KANGLI INTERNATIONAL HOLDINGS LIMITED
康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6890

Interim Report

2026

CONTENTS

DIRECTORS

Executive Directors

Mr. Mei Zefeng
Ms. Liu Ping *(Chairman)*
Mr. Zhang Zhihong *(Chief Executive Officer)*
Ms. Lu Xiaoyu
Mr. Xu Chao

Independent Non-executive Directors

Mr. Lau Ying Kit
Mr. Cao Cheng
Mr. Qu Xuanhua

COMPANY SECRETARY

Mr. Chung Yau Tong

AUDIT COMMITTEE

Mr. Lau Ying Kit *(Chairman)*
Mr. Cao Cheng
Mr. Qu Xuanhua

REMUNERATION COMMITTEE

Mr. Cao Cheng *(Chairman)*
Mr. Lau Ying Kit
Mr. Qu Xuanhua
Mr. Zhang Zhihong

NOMINATION COMMITTEE

Ms. Liu Ping *(Chairman)*
Mr. Lau Ying Kit
Mr. Qu Xuanhua
Mr. Cao Cheng

REGISTERED OFFICE

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HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA (THE PRC)

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITORS

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HONG KONG LEGAL ADVISER

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Tricor Investor Services Limited
17/F, Far East Finance Centre
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COMPANY WEBSITE

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LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 6890.HK)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2026 - unaudited
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June 2026 RMB'000	2025 RMB'000
Continuing operations			
Revenue	4	**898,373**	731,393
Cost of sales	6(c)	**(800,918)**	(672,934)
Gross profit	4(b)	**97,455**	58,459
Other income	5	**1,689**	2,295
Selling expenses		**(36,120)**	(31,968)
Administrative expenses		**(10,149)**	(10,562)
Impairment loss on trade receivables		**(608)**	(594)
Profit from operations		**52,267**	17,630
Finance costs	6(a)	**(6,509)**	(7,276)
Profit before taxation	6	**45,758**	10,354
Income tax	7	**(9,434)**	213
Profit for the period from continuing operations		**36,324**	10,567
Discontinued operation			
Loss for the period from discontinued operation, net of tax		**-**	(194)
Profit for the period attributable to equity shareholders of the Company		**36,324**	10,373
Earnings per share			
Basic and diluted (RMB cents)	8	**5.99**	1.71
Earnings per share – Continuing operations			
Basic and diluted (RMB cents)	8	**5.99**	1.74

The notes on pages 8 to 26 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2026 - unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Profit for the period	**36,324**	10,373
Other comprehensive income for the period (after tax):		
Item that may be reclassified subsequently to profit or loss		
– Exchange differences on translation of financial statements denominated in foreign currencies	**(420)**	(356)
Total comprehensive income for the period	**35,904**	10,017
Attributable to equity shareholders of the Company:		
From continuing operations	**35,904**	10,320
From discontinued operation	**–**	(303)
Total comprehensive income for the period	**35,904**	10,017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026 - unaudited
(Expressed in RMB)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	9	**300,158**	310,188
Loan to a related party	10	**20,362**	23,025
		320,520	333,213
Current assets			
Inventories	11	**474,947**	488,123
Trade and bills receivables	12	**557,921**	480,134
Prepayments, deposits and other receivables	13	**236,689**	172,668
Financial assets measured at fair value through profit or loss ("FVPL")		**20,007**	–
Cash at bank and on hand	14	**109,621**	211,362
		1,399,185	1,352,287
Current liabilities			
Trade and bills payables	15	**304,450**	263,066
Accrued expenses and other payables	16	**17,133**	19,310
Bank loans	17	**368,900**	385,522
Lease liabilities		**1,823**	1,861
Current taxation		**28,940**	30,007
		721,246	699,766
Net current assets		**677,939**	652,521
Total assets less current liabilities		**998,459**	985,734
Non-current liabilities			
Bank loans	17	**–**	28,800
Lease liabilities		**27,854**	28,176
Other non-current liabilities		**4,709**	3,167
Deferred tax liabilities	18	**15,379**	10,978
		47,942	71,121
NET ASSETS		**950,517**	914,613
CAPITAL AND RESERVES			
Share capital		**534**	534
Reserves		**949,983**	914,079
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**950,517**	914,613

The notes on pages 8 to 26 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2026 - unaudited
(Expressed in RMB)

	Attributable to equity shareholders of the Company							
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2025	534	142,753	180,000	107,021	50,321	305	394,125	875,059
Changes in equity for the six months ended 30 June 2025:								
Profit for the period	–	–	–	–	–	–	10,373	10,373
Other comprehensive income for the period	–	–	–	–	–	(356)	–	(356)
Total comprehensive income	–	–	–	–	–	(356)	10,373	10,017
Balance at 30 June 2025 and 1 July 2025	534	142,753	180,000	107,021	50,321	(51)	404,498	885,076
Changes in equity for the six months ended 31 December 2025:								
Profit for the period	–	–	–	–	–	–	29,681	29,681
Other comprehensive income for the period	–	–	–	–	–	(144)	–	(144)
Total comprehensive income	–	–	–	–	–	(144)	29,681	29,537
Appropriation to reserve	–	–	–	–	4,547	–	(4,547)	–
Balance at 31 December 2025	**534**	**142,753**	**180,000**	**107,021**	**54,868**	**(195)**	**429,632**	**914,613**
Balance at 1 January 2026	**534**	**142,753**	**180,000**	**107,021**	**54,868**	**(195)**	**429,632**	**914,613**
Changes in equity for the six months ended 30 June 2026:								
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**36,324**	**36,324**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(420)**	**–**	**(420)**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(420)**	**36,324**	**35,904**
Balance at 30 June 2026	**534**	**142,753**	**180,000**	**107,021**	**54,868**	**(615)**	**465,956**	**950,517**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2026 - unaudited
(Expressed in RMB)

