



SHENGLONG
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**SHENGLONG SPLENDECOR
INTERNATIONAL LIMITED**

盛龍錦秀國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8481)

2026

INTERIM REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Shenglong Splendecor International Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Sheng Yingming
Mr. Fang Xu (resigned on 30 July 2026)
Ms. Sheng Sainan (resigned on 30 July 2026)
Ms. Han Jianping (appointed on 30 July 2026)
Ms. Lyu Miaoling (appointed on 30 July 2026)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tso Ping Cheong Brian
Mr. Ma Lingfei
Mr. Zheng Yong

AUTHORISED REPRESENTATIVES

Mr. Sheng Yingming
Mr. Chan Wai Lung

COMPLIANCE OFFICER

Mr. Fang Xu (resigned on 30 July 2026)
Ms. Han Jianping (appointed on 30 July 2026)

COMPANY SECRETARY

Mr. Chan Wai Lung

AUDIT COMMITTEE

Mr. Tso Ping Cheong Brian (*Chairman*)
Mr. Ma Lingfei
Mr. Zheng Yong

REMUNERATION COMMITTEE

Mr. Zheng Yong (*Chairman*)
Mr. Ma Lingfei
Mr. Tso Ping Cheong Brian

NOMINATION COMMITTEE

Mr. Ma Lingfei (*Chairman*)
Mr. Tso Ping Cheong Brian
Mr. Zheng Yong
Ms. Sheng Sainan (resigned on 30 July 2026)
Ms. Han Jianping (appointed on 30 July 2026)

LEGAL ADVISER AS TO HONG KONG LAWS

Llinks Law Offices LLP

AUDITOR

Confucius International CPA Limited
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

PRINCIPAL BANKERS

China Construction Bank Corporation
Shanghai Pudong Development Bank Corporation

REGISTERED OFFICE

P.O. Box 1350
Windward 3, Regatta Office Park
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3201, 32/F
Alexandra House
18 Chater Road, Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 55 Shangyang Road, Yangdai Village
Jinnan sub-district, Lin'an, Hangzhou
Zhejiang, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
P.O. Box 1350
Windward 3, Regatta Office Park
Grand Cayman KY1-1108
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

WEBSITE

www.splendecor.com

STOCK CODE

8481.HK

The English names of companies mentioned in this report represented the best effort by the Directors in translating their Chinese names as they may not have official English names.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company and its subsidiaries (collectively the “Group”) are principally engaged in the manufacturing and sales of decorative printing materials products which mainly comprise of (i) decorative paper; (ii) melamine impregnated paper; and (iii) PVC flooring film. The Group served over 500 customers in both domestic and overseas markets for the six months ended 30 June 2026 (the “Period”). The overseas sales reached over 40 countries in Asia, North America, South America, Europe, Oceania and Africa.

FINANCIAL REVIEW

Revenue

The Group’s revenue for the Period was approximately RMB232.6 million, representing a decrease of approximately 14.0% over the six months ended 30 June 2025 (the “Corresponding Period”). The decrease in the Group’s revenue was driven by the decrease in revenue from PRC and overseas markets. The revenue from overseas markets recorded a decrease of approximately 18.0% over the Corresponding Period, which was mainly derived from the decrease in demand of Pakistan, United Arab Emirates, India and Indonesia. The demand from PRC customers also recorded a decrease of approximately 12.1% over the Corresponding Period. The decrease in revenue was mainly derived by drop in selling price and quantity of decorative paper and melamine impregnated paper during the Period.

Cost of sales

The cost of sales decreased by approximately RMB9.3 million or approximately 5.5%, from approximately RMB170.8 million for the Corresponding Period to approximately RMB161.5 million for the Period, which was primarily due to the decrease in selling quantity of the products during the Period.

Gross profit and gross profit margin

The Group’s gross profit decreased significantly by approximately RMB28.6 million, or approximately 28.7%, from approximately RMB99.7 million for the Corresponding Period to approximately RMB71.1 million for the Period, primarily due to (i) decrease in revenue derived by drop in selling price and quantity and (ii) increase in the prices of production materials and manufacturing costs. The decrease in revenue and cost of sales during the period, which led to a drop in the gross profit margin for the Period to approximately 30.6% (the gross profit margin for the Corresponding Period: 36.9%).

