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ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL SUMMARY OF 2025 INTERIM RESULTS

- Revenue of HK\$1,676 million
- Profit attributable to equity shareholders of HK\$2 million
- Earnings per share of HK\$0.006

Interim Results

The board of directors (the “**Board**”) of Tristate Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2025 together with comparative figures for 2024.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025 – unaudited

	Note	Six months ended 30 June	
		2025 HK\$'000	2024 HK\$'000
Revenue	4	1,676,431	1,926,401
Cost of sales		(989,531)	(1,131,468)
Gross profit		686,900	794,933
Other net gain	5	766	22,977
Selling and distribution expenses		(362,054)	(419,944)
General and administrative expenses		(278,218)	(272,579)
Profit from operations	6	47,394	125,387
Finance income	7	3,969	2,137
Finance costs	7	(27,676)	(30,383)
Profit before taxation		23,687	97,141
Income tax charge	8	(20,141)	(33,238)
Profit for the period		3,546	63,903
Attributable to:			
Equity shareholders of the Company		1,675	62,532
Non-controlling interests		1,871	1,371
Profit for the period		3,546	63,903
Earnings per share attributable to equity shareholders of the Company:	9		
Basic		HK\$0.006	HK\$0.23
Diluted		HK\$0.006	HK\$0.23

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2025 – unaudited*

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Profit for the period	<u>3,546</u>	<u>63,903</u>
Other comprehensive income, net of nil tax unless specified:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value changes on cash flow hedges:		
– Gains/(losses) arising during the period	430	(3,334)
– Transferred to and included in the following line items in the condensed consolidated interim statement of profit or loss		
– Cost of sales	–	755
– General and administrative expenses	519	1,001
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	<u>94,405</u>	<u>(36,347)</u>
Other comprehensive income for the period	<u>95,354</u>	<u>(37,925)</u>
Total comprehensive income for the period	<u>98,900</u>	<u>25,978</u>
Attributable to:		
Equity shareholders of the Company	97,029	24,607
Non-controlling interests	<u>1,871</u>	<u>1,371</u>
Total comprehensive income for the period	<u>98,900</u>	<u>25,978</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited

	Note	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Non-current assets			
Property, plant and equipment		615,487	561,822
Intangible assets		574,194	575,458
Other long-term assets		24,205	16,908
Deferred tax assets		19,315	19,844
Defined benefit plan assets		13,019	11,439
Financial assets measured at fair value through profit or loss		6,033	6,033
Interest in an associate		–	–
		1,252,253	1,191,504
Current assets			
Inventories	11	854,938	781,202
Accounts receivable and bills receivable	12	540,900	453,045
Forward foreign exchange contracts		373	–
Prepayments and other receivables		79,814	83,653
Current tax recoverable		237	300
Cash and bank balances		348,043	466,554
		1,824,305	1,784,754
Current liabilities			
Accounts payable and bills payable	13	300,628	329,012
Accruals and other payables and contract liabilities		451,959	485,731
Dividend payable	10(b)	46,491	–
Lease liabilities		91,684	108,418
Forward foreign exchange contracts		–	576
Current tax liabilities		48,274	53,243
Bank borrowings		76,500	–
		1,015,536	976,980
Net current assets		808,769	807,774
Total assets less current liabilities		2,061,022	1,999,278
Non-current liabilities			
Retirement benefits and other post retirement obligations		33,273	30,921
Licence fees payable		519,989	545,328
Lease liabilities		158,608	124,474
Deferred tax liabilities		42,279	42,632
		754,149	743,355
Net assets		1,306,873	1,255,923
Capital and reserves			
Share capital		27,348	27,260
Reserves		1,251,851	1,200,191
Total equity attributable to equity shareholders of the Company		1,279,199	1,227,451
Non-controlling interests		27,674	28,472
Total equity		1,306,873	1,255,923

1. Statement of Compliance and Basis of Preparation of the Financial Statements

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the changes that are expected to be reflected in the 2025 annual financial statements. Details of changes in accounting policies are set out in Note 2.

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2024 that is included in these interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditor has expressed an unqualified opinion on those financial statements in its report dated 25 March 2025.

2. Changes in Accounting Policies

The Group has applied the following amendments to HKFRS Accounting Standards issued by HKICPA to these interim financial statements for the current accounting period:

- Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*

The amendments do not have a material impact on these interim financial statements as the Group has not entered into any foreign currency transaction in which the foreign currency is not exchangeable into another currency.

