



CHANGHONG JIAHUA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 3991

Interim Report 2025



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Corporate Information

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head office and principal place of business	Unit 1412, 14/F, West Tower, Shun Tak Centre 168–200 Connaught Road Central Hong Kong
Bermuda principal share registrar and transfer office	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited 1712–1716, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	The Hongkong and Shanghai Banking Corporation Limited China Insurance Group Building 141 Des Voeux Road Central, Sheung Wan Hong Kong
Stock exchange	Main Board of The Stock Exchange of Hong Kong Limited (the " Stock Exchange ")
Stock code	3991
Website	www.changhongit.com
E-mail address	fengyl@changhongit.com

Corporate Information

Board of Directors

Executive Directors	Mr. ZHU Jianqiu (<i>Chairman and President</i>) Mr. ZHAO Qilin Ms. MAO Haiyun Mr. MA Ban Ms. SU Huiqing Mr. ZHOU Jiachao
Independent Non-executive Directors	Mr. Jonathan CHAN Ming Sun Mr. GAO Xudong Mr. MENG Qingbin
Authorised representatives	Mr. ZHU Jianqiu Mr. CHENG Ching Kit
Company Secretary	Mr. CHENG Ching Kit
Audit Committee	Mr. Jonathan CHAN Ming Sun (<i>Chairman</i>) Mr. GAO Xudong Mr. MENG Qingbin
Remuneration Committee	Mr. Jonathan CHAN Ming Sun (<i>Chairman</i>) Mr. ZHU Jianqiu Mr. MENG Qingbin
Nomination Committee	Mr. ZHU Jianqiu (<i>Chairman</i>) Mr. Jonathan CHAN Ming Sun Mr. GAO Xudong
Auditor	SHINEWING (HK) CPA Limited Registered Public Interest Entity Auditors 17/F, Chubb Tower, Windsor House 311 Gloucester Road, Causeway Bay Hong Kong

Chairman's Statement

Dear Shareholders,

During the six months ended 30 June 2025, in times of slackening global economic growth along with the intertwining of a myriad of risks, the Group continued to operate steadily, achieving stable growth in turnover and profit.

BUSINESS REVIEW

In the first half of 2025, with continuous geopolitical conflicts, rampant trade protectionism and turbulent international financial market, the outlook of the global economy showed significant deterioration. In face of the sophisticated and ever-changing domestic and international situations, China implemented more constructive macro policies to continue pushing forward, maintaining a development momentum with steady growth and steady improvement. During the first half of the year, given the adverse business environment and changes in industry landscape, the Group insisted in the operational approach of “creating ecological value and being a partner for high-quality growth”. Building on the healthy development of smart distribution services, the Group expedited deep transformation from chain of thought to ecological thinking. By using digital intelligence technology as its means, the diversified and professional service capabilities for the smart distribution services continued to improve, which helped create and enhance ecological value. Meanwhile, the Group facilitated deeper collaboration with ecological partners to carry out strategic layout and further development as well as cultivate new advantages in the fields of cloud applications, metaverse, cybersecurity, low-altitude economy and digital marketing.

In the first half of 2025, the Group recorded a revenue of about HK\$21,168.69 million, up by 9.76 % over the same period of the previous fiscal year; gross margin in the first half of 2025 was 3.07 %, down by about 0.27 percentage point from the same period of the previous fiscal year, mainly due to fierce market competition. The profit attributable to shareholders in the first half of 2025 was approximately HK\$181.19 million, up by about 10.16 % over the same period of the previous fiscal year and the basic earnings per share was approximately HK\$7.05 cents, up by HK\$0.65 cents from HK\$6.40 cents in the same period of the previous fiscal year.

Chairman's Statement

During the period, the Group continuously consolidated fundamental management, reinforced its digital and intelligent systems infrastructure and business process transformation and optimization, built an intelligent business system, improved operational efficiency, enabled business innovation, and strived to provide customers with intelligent services with increased efficiency and convenience. The Group continued to reinforce risk management and control, adhered to strict inventory management, credit management and receivable management, allocated funds in a reasonable manner, and accelerated cash flow to ensure the safety and efficiency of working capital. With persistent cost control by the Group, research and development expenses increased compared with the same period last year, which was mainly attributable to the increase in research and development staff. Distribution and selling expenses increased compared with the same period last year, primarily due to a rise in operating expenditures on e-commerce business operation, while finance costs decreased due to the decrease of interest rate of bank borrowings.