	Note	Six months ended 30 June 2026 RMB'000	2025 RMB'000
Operating activities			
Net cash used in operations		**(2,382)**	(104,911)
Income tax paid		**(6,100)**	(3,982)
Net cash used in from operating activities		**(8,482)**	(108,893)
Investing activities			
Payments for the purchase of property, plant and equipment		**(3,241)**	(8,950)
Proceeds from disposal of property, plant and equipment		**–**	70
Disposal of discontinued operation, net of cash disposed of		**–**	337
Interest received		**3,837**	755
Purchase of wealth management products measured at FVPL		**(20,000)**	–
Net cash used in investing activities		**(19,404)**	(7,788)
Financing activities			
Proceeds from new bank loans		**169,403**	228,455
Repayment of bank loans		**(214,825)**	(158,310)
Capital element of lease rentals paid		**(361)**	(442)
Interest element of lease rentals paid		**(721)**	(715)
Net decrease in amounts due to related parties		**(671)**	(55)
Interest paid		**(5,788)**	(6,561)
Net cash (used in)/generated from financing activities		**(52,963)**	62,372
Net decrease in cash and cash equivalents		**(80,849)**	(54,309)
Cash and cash equivalents at 1 January	14	**124,292**	142,386
Effect of foreign exchange rate changes		**(456)**	(180)
Cash and cash equivalents at 30 June	14	**42,987**	87,897

The notes on pages 8 to 26 form part of this interim financial report.

1 CORPORATE INFORMATION

KangLi International Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 21 December 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 November 2018. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the manufacture and sale of hard steel coil, unpainted galvanised steel products and painted galvanised steel products.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "**IASB**"). It was authorised for issue on 21 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards issued by the IASB.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to IFRS 9, *Financial instruments* and *IFRS 7, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements. The impacts of adopting these amendments are discussed below.

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The amendments cover three main aspects:

- The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an optional exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled in cash using an electronic payment system, provided that specific criteria are met.

- For the assessment of whether a financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, the amendments clarify the assessment of interest and introduce an additional test for the financial assets with contingent features, for example environmental, social or governance ("**ESG**")-linked features. The amendments also clarify the difference between financial assets with non-recourse features and contractually linked instruments which may then change the applicable assessments.

- The amendments introduce new disclosures for disposals of investments in equity instruments designated at fair value through other comprehensive income, and for financial instruments not measured at fair value through profit or loss which contain contractual terms that could change the amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event that does not relate directly to changes in basic lending risks and costs.

The amendments do not have a material impact on this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the manufacture and sale of hard steel coil, unpainted galvanised steel products and painted galvanised steel products. Further details regarding the Group's principal activities are disclosed in Note 4(b).

Disaggregation of revenue from contracts with customers by major products and services lines is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Continuing operations		
Manufacture and sale of steel products		
– Sales of hard steel coil	**94,604**	81,453
– Sales of unpainted galvanised steel products	**453,134**	368,310
– Sales of painted galvanised steel products	**350,635**	281,630
Total revenue from continuing operations	**898,373**	731,393
Discontinued operation		
Provision of property management services	**–**	1,029
	898,373	732,422

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

The Group manages its businesses by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Hard steel coil: this segment includes primarily the manufacture and sale of cold-rolled hard steel coil.
- Unpainted galvanised steel products: this segment includes primarily the manufacture and sale of hot-dipped galvanised/zinc coated steel coil and sheet.
- Painted galvanised steel products: this segment includes primarily the manufacture and sale of hot-dipped color coated galvanised steel coil and sheet.
- Property management services: this segment includes the provision of property management services.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and cost are allocated to the reportable segments with reference to sales generated by those segments and the cost incurred by those segments. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred for the six months ended 30 June 2026 and 2025. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other income, selling and administrative expenses, and impairment loss on financial instruments, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information about reportable segments as provided to the Group's most senior executive management for resource allocation and performance assessment for the six months ended 30 June 2026 and 2025 are set out below:

	Six months ended 30 June 2026			
	Hard steel coil RMB'000	Unpainted galvanised steel products RMB'000	Painted galvanised steel products RMB'000	Total (Continuing operations) RMB'000
Disaggregated by timing of revenue recognition				
– Point in time	94,604	453,134	350,635	898,373
Revenue from external customers	94,604	453,134	350,635	898,373
Reportable segment gross profit	8,106	49,377	39,972	97,455

	Six months ended 30 June 2025					
	Hard steel coil RMB'000	Unpainted galvanised steel products RMB'000	Painted galvanised steel products RMB'000	Sub-total (Continuing operations) RMB'000	Property management services (Discontinued operation) RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition						
– Point in time	81,453	368,310	281,630	731,393	–	731,393
– Over time	–	–	–	–	1,029	1,029
Revenue from external customers	81,453	368,310	281,630	731,393	1,029	732,422
Reportable segment gross profit	5,015	29,037	24,407	58,459	389	58,848

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Reportable segment gross profit	**97,455**	58,848
Other income	**1,689**	2,299
Selling expenses	**(36,120)**	(31,968)
Administrative expenses	**(10,149)**	(10,812)
Impairment loss on trade receivables	**(608)**	(594)
Finance costs	**(6,509)**	(7,276)
Elimination of discontinued operation	**–**	(143)
Consolidated profit before taxation from continuing operations	**45,758**	10,354

(c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods were delivered.

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Continuing operations		
The People's Republic of China (the "**PRC**")	**823,474**	674,483
Thailand	**57,471**	38,093
Indonesia	**8,397**	11,238
Other countries	**9,031**	7,579
Total revenue from external customers from continuing operations	**898,373**	731,393
Discontinued operation		
Philippines	**–**	1,029
	898,373	732,422

Substantially all of the Group's non-current assets are located in the PRC. Accordingly, no segment analysis based on geographical locations of the assets is presented.

