



2026 INTERIM REPORT

中寶新材集團有限公司 CHINA TREASURES NEW MATERIALS GROUP LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2439

The background of the page is a light blue collage of various images related to sustainability. It includes images of white biodegradable bottles, a splash of water, three glass egg-shaped containers filled with white granules (labeled 'PLA+淀粉 20%', 'PLA+淀粉 20%', and 'PLA+淀粉 20%'), a white plastic shopping bag, a clear plastic bottle with a leaf logo, a roll of white material, and a white bag with three circular logos: 'RECYCLABLE', 'COMPOSTABLE', and 'BIODEGRADABLE'.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Zhang Yuqiu (*Chair*)
Mr. Shan Yuzhu (*Chief Executive Officer*)
Mr. Li Xiquan
Mr. Li Peng

Independent Non-Executive Directors

Dr. Lai King Yin
Dr. Song Xiaofeng
Mr. Leung Tsz Wing

AUDIT COMMITTEE

Mr. Leung Tsz Wing (*Chairman*)
Dr. Lai King Yin
Dr. Song Xiaofeng

REMUNERATION COMMITTEE

Dr. Song Xiaofeng (*Chairman*)
Mr. Shan Yuzhu
Dr. Lai King Yin

NOMINATION COMMITTEE

Dr. Lai King Yin (*Chairman*)
Dr. Song Xiaofeng
Ms. Zhang Yuqiu

ESG COMMITTEE

Mr. Leung Tsz Wing (*Chairman*)
Mr. Shan Yuzhu
Mr. Li Peng
Dr. Lai King Yin

AUTHORISED REPRESENTATIVES

Mr. Shan Yuzhu
Ms. Wong Po Lam, *HKICPA*

COMPANY SECRETARY

Ms. Wong Po Lam, *HKICPA*

INDEPENDENT AUDITOR

Forvis Mazars CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
42nd Floor, Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

REGISTERED OFFICE

89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

No. 3, Jing'Er Road
Kalun Industrial South Region
Jiutai Economics Development Zone
Changchun City
Jilin Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F., C C Wu Building
302-308 Hennessy Road
Wan Chai
Hong Kong

CORPORATE INFORMATION (CONTINUED)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISER

As to Cayman Islands laws:
Ogier
11th Floor
Central Tower
28 Queen's Road Central
Hong Kong

PRINCIPAL BANKS

Changchun Nanguan Huimin Village Bank Co., Ltd
Industrial Bank Co., Ltd Changchun Branch
Bank of Communications Co., Ltd Jilin Province
Branch China Everbright Bank Co., Ltd Changchun
Branch

STOCK CODE

2439

WEBSITE

www.jl-ks.cn

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Group was established in March 2014 and is primarily engaged in the development and manufacturing of biodegradable plastic products and, to a lesser extent, non-biodegradable automobile plastic parts and other plastic products business in the People's Republic of China (the "**PRC**").

During the six months ended 30 June 2026 (the "**Period**"), we continued to focus on our core biodegradable plastic products business, which accounted for approximately 90.4% of the Group's total revenue for the Period (Six months ended 30 June 2025 (the "**Preceding Period**"): approximately 93.5%). Our biodegradable products mainly comprise biodegradable produce bag rolls, biodegradable shopping bags and biodegradable stretch wraps. In addition, we continued to manufacture non-biodegradable automobile plastic parts, which remained a supplementary source of revenue.

Our Group faced a challenging operating environment during the Period, primarily due to weaker domestic consumer demand, the continued shift in shopping habits from offline to online channels and the increasing adoption of substitute products. These factors led to a reduction in orders from existing customers, particularly supermarket chains, and resulted in a decline in revenue and profitability for the Period.

Despite market headwinds, we remained committed to enhancing our production capabilities and strengthening our long-term competitiveness. During the Period, the construction of our new production base in Changchun Jiutai Economic Development Zone* (長春市九台經濟開發區), covering a total site area of 31,615 square meters (the "**Land**") was completed, and the application for the real estate ownership certificate has also been completed. The new production base has gradually commenced operation, which we expect will bring benefits including improved production efficiency, better utilisation of resources, enhanced operational coordination and stronger support for our future business development.

During the Period, the Group also continued to expand its product portfolio by launching new biodegradable plastic products. This forms part of our ongoing strategy to broaden our product offering, respond to evolving customer needs and strengthen our market position in the biodegradable plastic products sector.

In addition, on 22 April 2026, the Company completed placing of new shares under general mandate (the "**Placing**"). The Board is of the view that the Placing has enlarged the shareholder base and capital base of the Company, thereby increasing the liquidity of the Shares. The net proceeds from the Placing also enhanced the Group's financial flexibility and provided additional resources to support its future growth.

We have devoted resources to further strengthen our production capacity and deepen our cooperation with major research organizations, including the research and development ("**R&D**") of biodegradable plastic products through collaboration with The Changchun Institute of Applied Chemistry Chinese Academy of Science ("**CIAC**"), a third-party research institute, in which we owned the rights to the R&D results. This ongoing R&D has improved product performance and cost-efficiency, thereby expanding the market potential for plastic products.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Prospect

Looking ahead, the PRC market for biodegradable plastic products is expected to continue benefiting from supportive policies and growing environmental awareness. On 15 August 2026, the Ecological and Environmental Code of the PRC* (中華人民共和國生態環境法典) took effect, marking a new stage in China's ecological and environmental protection framework. The new legal framework further promotes the use of biodegradable products and strengthens restrictions on the production, sale and use of non-biodegradable disposable plastic products. We believe this development will provide further support to the long-term growth of the Group's biodegradable plastic products business.

In view of the above, we remain confident in the prospects of the biodegradable plastic products. We will continue to optimise our production capacity, enrich our product portfolio, strengthen our R&D capabilities with new R&D projects are expected to commence in the second half of 2026 and expand our sales channels, while maintaining a disciplined approach to cost control and operational efficiency. We believe these efforts will enable the Group to better capture market opportunities and deliver sustainable growth in the future.