MANAGEMENT DISCUSSION AND ANALYSIS

Selling expenses

The Group's selling expenses decreased by approximately RMB0.1 million or 0.3% from approximately RMB22.5 million for the Corresponding Period to approximately RMB22.4 million for the Period. The decrease was primarily attributable to the decrease in the marketing and exhibition expenses.

Administrative expenses

The administrative expenses for the Period increased by approximately RMB1.5 million or 3.2% from approximately RMB48.8 million for the Corresponding Period to approximately RMB50.3 million for the Period. The increase was mainly attributable to the increase in the preliminary infrastructure expenses for the establishment of the new manufacturing plants.

Other income and other gains – net

The Group's other income and other gains – net increased by approximately RMB0.2 million or 325.0% from approximately RMB0.1 million of net gains for the Corresponding Period to approximately RMB0.3 million for the Period, primarily due to decrease in the foreign exchange loss was recorded resulting from the depreciation of US dollar ("USD") against RMB during the Period.

Finance expenses – net

The Group's finance expenses – net increased by approximately RMB2.8 million or 52.8% from approximately RMB5.3 million for the Corresponding Period to approximately RMB8.1 million for the Period. This was primarily due to the increase in interest expenses attributable to the increase in the bank borrowings.

Income tax expense

The income tax expense decreased from approximately RMB3.3 million for the Corresponding Period to approximately RMB1.1 million for the Period, which was due to the loss before income tax was recorded during the period.

Profit attributable to owners of the Company

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of approximately RMB10.5 million for the Period as compared to a profit attributable to owners of the Company of approximately RMB19.9 million for the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2026, the Group had current assets of approximately RMB380.1 million (31 December 2025: RMB398.4 million) which comprised cash and cash equivalents of approximately RMB100.1 million (31 December 2025: RMB145.1 million). As at 30 June 2026, the Group had current liabilities amounted to approximately RMB397.9 million (31 December 2025: RMB325.6 million). Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 0.96 times as at 30 June 2026 (31 December 2025: 1.22 times). The decrease in current ratio was mainly due to the decrease in cash and cash equivalents and increase in short-term bank borrowings during the period.

As at 30 June 2026, the Group's total bank borrowings amounted to approximately RMB629.1 million (31 December 2025: RMB550.7 million), representing an increase of approximately 14.2% as compared to that of 31 December 2025. There was no material seasonality of borrowing requirements for the Group. As at 30 June 2026, bank borrowings of the Group amounting to approximately RMB629.1 million were at fixed interest rates ranging from 2.3% to 3.5% per annum. Accordingly, the gearing ratio of the Group, calculated based on the total bank borrowings divided by the total equity, was approximately 1.99 as at 30 June 2026 (31 December 2025: 1.67). The increase in gearing ratio was mainly attributable to the increase in bank borrowings during the Period.

The Group adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the Period. To manage liquidity risk, the board of Directors of the Company (the "Board") closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in the PRC, but a significant portion of its sales is made to foreign countries, and thus the Group is exposed to foreign currency risks arising from various currency exposures, mainly with respect to USD, Euro and Hong Kong dollars. The Group regularly and closely monitors the level of the foreign exchange risk exposures and will make necessary hedging arrangements to minimise its foreign currency exposure arising from the fluctuation in foreign exchange in the future.

During the Period, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risks.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 30 June 2026, the capital expenditure which the Group had contracted for but was not provided for in the financial information in respect of the acquisition of property, plant and equipment amounted to approximately RMB152.1 million (31 December 2025: RMB139.4 million).

INFORMATION ON EMPLOYEES

As at 30 June 2026, the Group had 465 employees (31 December 2025: 460 employees), including the executive Directors. The Group recorded staff costs (including Director's remuneration) of approximately RMB47.4 million (Corresponding Period: RMB48.7 million) for the Period. Remuneration is determined with reference to market norms and individual employees' performance, qualifications and experience.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as the individual's performance. The Group also operates defined contributions to the Mandatory Provident Fund Scheme for its employees in Hong Kong and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC. The Group encourages the employees to persist in on-the-job training.