5 OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Continuing operations		
Interest income	**1,174**	1,301
Net foreign exchange (loss)/gain	**(1,720)**	501
Government grants	**276**	388
Investment income	**7**	–
Others	**1,952**	105
	1,689	2,295

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Continuing operations		
Interest on bank loans	**5,788**	6,561
Interest on lease liabilities	**721**	715
	6,509	7,276

(b) Staff costs

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Continuing operations		
Salaries, wages and other benefits	**32,252**	31,269
Contributions to defined contribution retirement plan	**2,807**	2,705
	35,059	33,974

6 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Continuing operations		
Depreciation expenses		
– owned property, plant and equipment	**10,746**	10,742
– right-of-use assets	**1,575**	1,485
	12,321	12,227
Cost of inventories	**800,918**	672,934

7 INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Continuing operations		
Current taxation		
PRC Corporate Income Tax:		
– Provision for the period	**5,593**	-
– (Over)/under-provision in respect of prior years	**(560)**	69
	5,033	69
Deferred taxation (Note 18)		
Origination and reversal and of temporary differences	**4,401**	(282)
	9,434	(213)

Notes:

(i) The Company and subsidiaries of the Group incorporated in the Cayman Islands or the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective jurisdictions of incorporation.

(ii) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax. The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2025: 16.5%) to the six months ended 30 June 2026, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2025.

7 INCOME TAX (CONTINUED)

Notes: (Continued)

(iii) The subsidiary of the Group established in the PRC (excluding Hong Kong) is subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2026 (six months ended 30 June 2025: 25%).

The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("**HNTE**"), which entitles the qualified enterprises to a preferential income tax rate of 15%, subject to fulfillment of the recognition criteria. A subsidiary of the Group established in the PRC was qualified as a HNTE and is entitled to the preferential tax rate of 15% for the calendar years 2025 to 2028.

The PRC Corporate Income Tax Law allows small low-profit enterprises to count 25% of the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million as taxable income and apply preferential corporate income tax rate of 20%. A subsidiary of the Group established in the PRC was qualified and entitled the preferential tax rate for the six months ended 30 June 2026.

According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for calculating income tax purpose, i.e. an additional 100% of such costs could be utilised as additional deductible expenses for the six months ended 30 June 2026 (six months ended 30 June 2025: 100%).

(iv) Pursuant to the Sino-Hong Kong Double Tax Arrangement, dividends paid by entities in Chinese Mainland to Hong Kong entities are subject to a PRC withholding Tax rate of 10%. Accordingly, deferred tax liabilities of RMB8,385,000 has been recognised as of 30 June 2026 in respect of the withholding tax that would be payable on the distribution of retained profits from the subsidiary to KangLi (HK) Limited.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is calculated based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average of 606,252,000 (six months ended 30 June 2025: 606,252,000) ordinary shares in issue during the interim period.

	Six months ended 30 June			
	2026	2025		
	Continuing operations RMB'000	Continuing operations RMB'000	Discontinued operation RMB'000	Total RMB'000
Profit/(loss) attributable to ordinary equity shareholders	**36,324**	**10,567**	(194)	10,373

(b) Diluted earnings per share

There was no difference between basic and diluted earnings per share as the Company did not have any dilutive potential shares outstanding during the six months ended 30 June 2026 and 2025.

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of plant and machinery with a cost of RMB2,144,000 (six months ended 30 June 2025: RMB4,032,000). Items of plant and machinery with a net book value of RMB1,000 were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB70,000).

10 LOAN TO A RELATED PARTY

On 28 February 2023, a loan agreement was entered into between a subsidiary of the Group, Jiangsu Jiangnan Precision Metal Material Co., Limited ("**Jiangnan Precision**"), as lender, and Jiangsu Jiangnan Tiehejin Co., Ltd. ("**Jiangnan Tiehejin**"), a company controlled by the ultimate controlling parties of the Company, as borrower, and Mr. Mei Zefeng, as guarantor. Pursuant to the loan agreement, Jiangnan Precision agreed to grant a loan in the principal sum of RMB20,000,000 bearing interest at 5.5% per annum to Jiangnan Tiehejin for a term of 3 years. Accrued interest is receivable upon maturity of the loan.

Pursuant to the loan agreement, one of the conditions precedent to the drawdown of the loan includes Jiangnan Precision and Jiangnan Tiehejin having entered into an option agreement. The option agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 28 February 2023, pursuant to which a property acquisition option is granted to Jiangnan Precision, at nil consideration, to acquire a property to be constructed in Changzhou Economic Development Zone, to increase the office capacity of the Group. It is in Jiangnan Precision's sole discretion whether to exercise such option.

On 27 February 2026, Jiangnan Precision and Jiangnan Tiehejin extended the loan agreement for another term of 3 years with major contract terms remain the same except for interest rate was reduced to 4% per annum.

11 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Raw materials and consumables	**138,138**	192,010
Finished goods	**336,809**	296,113
	474,947	488,123

(b) The analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Carrying amounts of inventories sold	**800,918**	672,934

12 TRADE AND BILLS RECEIVABLES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Trade receivables, net of loss allowance	**413,752**	345,849
Bills receivables	**144,169**	134,285
Financial assets measured at amortised cost	**557,921**	480,134

All of the trade and bills receivables, net of loss allowance, are expected to be recovered within one year.

(a) Ageing analysis

The ageing analysis of trade receivables, based on the dates of revenue recognition and net of loss allowance, is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Less than 1 month	**226,960**	200,618
1 to 3 months	**153,618**	142,998
3 to 6 months	**33,174**	14
6 to 12 months	**–**	2,219
	413,752	345,849

(b) At 30 June 2026, the Group has discounted certain of the bank acceptance notes it received from customers at banks, and endorsed certain of the bank acceptance notes it received from customers to its suppliers and other creditors for settlement of the Group's trade and other payables on a full recourse basis. Upon the above discounting or endorsement, the Group has derecognised the bills receivables in their entirety. These derecognised bank acceptance notes have maturity dates of less than six months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these notes and has discharged its obligation of the payables to its suppliers and other creditors. The Group considered the issuing banks of these notes are of high credit standings and non-settlement of these notes by the issuing banks on maturity is highly unlikely. At 30 June 2026, the Group's maximum exposure to loss and undiscounted cash outflow should the issuing banks fail to settle the notes on maturity dates amounted to RMB210,213,000 (31 December 2025: RMB244,743,000).