* English for identification purpose only

FINANCIAL REVIEW

Revenue

For the Period, the Group's revenue recorded a decrease of approximately RMB8.4 million or 5.5% to approximately RMB145.5 million, as compared with approximately RMB153.9 million recorded for the Preceding Period. This decline was primarily attributable to weakened domestic consumer demand during the Period, driven by a shift in shopping habits from in-store to online purchasing and increased adoption of substitute products. Consequently, there was a reduction in orders from existing customers, particularly supermarket chains, notably affecting sales of biodegradable shopping bags.

Cost of Sales

During the Period, the Group's cost of sales amounted to approximately RMB92.3 million, representing a decrease of approximately RMB1.3 million or 1.4%, as compared with approximately RMB93.6 million for the Preceding Period. This decrease was primarily due to a reduction in raw material costs by approximately RMB4.2 million or 5.4% to approximately RMB73.3 million for the Period (The Preceding Period: approximately RMB77.5 million), which was in line with the decline in revenue for the Period. This was partially offset by an increase in depreciation of property, plant and equipment by approximately RMB3.8 million or 88.4% to approximately RMB8.1 million for the Period (The Preceding Period: approximately RMB4.3 million), primarily due to the completion of the new production base in the Land during the Period.

Gross Profit and Gross Profit Margin

During the Period, as a result of the decrease in revenue, the Group recorded gross profit amounted to approximately RMB53.2 million, versus approximately RMB60.3 million recorded for the Preceding Period, representing a decrease of approximately RMB7.1 million or 11.8%.

The gross profit margin decreased by approximately 2.6% to approximately 36.6% for the Period (The Preceding Period: approximately 39.2%), which was mainly due to the increase in depreciation arising from the new production base in the Land during the Period, as analysed above.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other Income

During the Period, the Group's other income amounted to approximately RMB1.8 million, as compared with approximately RMB2.1 million recorded for the Preceding Period, representing a decrease of approximately RMB0.3 million or 14.3%. Such decrease was mainly attributable to (i) the decrease in interest income by approximately RMB0.6 million; (ii) the absence of recovery of written-off receivables during the Period, which amounted to approximately RMB0.5 million for the Preceding Period; partially offset by (iii) the increase in the government grants by approximately RMB0.5 million; and (iv) the increase in sundry income of approximately RMB0.4 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Period amounted to approximately RMB1.9 million, representing a decrease of approximately RMB0.4 million or 17.4%, as compared with approximately RMB2.3 million recorded for the Preceding Period. Such decrease was mainly due to a reduction in logistics service fees of approximately RMB0.2 million, which was in line with the decrease in revenue during the Period.

Administrative and Other Operating Expenses

During the Period, the Group's administrative and other operating expenses increased to approximately RMB26.7 million from approximately RMB14.4 million recorded for the Preceding Period. Such increase of approximately RMB12.3 million or 85.4% was primarily attributable to the combined effect of: (i) the increase in depreciation charges by approximately RMB9.3 million, primarily driven by the new production base in the Land; (ii) the increase in promotion expenses by RMB4.2 million, mainly for the promotion of the Group's branding, image and products; and (iii) the decrease in the R&D expenses by approximately RMB4.1 million, which were mainly incurred for R&D projects conducted in collaboration with CIAC, as major projects were completed in 2025. New R&D projects are expected to commence in the second half of 2026.

Finance Costs

During the Period, the Group's finance costs amounted to approximately RMB3.1 million, as compared with the amount of approximately RMB3.4 million for the Preceding Period, representing a decrease of approximately RMB0.3 million or 8.8%. Such decrease was mainly due to the capitalisation of interest on bank loans at approximately RMB2.3 million for the Period (The Preceding Period: Nil). Excluding the effect of the capitalisation of interest, the finance costs would be amounted to approximately RMB5.4 million for the Period, representing an increase of approximately RMB2.0 million or 58.8%, primarily due to higher average balance of interest-bearing borrowings during the Period.

Income Tax Expenses

The Group's income tax expenses decreased from approximately RMB6.6 million for the Preceding Period to approximately RMB4.7 million for the Period, representing a decrease of approximately RMB1.9 million or 28.8%. The decrease was primarily attributable to the decline in profit before tax, reflecting the Group's business performance during the Period. Meanwhile, the effective tax rate increased by approximately 4.4% to approximately 20.0% for the Period (The Preceding Period: approximately 15.6%), mainly due to an increase in non-deductible expenses during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Profit for the Period

The Group recorded a profit for the Period of approximately RMB18.7 million, as compared to the profit for the Preceding Period of approximately RMB35.8 million. The decrease in profit of approximately RMB17.1 million or 47.8% for the Period was mainly due to (i) the decrease in gross profit derived from the decrease in revenue and increase in depreciation charge; and (ii) the increase in administrative and other operating expenses, as analysed above.

Property, Plant and Equipment

The property, plant and equipment of the Group decreased by approximately RMB17.8 million or 2.5% to approximately RMB696.2 million as at 30 June 2026, as compared with approximately RMB714.0 million as at 31 December 2025, which was due to (i) depreciation of property, plant and equipment of approximately RMB19.9 million; (ii) disposal of property, plant and equipment with net carrying value of approximately RMB1.6 million; partially offset by (iii) addition to property, plant and equipment at approximately RMB3.7 million during the Period.

Right-of-Use Assets

The right-of-use assets of the Group amounted to approximately RMB10.5 million as at 30 June 2026 (31 December 2025: approximately RMB10.6 million), representing a decrease by approximately RMB0.1 million or 0.9%. Such decrease was due to depreciation charged for approximately RMB0.1 million for the Period.

Inventories

As at 30 June 2026, the Group's inventories amounted to approximately RMB8.3 million, compared with approximately RMB17.3 million as at 31 December 2025, representing a decrease of approximately RMB9.0 million or 52.0%. The decrease was primarily attributable to the strong sales volume recorded in the last quarter of the Period, which resulted in a reduction in inventory balance at period end. Revenue generated in the last quarter of the Period amounted to approximately RMB68.6 million, as compared with approximately RMB50.1 million in the corresponding quarter of 2025.