For the six months ended 30 June 2025, the revenue and profits of the three operating segments of the Group were analyzed as follows (RMB exchange rate fluctuations may affect the number/percentage of segments):

ICT consumer products distribution business: Due to the close cooperation with core manufacturers, this business segment seized the opportunities of AI product iteration and the national policies to boost consumption to actively develop superior products, strengthen its penetration to lower-tier channels, enhance online store operations, deepen integrated online-offline retail models, and enable the PC business to maintain leading market share. With big data and AI technologies as its core driving force, this segment continued to improve its comprehensive digital intelligence service platform, enabling high-efficient connection with industry ecology and deriving new business opportunities. The business's turnover decreased by 0.28% to HK\$8,471.25 million compared with the same period last year due to exchange rate conversion, while its profit increased by 5.62% to HK\$129.55 million due to structural change on products.

ICT corporate products distribution business: This segment seized the market opportunities arising from the explosive growth in AI field to increase its investment in technologies and continue to build cloud ecological service platform and integrated solutions platform, and expand and facilitate deeper cooperation with brands in the areas including application deployment on big AI models, next-generation intelligent computing center, cloud services, cybersecurity, digital marketing, etc., aiming to provide customers with high quality digital products, application solutions and differentiated technical services, and continue to increase business value. The business's turnover increased by 23.67% to HK\$8,378.27 million compared with the same period last year, while its profit decreased by 8.08% to HK\$221.86 million due to fierce market competition.

Chairman's Statement

Other businesses: As a result of continuous upgrade and empowerment of upstream and downstream services by the smart phone business, the business segment's turnover increased by 7.53% to HK\$4,319.18 million compared with the same period last year, while its profit increased by 21.23% to HK\$45.10 million.

OUTLOOK

Looking forward to the second half of 2025, with geopolitical conflicts continuing in many districts, and the intensified trade tension, the global policies and environment have become more uncertain, resulting in higher pressure and challenges against global economic recovery. China will join forces with fiscal policies and currency policies, focus on boosting domestic demand, adjust industry structure through precise policy implementation, develop new quality productivity and cultivate new points for economic growth, targeting to provide driving force for the stable development of China's economy. For the second half of 2025, adhering to its operational approach of "creating ecological value and being a partner for high-quality growth", the Group will strengthen its position as a technology service enterprise, utilizing innovation as its driving force, digital intelligence technology as its means, and intelligent distribution services as its foundation. It will expand into emerging industry ecologies such as cloud applications, the metaverse, cybersecurity, and the low-altitude economy, continue to advance service innovation and value creation so as to help partners maximize ecological value, achieve win-win, high-quality growth, and deliver greater contributions to shareholders.

ZHU Jianqiu
Chairman

12 August 2025

Management Discussion and Analysis

FINANCIAL SUMMARY

- Revenue for the six months ended 30 June 2025 was approximately HK\$21,168.69 million (2024: HK\$19,286.17 million), representing an increase of 9.76% as compared with the previous period.
- Profit for the six months ended 30 June 2025 was approximately HK\$181.19 million (2024: HK\$164.48 million), representing an increase of 10.16% as compared with the previous period.
- Total comprehensive income for the six months ended 30 June 2025 was approximately HK\$241.06 million (2024: HK\$134.94 million). This increase was mainly due to the fluctuations in the RMB exchange rate.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2025, the Group's financial and liquidity positions remained healthy and stable. As at 30 June 2025, the Group's total interest-bearing borrowings amounted to approximately HK\$2,749.99 million and its cash and bank balances amounted to approximately HK\$3,371.76 million. Net current assets of the Group was approximately HK\$2,976.75 million. The net gearing ratio (total net debt/total shareholders' equity) of the Group as at 30 June 2025 was 3.59 times. The management is confident that the Group's financial resources is sufficient for its daily operations.