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

Major transaction in relation to the acquisition of the land use right

On 20 April 2026, Hangzhou Shenglong Tourism Development Co., Ltd ("Hangzhou Shenglong"), an indirect wholly owned subsidiary of the Company, has successfully won the public tender in respect of the land use right of a parcel of recreational and commercial land totaling approximately 23,278 sq.m. (or 34.92 mu) located at (East to Jinxiu Park, South to South Tiaoxi Green Belt, West to Changqiao Road, North to Tiaoxi North Street), Binhu Unit LA020501-34, Lin'an District, the PRC offered for sale by Lin'an Bureau through public tender. On 24 April 2026, Hangzhou Shenglong and the Hangzhou Municipal Planning and Natural Resources Bureau Lin'an Branch entered into a transaction confirmation letter in relation to the land acquisition at a consideration of RMB55.92 million.

Hangzhou Shenglong entered into the Land Use Right Contract with the Hangzhou Municipal Planning and Natural Resources Bureau Lin'an Branch on 6 May 2026.

Save as disclosed above, there were no other significant investments held by the Company as at 30 June 2026, nor were there any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

CHARGES OF ASSETS

As at 30 June 2026, the Group's bank borrowings were secured by its assets as below:

Land use rights with a total net book value of approximately RMB71.6 million (31 December 2025: RMB72.5 million) were pledged as collateral for the Group's borrowings.

Property, plant and equipment with a total net book value of approximately RMB177.2 million (31 December 2025: RMB184.1 million) were pledged as collateral for the Group's borrowings.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2026 (31 December 2025: Nil).

PROSPECTS

In the first half of 2026, due to ongoing adjustments in the real estate sector, downstream demand in furniture and renovation markets shrank significantly, making industry competition even more intense. As a decorative paper manufacturer in the middle of the supply chain, the Company faces a severe situation of 'two-way squeeze': on one hand, major raw materials are affected by fluctuations in international bulk commodity prices, keeping procurement costs high; on the other hand, to maintain market share, product prices were adjusted downwards with the market, affecting the Group's gross profit margin negatively during the Period. This led to operating losses during the reporting period. Combined with the traditional industry off-season in the second half of the year and continued pessimistic market expectations, we anticipate that the industry outlook remain uncertain as to whether it will rebound during the second half of 2026.

In addition, the Company has invested in three new factories in Huangshan, Guigang, and Guangdong to optimize its production layout, but since they are currently in the final stages of construction or equipment commissioning, none have yet to be officially put into production and generate revenue. However, the Group has invested certain amount of capital expenditures into the construction of the new factories, which mainly relies on bank loans for financing. The increase in loan amounts has significantly increased the Group's finance costs, thereby reducing profitability for the Period. The policy-driven demolition of the Lin'an factory began last year, and government compensation of RMB181.1 million has been received. The factory demolition is expected to complete within the year, and the Group expect to receive the remaining compensation payments after completion of the demolition.

Amid fierce market competition, the Company is pursuing vertical integration by shifting from supplying materials to providing full solutions. The Group continued to optimize its production framework and actively enhance capacity expansion. The new manufacturing plants established in other industrial zones in China will be commence production and operation within the coming year. At the new Guigang factory, new impregnation and veneer pressing steps are being added, placing it inside the panel manufacturing cluster. This allows faster service and enables the company to offer high-value decorative wood veneers to customers. The new factory will cover key parts of the supply chain, helping the company respond quicker to the market, keep customers loyal, improve profits, and deliver long-term value to shareholders. In Guangdong, the company is adding impregnation and particleboard pressing to serve the custom furniture hub, supplying top brands directly with finished decorative panels. This deepens supply chain partnerships and helps set design trends.

The production plant and industrial research center with a total area of about 122,836 sq.m. were established in Huangshan She County, which will commence production and operation within the year. The Group's research and development capabilities will be the further enhanced with new product mix, color pattern and specification to be developed in the future. The establishment of the production plant in She County is in line with the business plan of the Group and will further enhance its production capacity and flexibility to facilitate the Group's business expansion in She County, Huangshan City, Anhui Province, the PRC. The Directors believe that all the new manufacturing plants align with the Group's development strategy, with a view to fostering the Group's long-term sustainable development of the Group.