Trade and Other Receivables

As at 30 June 2026, the trade and other receivables of the Group amounted to approximately RMB117.5 million, as compared with approximately RMB121.9 million recorded as at 31 December 2025. Such decrease of approximately RMB4.4 million or 3.6% was primarily attributable to: (i) the decrease in value-added tax and other tax recoverable of approximately RMB9.4 million, mainly due to the utilisation of recoverable tax balances during the Period; (ii) the decrease in prepayments of approximately RMB4.5 million, mainly due to the utilisation of prepayments for purchase of raw materials and consultancy fee, with no significant prepayments made during the Period; (iii) the decrease in other deposits and receivables of approximately RMB5.8 million, mainly driven by the collection of receivables arising from the disposal of property, plant and equipment during the Period; partially offset by (iv) the increase in trade receivables of approximately RMB15.3 million, which was mainly due to the stronger sales volume achieved in the last quarter of the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Trade and Other Payables

As at 30 June 2026, the trade and other payables of the Group amounted to approximately RMB36.8 million, as compared with approximately RMB30.2 million as at 31 December 2025. Such increase of approximately RMB6.6 million or 21.9% was mainly due to (i) the increase in trade payables of approximately RMB16.0 million, mainly due to the increase in procurement during the last quarter of the Period; partially offset by (ii) the decrease in accruals and other payables of approximately RMB7.1 million, mainly due to the settlement of payables related to the purchase of property, plant and equipment during the Period; and (iii) the decrease in amount due to a director of approximately RMB2.2 million due to the settlement made during the Period. This amount is unsecured, interest-free and repayable on demand.

Liquidity and Financial Resources and Capital Structure

The Group exercised a high level of prudence through stringent review of liquidity, risk exposure and market conditions and reacted swiftly to identify and mitigate risks.

As at 30 June 2026, the Group had maintained adequate liquidity with cash and cash equivalents in a total of approximately RMB144.8 million, as compared with approximately RMB22.2 million as at 31 December 2025.

As at 30 June 2026, the Group had interest-bearing borrowings of approximately RMB287.3 million, as compared with approximately RMB266.6 million as at 31 December 2025. Details of the profile, currencies, maturity and interest rates of the borrowings are set out in note 13 to the condensed consolidated financial statements in this report.

The Group's gearing ratio as at 30 June 2026 was approximately 44.2%, compared to approximately 45.2% as at 31 December 2025. The gearing ratio equals to total debts divided by total equity, whereby total debts include interest-bearing borrowings.

During the Period, the Group financed its operations with loan facilities provided by banks and financial institutions and internal cash flows. The Directors considered that the Group maintained adequate liquidity position for its business operations with sufficient buffer for contingencies.

Treasury Policies

The Group implemented prudent treasury policies to maintain strong flexibility and capability to fund its business operations and manage unexpected contingencies. During the Period, the management performed credit assessments and evaluation of financial status of its customers to mitigate the Group's credit risk exposure while closely monitored the Group's liquidity position to ensure availability of sufficient financial resources to meet with the Group's funding requirements and commitments.

Exchange Rate Exposure

The majority of the Group's transactions, assets and liabilities were denominated in RMB. Since the exchange rate risk was not significant, the Group did not commit to any financial instruments to hedge against its foreign exchange exposure during the Period. The Directors and senior management closely monitor the foreign exchange exposure of the Group and will consider appropriate financial derivatives as and when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Charge on Group Assets

As at 30 June 2026, the Group's interest-bearing borrowings were secured by charges over the following assets of the Group:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Leasehold Land	10,411	10,520
Buildings	502,112	17,509
	512,523	28,029

Contingent Liabilities

As at 30 June 2026 and 2025, the Group had no contingent liabilities.

Commitments

As at 30 June 2026, the Group had no capital commitments (*31 December 2025: approximately RMB8.1 million*).

Significant Investments, Material Acquisitions and Disposals

During the Period, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies. There was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the Period (*The Preceding Period: Nil*).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Human Resources

As at 30 June 2026, the Group had a total of 165 employees as compared with 157 employees as at 30 June 2025, all our employees stationed in the PRC. Total staff costs including Directors' emoluments and retirement benefit costs for the Period amounted to approximately RMB6.3 million, against approximately RMB5.4 million as recorded for the Preceding Period.

During the Period, the Group remunerated its employees and Directors with reference to the duties, responsibilities, experience and competence of individual employee as well as prevailing market practices. The remuneration policy of the Group is formulated by the remuneration committee and subject to regular review annually, which also applies to Directors. In addition to salaries, discretionary bonuses and other fringe benefits, employees of the Group and all Directors (including independent non-executive Directors) may also be granted share options of the Company pursuant to the terms and conditions of the Company's share option scheme adopted on 9 March 2023 as incentives and rewards for their contribution to the Group.

USE OF PROCEEDS FROM THE PLACING

On 22 April 2026, the Company issued 200,000,000 Shares by way of placing under general mandate of the Company, at the placing price of HK\$0.23 per new Share. The placing price of HK\$0.23 per placing Share represents: (i) a discount of approximately 19.30% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on 1 April 2026, being the last full trading day prior to the date of the placing agreement entered into between the Company and the placing agent dated 1 April 2026 (the **"Placing Agreement"**); and (ii) a discount of approximately 15.44% to the average closing price of approximately HK\$0.272 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement. The net proceeds from the Placing after deducting related expenses were approximately HK\$45.8 million (the **"Net Proceeds"**).

