	**(20,956)**	**–**	**(13)**	**–**	**(20,969)**
Impairment of trade and bills receivables, net	**66,542**	**9,727**	**5,668**	**–**	**81,937**
Impairment of other receivables, net	**(333)**	**1,892**	**(281)**	**–**	**1,278**
Impairment of properties from receivables settlement, net	**56,899**	**6,944**	**–**	**–**	**63,843**
Capital expenditure[#]	**502,229**	**270,310**	**344,308**	**–**	**1,116,847**
As at 30 June 2026 (Unaudited)					
Segment assets	**24,270,878**	**8,024,679**	**11,638,725**	**–**	**43,934,282**

\# Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, investment properties and other intangible assets, among which the additions resulted from business combinations amounted to RMB49,942,000.

	Southern China RMB'000	Other than Southern China RMB'000	Outside China RMB'000	Eliminations RMB'000	Consolidated RMB'000
Six months ended 30 June 2025 (Unaudited)					
Segment revenue:					
Sale of goods relating to building materials and home improvement business	5,486,190	5,375,328	878,116	–	11,739,634
Sale of goods and services income relating to new energy business	70,332	76,021	19,128	–	165,481
Contract revenue from renovation and installation works	144,347	131,673	19,674	–	295,694
Income from environmental engineering and other related services	49,038	55,269	55,164	–	159,471
Logistics and other related services	16,862	2,439	1,418	–	20,719
Financial service income	2,272	2,183	–	–	4,455
Property rental and other related services	7,886	–	81,660	–	89,546
Revenue from external customers	5,776,927	5,642,913	1,055,160	–	12,475,000
Intersegment revenue	269,934	654,154	372,643	(1,296,731)	–
	6,046,861	6,297,067	1,427,803	(1,296,731)	12,475,000
Segment results:	1,849,226	1,446,805	270,105	(51,782)	3,514,354
Reconciliations:					
Interest income					73,840
Gain on fair value changes of financial instruments at FVTPL					93,861
Investment income					7,426
Gain on disposal of an associate					3,288
Loss on disposal of subsidiaries					(773)
Gain on termination of right-of-use assets					392
Exchange loss					(58,131)
Finance costs (other than interest on lease liabilities)					(363,220)
Share of results of associates					34,368
Share of results of joint ventures					(4,413)
Unallocated income and expenses					(1,992,633)
Profit before tax					1,308,359

	Southern China *RMB'000*	Other than Southern China *RMB'000*	Outside China *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Other segment information:					
Write-back of inventories to net realisable value, net	(37,005)	6,062	2,685	–	(28,258)
Depreciation and amortisation	485,477	224,265	74,992	–	784,734
Reversal of impairment of loan receivables, net	(351)	–	–	–	(351)
Reversal of impairment of contract assets, net	(1,660)	1	(32)	–	(1,691)
Impairment of trade and bills receivables, net	16,900	(2,990)	23,058	–	36,968
Reversal of impairment of prepayment, net	(2,373)	(253)	–	–	(2,626)
Impairment of other receivables, net	862	–	(731)	–	131
Impairment of properties from receivables settlement, net	33,585	2,480	–	–	36,065
Capital expenditure#	527,301	324,274	120,915	–	972,490
As at 30 June 2025 (Unaudited)					
Segment assets	25,444,775	8,097,978	10,717,526	–	44,260,279

\# Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, investment properties and other intangible assets, among which the additions resulted from business combinations amounted to RMB26,227,000.

3. REVENUE, OTHER REVENUE, INCOME AND GAINS

Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

By revenue nature:

	Six months ended 30 June 2026			Six months ended 30 June 2025		
	Goods transferred at a point in time *RMB'000* (Unaudited)	Services transferred over time *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)	Goods transferred at a point in time *RMB'000* (Unaudited)	Services transferred over time *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue from contracts with customers:						
Sale of goods relating to building materials and home improvement business	11,211,860	–	11,211,860	11,739,634	–	11,739,634
Sale of goods and services income relating to new energy business	205,380	–	205,380	165,481	–	165,481
Contract revenue from renovation and installation works	–	211,261	211,261	–	295,694	295,694
Income from environmental engineering and other related services	–	153,339	153,339	–	159,471	159,471
Logistics and other related services	–	25,288	25,288	–	20,719	20,719
	11,417,240	389,888	11,807,128	11,905,115	475,884	12,380,999
Financial service income			2,123			4,455
Property rental and other related services			102,738			89,546
			11,911,989			12,475,000

By geographical locations:

	Six months ended 30 June 2026			Six months ended 30 June 2025		
	Goods transferred at a point in time *RMB'000* (Unaudited)	Services transferred over time *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)	Goods transferred at a point in time *RMB'000* (Unaudited)	Services transferred over time *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue from contracts with customers:						
China	10,128,867	334,439	10,463,306	11,007,871	399,628	11,407,499
Outside China	1,288,373	55,449	1,343,822	897,244	76,256	973,500
	11,417,240	389,888	11,807,128	11,905,115	475,884	12,380,999
Financial service income			2,123			4,455
Property rental and other related services			102,738			89,546
			11,911,989			12,475,000

Other Revenue, Income and Gains

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**12,551**	22,778
Interest income from other receivables	**10,626**	6,942
Interest income from other financial assets	**3,983**	3,763
Interest income from long-term lease receivables	**39,202**	40,357
Total interest income	**66,362**	73,840
Government grants and subsidies	**32,588**	32,367
Gain on fair value changes of financial instruments at FVTPL	**–**	93,861
Investment income	**2,758**	7,426
Gain on disposal of subsidiaries	**2,271**	–
Gain on disposal of an associate	**–**	3,288
Gain on termination of right-of-use assets	**–**	392
Rental income	**7,249**	9,128
Reversal of impairment of prepayments, net	**–**	2,626
Others	**35,898**	50,307
	147,126	273,235

Government grants and subsidies mainly represent funding received from government authorities to support certain of the Group's research and development activities. There are no unfulfilled conditions or contingencies related to these grants and subsidies.

4. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses on bank and other loans	**308,618**	392,537
Interest expenses on lease liabilities	**14,477**	11,024
	323,095	403,561
Less: Interest capitalised	**(23,400)**	(29,317)
	299,695	374,244

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold relating to building materials and home improvement business	**7,912,671**	8,371,775
Cost of goods and services relating to new energy business	**233,957**	207,476
Direct cost of renovation and installation works	**167,344**	239,144
Direct cost of environmental engineering and other related services	**99,889**	122,835
Direct cost of logistics and other related services	**22,285**	18,149
Direct cost of financial services	**533**	229
Direct cost of property rental and other related services	**35,178**	29,296
Write-down/(write-back) of inventories to net realisable value, net	**13,843**	(28,258)
Depreciation of property, plant and equipment	**713,666**	701,321
Depreciation of right-of-use assets	**70,229**	67,313
Amortisation of other intangible assets	**14,123**	16,100
Total depreciation and amortisation	**798,018**	784,734
Research and development costs	**449,344**	449,104
Loss on disposal of items of other intangible assets and property, plant and equipment	**13,288**	27,845
(Gain)/loss on disposal of subsidiaries	**(2,271)**	773
Gain on disposal of an associate	**–**	(3,288)
Loss/(gain) on fair value changes of financial instruments at FVTPL	**2,390**	(93,861)
Loss/(gain) on termination of right-of-use assets	**238**	(392)
Loss on debt restructuring with customers	**32,392**	–
Reversal of impairment of loan receivables, net	**(10,818)**	(351)
Reversal of impairment of contract assets, net	**(20,969)**	(1,691)
Impairment of trade and bills receivables, net	**81,937**	36,968
Reversal of impairment of prepayments, net	**–**	(2,626)
Impairment of other receivables, net	**1,278**	131
Loss on modification of long-term lease receivables	**11,520**	–
Impairment of properties from receivables settlement, net	**63,843**	36,065
Foreign exchanges differences, net	**163,815**	58,131

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
China	**207,956**	401,520
Hong Kong	**–**	–
Other jurisdictions	**17,507**	16,436
	225,463	417,956
(Over)/under provision in prior years		
China	**(982)**	(28,547)
Hong Kong	**–**	–
Other jurisdictions	**(1,003)**	1,390
	(1,985)	(27,157)
Deferred tax	**31,044**	(17,747)
Total tax charge for the period	**254,522**	373,052

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong profits tax

The statutory rate of Hong Kong profits tax was 16.50% (six months ended 30 June 2025: 16.50%) on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (six months ended 30 June 2025: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2025: 8.25%) and the remaining assessable profits are taxed at 16.50% (six months ended 30 June 2025: 16.50%).

China corporate income tax

The Group's income tax provision in respect of its operations in China has been calculated at the applicable tax rates on the taxable profits for both periods, based on the existing legislation, interpretations and practices in respect thereof.

In accordance with the PRC tax laws, standard corporate income tax rate is 25%. Certain of the Group's China subsidiaries are qualified as High and New Technology Enterprises and are entitled to a preferential corporate income tax rate of 15% during both periods.

Income tax for other jurisdictions

The Group's tax provision in respect of other jurisdictions has been calculated at the applicable tax rates in accordance with the prevailing practices of the jurisdictions in which the Group operates.

Income tax of other jurisdictions mainly arose from Malaysia and Thailand for the Group's operation, which have been provided at the rate of 24% and 20% respectively on the estimated assessable profits during the period (Six months ended 30 June 2025: from the United States provided at the federal rate of 21% and the state rates ranging from 6% to 10%).

7. DIVIDENDS

	Six months ended 30 June			
	2026		2025	
	HK$ per share	***HK$'000***	*HK$ per share*	*HK$'000*
2025 final dividend declared (2025: 2024 final dividend declared)	**0.20**	**620,483**	0.20	620,483
Less: Dividends for shares held for share award scheme	**0.20**	**(2,564)**	0.20	(4,598)
		617,919		615,885
Equivalent to		**RMB538,299,000**		RMB566,251,000

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	**726,582**	1,045,966

	Number of Shares Six months ended 30 June	
	2026	2025
Shares		
Weighted average number of ordinary shares in issue	**3,102,418,400**	3,102,418,400
Weighted average number of shares held for the share award scheme	**(19,118,265)**	(22,991,000)
Adjusted weighted average number of ordinary shares of the Company in issue used in the basic and diluted earnings per share calculation	**3,083,300,135**	3,079,427,400

The Group had no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2026 and 2025, respectively.

9. OTHER FINANCIAL ASSETS

	Note	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Non-current			
Debt instruments at FVTOCI:			
Debt securities listed in Hong Kong	*(i)*	**55,752**	58,001
US treasury bond	*(ii)*	**73,408**	77,738
		129,160	135,739
Debt instruments at FVTPL:			
Unlisted convertible loans	*(iii)*	**17,333**	24,033
Equity instruments at FVTOCI:			
Equity securities listed in the PRC		**6,826**	6,371
Equity securities listed in Hong Kong		**9,060**	36,544
Unlisted equity securities		**1,136,797**	1,055,187
		1,152,683	1,098,102
Equity instruments at FVTPL:			
Equity securities listed in the PRC		**113,672**	86,705
Equity securities listed in Hong Kong		**59,061**	119,129
Unlisted equity securities	*(iv)*	**122,963**	140,860
		295,696	346,694
Funds at FVTPL:			
Stock funds		**64,821**	73,263
Derivative financial instruments:			
Cross currency interest swap		**1,549**	–
Put option		**24,533**	24,533
		26,082	24,533
		1,685,775	1,702,364
Current			
Debt instruments at FVTPL:			
Unlisted convertible loans	*(iii)*	**41,000**	41,000
Derivative financial instruments:			
Forward commodity contracts	*(v)*	**8,323**	12,884
		49,323	53,884
		1,735,098	1,756,248

Note:

(i) The debt securities carry fixed interest at rate of 7.50% (31 December 2025: 7.50%) per annum, payable semi-annually in arrears and will mature in May 2034 (31 December 2025: May 2034).

(ii) The US treasury bond carries fixed interest at rates of 2.25% (31 December 2025: 2.25%) per annum, payable semi-annually in arrears and will mature in February 2052 (31 December 2025: February 2052).

(iii) Among the convertible loans, one convertible loan carries fixed interest at a rate of 6.00% (31 December 2025: 6.00%) per annum and contains a right to convert the loan into ordinary shares of the issuers after June 2023 (31 December 2025: June 2023), while the other convertible loan is interest free (31 December 2025: interest-free) and contains a right to convert the loan into ordinary shares of the issuers with a maturity dates of October 2026 (31 December 2025: October 2026).