PLEDGE OF ASSETS

The Group did not have any mortgage or charge over its fixed assets as at 30 June 2025 (2024: Nil).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets and liabilities and transactions are principally denominated in Renminbi, Hong Kong dollars and United States dollars. As the spread of exchange rate of Renminbi is locked and the exchange rate between Hong Kong dollars and United States dollars is pegged, the Group believes its exposure to exchange risk is minimal. The Group will continue to monitor the situation and assess whether any hedging arrangement is necessary.

As at 30 June 2025, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

Management Discussion and Analysis

TREASURY POLICY

Cash and bank deposits of the Group are either in Renminbi, Hong Kong dollars and United States dollars. The Group conducts its core business transaction mainly in Renminbi, Hong Kong dollars and United States dollars. The Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

TRANSFER OF FINANCIAL ASSETS

As at 30 June 2025 and 31 December 2024, the Group (i) endorsed certain bills receivable for the settlement of trade and other payables; and (ii) discounted certain bills receivable to banks for raising of cash. In the opinion of the directors of the Company, the Group has transferred the significant risks and rewards relating to these bills receivable, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of default in payment of the endorsed and discounted bills receivable is low because all endorsed and discounted bills receivable are issued and guaranteed by the reputable banks in the PRC. As a result, the relevant assets and liabilities were not recognized in the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivable at the end of each reporting period are as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Settlement of trade and other payables	74,177	132,139
Discounted bills for raising of cash	2,003,174	1,803,800
Outstanding endorsed and discounted bills receivables with recourse	2,077,351	1,935,939

The outstanding endorsed and discounted bills receivables are aged within 185 days at the end of the reporting period (2024: 360 days).

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2025, the Group had no material capital commitments and no future plans for material investments or capital assets.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events that might affect the Group after the reporting period up to the date of this report.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2025, the total number of the Group's staff was 1,359 (as at 30 June 2024: 1,552). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in the form of mandatory provident fund, and pays social pension insurance and housing provident fund for its employees in China in accordance with the local laws and regulations.

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2025 (2024: Nil).

The payment of a final dividend of HK\$0.05 per ordinary share and preference share for the year ended 31 December 2024, totaling approximately HK\$128.53 million, had been resolved at the annual general meeting of the Company held on 23 May 2025 and the payment was made on 20 June 2025.

Other Information

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sales of treasury shares, if any).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the corporate governance code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules which sets out corporate governance principles and code provisions (the "**Code Provisions**"). Throughout the six months period ended 30 June 2025, the Company has complied with all the Code Provisions as set out under the CG Code, except the following deviations:

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. As Mr. ZHU Jianqiu serves as both the chairman of the Board and the president, such practice deviates from code provision C.2.1 of the CG Code. Although the roles of chairman of the Board and president are performed by the same individual, all major decisions have been made in consultation with members of the Board as well as senior management. The Board comprises three independent non-executive Directors who offer different independent perspectives. Therefore, the Board is of the view that there is adequate balance of power and safeguards in place.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the model code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules ("**Model Code**") as its own code of conduct regarding Directors' dealings in securities of the Company.

Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the Model Code during the six months ended 30 June 2025.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

Pursuant to Rule 3.21 of the Listing Rules, the Company established an audit committee with written terms of reference aligned with the provision of the code provisions set out in Appendix C1 of the Listing Rules.

The primary responsibilities of the audit committee of the Company (the "**Audit Committee**") are to review and supervise the financial reporting process and internal control system of the Group. The members of the Audit Committee are Mr. Jonathan CHAN Ming Sun (chairman of the committee), Mr. GAO Xudong and Mr. MENG Qingbin.

The financial information in this report has not been reviewed or audited by the external auditor of the Company but the Audit Committee has reviewed the Group's results for the six months ended 30 June 2025.

Other Information

REMUNERATION COMMITTEE

The primary responsibilities of the remuneration committee of the Company (the “**Remuneration Committee**”) are to review and make recommendation for the remuneration policy of the directors and senior management. The members of the Remuneration Committee are Mr. Jonathan CHAN Ming Sun (chairman of the committee), Mr. ZHU Jianqiu and Mr. MENG Qingbin.