The utilisation of Net Proceeds up to 30 June 2026 are set out in the table below:

Planned use of the Net Proceeds	Allocation of the Net Proceeds HK\$'000	Amount of utilised Net Proceeds as at 30 June 2026 HK\$'000	Amount of unutilised Net Proceeds as at 30 June 2026 HK\$'000	Expected timeline for the utilising unutilised Net Proceeds amount HK\$'000
Procurement of materials for production	28,799	28,799	–	Not applicable
Research and development of new products	10,003	2,000	8,003	31 December 2026
Promotion of products	6,998	6,998	–	Not applicable
Total	45,800	37,797	8,003	

As at 30 June 2026, the unutilised Net Proceeds of approximately HK\$8.0 million were deposited into licensed banks in the PRC.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of Securities and Futures Ordinance of Hong Kong (the "SFO") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or under the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Interests in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held (L) ⁽¹⁾	Approximate percentage of the Company's issued share capital (%)
Ms. Zhang Yuqiu ("Ms. Zhang") ⁽²⁾⁽⁴⁾	Interests in controlled corporation	321,080,700	26.76
Mr. Shan Yuzhu ("Mr. Shan") ⁽³⁾⁽⁴⁾	Interests in controlled corporations	190,822,340	15.90

Notes:

- (1) The Letter "L" demonstrates long position.
- (2) Ms. Zhang beneficially owns the entire issued shares of Lvsetianye Technology Holdings Limited ("Lvsetianye Technology"). Lvsetianye Technology is a company incorporated in the British Virgin Islands (the "BVI"), which in turn holds 321,080,700 Shares or approximately 26.76% of the issued share capital of the Company. Therefore, Ms. Zhang is deemed, or taken to be, interested in all the Shares held by Lvsetianye Technology for the purpose of the SFO.
- (3) Mr. Shan beneficially owns the entire issued shares of Lvsesenlin Technology Holdings Limited ("Lvsesenlin Technology"). Lvsesenlin Technology is a company incorporated in the BVI which in turn holds 91,022,880 Shares or approximately 7.58% of the issued share capital of the Company. Daziran Technology Invest Holdings Limited ("Daziran Technology") and China Plastic Environmental Protection Holdings Limited ("CPEP Holdings"), the companies incorporated in the BVI and are wholly owned by Lvsesenlin Technology, in turn holds 92,599,460 Shares or approximately 7.72% and 7,200,000 Shares or approximately 0.60% of the issued share capital of the Company, respectively. Therefore, Mr. Shan is deemed, or taken to be, interested in all the Shares held by Lvsesenlin Technology, Daziran Technology and CPEP Holdings for the purpose of the SFO.
- (4) Ms. Zhang and Mr. Shan are wife and husband. They are therefore deemed to be interested in the Shares that the other is interested in under the SFO.

OTHER INFORMATION (CONTINUED)

(b) Long positions in associated corporation

Changchun Guangke Technology Co., Ltd

Name of Director	Capacity/Nature of interest	Approximate percentage of shareholding in Changchun Guangke (%)
Ms. Zhang	Beneficial owner	0.0039
Mr. Shan	Beneficial owner	0.0036
Mr. Li	Beneficial owner	0.0001

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2026, the following persons (other than Directors or the chief executive of the Company) held an interest or a short position in the Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held (L) ⁽¹⁾	Approximate percentage of the Company's issued share capital (%)
Ms. Zhang ⁽²⁾⁽⁴⁾	Interest in a controlled corporation	321,080,700	26.76
Mr. Shan ⁽³⁾⁽⁴⁾	Interest in controlled corporations	190,822,340	15.90
Lvsetianye Technology ⁽²⁾	Beneficial owner	321,080,700	26.76
Lvsesenlin Technology ⁽³⁾	Beneficial owner	91,022,880	7.58
	Interest in controlled corporations	99,799,460	8.32
Daziran Technology ⁽³⁾	Beneficial owner	92,599,460	7.72
CPEP Holdings ⁽³⁾	Beneficial owner	7,200,000	0.60

OTHER INFORMATION (CONTINUED)

Notes:

- (1) The Letter “L” demonstrates long position.
- (2) Lvsetianye Technology held approximately 26.76% of the issued share capital of the Company. Lvsetianye Technology is wholly owned by Ms. Zhang. Ms. Zhang is therefore deemed to be interested in the Shares that Lvsetianye Technology is interested in.
- (3) Lvsesenlin Technology, Daziran Technology and CPEP Holdings held approximately 7.58%, 7.72% and 0.60% of the issued share capital of the Company, respectively. Each of Daziran Technology and CPEP Holdings is wholly owned by Lvsesenlin Technology, which is in turn wholly owned by Mr. Shan. Mr. Shan is therefore deemed to be interested in the Shares that each of Lvsesenlin Technology, Daziran Technology and CPEP Holdings is interested in.
- (4) Ms. Zhang and Mr. Shan are wife and husband. They are therefore deemed to be interested in the Shares that the other is interested in under the SFO.

Save as disclosed above, the Directors are not aware of any other person who had beneficial interests or short positions in any Shares or underlying Shares, which will be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

DIRECTORS’ RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or anybody corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the Period.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the “**Share Option Scheme**”) on 9 March 2023 (the “**Adoption Date**”) and effective upon the Listing Date for a period of 10 years and will expire on 30 March 2033. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the following paragraph) an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of any manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

OTHER INFORMATION (CONTINUED)

(B) Participants

In accordance with the terms of the Share Option Scheme, our Board may, at its absolute discretion, offer the grant of options ("**Options**") to subscribe for such number of Shares to:

- (a) any full-time employee of any member of the Group ("**Employee**"); and
- (b) any director of any member of the Group who does not perform an executive function (the person referred to in paragraphs (a) and (b) above are the "**Eligible Persons**").

(C) Total Number of Shares Available for Issue

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date.

At the date of this report, a total of 100,000,000 Shares, representing approximately 8.3% of the issued share capital of the Company, are available for issue under the Share Option Scheme.

(D) Maximum Entitlement of Each Participant

The maximum number of Shares issued and to be issued upon exercise of the Options granted to any one Eligible Person (excluding any Options lapsed in accordance with the terms of the Share Option Scheme) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting. The Company shall send a circular to the Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted in the 12-month period) to such Eligible Person, the purpose of granting options to the Eligible Person and an explanation as to how the terms of the options serve such purpose, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of the Shareholders and the date of the meeting or resolution of the Board proposing such grant shall be taken as the offer date for the purpose of calculating the exercise price of those Options.

(E) Offer and Grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

OTHER INFORMATION (CONTINUED)

(F) Minimum Vesting Period

All Options granted under the Share Option Scheme will be subject to a vesting period of no less than 12 months from the date of grant except for the specific circumstances set out in the Share Option Scheme.