(c) At 30 June 2026, bills receivables include bank acceptance notes endorsed to suppliers with recourse totalling RMB8,238,000 (31 December 2025: RMB3,429,000). These bills receivables were not derecognised as the Group remains exposed to the credit risk of these receivables. The carrying amount of the associated bank loans and trade payables amounted to RMB8,238,000 (31 December 2025: RMB3,429,000).

(d) At 30 June 2026, trade receivables of RMB4,350,000 (31 December 2025: RMB3,572,000) were discounted at banks. These trade receivables were not derecognised as the Group remains exposed to the credit risk of these receivables. The carrying amount of the associated bank loans amounted to RMB4,350,000 (31 December 2025: RMB3,572,000) (see Note 17).

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Prepayments for		
– Purchase of raw materials	**218,825**	169,651
– Utilities and other expenses	**419**	390
	219,244	170,041
Deposits for trading forward steel contracts	**14,030**	–
Other debtors	**3,415**	2,627
Financial assets measured at amortised cost	**17,445**	2,627
	236,689	172,668

14 CASH AT BANK AND ON HAND

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Cash at bank	**109,421**	211,328
Cash on hand	**200**	34
Cash at bank and on hand included in the consolidated statement of financial position	**109,621**	211,362
Less: restricted deposits (Note (i))	**(66,634)**	(87,070)
Cash and cash equivalents included in the condensed consolidated cash flow statement	**42,987**	124,292

The Group's operations in the PRC (excluding Hong Kong) conducted its business in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

Note:

(i) Restricted deposits represent deposits placed at banks as collaterals for bills issued and bank loans drawn by the Group (see Note 15 and Note 17 respectively).

15 TRADE AND BILLS PAYABLES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Trade and bills payables		
– Trade payables	**63,409**	54,269
– Bills payables	**234,979**	201,027
Financial liabilities measured at amortised cost	**298,388**	255,296
Contract liabilities:		
– Receipts in advance from customers	**6,062**	7,770
	304,450	263,066

At the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice dates, is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 3 months	**189,303**	115,767
Between 3 to 6 months	**108,181**	138,061
Over 6 months	**904**	1,468
	298,388	255,296

16 ACCRUED EXPENSES AND OTHER PAYABLES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Payables for construction of property, plant and equipment	**9,304**	10,252
Payables for other taxes	**1,692**	1,824
Payables for staff related costs	**4,984**	6,036
Others	**1,153**	1,198
Financial liabilities measured at amortised cost	**17,133**	19,310

17 BANK LOANS

(a) The Group's short-term bank loans are analysed as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Bank loans		
– Secured by the Group's property, plant and equipment (Note 17(c))	**71,446**	45,000
– Secured by the Group's restricted bank deposits (Note 17(c))	**–**	45,000
– Secured by the Group's trade and bills receivables (Note 17(c))	**4,350**	3,572
– Guaranteed by third parties	**45,000**	45,000
– Unsecured and unguaranteed	**211,704**	193,150
	332,500	331,722
Add: current portion of long-term bank loans (Note 17(b))	**36,400**	53,800
	368,900	385,522

(b) The Group's long-term bank loans are analysed as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Bank loans		
– Secured by the Group's property, plant and equipment or restricted bank deposits (Note 17(c))	**7,000**	**52,600**
– Unsecured and unguaranteed	**29,400**	**30,000**
	36,400	**82,600**
Less: current portion of long-term bank loans (Note 17(a))	**(36,400)**	**(53,800)**
	–	**28,800**

The Group's long-term bank loans are repayable as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	**36,400**	53,800
After 1 year but within 2 years	**–**	28,800
	36,400	82,600

17 BANK LOANS (CONTINUED)

(c) The analysis of the Group's assets pledged for the Group's bank loans is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Secured by property, plant and equipment	**94,379**	96,474
Secured by trade and bills receivables (Note 12)	**4,350**	3,572
Secured by restricted bank deposits (Note 14)	**–**	30,000
	98,729	130,046

(d) At 30 June 2026, the banking facilities of the Group amounted to RMB1,007,000,000 (31 December 2025: RMB1,080,000,000) were secured by the Group's property, plant and equipment, and/or guaranteed by third parties, or unsecured and unguaranteed. These facilities were utilised to the extent of RMB533,000,000 at 30 June 2026 (31 December 2025: RMB549,969,000).

(e) Certain of the Group's bank loans are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become payable on demand. The Group did not identify any difficulties complying with the covenants. At 30 June 2026, none of the covenants relating to the bank loans had been breached (31 December 2025: None).

18 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year/period are as follows:

	Assets			Liabilities			
Deferred tax arising from:	Credit loss allowance RMB'000	Lease liabilities RMB'000	Government grants and depreciation on related assets RMB'000	Accelerated tax allowance for depreciation expenses RMB'000	Right-of-use assets RMB'000	Withholding tax related to retained profits to be distributed from a PRC subsidiary RMB'000	Net RMB'000
At 1 January 2025	184	4,157	570	(9,182)	(3,093)	(3,000)	(10,364)
Credited/(charged) to the consolidated statement of profit or loss	63	(35)	(47)	(781)	186	–	(614)
At 31 December 2025	247	4,122	523	(9,963)	(2,907)	(3,000)	(10,978)
Credited/(charged) to the consolidated statement of profit or loss (Note 7)	92	(24)	261	562	93	(5,385)	(4,401)
At 30 June 2026	**339**	**4,098**	**784**	**(9,401)**	**(2,814)**	**(8,385)**	**(15,379)**

19 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Interim dividend declared and paid after the interim period of HK$0.09 per share (2025: Nil)	**47,390**	–

The interim dividend has not been recognised as a liability at the end of the reporting period.