NOMINATION COMMITTEE

The primary responsibilities of the nomination committee of the Company (the “**Nomination Committee**”) are to formulate nomination policy and make recommendation to the Board on nomination and appointment of directors and board succession. The members of the Nomination Committee are Mr. ZHU Jianqiu (chairman of the committee), Mr. Jonathan CHAN Ming Sun and Mr. GAO Xudong.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

As at 30 June 2025, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”)) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

Name of Director	Capacity	Number of ordinary shares interested (Note a)	Approximate percentage of interest
Mr. Zhu Jianqiu	Beneficial owner	115,165,762 (L)	7.92%
Mr. Zhao Qilin	Beneficial owner	750,000 (L)	0.05%
Ms. Su Huiqing	Beneficial owner	34,589,636 (L)	2.38%

Note:

(a) (L) represents long position.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives of the Company had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are 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 or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules.

Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months end 30 June 2025 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate. As at the date of this report, the Company has not granted any share options to the Directors.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS IN THE COMPANY

So far as the Directors were aware, as at 30 June 2025, the persons or companies (not being a Director or chief executive of the Company) whose interests or short positions in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed or were notified to the Company and the Stock Exchange pursuant to the provisions under Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long positions in Shares

Name of substantial shareholders	Capacity	Class of Shares	Number of Shares interested (Note a)	Approximate percentage of interest in relevant class of shares (Note b)
Sichuan Changhong Electric Co., Limited ("Sichuan Changhong")	Interest of controlled corporation	Ordinary share	874,650,000 (L) (Note c)	60.13%
		Preference share	1,115,868,000 (L) (Note d)	100.00%
Changhong (Hong Kong) Trading Limited ("Changhong Hong Kong")	Interest of controlled corporation and beneficial owner	Ordinary share	874,650,000 (L) (Note e)	60.13%
		Preference share	1,115,868,000 (L) (Note d)	100.00%
Fit Generation Holding Limited ("Fit Generation")	Beneficial owner	Ordinary share	858,650,000 (L)	59.03%
		Preference share	1,115,868,000 (L)	100.00%
Sichuan Chuantou Assets Management Co., Ltd. ("Chuantou Assets Management") (Note f)	Beneficial owner	Ordinary share	83,009,340 (L)	5.70%
Sichuan Energy Development Group Co., Ltd. ("Sichuan Energy Development Group") (Note f)	Interest of controlled corporation	Ordinary share	83,009,340 (L)	5.70%

Other Information

Notes:

- (a) (L) represents long position.
- (b) The percentages are calculated based on the total number of Shares and preference shares of the Company in issue as at 30 June 2025, which were 1,454,652,000 and 1,115,868,000, respectively.
- (c) Among the 874,650,000 Shares interest held by Sichuan Changhong, 16,000,000 Shares were held through its wholly-owned subsidiary, Changhong Hong Kong and 858,650,000 Shares were held through Fit Generation, which is wholly-owned by Changhong Hong Kong. Sichuan Changhong is therefore deemed to be interested in the Shares held by Changhong Hong Kong and Fit Generation for the purpose of the SFO. Sichuan Changhong Holding is the single largest shareholder of Sichuan Changhong, which held approximately 23.22% of the entire issued share capital of Sichuan Changhong and has de facto control over the composition of the majority of the board of Sichuan Changhong.
- (d) 1,115,868,000 preference shares of the Company were held by Fit Generation, which is wholly-owned by Changhong Hong Kong, which is a wholly-owned subsidiary of Sichuan Changhong. Each of Sichuan Changhong and Changhong Hong Kong is therefore deemed to be interested in the preference shares of the Company held by Fit Generation for the purpose of the SFO.
- (e) Among the 874,650,000 Shares interest held by Changhong Hong Kong, 16,000,000 Shares were held directly and 858,650,000 Shares were held through Fit Generation. As Fit Generation is wholly-owned by Changhong Hong Kong, Changhong Hong Kong is deemed to be interested in the Shares held by Fit Generation for the purpose of the SFO.
- (f) Chuantou Assets Management was originally wholly-owned by Sichuan Investment Group Co., Ltd. (“**Sichuan Investment Group**”). On 27 February 2025, Sichuan Energy Development Group signed an agreement with Sichuan Investment Group and Sichuan Energy Investment Group Co., Ltd., according to which Sichuan Investment Group agreed to transfer all its shares in Chuantou Assets Management to Sichuan Energy Development Group. Sichuan Energy Development Group is therefore deemed to be interested in the Shares held by Chuantou Assets Management for the purpose of the SFO.