(iv) The equity securities contained puttable options were classified as equity instruments at FVTPL.

(v) The Group has entered into various forward commodity contracts in order to protect itself from adverse movements in raw material prices. The forward commodity contracts are not designated for hedge purposes and are measured at FVTPL. Gain on fair value changes of non-hedging forward commodity contracts amounting to RMB18,556,000 (six months ended 30 June 2025: Loss on fair value changes of RMB5,934,000) were recognised in profit or loss during the period.

(vi) During the reporting period, the Group received dividends in the amounts of RMB2,758,000 (six months ended 30 June 2025: RMB7,426,000) from the equity instruments at FVTOCI.

10. LOAN RECEIVABLES

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Non-current		
Finance lease receivables	**–**	167
Current		
Finance lease receivables	**124,624**	124,827
Factoring receivables	**219,766**	312,783
Receivables from supply-chain financing services	**3,920**	29,920
	348,310	467,530
Less: Provision for impairment	**(280,011)**	(290,801)
	68,299	176,729
	68,299	176,896

(A) Finance lease receivables

	Minimum lease receivables		Present value of minimum lease receivables	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Not more than 1 year	**124,624**	124,860	**124,624**	124,827
Over 1 year but within 5 years	**–**	175	**–**	167
	124,624	125,035	**124,624**	124,994
Less: Unearned finance income	**–**	(41)		
Present value of minimum lease receivables	**124,624**	124,994		

The Group's finance lease receivables are denominated in Renminbi. The effective interest rates of the receivables range from 5.89% to 10.20% (31 December 2025: 5.89% to 10.23%) per annum. There are no unguaranteed residual values of assets leased under finance leases and no contingent rent arrangements that needed to be recognised (31 December 2025: Nil).

The following is a credit quality analysis of these finance lease receivables:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not past due	**–**	370
Overdue	**124,624**	124,624
	124,624	124,994

The receivables are secured by assets leased under finance leases and cash deposits (where applicable).

At the end of the reporting period, RMB117,058,000 (31 December 2025: RMB115,230,000) of the Group's finance lease receivables was impaired.

(B) Factoring receivables

The Group's factoring receivables arise from the provision of factoring services to companies located in China. The credit period granted to each customer is generally within 365 days.

Factoring receivables are secured by receivables and/or commercial bills originally owned by the customers. These receivables carry interest at rates ranging from 3.50% to 17.17% (31 December 2025: 3.50% to 11.04%) per annum.

The maturity profile of the factoring receivables at the end of the reporting period is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
With a residual maturity of:		
Not more than 3 months	**8,100**	2,309
Over 3 months to 6 months	**11,500**	13,500
Over 6 months to 12 months	**13,500**	–
Overdue	**186,666**	296,974
	219,766	312,783

At the end of the reporting period, RMB161,433,000 (31 December 2025: RMB174,051,000) of the Group's factoring receivables was impaired.

(C) Receivables from supply-chain financing services

The Group's receivables from supply-chain financing services arise from the provision of supply-chain financing services to companies located in China. The credit period for each customer is generally within 365 days.

These receivables carry interest at rates ranging from 9.00% to 13.20% (31 December 2025: 9.00% to 16.20%) per annum.

Certain receivables from supply-chain financing services amounting to RMB2,400,000 (31 December 2025: RMB28,400,000) are secured by certain interests of companies and personal guarantees.

The maturity profile of the receivables from supply-chain financing services at the end of the reporting period is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
With a residual maturity of:		
Not more than 3 months	**2,400**	16,900
Over 3 months to 6 months	**–**	11,500
Overdue	**1,520**	1,520
	3,920	29,920

At the end of the reporting period, RMB1,520,000 (31 December 2025: RMB1,520,000) of the Group's receivables from supply-chain financing services was impaired.

An impairment analysis is performed at each reporting date by considering the probability of default of those companies with financial conditions, historical loss experience, coverage by letters of credit or other forms of credit insurance. At the end of the reporting period, the loss given default for the remaining balance of loan receivables was not material and has no impact on the Group's condensed consolidated financial statements.

11. INVENTORIES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Manufacturing and trading	**5,110,920**	4,719,030
Property development	**1,191,040**	1,186,262
	6,301,960	5,905,292

(A) Manufacturing and trading

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**1,837,830**	1,559,479
Work in progress	**612,273**	611,684
Finished goods	**2,660,817**	2,547,867
	5,110,920	4,719,030

(B) Property development

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Property under development	**1,191,040**	1,186,262

The property under development is expected to be completed in more than twelve months after the end of the reporting period.

12. TRADE AND BILLS RECEIVABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables	**7,163,233**	6,277,019
Bills receivable	**30,893**	27,519
Less: Provision for impairment	**(3,044,421)**	(2,977,948)
	4,149,705	3,326,590

The Group's major customers are independent distributors, civil contractors, property developers, utility companies and municipalities in China. Depending on the market condition, marketing tactics and relationships with the customers, the Group's trading terms with its independent distributors may change from settlement on an advance receipt basis to giving a credit period of generally one month or more, if appropriate. The Group does not have a standardised and universal credit period granted to the non-distributor customers. The credit period of an individual non-distributor customer is considered on a case-by-case basis and is set out in the sales contracts, as appropriate. Sales to small, new, or short-term customers are normally expected to be settled on an advance receipt basis or shortly after the goods delivery. No credit term period is set by the Group for small, new and short-term customers.

Trade and bills receivables are unsecured and interest-free.

An ageing analysis of the Group's trade and bills receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not more than 3 months	**2,005,504**	1,289,549
Over 3 months to 6 months	**442,319**	382,844
Over 6 months to 12 months	**500,013**	503,095
Over 1 year to 2 years	**483,112**	559,542
Over 2 years to 3 years	**446,417**	352,777
Over 3 years	**272,340**	238,783
	4,149,705	3,326,590

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

13. TRADE AND BILLS PAYABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**3,604,230**	3,505,297
Bills payable	**4,970,838**	4,832,828
	8,575,068	8,338,125

The trade payables are interest-free and are normally settled on terms of 30 to 180 days.