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 30 June 2026 RMB'000	Fair value measurement as at 30 June 2026 categorised into Level 2 RMB'000
Recurring fair value measurements		
Financial assets measured at FVPL	**20,007**	20,007

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

During the six months ended 30 June 2026, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025 and 30 June 2026.

21 COMMITMENTS

Capital commitments outstanding at 30 June 2026 not provided for in the interim financial report:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Commitments in respect of property, plant and equipment		
– Contracted for	**–**	269

The above commitments represent the Group's planned expansion of its production facilities.

22 MATERIAL RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Sales of scrap materials (Note (i))	**5,414**	4,106
Interest income	**450**	550
Operating lease expenses	**48**	48
Net increase in accounts receivable from related parties	**671**	55

Note:

(i) These scrap materials were sold to related parties at cost and accordingly, no gains or losses were recognised on these transactions by the Group.

23 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The following updates the information provided in the last annual financial statements about the possible impacts of IFRS 18 which may have a significant impact on the Group's consolidated financial statements when adopted.

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1, *Presentation of financial statements*, and is first effective for annual reporting periods beginning on or after 1 January 2027.

IFRS 18 introduces new requirements for presentation and disclosure in financial statements, including new categories and defined subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation of information, and specific disclosures about management-defined performance measures. The Group is assessing the expected impact that the initial application of IFRS 18 will have on its consolidated financial statements.

The Group expects that the adoption of IFRS 18 will not change the Group's net assets or net profit. However, it is expected to affect the presentation of the Group's consolidated statement of profit and loss and related note disclosures. Based on the work performed to date, the Group's assessment on the expected impact of the initial application of IFRS 18 is summarised below. The assessment remains subject to change as the Group continues its implementation work.

(a) Structure of the statement of profit or loss

IFRS 18 requires entities to classify income and expenses into specified categories in the statement of profit and loss, including operating, investing, and financing categories. It also requires entities to present two newly defined subtotals, which are "operating profit" and "profit or loss before financing and income taxes". The operating profit subtotal is expected to differ from the current profit from operations subtotal presented by the Group. Based on the work performed to date, the Group also expects the following changes to the consolidated statement of profit or loss:

- Dividend, interest income, and net gains on trading securities, which are currently presented in the Group's other income subtotal are expected to be classified in the investing category. The income and expenses classified in the investing category, together with the subtotal "operating profit", will form the new subtotal "profit or loss before financing and income taxes";

- The Group is assessing the classification of income and expenses as currently included in the finance costs line item and expects that this line item will be disaggregated into "income and expenses on liabilities arising solely from raising of finance" and "interest expenses on other liabilities" in the financing category;

- The Group is required to assess the classification of foreign exchange differences in the same category as the income and expenses from the items that gave rise to the differences, unless doing so would involve undue cost or effort; and

23 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026 (CONTINUED)

IFRS 18, *Presentation and disclosure in financial statements(Continued)*

(a) Structure of the statement of profit or loss (Continued)

- The Group currently presents operating expenses by function. The Group is assessing whether its current presentation, or a mixed presentation by nature and function, will provide the most useful structured summary of its operating expenses under IFRS 18. If the Group continues to present one or more operating expense line item by function, information about five specific expenses by nature will be provided in a single note to the financial statements.

(b) Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how to group information in the financial statements, including the primary financial statements and the notes. It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group has been consistently applied the principles of aggregating and disaggregating the items on the basis of similar and dissimilar characteristics. The Group is also assessing line items currently labelled as "other" across the primary financial statements and the notes and expects to use more informative labels where material information would otherwise be obscured.

IFRS 18 also introduces consequential amendments to IAS 7, *Statement of cash flows*. The Group is assessing the impact of those amendments, including the requirement to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method and the classification of interest and dividend cash flows.

The actual impact of applying IFRS 18 may change as the Group continues to assess the new requirements and finalises any changes to its reporting processes, controls and accounting policies before the date of initial application.

BUSINESS REVIEW AND PROSPECTS

The Group is a manufacturer dedicated to manufacturing galvanised steel products in the home appliance sector. Our production base is located in Changzhou, Jiangsu Province, and we are principally engaged in the production and sales of cold rolled steel products, unpainted galvanised steel products and painted galvanised steel products, which are mainly applied in home appliances such as refrigerators, washing machines, ovens and microwaves, with downstream customers including midstream steel product processors and home appliance manufacturers. We possess a wide range of product categories, and have well-equipped facilities and production lines, enabling the Group to provide the customers with pickled rolls, cold rolled coil, unpainted galvanised coil/sheet and painted galvanised coil/sheet products.

For the six months ended 30 June 2026, the Group's revenue from its principal business amounted to approximately RMB898,373,000, representing an increase of approximately RMB165,951,000 or approximately 22.7% compared with that of the corresponding period in 2025. During the first half of 2026, our gross profit was approximately RMB97,455,000, representing a year-on-year increase of approximately RMB38,607,000, and the gross profit margin rose from approximately 8.0% to approximately 10.8%. The growth in performance was mainly attributable to the increase in sales volume of products and the consequent reduction in production costs.

For the six months ended 30 June 2026, the sales volume of our cold rolled steel products and galvanised steel products totalled approximately 168,775 tonnes, representing an increase of approximately 33,399 tonnes or approximately 24.7% compared with approximately 135,376 tonnes for the corresponding period in 2025. In terms of sales volume by product category, sales volume of hard steel coil products was approximately 23,865 tonnes, representing a year-on-year increase of approximately 4,778 tonnes; sales volume of unpainted galvanised steel products was approximately 88,506 tonnes, representing a year-on-year increase of approximately 17,295 tonnes; and sales volume of painted galvanised steel products increased from approximately 45,078 tonnes in the corresponding period to approximately 56,404 tonnes, representing an increase of approximately 11,326 tonnes. Sufficient sales orders ensured the continuity and stability of our production, reduced our production unit costs and led to an improvement in gross profit margin.