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

3. Estimates

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

4. Segment Information

Reportable segments are reported in a manner consistent with internal reports of the Group that are regularly reviewed by the chief operating decision makers (the Chief Executive Officer and the senior management collectively) in order to assess performance and allocate resources. The Group manages its business by business units which are organised by business lines and geographical locations. The Group identified two reportable segments: (i) garment manufacturing and (ii) brands business. The chief operating decision makers assess the segment performance and allocate resources between segments based on the reported profit or loss before taxation.

Segment assets include all tangible assets, intangible assets and current assets employed by the segments. Segment liabilities include all current liabilities and non-current liabilities managed directly by the segments. Revenue and expenses are allocated to the reportable segments with reference to the sales generated by those segments and the expenses incurred by those segments or otherwise arising from the depreciation or amortisation of assets attributable to those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The segment information is as follows:

	Six months ended 30 June							
	Garment manufacturing		Brands business		Unallocated (Note (ii))		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Reportable segment revenue	880,004	1,040,680	879,741	952,941	-	-	1,759,745	1,993,621
Less: Inter-segment revenue	(83,314)	(67,085)	-	(135)	-	-	(83,314)	(67,220)
Revenue	796,690	973,595	879,741	952,806	-	-	1,676,431	1,926,401
Reportable segment EBITDA (Note (i))	84,276	137,528	78,135	79,486	1,763	43,256	164,174	260,270
Finance income	-	-	934	628	3,035	1,509	3,969	2,137
Finance costs								
- Interest on bank borrowings	-	-	-	(3)	(389)	(848)	(389)	(851)
- Interest on licence fees payable	-	-	(22,602)	(24,361)	-	-	(22,602)	(24,361)
- Interest on lease liabilities	(1,082)	(925)	(3,374)	(4,099)	(229)	(147)	(4,685)	(5,171)
Depreciation charge								
- Owned property, plant and equipment	(11,169)	(9,163)	(16,265)	(30,406)	(3,398)	(3,637)	(30,832)	(43,206)
- Right-of-use assets	(5,692)	(5,355)	(45,775)	(54,073)	(3,425)	(3,629)	(54,892)	(63,057)
Amortisation of intangible assets	-	-	(26,057)	(28,620)	-	-	(26,057)	(28,620)
Impairment losses of property, plant and equipment	-	-	(4,999)	-	-	-	(4,999)	-
Reportable segment profit/ (loss) before taxation	66,333	122,085	(40,003)	(61,448)	(2,643)	36,504	23,687	97,141
Income tax charge							(20,141)	(33,238)
Profit for the period							3,546	63,903

4. Segment Information (Continued)

Notes:

- (i) EBITDA is defined as earnings before finance income, finance costs, income tax charge, depreciation and amortisation and impairment. EBITDA is a non-HKFRS Accounting Standards measure used by the management for monitoring business performance. It may not be comparable to similar measures presented by other companies.
- (ii) Unallocated segment profit or loss for the period mainly included income and expenses arising from unallocated assets and liabilities for corporate purposes and head office expenses.
- (iii) Under HKFRS 16, the Group as a lessee is required to recognise interest expenses accrued on the outstanding balance of the lease liability and the depreciation on the right-of-use assets, instead of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. In the cash flow statement, the Group as a lessee is required to classify rentals paid under the capitalised leases as financing cash outflows.

	Garment manufacturing		Brands business		Unallocated (Note (ii))		Total	
	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000						
Reportable segment assets	1,005,628	723,321	1,612,920	1,681,314	458,010	571,623	3,076,558	2,976,258
Reportable segment liabilities	451,594	401,385	1,135,192	1,256,141	182,899	62,809	1,769,685	1,720,335
Six months ended 30 June								
	Garment manufacturing		Brands business		Unallocated		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Provision for impairment of receivables, net	(1,699)	2	(170)	(3,228)	-	-	(1,869)	(3,226)
Reversal of write-down/ (write-down) of inventories to net realisable value, net	(2,780)	(4,052)	16,466	(23,512)	-	-	13,686	(27,564)
Net (loss)/gain on disposal of property, plant and equipment	255	437	(1,460)	(1,808)	-	20,836	(1,205)	19,465
Additions to property, plant and equipment (including right-of-use assets)	27,060	17,811	44,810	79,739	482	2,011	72,352	99,561
Modifications to right-of-use assets	37,675	10,072	5,012	10,629	7,181	481	49,868	21,182
Additions to intangible assets	-	-	-	8,435	-	-	-	8,435

4. Segment Information (Continued)

The Group's revenue is mainly derived from customers located in the People's Republic of China ("PRC"), the United Kingdom ("UK"), Canada, Italy and Singapore, while the Group's right-of-use assets, production facilities, trademark, licence rights and other assets are located predominantly in PRC, Switzerland and Thailand. An analysis of the Group's revenue by location of customers and an analysis of the Group's non-current assets by location of physical assets or the asset holding companies are as follows:

	Six months ended 30 June													
	PRC		UK		Canada		Italy		Singapore		Other countries		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	483,648	580,312	340,460	430,296	248,396	286,443	183,000	204,151	73,276	72,064	347,651	353,135	1,676,431	1,926,401

Included in the revenue derived from PRC was HK\$24,872,000 (2024: HK\$59,273,000) relating to revenue generated in Hong Kong.