An ageing analysis of the Group's trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not more than 3 months	**5,602,985**	5,477,989
Over 3 months to 6 months	**2,535,816**	2,634,337
Over 6 months to 12 months	**259,811**	71,446
Over 1 year to 2 years	**105,886**	75,917
Over 2 years to 3 years	**39,260**	43,925
Over 3 years	**31,310**	34,511
	8,575,068	8,338,125

14. BORROWINGS

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current		
Unsecured bank loans	**3,170,994**	3,328,715
Current portion of long-term unsecured bank loans	**4,501,980**	2,755,722
Secured bank loans	**112,305**	113,745
Current portion of long-term secured bank loans	**46,859**	52,159
Current portion of unsecured syndicated loans	**153,000**	17,000
Current portion of secured other loans	**2,941**	–
Other borrowings	**–**	799
	7,988,079	6,268,140
Non-current		
Unsecured bank loans	**5,097,186**	6,535,083
Unsecured syndicated bank loans	**4,010,825**	4,352,774
Secured bank loans	**365,736**	384,658
Secured other loans	**6,321**	–
	9,480,068	11,272,515
	17,468,147	17,540,655
Analysed into borrowings repayable:		
Within one year or on demand	**7,988,079**	6,268,140
In the second year	**7,462,304**	4,516,219
In the third to fifth years, inclusive	**1,822,097**	6,542,711
More than five years	**195,667**	213,585
	17,468,147	17,540,655

The carrying amounts of borrowings are denominated in the following currencies:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
RMB	**11,771,844**	11,762,421
HK$	**3,162,255**	3,250,298
US$	**2,063,609**	2,082,341
Australian dollar	**415,712**	407,262
Thai baht	**33,815**	38,333
South African Rand	**20,912**	–
	17,468,147	17,540,655

Note:

(a) The effective interest rates of the Group's borrowings range from 1.20% to 10.70% (31 December 2025: 1.60% to 5.45%) per annum.

(b) At the end of the reporting period and 31 December 2025, the secured bank loans are secured by the Group's investment property situated in Australia, the land, construction, plant and machinery and motor vehicles, personal guarantee provided by shareholders of subsidiaries and guarantee provided by shareholders of subsidiaries. The secured bank loans which were secured by the Group's other intangible assets at 31 December 2025 were repaid during the reporting period.

15. SHARE CAPITAL

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Authorised:		
20,000,000,000 (31 December 2025: 20,000,000,000) ordinary shares of HK$0.05 each	**HK$1,000,000,000**	HK$1,000,000,000
Issued and fully paid:		
3,102,418,400 (31 December 2025: 3,102,418,400) ordinary shares of HK$0.05 each	**HK$155,120,920**	HK$155,120,920
Equivalent to	**RMB135,344,000**	RMB135,344,000

16. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2026 ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Contracted, but not provided for:		
Property, plant and equipment and investment properties	**1,265,135**	1,738,628

CORPORATE PROFILE

China Lesso Group Holdings Limited (Stock Code of Hong Kong Stock Exchange: 2128) is a leading large-scale industrial group that manufactures piping and building materials. After more than 39 years of rapid development, the Group has evolved into a leader in the industry of building materials and home improvement. It provides high-quality products and services such as plastic piping, building materials and home improvement, and new energy.

The Group has established over 50 factories worldwide. The Group is expanding the global sales network that enables timely and efficient supply of comprehensive, quality products and professional services to customers. As an integrated manufacturer of a comprehensive range of piping and building materials, China Lesso provides hundreds of thousands types of quality products, which are widely applied to such fields as home improvement, civil architecture, municipal water supply, drainage, energy management, electric power transmission, telecommunication, gas supply, fire services, environmental protection, agriculture and marine aquaculture.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

GLOBAL AND CHINA MACRO LANDSCAPE

In the first half of 2026, the global economy struggled to recover, hampered by inflation, geopolitical conflicts and trade frictions, while oil prices and the prices of chemical raw materials fluctuated sharply, resulting in continued weak economic growth in Europe and the United States. However, China's economy maintained steady growth. According to the data released by the National Bureau of Statistics of China, China's gross domestic product (GDP) grew by 4.7% year-on-year in the first half of 2026, falling within the expected growth target range.

DOMESTIC PIPING INDUSTRY

The government continues to promote projects such as pipeline network renovations, urban infrastructure development and rural water conservancy, thereby driving investment in pipeline infrastructure. However, due to the macroeconomic environment, market capital investment becomes more conservative, and overall demand in the domestic piping industry declines compared with the same period last year. The plastic piping industry faces overcapacity and fierce price competition, which intensifies pressure on enterprises' operations and cost control, leading the industry into a period of deep adjustment. At the same time, in line with the government's environmental protection and green building materials policies, as well as the implementation of the "dual carbon" strategy, the market puts forward higher requirements on the environmental standards, durability and energy-saving performance of piping products. Demand for specialised and high-performance piping products grows rapidly, driving enterprises to transition towards high-end, green and high-performance piping products, while raising the barriers for research and development and environmentally friendly production.

OVERSEAS INFRASTRUCTURE DEMAND

In order to drive economic growth and improve infrastructure for people's livelihoods, emerging markets and developing countries continue to step up investment in infrastructure. Regions such as Southeast Asia, Africa and Central Asia, as well as countries along the "Belt and Road" route, successively introduced infrastructure development plans covering road construction, urban water supply, wastewater treatment, gas pipeline networks and agricultural irrigation, which drove sustained high growth in investment in fields related to pipeline transportation, making it a key driver of growth for global plastic piping industry.

BUSINESS OVERVIEW

The Group's business strategy focuses on the plastic piping business, while simultaneously promoting international market expansion, product technology research, development and upgrades, and improvements to customer service platform. It also seeks to consolidate its competitive position within the industry through quality management, ongoing investment in technology and global channel layout.

The year 2026 marks an important milestone for the Group to move towards its 40th anniversary. Since our founding, the Company has followed a long-term operational strategy, steadily expanding from local operations to global market coverage, and transforming from a single pipe manufacturing to a multi-industry collaborative business. The Company continues to advance industry upgrades and international development strategies, with continued improvement in its overall competitive strength, the scale of overseas operations and industry influence. Despite changes in the macro environment and cyclical adjustments in the industry, the overall business has demonstrated strong operational resilience and a solid foundation for long-term sustainable growth.