In the first half of 2026, the domestic white goods market experienced relatively significant pressure, with demand mainly driven by the replacement of existing home appliances. As the policy dividends gradually waned, demand began to moderate. Export performance showed divergence: overall sales of air conditioner products declined, while demand for refrigerators and washing machines remained strong. Since our products are primarily used in refrigerators and washing machines, we benefited from this trend and recorded an increase in sales volume. Although our performance in the first half of the year improved as compared to the corresponding period in 2025, we consider it necessary to remain cautious in the second half of the year. With the fading of the high base effect of 2025, related demand in the second half of the year will rely more on the replacement of existing home appliances, and pressure on domestic sales is expected to remain relatively high. On the export front, demand for refrigerators and washing machines is expected to continue. Against this backdrop, we will, as always, uphold stringent product quality control, secure more orders through higher-quality products and better services, and strive to sustain the performance of the first half of the year, so as to deliver satisfactory results for the year 2026.

FINANCIAL REVIEW

The board (the "**Board**") of directors (the "**Directors**") of KangLi International Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2026, together with the comparative figures for the corresponding period of the preceding financial year, as follows:

Financial Performance Highlights

	Six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)
Key financial information and performance ratios for continuing operations:		
– Revenue (RMB'000)	**898,373**	731,393
– Gross profit (RMB'000)	**97,455**	58,459
– Gross profit margin	**10.8%**	8.0%
– Profit for the period (RMB'000)	**36,324**	10,567
– Net profit margin	**4.0%**	1.4%
– Earnings per share (RMB cents)	**5.99**	1.74

	At 30 June 2026 (unaudited)	At 31 December 2025 (unaudited)
Key performance ratios:		
– Current ratio	**1.9**	1.9
– Gearing ratio	**0.4**	0.5

Financial Results

Revenue

Revenue of the Group is primarily generated from the sales of hard steel coil, unpainted galvanised steel products and painted galvanised steel products. For the six months ended 30 June 2026, the total revenue from continuing operations of the Group amounted to approximately RMB898,373,000, representing an increase of approximately 22.8% from approximately RMB731,393,000 for the six months ended 30 June 2025. The increase in the Group's revenue was primarily attributable to the increase in sales volume of our products even though the average selling price of our products recorded a decrease. The overall sales volume for the six months ended 30 June 2026 was approximately 168,775 tonnes, representing an increase of approximately 24.7% when compared to that in the same period in the previous year. The overall average selling price of our products for the current period recorded a decrease of approximately 1.5% when compared to that in the same period in the previous year.

An analysis of the Group's revenue, sales volume and average selling price by products and services in the six months ended 30 June 2026 and 2025 is as follows:

	Six months ended 30 June						Change		
	2026			2025			increase/(decrease)		
	Revenue RMB'000	Sales volume tonnes	Average selling price RMB/tonne	Revenue RMB'000	Sales volume tonnes	Average selling price RMB/tonne	Revenue %	Sales volume %	Average selling price %
Cold rolled steel products (Continuing operations)									
Hard steel coil	94,604	23,865	3,964	81,453	19,087	4,267	16.1%	25.0%	-7.1%
Galvanised steel products	803,769	144,910	5,547	649,940	116,289	5,589	23.7%	24.6%	-0.8%
– unpainted galvanised steel products	453,134	88,506	5,120	368,310	71,211	5,172	23.0%	24.3%	-1.0%
– painted galvanised steel products	350,635	56,404	6,216	281,630	45,078	6,248	24.5%	25.1%	-0.5%
Sub-total (continuing operations)	898,373	168,775	5,323	731,393	135,376	5,403	22.8%	24.7%	-1.5%
Provision of property management services (Discontinued operation)	–			1,029			-100.0%		
Total	898,373			732,422			22.7%		

Gross profit and gross profit margin

For the six months ended 30 June 2026, gross profit from continuing operations of the Group amounted to approximately RMB97,455,000 (six months ended 30 June 2025: approximately RMB58,459,000). The overall gross profit margin increased from 8.0% in 2025 to 10.8% in 2026. An analysis of the Group's gross profit, proportion of total gross profit and gross profit margin by products and services in the six months ended 30 June 2026 and 2025 is as follows:

	Six months ended 30 June					
	2026			2025		
	Gross profit RMB'000	Proportion %	Gross profit margin %	Gross profit RMB'000	Proportion %	Gross profit margin %
Cold rolled steel products (Continuing operations)						
Hard steel coil	8,106	8.3%	8.6%	5,015	8.5%	6.2%
Galvanised steel products	89,349	91.7%	11.1%	53,444	90.8%	8.2%
– unpainted galvanised steel products	49,377	50.7%	10.9%	29,037	49.3%	7.9%
– painted galvanised steel products	39,972	41.0%	11.4%	24,407	41.5%	8.7%
Sub-total (continuing operations)	97,455	100.0%	10.8%	58,459	99.3%	8.0%
Provision of property management services (Discontinued operation)	–	–	–	389	0.7%	37.8%
Total	97,455	100.0%	10.8%	58,848	100.0%	8.0%

During the current period, the increase in gross profit margin was mainly due to (1) increase in sales volume which improved the utilization rate of our production facilities and in turn reduced our overall production unit cost; and (2) the extent of the decrease in average selling prices of our products was smaller than that in the average unit cost of raw materials.

Other income

Other income from continuing operations of the Group for the six months ended 30 June 2026 amounted to approximately RMB1,689,000 (2025: RMB2,295,000). Other income comprised mainly interest income and net foreign exchange difference.

Selling expenses

Selling expenses of the Group increased from RMB31,968,000 in the six months ended 30 June 2025 to approximately RMB36,120,000 in the current period. The increase was mainly due to increase in transportation expenses as a result of increase in sales volume.

Administrative expenses

Administrative expenses from continuing operations of the Group for the current period amounted to RMB10,149,000 which is comparable to that of RMB10,562,000 for the six months ended 30 June 2025.