(G) Subscription Price

The subscription price in respect of any particular Option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business Days (as defined in the Listing Rules) immediately preceding the offer date.

(H) Amount payable for Options and offer period

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.0 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date (the "**Acceptance Date**"). Such remittance shall in no circumstances be refundable. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

(I) Exercise of Option

An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot for dealing in the Shares on the Stock Exchange, as the case may be, or any integral multiple thereof) within the Option period in the manner as set out in the Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given.

The exercise of any Option may be subject to a vesting schedule to be determined by our Board in its absolute discretion, which shall be specified in the offer letter.

OTHER INFORMATION (CONTINUED)

Subject as hereinafter provided and subject to the terms and conditions upon which the Option is granted, an Option may be exercised by the grantee at any time during the Option period, provided that, among others:

- (i) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full) and none of the events for termination of employment or engagement stated in the relevant terms of the Share Option Scheme exists with respect to such grantee, he or she (or his or her legal representative(s)) may exercise the Option up to the grantee's entitlement immediately prior to the death or permanent disability (to the extent not already exercised) within a period of 12 months following his or her death or permanent disability or such longer period as our Board may determine;
- (ii) in the event that the grantee ceases to be a full-time employee of any member of our Group for any reason (including his or her employing company ceasing to be a member of our Group) other than his or her death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his or her employment to a member of our Group or the termination of his or her employment with the relevant member of our Group by resignation or culpable termination, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless our Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such cessation;
- (iii) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of our Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
- (iv) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have Options unexercised at the same time as it dispatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his or her legal representatives or receiver) may until the expiry of the earlier of:
 - (1) the Option period;
 - (2) the period of two months from the date of such notice; or
 - (3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his or her Option.

OTHER INFORMATION (CONTINUED)

- (v) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily windup our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his or her options at any time not later than two Business Days (as defined in the Listing Rules) prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day (as defined in the Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully-paid.

(J) Life of Share Option Scheme

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, being 31 March 2023, and will expire on 30 March 2033, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

For a more details, please refer to section headed “Statutory and General Information – F. Share Option Scheme” in Appendix V to the Prospectus.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the Adoption Date and up to date of this report. As at 1 January 2026 and 30 June 2026, the total number of options available for grant under the Share Option Scheme are 100,000,000 Shares and 100,000,000 Shares, respectively.

There is no service provider sublimit under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

During the Period and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

COMMUNICATION WITH SHAREHOLDERS

The Company’s 2026 Annual General Meeting (the “**2026 AGM**”) was held on 25 June 2026. All resolutions at the 2026 AGM were passed by way of a poll and the poll results were posted on the websites of the Stock Exchange and the Company on the same day.

OTHER INFORMATION (CONTINUED)

USE OF PROCEEDS FROM THE PLACING

On 22 April 2026, the Company issued 200,000,000 Shares by way of placing under general mandate of the Company. The net proceeds from the Placing after deducting of related costs and expenses to be borne by the Company were approximately HK\$45.8 million. For details of use of proceeds from the Placing, please refer to the section headed “Use of Proceeds from the Placing” in this report.

CONNECTED/RELATED PARTIES TRANSACTIONS

The Company had not entered into any connected transaction during the Period, which is required to be disclosed under the Listing Rules. Save for the related party transactions as disclosed in note 15 to the unaudited condensed consolidated financial statements, there were no other related party transactions, connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, since the Listing Date and up to the date of this report, the Company has maintained a sufficient public float of not less than 25% of the Company’s total number of issued Shares as required under the Listing Rules.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Based on specific enquiry made to the Directors, all of the Directors have confirmed that they had complied with the Model Code during the Period and up to the date of this report.

OTHER INFORMATION (CONTINUED)

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Period and up to the date of this report, there was no material breach of or non-compliance with the applicable provisions of relevant laws and regulations by the Group.

During the Period and up to the date of this report, there was no non-compliance of Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive directors representing at least one-third of the Board. In addition, the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 of the Listing Rules. The Company will continue to regularly review and monitor its corporate governance practices to align with the latest corporate governance developments.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant event affecting the Group has occurred since the end of the Period and up to the date of this report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As at the date of this report, the members of the Audit Committee are Mr. Leung Tsz Wing, Dr. Lai King Yin and Dr. Song Xiaofeng, all of whom are independent non-executive Directors. Mr. Leung Tsz Wing is the chairman of the Audit Committee. The Group's unaudited condensed consolidated financial statements and the interim report for the six months ended 30 June 2026 have not been audited by the external auditors but they have been reviewed by the Audit Committee. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's unaudited condensed consolidated financial statements were prepared in accordance with the applicable accounting standards.

On behalf of the Board

Zhang Yuqiu

Chair and Executive Director

Changchun, Jilin, the PRC, 31 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	4	145,537	153,886
Cost of sales		(92,294)	(93,552)
Gross profit		53,243	60,334
Other income	5	1,821	2,115
Selling and distribution expenses		(1,925)	(2,267)
Administrative and other operating expenses		(26,674)	(14,385)
Finance costs	6	(3,107)	(3,440)
Profit before tax	6	23,358	42,357
Income tax expenses	7	(4,660)	(6,599)
Profit for the period		18,698	35,758
Other comprehensive (loss) income:			
<i>Item that will not be reclassified to profit or loss</i>			
Translation of the Company's financial statements into presentation currency		(2,822)	(600)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on consolidation		4,140	2,303
Total other comprehensive income		1,318	1,703
Total comprehensive income for the period		20,016	37,461
Profit for the period attributable to:			
Owners of the Company		18,527	35,534
Non-controlling interests		171	224
		18,698	35,758

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2026

	Notes	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Total comprehensive income for the period attributable to:			
Owners of the Company		19,845	37,237
Non-controlling interests		171	224
		20,016	37,461
		RMB cents	RMB cents
Earnings per share attributable to owners of the Company:			
Basic and diluted	8	1.72	3.55