The Group's comprehensive strength, product competitiveness and sustainable development performance have been recognised by the industry, and received numerous awards in the first half of the year, including ranking 338th on the "2025 Top 500 Chinese Listed Companies Brands" list and 8th among "China's Top100 Light Industry Enterprises", being named one of the "2025 Top 10 Plastic Pipe Brands in China" as well as the "2025 Top 10 Green Brands in China's Piping and Pipe Materials Industry", being awarded the title of "Industry Leading Brand" in the "2025 China Home Furnishing Champions List", and receiving the "ESG Social Responsibility Excellence Award" from Gelonghui (格隆匯), in recognition of the Group's outstanding performance in social welfare projects, the protection of employee rights and interests, and collaborative community development.

REVENUE BY REGION#

	Revenue			% of total revenue	
Six months ended 30 June	**2026**	2025		**2026**	2025
	RMB million	*RMB million*	***Change***		
Southern China	**5,181**	5,777	*(10.3%)*	**43.5%**	46.3%
Other than Southern China	**5,294**	5,643	*(6.2%)*	**44.4%**	45.2%
Outside China	**1,437**	1,055	*36.2%*	**12.1%**	8.5%
	11,912	12,475	*(4.5%)*	**100.0%**	100.0%

\# Details of the scope of coverage of each region are set out in note 2 to this announcement.

For the six months ended 30 June 2026, the number of the Group's independent and exclusive first-tier distributors across China increased to 3,186 (1H 2025: 3,061). Domestic revenue accounted for 87.9% of the Group's total revenue (1H 2025: 91.5%), while revenue from Southern China accounted for 43.5% of the Group's total revenue (1H 2025: 46.3%). Revenue from overseas markets grew steadily, with its share of revenue continuing to rise compared with the same period last year to 12.1% (1H 2025: 8.5%).

REVENUE BY BUSINESS UNIT

	Revenue			% of total revenue	
Six months ended 30 June	**2026**	2025		**2026**	2025
	RMB million	*RMB million*	***Change***		
Plastic piping systems	**10,284**	10,856	*(5.3%)*	**86.3%**	87.0%
Building materials and home improvement	**874**	858	*1.9%*	**7.3%**	6.9%
Others	**754**	761	*(1.0%)*	**6.4%**	6.1%
	11,912	12,475	*(4.5%)*	**100.0%**	100.0%

During the reporting period, affected by relatively weak domestic market demand, intensified industry competition and fluctuations in raw material prices, the Group's revenue fell to RMB11,912 million (1H 2025: RMB12,475 million). Leveraging on the operational resilience of the plastic piping business, comprehensive optimisation of the cost structure and timely adjustments to product pricing policies, the Group's overall sales performance outperformed the industry average despite a decline in revenue from the plastic piping systems business. Revenue from other businesses remained at a level comparable to that of the same period last year.

The Group's gross profit amounted to RMB3,426 million (1H 2025: RMB3,514 million). Although prices of certain raw materials fluctuated during the period due to geopolitical tensions and the war, the Company's strategic procurement and reserves of raw materials effectively mitigated the cost impact caused by these price fluctuations. At the same time, through proactive and strict cost control and the promotion of smart manufacturing to enhance production efficiency, the gross profit margin maintained at 28.8% (1H 2025: 28.2%).

The Group continued to review low-efficiency assets and businesses, reallocating core resources in order to improve its return on investment. With the gradual commencement of operations at overseas production bases, sales performance overseas was favorable. However, due to increased initial investment costs in overseas markets, the contribution to profitability was not significant in the short term. The Group continued to accelerate its expansion into overseas markets, driving steady growth in its overseas businesses and maintaining a stable overall operation of the Group.

The Group's EBITDA amounted to RMB2,048 million (1H 2025: RMB2,467 million), with an EBITDA margin of 17.2% (1H 2025: 19.8%). Profit before tax decreased by 27.4% to RMB950 million (1H 2025: RMB1,308 million). Other revenue, income and gains decreased as there were no one-off gains from changes in the fair value of financial instruments measured at FVTPL during the reporting period. Finance costs trended down to RMB300 million, whereas other expenses increased to RMB815 million, reflecting optimised debt structure, lower interest rate and foreign exchange difference. The effective tax rate was 26.8% (1H 2025: 28.5%).

The net profit margin was 5.8% (1H 2025: 7.5%); profit attributable to owners of the Company was RMB727 million (1H 2025: RMB1,046 million), and basic earnings per share were RMB0.24 (1H 2025: RMB0.34).

The Group's management has consistently focused on the development of its core piping business. The core plastic piping systems business has performed steadily, maintaining a stable scale, while the business and product structures have been continuously optimised, further consolidating the business's foundations and competitiveness, and sustaining reasonable profitability and market leadership advantages.

BUSINESS REVIEW AND OUTLOOK

PLASTIC PIPING SYSTEMS

Driven by the government's continued investment in infrastructure and municipal engineering, the plastic piping systems industry as a whole maintained stable growth during the first half of 2026. Leveraging its technical expertise and experience accumulated over the years, a comprehensive production system and product structure, well-known brands and a robust sales and distribution network, the Group capitalised on opportunities presented by national policies, actively adapted to market changes, timely adjusted its business strategy and optimised resource allocation, enabling the Group to maintain stable and healthy growth, further leading the industry in performance and strengthening its market share. At the same time, the Group steadily implemented its globalisation strategy. Building on the achievements of its overseas market expansion over the years, it accelerated the overseas business layout and the localisation process, systematically implementing strategies of product portfolio diversification and localisation, enhancing product competitiveness and market coverage and laying a solid foundation for the long-term, steady growth of the business.