Finance costs

Finance costs from continuing operations of the Group for the six months ended 30 June 2026 amounted to approximately RMB6,509,000 which recorded a decrease of approximately 10.5% when compared to that of approximately RMB7,276,000 in the corresponding period in 2025. The decrease was mainly due to decrease of interest expenses on bank loans in the current period as a result of drop in the interest rates.

Profit before taxation from continuing operations

Profit before taxation from continuing operations of the Group increased significantly from approximately RMB10,354,000 in the six months ended 30 June 2025 to approximately RMB45,758,000 for the current period.

Income tax

Income tax from continuing operations of the Group changed from tax credit of approximately RMB213,000 for the six months ended 30 June 2025 to tax expenses of approximately RMB9,434,000 for the current period. Such change was mainly due to the combined effect of: (1) increase of tax expenses as a result of increase of profit for the current period; and (2) provision of deferred taxation for withholding tax related to retained profits to be distributed from a PRC subsidiary.

Profit for the period from continuing operations

As a result of the foregoing, the profit from continuing operations of the Group increased from approximately RMB10,567,000 for the six months ended 30 June 2025 to approximately RMB36,324,000 for the current period. The net profit margin from continuing operations of the Group for the six months ended 30 June 2026 amounted to approximately 4.0% (six months ended 30 June 2025: 1.4%).

Discontinued operation

The management decided to focus on the Group's key competencies in the future and disposed of the property management services business in the Philippines in the first quarter of 2025. The property management services business was sold to an independent third party at a cash consideration of RMB1,638,000. During the six months ended 30 June 2025, the property management services business recorded a net loss of RMB194,000.

Liquidity and financial resources

As at 30 June 2026, the Group had cash at bank and on hand of approximately RMB109,621,000 (31 December 2025: approximately RMB211,362,000). As at 30 June 2026, the restricted bank deposits placed at banks as collaterals for bills issued and bank loans drawn by the Group amounted to approximately RMB66,634,000 in aggregate (31 December 2025: approximately RMB87,070,000). The Board will ensure sufficient liquidity at any time to meet its matured liabilities.

Financial assets measured at fair value through profit or loss ("FVPL")

The financial assets measured at FVPL held by the Group mainly consist of wealth management products with a relatively low level of risk purchased from PRC financial institutions with variable expected returns. The aggregate value of the financial assets measured at FVPL increased from nil as at 31 December 2025 to approximately RMB20.0 million as at 30 June 2026, which was primarily attributable to the wealth management products purchased during the period. As at 30 June 2026, each of such investments, both on a standalone and an aggregated basis by each financial institution, had a value of less than 5% of the total assets of the Group and none of such investments constituted a notifiable transaction of the Company.

The Company's subscription for wealth management products is for treasury management purpose in order to maximise the utilisation of its surplus cash received from its business operations, with a view to achieving balanced yields whilst maintaining appropriate liquidity and a relatively low level of risk.

Net current asset

The Group recorded net current assets of approximately RMB677,939,000 as at 30 June 2026 (31 December 2025: approximately RMB652,521,000). The current ratio, calculated by dividing the current assets by current liabilities, was approximately 1.9 as at 30 June 2026 (31 December 2025: approximately 1.9).

Borrowings and pledge of assets

As at 30 June 2026, the Group had bank loans amounting to approximately RMB368,900,000 (31 December 2025: approximately RMB414,322,000), of which: (i) approximately RMB78,446,000 (31 December 2025: approximately RMB142,600,000) was secured by the Group's property, plant and equipment or restricted bank deposits; and (ii) approximately RMB4,350,000 (31 December 2025: approximately RMB3,572,000) was secured by trade and bills receivables.

Among the bank loans, approximately RMB36,400,000 (31 December 2025: approximately RMB82,600,000) was long-term bank loans and approximately RMB36,400,000 (31 December 2025: approximately RMB53,800,000) of which was repayable within 1 year.

The Group's gearing ratio, calculated by dividing total bank loans by total equity of the Group, as at 30 June 2026 was approximately 0.4 (31 December 2025: approximately 0.5).

Capital structure

The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations and bank facilities of the Group. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, credit facilities available and interest bearing borrowings which enable the Group to meet its capital commitments, working capital requirements and future investments for expansion.

Contingent liabilities

As at 30 June 2026, the Group did not have any material contingent liabilities.

Financial risks

The Group is exposed to various financial risks, including foreign currency risk, interest rate risk and credit risk in the normal course of its business.

– **Foreign currency risk**

  Most of the Group's businesses are settled in Renminbi. However, the Group's sales to overseas customers are settled in foreign currencies. For the first half of 2026, approximately 91.7% of the Group's revenue was settled in Renminbi and approximately 8.3% was settled in foreign currencies.

  Exchange rate fluctuations will affect sales revenue settled in foreign currencies, which in turn may have adverse effects on the Group. The Group does not hedge against foreign currency risk by using any derivative contracts. The management of the Group manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency risk should the need arise.

– **Interest rate risk**

The Group's interest rate risks primarily arise from fixed rate bank deposits and borrowings. The Group currently does not use any derivative contracts to hedge against its interest rate risks.

– **Credit risk**

The Group's credit risks primarily arise from trade and other receivables.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had approximately 584 employees, including executive Directors. The employees' salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include performance bonus, medical insurance, mandatory provident fund scheme, local municipal government retirement scheme and education subsidy to encourage continuous professional development of staff.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30 June 2026.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.09 per share for the six months ended 30 June 2026 to shareholders whose names appear on the Register of Members on 9 September 2026. It is expected that the interim dividend will be paid on or around 21 September 2026.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 7 September 2026 to 9 September 2026, both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on 4 September 2026.