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	696,167	713,964
Right-of-use assets		10,461	10,572
Intangible assets		57	64
		706,685	724,600
Current assets			
Inventories		8,332	17,279
Trade and other receivables	11	117,460	121,917
Income tax recoverable		–	4,437
Cash and cash equivalents		144,832	22,238
		270,624	165,871
Current liabilities			
Trade and other payables	12	36,770	30,150
Interest-bearing borrowings	13	102,806	81,123
Deferred income		489	489
Income tax payable		1,298	–
		141,363	111,762
Net current assets		129,261	54,109
Total assets less current liabilities		835,946	778,709
Non-current liabilities			
Interest-bearing borrowings	13	184,468	185,457
Deferred income		1,126	1,373
Deferred tax liabilities		187	1,870
		185,781	188,700
NET ASSETS		650,165	590,009

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2026

	Notes	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Capital and reserves			
Share capital	14	10,553	8,800
Reserves		635,086	576,854
Equity attributable to owners of the Company		645,639	585,654
Non-controlling interests		4,526	4,355
TOTAL EQUITY		650,165	590,009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Reserves						Non-controlling interests	Total equity
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000	RMB'000
At 1 January 2026 (audited)	8,800	150,405	107,710	47,467	6,076	265,196	585,654	4,355
Profit for the period	-	-	-	-	-	18,527	18,527	171
Other comprehensive (loss) income:								
<i>Item that will not be reclassified to profit or loss</i>								
Translation of the Company's financial statements into presentation currency	-	-	-	-	(2,822)	-	(2,822)	-
<i>Item that may be reclassified subsequently to profit or loss</i>	-	-	-	-				
Exchange difference on consolidation	-	-	-	-	4,140	-	4,140	-
Total other comprehensive income	-	-	-	-	1,318	-	1,318	-
Total comprehensive income for the period	-	-	-	-	1,318	18,527	19,845	171
Transactions with owners:								
<i>Contributions and distributions</i>								
Issue of new shares (Note 14)	1,753	38,387	-	-	-	-	40,140	-
Appropriation to statutory reserve	-	-	-	2,595	-	(2,595)	-	-
Total transactions with owners	1,753	38,387	-	2,595	-	(2,595)	40,140	-
At 30 June 2026 (unaudited)	10,553	188,792	107,710	50,062	7,394	281,128	645,639	4,526

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2026

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Reserves			Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
				Statutory reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000			
At 1 January 2025 (audited)	8,800	150,405	107,710	45,438	5,874	238,111	556,338	4,018	560,356
Profit for the period	-	-	-	-	-	35,534	35,534	224	35,758
Other comprehensive (loss) income:									
<i>Item that will not be reclassified to profit or loss</i>									
Translation of the Company's financial statements into presentation currency	-	-	-	-	(600)	-	(600)	-	(600)
<i>Item that may be reclassified subsequently to profit or loss</i>									
Exchange difference on consolidation	-	-	-	-	2,303	-	2,303	-	2,303
Total other comprehensive income	-	-	-	-	1,703	-	1,703	-	1,703
Total comprehensive income for the period	-	-	-	-	1,703	35,534	37,237	224	37,461
Transaction with owners:									
<i>Contributions and distributions</i>									
Appropriation to statutory reserve	-	-	-	3,773	-	(3,773)	-	-	-
Total transaction with owners	-	-	-	3,773	-	(3,773)	-	-	-
At 30 June 2025 (unaudited)	8,800	150,405	107,710	49,211	7,577	269,872	593,575	4,242	597,817

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Net cash from operating activities	68,920	67,992
INVESTING ACTIVITIES		
Interest received	45	645
Deposits paid for acquisition of property, plant and equipment	–	(108,520)
Acquisition of Right-of-use assets	–	(9,976)
Proceeds from disposal of property, plant and equipment	7,892	–
Payment for purchase of property, plant and equipment	(9,514)	(136,734)
Net used in investing activities	(1,577)	(254,585)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	40,140	–
Inception of interest-bearing borrowings	76,450	216,698
Repayment of interest-bearing borrowings	(55,756)	(50,294)
Repayment of lease liabilities	–	(30)
Interest paid	(5,444)	(3,440)
Net cash from financing activities	55,390	162,934
Net increase (decrease) in cash and cash equivalents	122,733	(23,659)
Cash and cash equivalents at the beginning of the reporting period	22,238	422,706
Effect on exchange rate changes	(139)	(73)
Cash and cash equivalents at the end of the reporting period	144,832	398,974

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

China Treasures New Materials Group Ltd. (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 21 January 2022, and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 31 March 2023 (the “**Listing**”). The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The Company’s principal place of business is situated at Room 1910, 19/F., C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group’s headquarter is situated at No. 3, Jing’Er Road, Kalun Industrial South Region, Jiutai Economics Development Zone, Changchun City, Jilin Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and the Group is principally engaged in development and manufacture of biodegradable plastic products and non-biodegradable automobile and other plastic parts in the PRC.

At the date of this report, in the opinion of the directors of the Company, the ultimate controlling parties are Ms. Zhang Yuqiu and Mr. Shan Yuzhu.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements of the Group for the six months ended 30 June 2026 (the “**Interim Financial Statements**”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the 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.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2025, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRS Accounting Standards which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB. They shall be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2025 (the “**2025 Financial Statements**”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Interim Financial Statements have been prepared on the historical costs basis and presented in Renminbi (“**RMB**”) and rounded to the nearest thousands (“**RMB’000**”), unless otherwise indicated.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the 2025 Financial Statements except for the adoption of the new/revised IFRS Accounting Standards described below which are effective for current period.

Adoption of new/revised IFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRS Accounting Standards issued by the IASB which are effective for the current period.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Annual Improvements to IFRS Accounting Standards	Volume 11
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity

The adoption of the new/revised IFRS Accounting Standards in the current period has no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted the new/revised IFRS Accounting Standards that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of the new/revised IFRS Accounting Standards in future periods will have any material impact on the Group’s consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable operating segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

- 1) development and manufacture of biodegradable plastic products; and
- 2) development and manufacture of non-biodegradable automobile parts and other plastic products.

Segment revenue and results

Segment revenue represents revenue derived from development and manufacture of biodegradable plastic products and non-biodegradable automobile parts and other plastic products.