For the six months ended 30 June 2025, revenue from two customers (2024: two customers) in the garment manufacturing segment accounted for more than 10% of the Group's total revenue and represented approximately 13% and 13% respectively (2024: 15% and 13% respectively) of the Group's total revenue.

	PRC		Switzerland		Thailand		Other countries		Total	
	At	At	At	At	At	At	At	At	At	At
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets (Note (i))	658,820	704,943	244,816	215,805	71,914	67,261	244,369	172,212	1,219,919	1,160,221

Notes:

- (i) Non-current assets excluded deferred tax assets and defined benefit plan assets.
- (ii) Unallocated assets and liabilities mainly included centrally-managed cash and bank balances, bank borrowings and property, plant and equipment for corporate purposes.

5. Other Net Gain

	<u>Six months ended 30 June</u>	
	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Government subsidy	3,078	323
Impairment losses of property, plant and equipment (<i>Note (i)</i>)	(4,999)	–
Net (loss)/gain on disposal of property, plant and equipment (<i>Note (ii)</i>)	(1,205)	19,465
Net gain on derecognition of right-of-use assets and lease liabilities	1,666	855
Sundry income	2,226	2,334
	<u>766</u>	<u>22,977</u>

Notes:

- (i) During the six months ended 30 June 2025, impairment losses of HK\$4,999,000 were charged to other net gain in respect of property, plant and equipment of certain underperformed cash generating units of the brands business.
- (ii) Included in the net gain on disposal of property, plant and equipment for the six months ended 30 June 2024 was a gain of HK\$20,923,000 arising from the disposal of certain unused leasehold land use right and ancillary building in China.

6. Profit from Operations

Profit from operations is stated after charging/(crediting):

	<u>Six months ended 30 June</u>	
	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	26,057	28,620
Depreciation charge		
– Owned property, plant and equipment	30,832	43,206
– Right-of-use assets	54,892	63,057
Expenses related to short-term leases and variable lease payments	19,471	19,428
Provision for impairment of receivables, net	1,869	3,226
(Reversal of write-down)/write-down of inventories to net realisable value, net	(13,686)	27,564
Staff cost and employment benefit expenses	378,438	373,354
	<u>378,438</u>	<u>373,354</u>

7. Finance Income and Finance Costs

	Six months ended 30 June	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Finance income		
Interest income from bank deposits	3,545	1,783
Imputed interest on long-term rental deposits	424	354
	<u>3,969</u>	<u>2,137</u>
Finance costs		
Interest on bank borrowings	389	851
Interest on licence fees payable	22,602	24,361
Interest on lease liabilities	4,685	5,171
	<u>27,676</u>	<u>30,383</u>

8. Income Tax Charge

	Six months ended 30 June	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current income tax (<i>Notes</i>)		
Hong Kong Profits Tax	5,564	16,204
Non-Hong Kong tax	9,942	15,147
Under/(over)-provisions for prior year	2,913	(100)
Deferred income tax	1,722	1,987
	<u>20,141</u>	<u>33,238</u>

Notes:

- (i) The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2024: 16.5%) to the six months ended 30 June 2025.
- (ii) Taxation for subsidiaries outside Hong Kong is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

9. Earnings per Share

Basic earnings per share for the six months ended 30 June 2025 is calculated by dividing the profit attributable to equity shareholders of the Company of HK\$1,675,000 (2024: HK\$62,532,000) by the weighted average number of 272,775,684 (2024: 271,776,561) ordinary shares in issue for the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

Diluted earnings per share for the six months ended 30 June 2025 is calculated by dividing the profit attributable to equity shareholders of the Company of HK\$1,675,000 by the weighted average number of 275,577,537 ordinary shares (diluted) as calculated below:

	2025	2024
Weighted average number of ordinary shares in issue for the period	272,775,684	271,776,561
Effect of deemed issue of ordinary shares under the Company's share option scheme	<u>2,801,853</u>	<u>3,089,377</u>
Weighted average number of ordinary shares (diluted)	<u><u>275,577,537</u></u>	<u><u>274,865,938</u></u>

10. Dividends

- (a) Dividend payable to shareholders of the Company attributable to the interim period:

On 21 August 2025, the Board resolved not to declare an interim dividend for the six months ended 30 June 2025 (2024: HK\$0.06 per share, totalling HK\$16,356,000).