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any other person who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

Other Information

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN A COMPETING BUSINESS

Sichuan Changhong is a controlling shareholder of the Company established in the PRC of which shares are listed on the Shanghai Stock Exchange. Sichuan Changhong is principally engaged in the wholesale business of consumer home electronics items under the name of "Changhong".

Save as disclosed above, none of the Directors or the controlling shareholders of the Company or any of their respective close associates (as defined in the Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflicts of interest which any person has or may have with the Group during the six months ended 30 June 2025.

CHANGES IN DIRECTORS' INFORMATION

There is no change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	3	21,168,691	19,286,174
Cost of sales		(20,519,053)	(18,642,526)
Gross profit		649,638	643,648
Other income		43,349	35,462
Research and development expenses		(17,602)	(12,226)
Administrative expenses		(89,527)	(85,480)
Impairment loss on trade receivables, net		(42,949)	(33,972)
Exchange loss, net		(11,098)	(14,300)
Distribution and selling expenses		(210,179)	(208,466)
Finance costs		(104,942)	(145,580)
Profit before tax		216,690	179,086
Income tax expense	6	(35,498)	(14,602)
Profit for the period attributed to owners of the Company	5	181,192	164,484
Other comprehensive expense <i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising from translation of consolidated financial statements to presentation currency		59,866	(29,548)
Total comprehensive income for the period attributable to owners of the Company		241,058	134,936
Earnings per share Basic and diluted (HK cents)	7	7.05	6.40

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Plant and equipment		2,665	2,934
Investment properties		430	430
Intangible assets		22,748	25,601
Right-of-use assets		20,410	25,494
Deferred tax assets		44,022	43,357
Financial asset at fair value through profit or loss		33,745	34,989
		124,020	132,805
CURRENT ASSETS			
Inventories		3,913,815	5,582,487
Trade receivables	8	5,239,554	4,460,739
Bills receivables at fair value through other comprehensive income		283,889	174,219
Prepayments, deposits and other receivables		326,958	391,364
Amounts due from related companies		46,084	34,699
Refundable trade deposits		875,440	1,128,433
Pledged bank deposits		2,114,040	5,602,464
Cash and cash equivalents		1,257,718	561,776
		14,057,498	17,936,181
CURRENT LIABILITIES			
Trade and bills payables	9	4,977,310	5,194,413
Bills payables under supplier chain financing	9	2,333,710	5,865,134
Other payables		553,949	474,401
Tax payables		10,317	17,510
Borrowings	10	2,749,991	2,723,459
Amount due to related companies		18,500	24,063
Contract liabilities		425,644	765,228
Lease liabilities		11,327	12,130
		11,080,748	15,076,338
NET CURRENT ASSETS		2,976,750	2,859,843
TOTAL ASSETS LESS CURRENT LIABILITIES		3,100,770	2,992,648

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		9,083	13,493
NET ASSETS		3,091,687	2,979,155
CAPITAL AND RESERVES			
Share capital		36,366	36,366
Convertible preference shares		27,897	27,897
Reserves		3,027,424	2,914,892
TOTAL EQUITY		3,091,687	2,979,155

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Total equity at 1 January	2,979,155	2,812,545
Dividend payment	(128,526)	(128,526)
Decrease in exchange differences rising on translation	59,866	(29,548)
Net profit for the period attributable to shareholders	181,192	164,484
Total equity as at 30 June	3,091,687	2,818,955

Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2025

	For the six months ended	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Net cash used in operating activities	(1,187,739)	(3,193,175)
Net cash generated from investing activities	3,577,174	3,054,038
Net cash (used in)/generated from financing activities	(1,693,493)	104,760
Net increase/(decrease) in cash and cash equivalents	695,942	(34,377)
Cash and cash equivalents at beginning of the period	561,776	1,087,803
Cash and cash equivalents at end of the period	1,257,718	1,053,426
Analysis of cash and cash equivalents		
Bank and cash balances	1,257,718	1,053,426

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

1. GENERAL

Changhong Jiahua Holdings Limited (the “**Company**”) was incorporated in Bermuda with limited liability.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Unit 1412, 14/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company, the “**Group**”) are set out in Note 4 below.