During the period, the Company acquired the land use right of a parcel of recreational and commercial land totaling approximately 23,278 sq.m. located at (East to Jinxiu Park, South to South Tiaoxi Green Belt, West to Changqiao Road, North to Tiaoxi North Street), Binhu Unit LA020501-34, Lin'an District, the PRC for the construction of a hotel and a stadium. The construction of a hotel in Lin'an District is aimed to meet the growing demand for tourist accommodation. In addition, in order to give back to the community and benefit the residents of Lin'an District, and as required by the contract with Hangzhou Municipal Planning and Natural Resources Bureau Lin'an Branch* (杭州市規劃和自然資源局臨安分局) the Group will also build a large-scale stadium. The stadium will feature a wide range of athletic facilities designed to accommodate the sporting and leisure needs of local residents. Overall, the Group will build a recreation and holiday center in the district that integrates accommodation and sports activities and facilities. Therefore, the Group believes that investing in the recreation and holiday center will enable the Group to explore business opportunities and diversify investment risks.

The Group will stick to its proven business strategies to maintain and strengthen its growth and performance. To sustain its well-recognised reputation in the market, the Group is exploring opportunities for expanding its business presence in the global decorative printing material market as well as developing other business partnerships that would be beneficial to the overall business development of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, the Group did not have any future plans for material investments or additions of capital assets as at the date of this interim report.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2026 together with the comparative figures as follows:

		Six months ended 30 June	
	Notes	2026	2025
		RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	6	232,566	270,562
Cost of sales		(161,485)	(170,846)
Gross profit		71,081	99,716
Selling expenses		(22,416)	(22,474)
Administrative expenses		(50,342)	(48,787)
Other income and other gains – net	7	323	76
Operating (loss)/profit	8	(1,354)	28,531
Finance income		384	346
Finance expenses		(8,477)	(5,644)
Finance expenses – net		(8,093)	(5,298)
(Loss)/profit before income tax		(9,447)	23,233
Income tax expense	9	(1,070)	(3,279)
(Loss)/profit for the period		(10,517)	19,954
(Loss)/profit attributable to:			
– Owners of the Company		(10,517)	19,954
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company for the period			
– Basic and diluted	10	RMB cents (2.60)	RMB cents 4.47

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
(Loss)/profit for the period	(10,517)	19,954
Other comprehensive (expense)/income <i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(3,228)	5,090
Other comprehensive (expense)/income for the period, net of tax	(3,228)	5,090
Total comprehensive (expense)/income for the period	(13,745)	25,044
Total comprehensive (expense)/income for the period attributable to:		
– Owners of the Company	(13,745)	25,044

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2026

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
ASSETS			
Non-current assets			
Land use rights		91,673	92,362
Prepayments for land use rights		27,960	–
Property, plant and equipment	11	684,861	639,089
Right-of-use assets		70	122
Intangible assets		2,352	3,308
Deposit for construction contracts		–	10,764
Deferred income tax assets		2,532	2,967
		809,448	748,612
Current assets			
Inventories	12	41,789	31,412
Tax prepaid		1,646	–
Trade and other receivables	13	236,574	221,916
Cash and cash equivalents		100,063	145,105
		380,072	398,433
Total assets		1,189,520	1,147,045
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	14	4,171	4,171
Other reserves		47,171	50,399
Retained earnings		264,072	274,589
Total equity		315,414	329,159

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2026

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	16	471,410	487,425
Deferred revenue		4,817	4,864
Lease liabilities		–	14
		476,227	492,303
Current liabilities			
Trade and other payables	15	240,133	257,784
Tax payables		–	4,386
Short-term bank borrowings	16	130,000	60,000
Current portion of lease liabilities		71	113
Current portion of long-term bank borrowings	16	27,675	3,300
		397,879	325,583
Total liabilities		874,106	817,886
Total equity and liabilities		1,189,520	1,147,045
Net current (liabilities)/assets		(17,807)	72,850
Total assets less current liabilities		791,641	821,462