REVENUE BY REGION

	Revenue			**% of revenue**	
Six months ended 30 June	**2026**	2025		**2026**	2025
	RMB million	*RMB million*	***Change***		
Southern China	**4,568**	5,040	*(9.4%)*	**44.4%**	46.4%
Other than Southern China	**4,828**	5,141	*(6.1%)*	**47.0%**	47.4%
Outside China	**888**	675	*31.6%*	**8.6%**	6.2%
	10,284	10,856	*(5.3%)*	**100.0%**	100.0%

REVENUE BY APPLICATION FIELD

	Revenue			% of revenue	
Six months ended 30 June	**2026**	2025		**2026**	2025
	RMB million	*RMB million*	***Change***		
Buildings and residential	**4,779**	5,148	*(7.2%)*	**46.5%**	47.4%
Municipal Engineering	**1,382**	1,684	*(17.9%)*	**13.4%**	15.5%
Agriculture and rural areas	**2,033**	1,865	*9.0%*	**19.8%**	17.2%
Industry and Commerce	**1,849**	1,949	*(5.1%)*	**18.0%**	18.0%
Fire protection engineering	**19**	1	*3714.1%*	**0.2%**	0.0%
Gas	**222**	209	*6.3%*	**2.1%**	1.9%
	10,284	10,856	*(5.3%)*	**100.0%**	100.0%

REVENUE BY PRODUCT APPLICATION

	Revenue			% of revenue	
Six months ended 30 June	**2026**	2025		**2026**	2025
	RMB million	*RMB million*	***Change***		
Water supply	**4,432**	4,592	*(3.5%)*	**43.1%**	42.3%
Drainage	**3,504**	3,787	*(7.5%)*	**34.1%**	34.9%
Power supply and telecommunications	**1,308**	1,464	*(10.6%)*	**12.7%**	13.5%
Gas transmission	**222**	209	*6.3%*	**2.2%**	1.9%
Others	**818**	804	*1.6%*	**7.9%**	7.4%
	10,284	10,856	*(5.3%)*	**100.0%**	100.0%

AVERAGE SELLING PRICE, SALES VOLUME, AND REVENUE BY PRODUCT MATERIAL

Six months ended 30 June	Average selling price			Sales volume			Revenue		
	2026	2025		**2026**	2025		**2026**	2025	
	RMB	*RMB*	***Change***	***Tonne***	*Tonne*	***Change***	***RMB million***	*RMB million*	***Change***
PVC products	**6,500**	6,756	*(3.8%)*	**862,474**	891,430	*(3.2%)*	**5,606**	6,023	*(6.9%)*
Non-PVC products	**13,475**	13,501	*(0.2%)*	**347,139**	357,963	*(3.0%)*	**4,678**	4,833	*(3.2%)*
	8,502	8,689	*(2.2%)*	**1,209,613**	1,249,393	*(3.2%)*	**10,284**	10,856	*(5.3%)*

During the reporting period, the plastic piping systems business recorded revenue of RMB10,284 million (1H 2025: RMB10,856 million), accounting for 86.3% of the total revenue of the Group (1H 2025: 87%). Sales volume of products decreased by 3.2% year-on-year. Sales volume and revenue of PVC products were 862,474 tonnes (1H 2025: 891,430 tonnes) and RMB5,606 million (1H 2025: RMB6,023 million), respectively; for non-PVC products, they were 347,139 tonnes (1H 2025: 357,963 tonnes) and RMB4,678 million (1H 2025: RMB4,833 million), respectively. The average selling price of plastic piping systems decreased year-on-year to RMB8,502 per tonne (1H 2025: RMB8,689 per tonne), and gross profit margin of plastic piping systems business increased to 30% (1H 2025: 29.4%).

The Group continues to enhance production efficiency and expand production capacity for high value-added products. In the domestic market, it has deepened its presence in core segments such as municipal infrastructure, agriculture, industry and commerce, with its products widely used across numerous sectors, including municipal water supply and drainage, energy management, power and telecommunications, gas transmission, fire safety, environmental protection, agriculture, marine aquaculture, home renovation and civil architecture. In the municipal sector, the Group is deeply involved in key projects across numerous regions, including urban renewal, pipeline network upgrades and wastewater treatment; in the agricultural sector, it has also established a strong presence in several major agricultural provinces in China, further increasing its market share in specialised agricultural piping, while successfully expanding into overseas agricultural markets in Africa and Southeast Asia.

In terms of product structure, sales volume of high value-added products such as specialised industrial piping, high-end environmental protection piping and specialised agricultural piping achieved satisfactory growth. During the reporting period, the Group's annual designed production capacity of plastic piping systems reached 3.44 million tonnes, with capacity utilisation rate remaining at a reasonable level of above 70%.

In terms of product research and development, the Group continued to increase its investment in R&D, achieving a number of technical breakthroughs in the fields of high-performance composite piping and specialised industrial piping, securing several new patents, and bringing a range of new products into mass production and launch on the market. In July 2026, two core piping technologies developed by the Group, i.e. "Research and Development of Key Technologies for the Manufacture of Large-Diameter Steel Wire Mesh-Reinforced Polyethylene Composite Piping" and "Research and Development of Key Technologies for the Manufacture of High-Performance Polyvinylidene Fluoride (PVDF) Piping", passed the appraisal of scientific and technological achievements organised by China National Light Industry Council. These technologies have been recognised as reaching internationally leading and internationally advanced levels respectively, which will help enhance the Group's core product competitiveness and advantages.

In terms of overseas markets, the Group is refining its global network and actively establishing an integrated overseas operational system covering production, sales and services, while accelerating the implementation of its overseas operations and promoting localised operations. Currently, the Group has established production bases in Southeast Asian countries such as Indonesia, Thailand, Malaysia, Cambodia, Vietnam and the Philippines, African countries such as Tanzania and Angola, Central Asia country such as Uzbekistan, and Texas, US. During the reporting period, the proportion of revenue contributed by overseas markets rose to 8.6%, gradually becoming a driver of the Group's revenue growth. Going forward, the Group will continue to adhere to the principle of localised development, gain a deeper understanding of the specific needs of different markets, and continuously enhance the suitability, functionality and market competitiveness of its products. At the same time, the Group will further strengthen the development of its overseas sales network, actively explore emerging markets and high-potential regions, deepen market segments, enhance brand influence and market penetration, and drive high-quality and sustainable growth in its overseas businesses.

Looking ahead, the management is confident in the long-term prospects of the plastic piping systems business and believes that it will continue to bring stable business performance and profit contribution to the Group. The Group will further deepen its focus on key segments such as municipal infrastructure, agriculture, industry and commerce, seizing the development opportunities presented by infrastructure construction, rural revitalisation and industrial upgrading, while continuously driving the upgrading of its product structure and enhancing the technical capabilities and market competitiveness of its products. At the same time, the Group will continue to leverage its comprehensive competitive strengths and advantages in global presence to enhance operational resilience and consolidate its leading position in the piping market.