The functional currency of the Company is Renminbi (“**RMB**”) and the condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”). As the Company is a public company with its shares listed on the Stock Exchange with most of its investors located in Hong Kong, the directors of the Company consider that HK\$ is preferable in presenting the operating result and financial position of the Group.

Sichuan Changhong Electric Co., Limited (“**Sichuan Changhong**”), a company incorporated in the People’s Republic of China (the “**PRC**”) with its shares listed on the Shanghai Stock Exchange, has obtained the control over the board of directors of the Company since 2012. Sichuan Changhong Electronics Holding Group Co., Ltd. (“**Sichuan Changhong Holding**”, a company established in the PRC and 90% owned by the State-owned Assets Supervision and Administration Commission of the Mianyang city government) is the single largest shareholder of Sichuan Changhong, which held approximately 23.22% of the entire issued share capital of Sichuan Changhong and has de facto control over the composition of the majority of the board of Sichuan Changhong. In the opinion of the directors of the Company, Sichuan Changhong Holding, Sichuan Changhong, Changhong (Hong Kong) Trading Limited and Fit Generation Holding Limited (“**Fit Generation**”) remain as a group of controlling shareholders as at 30 June 2025. The Company’s immediate holding company is Fit Generation, a private company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements of the Group and selected explanatory notes has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The condensed consolidated results for the six months ended 30 June 2025 have not been reviewed or audited by the external auditors of the Company but have been reviewed by the audit committee of the Company.

The accounting policies adopted are consistent with those followed in the preparation of the 2024 Consolidated Financial Statements, except for the amendments and interpretations of HKFRS Accounting Standards issued by HKICPA which have become effective in this period as detailed in the notes of the 2024 Consolidated Financial Statements.

3. REVENUE

The principal activities of the Group are the provision of professional integrated Information and Communication Technology (“ICT”) solutions and services, and distribution of ICT consumer products, ICT corporate products, smartphones, own brand products and related parts and components.

The amounts of each significant category of revenue recognised in revenue for the six months ended 30 June 2025 and 2024 are as follows:

	For the six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue		
ICT Consumer Products	8,471,250	8,495,043
ICT Corporate Products	8,378,265	6,774,592
Others	4,319,176	4,016,539
	21,168,691	19,286,174

4. SEGMENT INFORMATION

Information reported to the executive directors or the management of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) ICT Consumer Products — distribution of ICT consumer products which include mainly personal computers, digital products and IT accessories.
- (b) ICT Corporate Products — distribution of ICT corporate products which include mainly storage products, minicomputers, networking products, personal computer servers, intelligent building management system products and unified communications and contact centre products.
- (c) Others — distribution of smartphones and development of its own brand products including but not limited to intelligent terminals, sales of warranty packages and professional integrated ICT solutions and provision of ICT services.

Segment profit represents the profit earned by each segment without allocation of other income, research and development expenses, finance costs, exchange gain/loss, net as well as unallocated head office and corporate administrative expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable and operating segment for the six months ended 30 June 2025 and 2024:

	For the six months ended 30 June 2025			
	ICT Consumer Products HK\$'000	ICT Corporate Products HK\$'000	Others HK\$'000	Total HK\$'000
Revenue				
External sales	8,471,250	8,378,265	4,319,176	21,168,691
Segment profit	129,547	221,864	45,099	396,510
Other income				43,349
Research and development expenses				(17,602)
Administrative expenses				(89,527)
Exchange loss, net				(11,098)
Finance costs				(104,942)
Profit before tax				216,690