The notes on pages 17 to 32 are an integral part of these condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to equity owners of the Company			
	Share capital (Note 14) RMB'000 (unaudited)	Other reserves RMB'000 (unaudited)	Retained earnings RMB'000 (unaudited)	Total RMB'000 (unaudited)
Balance at 1 January 2025	4,171	75,919	198,741	278,831
Comprehensive income				
Profit for the period	–	–	19,954	19,954
Other comprehensive income				
Currency translation differences	–	5,090	–	5,090
Total comprehensive income	–	5,090	19,954	25,044
Transactions with shareholders in their capacity as owners				
Repurchase of ordinary shares	–	(12,680)	–	(12,680)
Total transactions with shareholders in their capacity as owners	–	(12,680)	–	(12,680)
Balance at 30 June 2025	4,171	68,329	218,695	291,195
Balance at 1 January 2026	4,171	50,399	274,589	329,159
Comprehensive expense				
Loss for the period	–	–	(10,517)	(10,517)
Other comprehensive expense				
Currency translation differences	–	(3,228)	–	(3,228)
Total comprehensive expense	–	(3,228)	(10,517)	(13,745)
Balance at 30 June 2026	4,171	47,171	264,072	315,414

The notes on pages 17 to 32 are an integral part of these condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Cash flows from operating activities		
Cash used in operations	(68,030)	(5,448)
Income tax paid	(11,560)	(4,294)
Net cash used in operating activities	(79,590)	(9,742)
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,500)	(75,932)
Interest received	385	351
Net cash used in investing activities	(39,115)	(75,581)
Cash flows from financing activities		
Proceeds from bank borrowings	83,300	188,648
Repayments of bank borrowings	(1,640)	(100,500)
Interest paid	(8,477)	(5,372)
Repurchase of ordinary shares	–	(13,041)
Repayment of lease liabilities	(58)	(58)
Net cash generated from financing activities	73,125	69,677

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net decrease in cash and cash equivalents	(45,580)	(15,646)
Cash and cash equivalents at beginning of the period	145,105	65,924
Exchange gains on cash and cash equivalents	538	4,006
Cash and cash equivalents at end of the period	100,063	54,284

The notes on pages 17 to 32 are an integral part of these condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 *General information*

The Company was incorporated in the Cayman Islands on 25 July 2013 as an exempted company with limited liability under the Cayman Companies Law of the Cayman Island (the “Cayman Companies Law”). The address of its registered office is P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of decorative printing materials products in the PRC and overseas. The ultimate holding company of the Company is Bright Commerce Investment Limited (“Bright Commerce”), which is incorporated in the British Virgin Islands.

The unaudited condensed consolidated interim financial information are presented in Renminbi (RMB), unless otherwise stated.

2 *Basis of presentation*

This unaudited condensed consolidated interim financial information for the Period has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The unaudited condensed consolidated interim financial information should be read in conjunction with the Group’s consolidated financial information for the year ended 31 December 2025, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “HKFRSs”).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 *Significant accounting policies*

The accounting policies applied are consistent with those adopted in preparing the Group's annual audited financial statements for the year ended 31 December 2025, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2026.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. The new or amended standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

4 *Estimates*

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 *Financial risk management*

5.1 *Financial risk factors*

The Group's activities expose it to a variety of financial risks, market risk (foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report as at 31 December 2025.

There have been no changes in the risk management policies since 31 December 2025.

5.2 *Fair value estimation*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying amounts of long-term bank borrowings approximates their fair value because the Group's borrowings bear floating interest rates which approximate to the market borrowing interest rate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 *Financial risk management* (Continued)

5.2 *Fair value estimation* (Continued)

The carrying amounts less impairment allowance of trade and other receivables excluding prepayments, restricted bank deposits, cash and cash equivalents, short-term bank borrowings, trade and other payables excluding non-financial liabilities approximates their fair values due to their short maturities.

As at 30 June 2026 and 31 December 2025, the Group had no other level 1, level 2 or level 3 financial instruments.