BUILDING MATERIALS AND HOME IMPROVEMENT BUSINESS

Although affected by the deep adjustment of the real estate industry, revenue from the building materials and home improvement business remained at approximately RMB874 million in the first half of 2026, with its share of the Group's total revenue of 7.3%. The Group has strategically streamlined and suspended certain property-related projects, adjusted its customer structure to reduce reliance on private property developers, and shifted its focus to state-owned and central government-owned enterprises and government customers, while strengthening control over sales outstanding and exercising prudence in business sales. Looking ahead to the second half of 2026, the Group will continue to optimise its customer structure, maintain long-term partnerships with key customers, and leverage the nationwide channel network of the plastic piping business to enhance market competitiveness and improve long-term performance.

OTHERS

Including environmental protection, new energy and supply chain service platform businesses

The environmental protection business continued to be negatively affected by the overall industry environment and still faced certain market challenges and operational pressures. During the reporting period, revenue of approximately RMB153 million was recorded. Faced with overcapacity in the industry and intense market competition, the Group actively promoted the restructuring of its environmental protection business and the optimisation of resources, focusing on core businesses and high-quality projects with competitiveness and profitability, while assessing and developing transformation plans for projects in sectors with low returns and those outside its core business. At the same time, the Group continued to closely follow the direction of national environmental governance policies, driving the environmental protection sector towards a model characterised by light assets, market orientation and specialisation, thereby further enhancing its capacity for sustainable operation.

The Group's new energy business recorded revenue of approximately RMB205 million. The Group continued to optimise its development strategy for the new energy sector, gradually shifting the focus of its business layout towards overseas markets in order to alleviate the operational pressure arising from domestic industry competition. At the same time, the Group adhered to the principle of prudent investment, reviewing and cutting non-core external investment projects, consolidating its core product technologies and service teams, and flexibly adjusting its operational strategies and development pathways in line with dynamic industry and market conditions to ensure the sound business operation.

The supply chain service platform business recorded revenue of approximately RMB185 million. The Group will continue to adhere to a prudent business strategy, actively evaluate overseas assets, and gradually sell or convert them to leasing operation based on actual market conditions, in order to optimise the overall financial structure and improve cash flow.

FUTURE STRATEGIES

According to the "15th Five-Year Plan for Urban Renewal", which was considered and approved at an executive meeting of the State Council, the construction of urban underground pipeline networks has been formally incorporated into the core layout of the national "Six Networks". Between 2026 and 2030, the government plans to prioritise the construction of urban underground pipeline networks and other infrastructure, with approximately 770,000 kilometres of underground pipeline networks will be constructed or upgraded nationwide, including urban gas pipeline networks, drainage pipeline networks, water supply pipeline networks, sewage pipeline networks and heat supply pipeline networks, which is expected to generate investment of approximately RMB5 trillion.

Faced with the challenges of a complex and ever-changing global economic landscape and deep industry adjustment, the Group has remained steadfast in its commitment to industrial development, maintained strategic resolve, and implemented the following six core strategies disclosed in the 2025 Annual Report, with a view to driving steady growth in its core businesses and further deepening its global footprint.

1. Focusing on core business and strengthening resource allocation

2. Accelerating overseas expansion and deepening localisation development

3. Optimising business structure to enhance operational efficiency

4. Strengthening risk control and safeguarding operational risks

5. Improving product and customer structure to expand growth opportunities

6. Optimising financial structure to increase shareholder returns

SUMMARY

The Group will continue to focus on its core piping business and further strengthen its core competitive advantages, while accelerating the implementation of its overall development strategy to expand its international footprint. Looking ahead, in a market environment characterised by both opportunities and challenges, the Group will adhere to a long-term development philosophy, fully leveraging its strengths in branding, scale, the industrial chain and global footprint, to steadily move towards the goal of becoming a world-leading piping and building materials enterprise, thereby creating greater value for shareholders, customers and the society.

CAPITAL EXPENDITURE

During the reporting period, the Group's capital expenditure was approximately RMB1,117 million, which was primarily used for construction of overseas production bases, procurement of equipment, and development of certain investment properties.

FINANCIAL POSITION

The Group continued to adopt prudent financial policies. Finance, fund utilisation and fund raising activities of the Group are subject to effective centralised management and supervision. The Group keeps a reasonable gearing level and adequate liquidity.

At the end of the reporting period, the Group had total debts (i.e. borrowings and lease liabilities) of RMB17,985 million, of which 12.5% was denominated in US dollars, 17.6% was denominated in HK dollars, 67% was denominated in RMB, 2.3% was denominated in Australian dollars and 0.6% was denominated in other currencies. The Group's borrowings are subject to effective interest rates ranging from 1.2% to 10.7% per annum with maturity periods ranging from within one year to more than five years. The Group's Gearing Ratio fell to 41.4% on lower debt.

At the end of the reporting period, the Group's total equity increased to RMB25,433 million. The Group's current assets and current liabilities were RMB18,372 million and RMB19,621 million, respectively. The Group's Current Ratio decreased to 0.94 from 1.00 as at 31 December 2025, while Quick Ratio decreased to 0.58 from 0.65 as at 31 December 2025.

The Board believes that the Group will be able to generate positive cash flows from its operations. With cash and bank deposits, including restricted cash, of RMB4,569 million as well as unutilised banking facilities, the Board considers that the Group has sufficient working capital for its operation and future development.

The Group had no material exposure to foreign exchange fluctuation and no hedging had been arranged during the period.

CHARGE ON ASSETS

Save as disclosed in the note 14 to this announcement, at the end of the reporting period, the Group had no other assets pledged.

CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

HUMAN RESOURCES

At the end of the reporting period, the Group employed a total of approximately 22,500 employees including directors. Total staff costs were RMB1,240 million during the reporting period. The Group ensures that the remuneration packages for employees are determined based on their work performance, professional experience and the prevailing industry practice. Discretionary year-end bonuses and shares awards may be distributed to employees based on individual performance. Other benefits to employees include medical insurance, retirement scheme and training programmes.

SIGNIFICANT INVESTMENT

The Group did not have any significant investment with a value of 5% or more of its total assets at the end of the reporting period.