- (b) Dividend payable to shareholders of the Company attributable to the previous financial year:

The final dividend for the year ended 31 December 2024 of HK\$0.17 per share was approved by the shareholders at the Company's annual general meeting held on 24 June 2025, and was recognised as dividend payable of HK\$46,491,000 at 30 June 2025. The dividend was paid on 17 July 2025. There is a difference between the amount of final dividend disclosed in the 2024 annual financial statements and the above-mentioned amount of dividend payable at 30 June 2025 due to the increase in the number of issued shares at the relevant dividend record date following exercise of share options under the share option scheme of the Company.

11. Inventories

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Raw materials	141,922	74,862
Work-in-progress	213,994	159,291
Finished goods	475,307	517,785
Goods in transit	23,715	29,264
	<u>854,938</u>	<u>781,202</u>

Increases in raw materials and work-in-progress reflected seasonal requirements for the second half year shipments of the garment manufacturing segment.

12. Accounts Receivable and Bills Receivable

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Accounts receivable at amortised cost, net of loss allowance	375,893	330,538
Accounts receivable to be sold at fair value through other comprehensive income (recycling)	165,007	122,507
	<u>540,900</u>	<u>453,045</u>

12. Accounts Receivable and Bills Receivable (Continued)

At the end of the reporting period, the ageing of accounts receivable and bills receivable, based on the invoice date, is as follows:

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Less than 3 months	499,553	412,595
3 months to 6 months	33,694	36,551
Over 6 months	19,544	14,046
	<u>552,791</u>	<u>463,192</u>
<i>Less: Loss allowance</i>	<u>(11,891)</u>	<u>(10,147)</u>
	<u>540,900</u>	<u>453,045</u>

The majority of accounts receivable are with customers having an appropriate credit history and are on open account. The Group grants its customers credit terms mainly ranging from 45 days to 90 days (31 December 2024: 45 days to 90 days). All of the accounts receivable and bills receivable are expected to be recovered within one year.

The carrying amounts of the accounts receivable and bills receivable approximate their fair values. The maximum exposure to credit risk is the fair value of the above receivables. The Group does not hold any collateral as security.

As part of the Group's cash flow management, the Group may sell some of the accounts receivable to financial institutions under the customer's vendor financing programme before the accounts receivable are due for payment. The Group derecognises the accounts receivable sold on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties.

At 30 June 2025 and 31 December 2024, the fair value changes on accounts receivable at fair value through other comprehensive income (recycling) were insignificant and accordingly, no fair value changes were recognised in equity as fair value to other comprehensive income reserve.

13. Accounts Payable and Bills Payable

At the end of the reporting period, the ageing of accounts payable and bills payable, based on the invoice date, is as follows:

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Less than 3 months	267,182	289,622
3 months to 6 months	8,970	19,757
Over 6 months	24,476	19,633
	<u>300,628</u>	<u>329,012</u>

The majority of payment terms with suppliers are within 60 days. All of the accounts payable and bills payable are expected to be settled within one year or are on demand.

The carrying amounts of accounts payable and bills payable approximate their fair values.

14. Capital Commitments

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Contracted but not provided for in respect of property, plant and equipment	<u>38,670</u>	<u>–</u>

Capital commitments at 30 June 2025 mainly included commitments relating to a construction contract entered into on 2 April 2025 by a wholly-owned subsidiary of the Group with a contractor selected through tender for the construction of a new 3-storey logistics facility in the Hefei industrial compound of such subsidiary. The contract sum amounted to RMB45,139,583.50. Further details of the construction contract were disclosed in the Company's announcement dated 2 April 2025.

In this management discussion and analysis, we present the business review and a discussion on the financial performance of the Group for the six months ended 30 June 2025.

Overview

For the six months ended 30 June 2025, the Group recorded a profit attributable to equity shareholders of HK\$2 million compared to the profit of HK\$63 million for the six months ended 30 June 2024. The decrease in profit attributable to equity shareholders was mainly attributable to decline in revenue and profit of our garment manufacturing business due to the decrease in demand of certain customers amid the challenging and competitive market environment and the ongoing global trade uncertainties. Furthermore, the Group recorded a one-off gain of HK\$21 million on disposal of certain leasehold land use right and ancillary building in China in the first half of 2024 whilst no such gain was recorded in the first half of 2025.