The table below analyses the Group's bank borrowings into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
Bank borrowings (including interest payable upon maturity)						
At 30 June 2026	131,646	57,512	278,309	232,540	700,007	629,085
At 31 December 2025	114,760	49,964	378,377	97,428	640,529	550,725

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 *Revenue and segment information*

The Board assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are related to manufacturing and sales of decorative printing materials products. Therefore, management considers there being only one operating segment for the Group as per the requirements of HKFRS 8 "Operating Segments".

During the Period, all the revenue was generated from sales of goods and provision of shipping service. All non-current assets are located in the PRC.

Revenue from external customers by country (based on the location of customers) is as follows:

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
PRC	161,061	183,323
Pakistan	10,080	16,296
India	13,463	17,967
United Arab Emirates	7,688	16,546
Indonesia	3,272	5,718
Other countries	37,002	30,712
	232,566	270,562

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 Other income and other gains – net

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Income from sales of scrap and surplus materials	213	221
Rental income	93	1,499
Government grants income including amortisation of deferred government grants	1,458	1,155
Foreign exchange loss, net	(2,101)	(3,249)
Others	660	450
	323	76

8 Operating profit

An analysis of the amounts presented as operating items in the financial information is given below:

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Operating items		
Depreciation and amortisation	18,123	18,777
Auditor's remuneration – audit service	400	403

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 Income tax expense

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Current income tax	1,070	3,095
Deferred income tax	–	184
	1,070	3,279

(a) PRC corporate income tax ("CIT")

The corporate income tax rate applicable to the group entities located in the PRC other than Zhejiang Shenglong Decoration Material Co., Ltd ("Shenglong Decoration") is 25% according to the PRC Corporate Income Tax Law (the "CIT Law") amended and came into effect on 29 December 2018.

Shenglong Decoration obtained the certificate of High and New Technology Enterprises from local government, in accordance with which, Shenglong Decoration enjoyed a preferential tax rate of 15% during the Period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 *Income tax expense (Continued)*

(b) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law and, is exempted from Cayman Islands income tax. Haoyu Capital Limited was incorporated under the International Business Companies Act of the British Virgin Islands and, is exempted from British Virgin Islands income tax. Under the current Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), Splendecor Hong Kong Limited is subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000.

No provision for profits tax in the Cayman Islands, British Virgin Islands or Hong Kong has been made, as the Group had no assessable profit arising in or derived from these jurisdictions during the Period (the Corresponding Period: Nil).

(c) PRC withholding tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. During the Period, the Directors reassessed the dividend policy of its major subsidiaries established in the PRC, i.e. Shenglong Decoration and Hangzhou Splendor Decoration Material Co., Ltd. ("Splendor Decoration"), based on the Group's current business plan and financial position, no retained earnings as of 30 June 2026 would be distributed to its non-PRC registered intermediate holding company in the foreseeable future. As such, no deferred tax liability has been provided by the Group for the earnings expected to be retained by the Shenglong Decoration and Splendor Decoration in the PRC which will be remitted out of the PRC in the foreseeable future.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 (Losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Period.

	Six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)
(Loss)/profit attributable to owners of the Company (RMB'000)	(10,517)	19,954
Weighted average number of ordinary shares in issue ('000)	405,170	446,187
Basic and diluted (losses)/earnings per share (RMB cents)	(2.60)	4.47

The Company did not have any potential ordinary shares outstanding during the Period. Diluted (losses)/earnings per share is equal to basic (losses)/earnings per share.

11 Property, plant and equipment

During the Period, additions to the Group's property, plant and equipment were approximately RMB39,500,000 (the Corresponding Period: RMB75,932,000).