INVESTMENT IN ASSOCIATES

	30 June 2026 *RMB million*	31 December 2025 *RMB million*
Keda	**2,165**	2,133
Xingfa Aluminium	**1,931**	1,958
Others	**1,234**	1,305
	5,330	5,396

At the end of the reporting period, the Group held 26.11% and 8.01% equity interests in Xingfa Aluminium Holdings Limited ("Xingfa Aluminium") (Stock Code: 98) and Keda Industrial Group Co., Ltd. ("Keda") (listed on the Shanghai Stock Exchange, stock code: 600499), respectively.

Xingfa Aluminium is one of the leading aluminium profile manufacturers in China, the core businesses of which include the manufacture and sale of construction aluminium profiles and industrial aluminium profiles. The Group considers that Xingfa Aluminium not only serves as a valuable investment with sustainable returns, but also as a good strategic investment. With extensive experience in the business of construction materials and industrial materials, Xingfa Aluminium has established various kinds of sales channels and a diverse customer base. During the reporting period, Xingfa Aluminium recorded a revenue of RMB9,693 million, and profit attributable to the shareholders of Xingfa Aluminium was RMB171 million. During the reporting period, Xingfa Aluminium's profit decreased, mainly due to intensified industry competition and continued rise in the price of aluminium raw materials, which put pressure on product gross profit and consequently led to a decrease in profit attributable to the shareholders of the group of Xingfa Aluminium.

Keda's businesses cover, among others, ceramic machinery, brick machinery, stone machinery and other building materials machinery manufacturing and sale, clean energy environmental protection equipment, lithium battery materials and smart energy. Keda's enterprise mission of "green solution, greener life" is consistent with the Group's strategy to promote green development. The Group will strengthen its connection with Keda by actively seeking business cooperation in overseas markets such as Africa and exploring new business development. During the reporting period, Keda recorded a revenue of RMB10,392 million, and profit attributable to the shareholders of Keda was RMB1,284 million. During the reporting period, Keda's profit increased, mainly due to strong overall business performance, higher production and sales volumes of lithium carbonate in its associates, and rising price of lithium carbonate, resulting in a significant year-on-year increase in profit.

These investments may create long-term commercial synergies with the Group's businesses to broaden its sales channels and expand its customer base, and enrich the Group's comprehensive portfolio of products and services. These investments can facilitate the Group's business diversification and reinforce its market leadership.

INVESTMENT PROPERTIES

At the end of the reporting period, the Group's investment properties were RMB9,087 million. The change in investment properties was mainly attributable to the construction under development of warehouses in Cambodia and mall in Indonesia of RMB90 million, exchange loss on translation of RMB181 million and reduction of RMB38 million of investment properties resulted from disposal of warehouse in Malaysia during the reporting period.

Among these investment properties, the properties in Toronto, Canada, Long Island in the US, Auburn district of Sydney and China are existing properties; the construction of first-phase projects in Thailand, Myanmar, Cambodia and Indonesia have been completed; and other properties are under rezoning or at the planning stage of development.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026. Such condensed consolidated financial statements have not been audited but have been reviewed by the independent auditor of the Company, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE PRACTICES

China Lesso is always committed to maintaining high standards of corporate governance practices and business ethics of the Group. The Board believes that good corporate governance practices and business ethics are essential for achieving sustainable development, establishing investors' confidence in the Company and safeguarding and enhancing the interests of the Shareholders.

In pursuit of good and high standards of corporate governance practices, the Board reviews the corporate governance practices of the Company from time to time so as to meet the expectations of the Shareholders for continual improvement, and fulfill its commitment of pursuing excellent corporate governance. In the opinion of the directors, the Company complied with all the applicable code provisions of the Code during the reporting period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code governing securities transactions by directors of the Company. Having made specific enquiry to the directors, all of them confirmed that they have complied with the required standards as set out in the Model Code throughout the reporting period. The Model Code is also applicable to other specific senior management of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the reporting period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (1H 2025: Nil). A final dividend of HK20 cents per Share was paid on Friday, 10 July 2026 in respect of the year ended 31 December 2025 to Shareholders.

EVENT AFTER THE REPORTING PERIOD

There have been no significant events concerning the business or financial performance of the Group since the end of the reporting period.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.lesso.com). The 2026 interim report will be available on the above websites in due course.

By Order of the Board
China Lesso Group Holdings Limited
Wong Luen Hei
Chairman

Hong Kong, 28 August 2026

As at the date of this announcement, the executive directors of the Company are Mr. Wong Luen Hei, Mr. Zuo Manlun, Ms. Zuo Xiaoping, Mr. Lai Zhiqiang, Mr. Kong Zhaocong, Mr. Chen Guonan, Mr. Luo Jianfeng, Dr. Song Keming, Mr. Huang Zhanxiong and Mr. Huang Jinchao; and the independent non-executive directors of the Company are Dr. Tao Zhigang, Mr. Cheng Dickson, Ms. Lu Jiandong, Dr. Hong Ruijiang and Ms. Lee Vanessa.

GLOSSARY

"Board"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
"Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Company" or "China Lesso"	China Lesso Group Holdings Limited
"Current Ratio"	the ratio of current assets to current liabilities
"EBITDA"	earnings before interest, taxes, depreciation and amortisation
"FVTOCI"	fair value through other comprehensive income
"FVTPL"	fair value through profit or loss
"Gearing Ratio"	the total debts divided by the sum of total debts and total equity
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong" or "HK"	Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"PVC"	polyvinyl chloride
"Quick Ratio"	the ratio of current assets less inventories, properties from receivables settlement and asset held for sale, to current liabilities
"RMB"	Renminbi, the lawful currency of the PRC

"Share(s)"	share(s) of a nominal value of HK$0.05 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"tonne(s)"	a unit measuring weight, equal to 1,000 kilograms
"US"	the United States of America
"US$"	US dollar, the lawful currency of US
"%"	per cent

* *The English or Chinese translations in this announcement, where indicated, denote for identification purposes only.*

FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements. These forward-looking statements include, without limitation, statements related to revenue and earnings. The words "believe", "intend", "expect", "anticipate", "forecast", "estimate", "predict", "is confident", "has confidence" and similar expressions are also intended to represent forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of China Lesso about the businesses, industries and markets in which China Lesso operates.