SUBSEQUENT EVENTS AFTER 30 JUNE 2026

There were no major subsequent events since 30 June 2026 and up to the date of this interim report.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Board has established the audit committee (the "**Audit Committee**") which comprises three independent non-executive Directors, namely Mr. Lau Ying Kit, Mr. Qu Xuanhua and Mr. Cao Cheng. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2026 have been reviewed by the Audit Committee of the Company. The Audit Committee was satisfied that the Group's unaudited interim financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the current period and that adequate disclosures had been made.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices as it believes that effective corporate governance practices are fundamental to safeguarding the interests of its shareholders and other stakeholders, and to enhancing shareholder value.

In the opinion of the Board of the Company, throughout the six months ended 30 June 2026, the Company has complied with the code provisions set out in the Corporate Governance Code under Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the six months ended 30 June 2026. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the six months ended 30 June 2026.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors' dealing in the securities of the Company. The Company has made specific enquiry of all Directors and confirmed that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2026.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2026, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in Shares and Underlying Shares of the Company

Name of Director	Capacity/Nature of Interest	Number of Shares (Note 1)	Approximate percentage of interest in the Company (Note 2)
Mr. Mei Zefeng (Note 3)	Interest of controlled corporation	343,220,000 (L)	56.61%
	Interest of spouse	85,500,000 (L)	14.10%
Ms. Liu Ping (Note 4)	Interest of controlled corporation	85,500,000 (L)	14.10%
	Interest of spouse	343,220,000 (L)	56.61%

Notes:

(1) The Letter "L" denotes long position in the Company's shares.

(2) The percentage is calculated based on the total number of issued shares as at 30 June 2026.

(3) Mr. Mei Zefeng, being the sole director of Newrich Limited, is the sole shareholder of Newrich Limited which holds 343,220,000 shares. Therefore, Mr. Mei Zefeng is deemed to be interested in Newrich Limited's interest in the Company's shares pursuant to the SFO. In addition, Mr. Mei Zefeng is the spouse of Ms. Liu Ping. Therefore, Mr. Mei Zefeng is deemed to be interested in Ms. Liu Ping's interest in the Company's shares pursuant to the SFO.

(4) Ms. Liu Ping, being the sole director of Star Century Corporate Limited, is the sole shareholder of Star Century Corporate Limited which holds 85,500,000 shares. Therefore, Ms. Liu Ping is deemed to be interested in Star Century Corporate Limited's interest in the Company's shares pursuant to the SFO. In addition, Ms. Liu Ping is the spouse of Mr. Mei Zefeng. Therefore, Ms. Liu Ping is deemed to be interested in Mr. Mei Zefeng's interest in the Company's shares pursuant to the SFO.

Save as disclosed above, as at 30 June 2026, so far as was known to the Directors and chief executives of the Company, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES

As at 30 June 2026, to the best knowledge of the Directors, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/Nature of Interest	Number of Shares (Note 1)	Approximate percentage of interest in the Company (Note 2)
Mr. Mei Zefeng	Interest of controlled corporation	343,220,000 (L)	56.61%
	Interest of spouse	85,500,000 (L)	14.10%
Ms. Liu Ping	Interest of controlled corporation	85,500,000 (L)	14.10%
	Interest of spouse	343,220,000 (L)	56.61%
Newrich Limited	Beneficial owner	343,220,000 (L)	56.61%
Star Century Corporate Limited	Beneficial owner	85,500,000 (L)	14.10%

Notes:

(1) The Letter "L" denotes long position in the Company's shares.

(2) The percentage is calculated based on the total number of issued shares as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, the Directors have not been notified by any persons who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTIONS

The Company has conditionally adopted the share option scheme ("**Share Option Scheme**"), which was approved by written resolution passed by its shareholders on 25 October 2018.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the shares in order to capitalise on the benefits of the options granted.

The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. Details of the principal terms of the Share Option Scheme are set out below.

- The Directors may, at their absolute discretion, make an offer to grant options to any employee of the Group, any non-executive Directors (including independent non-executive Directors), any suppliers, any customers, any adviser or any participants who shall be determined by the Directors from time to time on the basis that the Directors' opinion as to his contribution to the development and growth of the Group.

- The maximum number of ordinary shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% of the ordinary shares in issue upon the Listing (the Company may refresh this 10% limit under certain conditions) or 30% of the ordinary shares in issue from time to time where there are options to be granted and yet to be exercised.

- The total number of ordinary shares issued and to be issued upon exercise of the options granted to each qualified person under the Share Option Scheme or any other share option schemes adopted by the Company in any twelve-month period must not exceed 1% of the ordinary shares in issue. Any further grant of options which would result in the number of ordinary shares exceeding 1% requires a shareholders' approval with the relevant participant and its associates abstaining from voting.

- The offer of a grant of share options may be accepted within 21 days from the date of the offer together with the payment of nominal consideration of HK$1 by the grantee. The period within which the options must be exercised shall be determined by the Directors at the time of grant and such period must expire no later than 10 years from the date on which the offer is made to the grantees. All outstanding options shall lapse, among other circumstances, when the grantee ceases to be a participant of the Share Option Scheme by reason of the termination of his/her employment.

- The subscription price will be determined by the Board at the time the grant of the options is made and shall not be less than the highest of:

  (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date;

  (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date; and

  (iii) the nominal value of a share.

- The Share Option Scheme is valid and effective for a period of ten years commencing on 25 October 2018 (being the date of adoption of the Share Option Scheme).

The total number of share options available for grant under the Share Option Scheme as at 1 January 2026 and 30 June 2026 were both 60,000,000 shares.

As at 30 June 2026, there were no options outstanding, granted, cancelled, exercised or lapsed.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the six months ended 30 June 2026 was the Company, its holding company, fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their spouses or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate or had exercised any such right.

PARTICULARS OF THE DIRECTORS' SERVICE CONTRACTS

As at 30 June 2026, none of the Directors had entered or was proposing to enter into a service contract with the Company or any member of the Group which is not terminable within one year without payment of compensation other than statutory compensation.

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

There was no change in the information of the Directors that was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the six months ended 30 June 2026 and up to the date of this interim report.

By Order of the Board
KangLi International Holdings Limited

Liu Ping
Chairman

Hong Kong, 21 August 2026