12 Inventories

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Raw materials	15,626	12,587
Work in progress	556	1,971
Finished goods	25,607	16,854
	41,789	31,412

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Trade and other receivables

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Trade receivables	163,235	176,348
Notes receivables	32,817	13,406
Less: allowance for impairment of trade receivables	(5,700)	(4,998)
Trade receivables, net	190,352	184,756
Advances to employees	2,391	2,247
Deposits paid to suppliers	20	15
Deposits for utilities and product quality assurance	2,879	3,029
Prepayments of raw materials	236	472
Prepayments of expenses	804	764
Value-added tax for deduction	39,104	30,346
Others	2,040	1,539
Less: allowance for impairment of other receivables	(1,252)	(1,252)
	46,222	37,160
	236,574	221,916

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Trade and other receivables (Continued)

The credit terms of trade receivables granted by the Group are normally within 3 months. The ageing analysis of trade receivables based on the invoice date is as follows:

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Less than 3 months	135,843	128,620
More than 3 months but not exceeding 1 year	24,328	44,156
More than 1 year	3,064	3,572
	163,235	176,348

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 Share capital

	Number of ordinary shares '000	Nominal value of ordinary shares HK\$'000
Authorised		
At 31 December 2025, 1 January 2026 and 30 June 2026	10,000,000	100,000
	Number of ordinary shares '000	Nominal value of ordinary shares HK\$'000
		Equivalent nominal value of ordinary shares RMB'000
Issued		
At 31 December 2025, 1 January 2026 and 30 June 2026	490,420	4,904
		4,171

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 Trade and other payables

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Trade payables	60,925	59,030
Payables for purchase of property, plant and equipment	62,605	66,690
Accrued operating expenses (Note (a))	2,805	3,028
Employee benefit payable	14,824	25,470
Other taxes payable	2,002	6,825
Contract liabilities	932	932
Compensation from demolition (Note(d))	91,848	92,014
Others	4,192	3,795
	240,133	257,784

- (a) The amount mainly represented accruals for transportation expenses and commission expenses.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 Trade and other payables (Continued)

- (b) As at 30 June 2026 and 31 December 2025, the ageing analysis of the trade payables and notes payables based on invoice date is as follows:

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Less than 3 months	41,724	57,405
More than 3 months but not exceeding 1 year	19,016	1,481
More than 1 year	185	144
	60,925	59,030

- (c) As at 30 June 2026 and 31 December 2025, all trade and other payables of the Group were non-interest bearing.
- (d) Demolition of certain production plants commenced and compensation of RMB181,052,000 was received from the government as at 31 December 2025, of which RMB89,204,000 was utilised as at 30 June 2026 (31 December 2025: RMB89,038,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 Borrowings

Long-term bank borrowings

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Secured bank borrowings	404,115	395,725
Unsecured bank borrowings	94,970	95,000
Less: current portion of long-term borrowings	(27,675)	(3,300)
	471,410	487,425

Short-term bank borrowings

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Unsecured bank borrowings	130,000	60,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Dividends

The Board does not recommend the payment of any interim dividend for the Period (the Corresponding Period: Nil).

18 Commitments

Capital commitments

Capital expenditures contracted for at the end of the Period but not yet incurred are as follows:

	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Property, plant and equipment	152,078	139,369

19 Related party transactions

(a) Transaction with related parties

Save as disclosed elsewhere in the unaudited condensed consolidated interim financial information, the Group had the following transactions with related parties during the Period.

Key management compensation

During the Period, the emoluments of key management personnels were RMB5,255,000 (the Corresponding Period: RMB4,050,000).

(b) Period-end balance with related parties

As at 30 June 2026 and 31 December 2025, the Group did not have any balances with the related parties.

20 Events occurring after the balance sheet date

There is no material event affecting the Group that occurred from 30 June 2026 to the date of this interim report.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted a share option scheme on 22 June 2017 (the “Share Option Scheme”). The principal terms of the Share Option Scheme are summarised in note 23 to the consolidated financial statements for the year ended 31 December 2025.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions made by the eligible participants, to attract skilled and experienced personnel, to incentivise them to remain with the Company and to motivate them to strive for the future development and expansion of the Group, by providing them with the opportunity to acquire equity interests in the Company.

From the listing date of the Company and up to 30 June 2026, no share option has been granted by the Company. The outstanding number of share options available for grant under the Share Option Scheme is 50,000,000 shares options to subscribe for the shares at the beginning and at the end of the Period, respectively.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the Period and there was no outstanding option as at 30 June 2026.