Segment results represent the gross profit reported by each segment without allocation of other income, selling and distribution expenses, administrative and other operating expenses, finance costs and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

The segment information provided to the CODM of the Group for the reportable operating segments for the reporting period is as follows:

	Development and manufacture of biodegradable plastic products RMB'000	Development and manufacture of non-biodegradable automobile plastic parts and other plastic products RMB'000	Total RMB'000
Six months ended 30 June 2026 (Unaudited)			
Segment revenue	131,530	14,007	145,537
Segment cost of sales	(84,217)	(8,077)	(92,294)
Segment results	47,313	5,930	53,243
Other income			1,821
Selling and distribution expenses			(1,925)
Administrative and other operating expenses			(26,674)
Finance costs			(3,107)
Profit before tax			23,358
Income tax expenses			(4,660)
Profit for the period			18,698
<i>Other information</i>			
Amortisation of intangible assets	7	–	7
Depreciation (Note)			
– Property, plant and equipment	13,672	2,569	16,241
– Right-of-use assets	111	–	111
Provision for loss allowances on trade receivables, net	62	15	77

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

	Development and manufacture of biodegradable plastic products RMB'000	Development and manufacture of non-biodegradable automobile parts and other plastic products RMB'000	Total RMB'000
Six months ended 30 June 2025 (Unaudited)			
Segment revenue	143,910	9,976	153,886
Segment cost of sales	(87,550)	(6,002)	(93,552)
Segment results	56,360	3,974	60,334
Other income			2,115
Selling and distribution expenses			(2,267)
Administrative and other operating expenses			(14,385)
Finance costs			(3,440)
Profit before tax			42,357
Income tax expenses			(6,599)
Profit for the period			35,758
<i>Other information</i>			
Amortisation of intangible assets	5	–	5
Depreciation (Note)			
– Property, plant and equipment	1,310	1,544	2,854
– Right-of-use assets	105	–	105
Reversal of loss allowances on trade receivables, net	(174)	(17)	(191)

Note: Unallocated depreciation of property, plant and equipment of approximately RMB3,708,000 (2025: RMB3,824,000) and right-of-use assets of Nil (2025: RMB96,000) were not included in other information for the period ended 30 June 2026.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

	Development and manufacture of biodegradable plastic products RMB'000	Development and manufacture of non-biodegradable automobile parts and other plastic products RMB'000	Unallocated RMB'000	Total RMB'000
At 30 June 2026 (Unaudited)				
Assets				
Reportable segment assets	712,121	70,820	194,368	977,309
Liabilities				
Reportable segment liabilities	207,822	2,402	116,920	327,144
Other information				
Capital expenditures	3,779	–	–	3,779
At 31 December 2025 (Audited)				
Assets				
Reportable segment assets	747,424	30,165	112,882	890,471
Liabilities				
Reportable segment liabilities	194,203	–	106,259	300,462
Other information				
Capital expenditures	627,818	–	1,433	629,251

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include deposits for acquisition of property, plant and equipment, inventories, trade receivables, certain property, plant and equipment, right-of-use assets, intangible assets and other receivables. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include trade payables and certain other payables. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

3. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. All of the Group's revenue from external customers during the six months ended 30 June 2026 and 2025 was derived from the PRC and almost all of the Group's assets and liabilities are located in the PRC.

Information about major customers

Details of the customers (including entities under common control) individually accounting for 10% or more of total revenue of the Group during the reporting period are as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Development and manufacture of biodegradable plastic products		
Customer A	20,567	21,179

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

4. Revenue

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue from contracts with customers within IFRS 15		
<i>At a point in time</i>		
Development and manufacture of biodegradable plastic products	131,530	143,910
Development and manufacture of non-biodegradable automobile and other plastic parts	14,007	9,976
	145,537	153,886

5. Other income

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest income	45	645
Government grants (<i>Note</i>)	1,363	925
Sundry Income	413	–
Recovery of written-off receivables	–	545
	1,821	2,115

Note: Government grants represent various forms of subsidy granted to the Group by the local government authorities in the PRC for compensation of expenses incurred by the Group. These grants are generally made for business supports and awarded to the Group on a discretionary basis. The Group received these government grants in respect of its investments in the PRC. During the six months ended 30 June 2026, there were assets related grants of approximately RMB247,000 (2025: RMB245,000).

There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Finance costs		
Interest on bank loans	5,444	3,440
Less: Interest on bank loans capitalised into property, plant and equipment	(2,337)	–
	3,107	3,440
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	4,866	4,070
Contributions to defined contribution plans	1,384	1,354
	6,250	5,424

Profit before tax is arrived at after charging (crediting):

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Other items		
Cost of inventories (Note i)	92,049	92,476
Amortisation of intangible assets (charged to "administrative and other operating expenses")	7	5
Depreciation of property, plant and equipment (charged to "cost of sales", "selling and distribution expenses" and "administrative and other operating expenses", as appropriate)	19,949	6,678
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	111	201
Research and development expenses (charged to "cost of sales" and "administrative and other operating expenses", as appropriate) (Note ii)	2,236	6,354
Expenses recognised under short-term leases	912	862
Provision for (Reversal of) loss allowances on trade receivables, net	77	(191)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

6. PROFIT BEFORE TAX (CONTINUED)

Notes:

- (i) Cost of inventories included the following items which were included in the respective amounts as disclosed above.

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Staff costs	3,771	3,279
Depreciation on property, plant and equipment	8,145	4,323
	11,916	7,602

- (ii) Research and development expenses included the following items which were included in the respective amounts as disclosed above.

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Staff costs	575	549
Depreciation on property, plant and equipment	133	177
	708	726

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

7. TAXATION

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current tax		
PRC enterprise income tax	6,343	6,658
Deferred tax		
Changes in temporary differences	(1,683)	(59)
Total income tax expenses for the period	4,660	6,599

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the six months ended 30 June 2026 and 2025.

The Group's entities established in the PRC are subject to the PRC enterprise income tax at a statutory rate of 25% except for Jilin Province Kaishun New Material Co., Ltd* (吉林省開順新材料有限公司) ("Jilin Kaishun") which was recognised as High and New Technology Enterprise and is entitled to a preferential tax rate of 15% during the six months ended 30 June 2026 and 2025. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years. The latest approval for Jilin Kaishun enjoying this tax benefit was obtained in November 2024 for the three years ending 31 December 2026.