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2024			
	ICT	ICT		
	Consumer Products HK\$'000	Corporate Products HK\$'000	Others HK\$'000	Total HK\$'000
Revenue				
External sales	8,495,043	6,774,592	4,016,539	19,286,174
Segment profit	122,649	241,359	37,202	401,210
Other income				35,462
Research and development expenses				(12,226)
Administrative expenses				(85,480)
Exchange loss, net				(14,300)
Finance costs				(145,580)
Profit before tax				179,086

Geographical information

The following provides an analysis of the Group's sales by geographical market for the six months ended 30 June 2025 and 2024, based on the origin of the operations:

	For the six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Mainland China	20,906,633	19,007,151
Other regions	262,058	279,023
	21,168,691	19,286,174

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

5. PROFIT FOR THE PERIOD

The Group's profit for the period has been arrived at after charging for the six months ended 30 June 2025 and 2024:

	For the six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Cost of inventories sold	20,519,053	18,642,526
Depreciation of property plant and equipment	553	923
Depreciation of right-of-use assets	5,932	5,974
Staff cost including directors' emolument		
— Salary and related staff cost	149,465	151,923
— Retirement benefits scheme contribution	42,165	41,654
Exchange loss, net	11,098	14,300

6. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Bermuda, the Company is not subject to any income tax in the Bermuda.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, except as disclosed below, the tax rates of the subsidiaries in PRC are 25% for both periods.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

6. INCOME TAX EXPENSE (CONTINUED)

For the six months ended 30 June 2025 and 2024, Changhong IT Information Products Co., Ltd., Changhong IT Digital Technology Co., Ltd., Changhong IT Duolayouhuo E-commerce Co., Ltd, and Sichuan Changhong Information Service Co., Ltd., operating in the PRC, have been qualified as the "Encouraged Enterprises" under "The Catalogue of Encouraged Industries in Western Regions" (the "**Catalogue**"), as their main business is one of the encouraged business in the Catalogue and the revenue from their main business accounts for more than the required percentage of their total revenue, and enjoyed the reduced preferential EIT rate of 15%. Accordingly, the profits derived by the aforesaid subsidiaries are subject to 15% EIT rate.

7. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	181,192	164,484
	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares and convertible preference shares for the purpose of basic and diluted earnings per share	2,570,520	2,570,520

As there were no potentially dilutive shares during the six months ended 30 June 2025 and 30 June 2024, the diluted earnings per share was same as basic earnings per share.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

8. TRADE RECEIVABLES

The Group allows a credit period ranging from 0 to 180 days to its third party trade customers. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers are reviewed twice a year.

The following is an aged analysis of trade receivables measured at amortised cost, net of allowance for doubtful debts, based on invoice dates at the end of the reporting period which approximated the respective revenue recognition dates:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within 30 days	1,419,410	1,111,255
31–60 days	802,571	775,144
61–90 days	413,331	417,505
91–180 days	986,218	601,759
181–365 days	565,574	512,339
Over 1 year	1,052,450	1,042,737
	5,239,554	4,460,739

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

9. TRADE AND BILLS PAYABLES/BILLS PAYABLES UNDER SUPPLIER CHAIN FINANCING

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Trade and bills payables	4,977,310	5,194,413
Bills payables under supplier chain financing	2,333,710	5,865,134
	7,311,020	11,059,547

The ageing analysis of trade payables, based on date of receipt of goods, is as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within 30 days	699,781	520,984
31–60 days	523,312	428,416
61–90 days	75,507	100,414
91–180 days	198,081	142,300
181–365 days	144,082	113,739
Over 1 year	116,805	84,330
	1,757,568	1,390,183

The credit period on purchase of goods is ranging from 30 to 120 days (2024: 30 to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

10. BORROWINGS

The following provides an analysis of the Group's borrowings:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Bank borrowings, unsecured	2,749,991	2,723,459

The range of effective interest rates (which are also equal to contracted interest rates) due in the Group's borrowings for the six months ended 30 June 2025 is fixed from 0.9981% to 4.6727% (2024: 2.64% to 5.2481%).

11. DIVIDEND

	For the six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Dividends recognised as distribution during the periods:		
2024 Final — HK\$0.05		
(2024: 2023 Final — HK\$0.05) per share	128,526	128,526

The Board does not recommend the payment of any dividend for the six months ended 30 June 2025 (2024: Nil).