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

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

The Directors considered that the Share Repurchase would enhance the net asset value of the Company and was in the interest of the Company and its shareholders.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

OTHER INFORMATION

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 30 June 2026, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (with the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity/Nature of interest	Number of ordinary shares held	Percentage of shareholding ^(Note 2)
Mr. Sheng Yingming ("Mr. Sheng") ^(Note 1)	Beneficial owner and interest in controlled corporation	298,280,000 shares	60.82%

Notes:

- (1) These 298,280,000 shares comprise: (i) 58,330,000 shares directly held by Mr. Sheng; and (ii) 239,950,000 shares held by Bright Commerce which is wholly owned by Mr. Sheng and hence, Mr. Sheng is deemed or taken to be interested in all the shares held by Bright Commerce for the purpose of SFO.
- (2) The percentage is calculated on the basis of 490,420,000 shares in issue at the date of this report.

Save as disclosed above, as at 30 June 2026, none of the Directors or the chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company, any of its Group members or its associated corporations (within the meaning of Part XV of the SFO) which would have 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 were 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 which were required, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2026, so far as was known to the Directors and the chief executive of the Company, the following persons/entities (not being a Director or chief executive of the Company) had, or deemed to have, interests or short positions in the shares or underlying shares of the Company, its Group members and/or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares held ^(Note 1)	Percentage of shareholding
Bright Commerce	Beneficial interest	239,950,000 shares (L)	48.93%
Mr. Sheng	Beneficial owner and interest in controlled corporation	298,280,000 shares (L)	60.82%
Ms. Chen Deqin ^(Note 2)	Interest of spouse	298,280,000 shares (L)	60.82%

OTHER INFORMATION

Notes:

- (1) All interests stated are long positions.
- (2) Ms. Chen Deqin is the spouse of Mr. Sheng. She is deemed, or taken to be, interested in all shares in which Mr. Sheng is interested for the purposes of SFO.

Save as disclosed above, as at 30 June 2026, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person or corporation (other than a Director and chief executive of the Company) who had any interests or short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “DIRECTORS’ AND THE CHIEF EXECUTIVE’S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE” and “SHARE OPTION SCHEME” in this report, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

COMPETING INTERESTS

As at 30 June 2026, none of the Directors, the controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the "Required Standard of Dealings") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings throughout the Period. No incident of non-compliance was noted by the Company during the Period.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the GEM Listing Rules (the "CG Code").

The Company confirms that, other than the deviation from code provision C.2.1 of Part 2 of the CG Code, the Company has complied with all the code provisions set out in the CG Code throughout the Period.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Sheng holds both positions. Mr. Sheng has been primarily responsible for overseeing the Group's overall management and strategic development of the Group and major decision-making of the Group since July 1993. Taking into account the continuation of management and the implementation of business strategies, the Directors consider that it is most suitable for Mr. Sheng to hold both the positions of chief executive officer and the chairman of the Board and the present arrangements are beneficial and in the interests of the Company and its shareholders as a whole. Accordingly, the Company has not segregated the roles of the chairman and chief executive officer as required by code provision C.2.1 of Part 2 of the CG Code.

OTHER INFORMATION

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provisions D.3 of Part 2 of the CG code. The written terms of reference of the audit committee was adopted in compliance with the code provisions of the CG Code. Its terms of reference are available on the websites of the Company and the Stock Exchange. The audit committee consists of three independent non-executive Directors, namely Mr. Tso Ping Cheong Brian (Chairman), Mr. Ma Lingfei and Mr. Zheng Yong. The primary duties of the audit committee are to review and supervise the Company's financial reporting process, internal control systems of the Group and to provide advice and comments thereon to the Board.

The unaudited condensed consolidated interim results of the Group for the Period have been reviewed by the audit committee and the audit committee is of the view that the interim results of the Group for the Period and the interim report for the Period is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

By order of the Board

Shenglong Splendor International Limited

Sheng Yingming

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 18 August 2026

As at the date of this report, the Directors are:

Executive Directors

Mr. Sheng Yingming (*Chairman and Chief Executive Officer*)

Ms. Han Jianping

Ms. Lyu Miaoling

Independent Non-executive Directors

Mr. Tso Ping Cheong Brian

Mr. Ma Lingfei

Mr. Zheng Yong