* English name for identification purpose only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Profit:		
Profit attributable to owners of the Company used for the purpose of basic earnings per share	18,527	35,534
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,076,923,077	1,000,000,000

There were no dilutive potential ordinary shares during the six months ended 30 June 2026 and 2025, and therefore, diluted earnings per share is the same as the basic earnings per share.

9. DIVIDENDS

The directors of the Company did not recommend a payment of an interim dividend for the six months ended 30 June 2026 and 2025.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group incurred expenditures on property, plant and equipment with total cost of approximately RMB3,779,000 (2025: Nil).

During the six months ended 30 June 2026, the Group disposed of property, plant and equipment with net carrying value of approximately RMB1,627,000 (2025: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Trade receivables		
From third parties	71,537	56,228
Less: Loss allowances	(358)	(281)
	71,179	55,947
Other receivables		
Prepayments	2,261	6,796
Other deposits and receivables	3,067	8,823
Value-added tax and other tax recoverable	40,953	50,351
	46,281	65,970
	117,460	121,917

The ageing of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within 30 days	26,540	18,690
31 to 60 days	24,406	22,102
61 to 90 days	20,233	15,155
	71,179	55,947

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Not yet due	71,179	55,947

12. TRADE AND OTHER PAYABLES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Trade payables		
To third parties	26,225	10,203
Other payables		
Salary payables	865	1,018
Value-added tax and other tax payables	43	38
Amount due to a director (Note i)	3,785	5,978
Accruals and other payables	5,852	12,913
	10,545	19,947
	36,770	30,150

Note (i): The amount due is unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

12. TRADE AND OTHER PAYABLES (CONTINUED)

At the end of each reporting period, the ageing analysis of trade payables based on invoice date is as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within 30 days	13,201	7,131
31 to 60 days	12,868	2,864
61 to 90 days	156	208
	26,225	10,203

The trade payables are unsecured, interest-free and with normal credit terms up to 60 days.

13. INTEREST-BEARING BORROWINGS

At the end of each reporting period, details of the interest-bearing borrowings of the Group are as follows:

	Notes	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Secured borrowings			
– Bank and other loans	(a), (b)	287,274	266,580

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

13. INTEREST-BEARING BORROWINGS (CONTINUED)

At the end of each reporting period, details of the interest-bearing borrowings of the Group are as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Current portion	102,806	81,123
Non-current portion	184,468	185,457
	287,274	266,580

Notes:

- (a) At 30 June 2026, the secured borrowings carry weighted average effective interest rate of approximately 4.06% (31 December 2025: 3.92%) per annum.
- (b) The secured borrowings are secured by:
 - (i) a leasehold land of the Group with aggregate net carrying amounts of approximately RMB10,411,000 and RMB10,520,000 at 30 June 2026 and 31 December 2025, respectively;
 - (ii) buildings of the Group with aggregate net carrying amounts of approximately RMB502,112,000 and RMB17,509,000 at 30 June 2026 and 31 December 2025, respectively;
 - (iii) personnel guarantee provided by Mr. Shan Yuzhu, an executive director of the Company, against certain loans with carrying amount of approximately RMB261,200,000 (31 December 2025: RMB240,880,000);
 - (iv) personnel guarantee provided by Ms. Zhang Yuqiu, an executive director of the Company, against certain loans with carrying amount of approximately RMB258,200,000 (31 December 2025: RMB237,500,000); and
 - (v) properties held by Mr. Shan Yuzhu against a loan with carrying amount of approximately RMB16,000,000 (31 December 2025: RMB16,000,000).

In addition, the secured borrowings are guaranteed by a non-wholly owned subsidiary, 儀徵市聚鑫源生物科技有限公司 Yizheng City Juxinyuan Biotechnology Co., Ltd.*; 長春廣科科技有限公司 Changchun Guangke Technology Co., Ltd.* and the Company.

All facilities obtained from banks and other financial institutions are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. At 30 June 2026 and 31 December 2025, none of the covenants relating to drawn down facilities had been breached.

* The English names of these entities represent the best effort made by the directors of the Company to translate the Chinese names as their names have not been registered officially in English.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

14. SHARE CAPITAL

	At 30 June 2026 (unaudited)			At 31 December 2025 (audited)		
	No. of shares			No. of shares		
	'000	HK\$'000	RMB'000	'000	HK\$'000	RMB'000
Authorised:						
– Ordinary share of HK\$0.01 each	10,000,000	100,000	8,800	10,000,000	100,000	8,800
Ordinary shares, issued and fully paid:						
At beginning of the reporting period	1,000,000	10,000	8,800	1,000,000	10,000	8,800
Issue of shares (note (i))	200,000	2,000	1,753	–	–	–
At end of the reporting period	1,200,000	12,000	10,553	1,000,000	10,000	8,800

Note (i): On 22 April 2026, the Company completed the issuance of the placing shares, which a total of 200,000,000 placing shares have been issued to independent third parties at the placing price of HK\$0.23 per placing shares, for a cash consideration of HK\$46,000,000 (equivalent to approximately RMB40,315,000), before share issue expenses. The proceeds of approximately HK\$2,000,000 (equivalent to approximately RMB1,753,000) representing the par value have been credited to the Company's share capital and the remaining proceeds (net of share issue expenses of HK\$200,000 (equivalent to approximately RMB175,000)) of HK\$43,800,000 (equivalent to approximately RMB38,387,000) have been credited to the share premium.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2026

15. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2026 and 2025, further information of the related party transaction is set out below.

Remuneration for key management personnel (including directors of the Company) of the Group:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Salaries, allowances, discretionary bonus, and other benefits in kind	722	519
Contributions to defined contribution plans	92	122
	814	641

16. COMMITMENTS

(a) Commitments under leases

The Group as lessee

At 30 June 2026, the Group was committed to approximately RMB1,333,000 (31 December 2025: RMB531,000) for short-term leases.