Own Brands

In the first half of 2025, despite a soft market, C.P. Company continued to record profit performance with a stable revenue stream. In the reporting period, the brand's revenue increased by 1% at actual exchange rates. Wholesale revenue fell 4%, reflecting a correction in the markets that experienced highest growth in the recent years, such as the UK and France. Such decline was partially compensated by the encouraging sales increase in Eastern Europe, Spain and other European countries. Direct e-commerce reported stable revenue in the reporting period and remains as one of the growth tactics of the brand. The retail channel revenue delivered high double-digit growth, driven mainly by new full price and outlet store openings. At 30 June 2025, the brand operated twelve directly managed retail stores and outlets in the upmarket streets of London, Paris, Milan, Amsterdam, Cannes, Lyon, Hamburg and Riccione, as well as outlet locations in Serravalle, Mendrisio, Noventa di Piave and Metzingen. Our outlet stores continued to perform well, confirming that value for money remains key to consumers. In this first half year, the brand reported an increase in profit, attributable to the combined effect of the growth in gross profit and the reduction in marketing expenses and e-commerce and agency commissions; and was partially offset by an increase in shop expenses.

At 30 June 2025, our unique French concept premium ladies wear Cissonne had five stores located in Beijing China World Mall, Shanghai Jiu Guang, Nanjing Deji Plaza, Wuhan International Plaza and Shanghai Zhenning Road respectively. In the second half of the year, we will change the sales model of this brand, taking our own brand as the foundation, using online platforms as the venue, and attempting a pull-type operation model. We will determine target groups and products based on data to drive production, thereby reducing inventory and increasing sales flexibility.

Licensed Brands

The weak retail environment in China continued to affect the revenue of our licensed brands. Nautica's revenue dropped 8% in the first half of 2025 compared to the same period last year. Spyder's revenue was also down 26% in the first half of 2025 compared to the same period in 2024. In response to market challenges in the period, the Group further closed underperforming stores and adjusted store composition to create a healthy store base for both Nautica and Spyder. The drop in sales and lower than expected store performance had resulted in an increase in the losses of both Nautica and Spyder in the first half of 2025 compared to the same period last year. At 30 June 2025, Nautica had 70 directly managed retail stores and another 54 stores operated by partners (31 December 2024: 143 stores in total). Spyder operated 43 stores across China at 30 June 2025 (31 December 2024: 48 stores).

The Reebok China and Hong Kong businesses are primarily direct-to-consumer through mono-brand stores and e-commerce. Reebok's revenue fell 21% in the first half of 2025 compared to the same period in 2024 due to a weak consumer demand. During the reporting period, we closed underperforming stores and continued to impose stringent cost control on Reebok's operation. As a result, the operating loss of Reebok for the first half of 2025 was reduced compared to the same period last year. As mentioned in the Company's 2024 annual report, the Group had performed a strategic review of its licensed brands portfolio with a view to achieving the best allocation of resources across its licensed brands portfolio to support the long-term growth of the Group. As part of this review, the Group has been reviewing its Reebok business strategy to align it with the overall objective of the Group, which may include changes to or shortening of the licence term of the brand's current licensing arrangement. As of today, the Group remains as the licensee and operator for the distribution of Reebok branded products under the licence.

Garment Manufacturing

In the first half of the year, revenue and profit from our garment manufacturing business declined due to the decrease in demand of certain customers amid the challenging and competitive market environment and the ongoing global trade uncertainties. With our diversified production base, the Group has been working closely with our customers to monitor and manage the business headwinds. Our China and Thailand factories are serving our "premium business" for fashion and complicated outerwear products. Our "better business" factories in Vietnam and Myanmar allow us to stay competitive to support better tailoring products. Although there was a decline in customers' demand in the first half year, we saw increased orders for our Vietnam factory in the period. Furthermore, to mitigate the impact on our performance, the Group has continued executing measures to improve production efficiency and competitiveness through automation and streamlining operations.

Financial Highlights

	Note	First half 2025	First half 2024
Operating results (HK\$ million)			
Revenue		1,676	1,926
Gross profit		687	795
EBITDA		164	260
<i>Depreciation on right-of-use assets</i>	2	(55)	(63)
<i>Interest on lease liabilities</i>	2	(5)	(5)
<i>Amortisation of licence rights</i>	1	(26)	(29)
<i>Interest on licence fees payable</i>	1	(23)	(24)
<i>Depreciation on owned property, plant and equipment</i>		(31)	(43)
<i>Impairment losses of property, plant and equipment</i>		(5)	–
Income tax charge		(20)	(33)
Profit attributable to equity shareholders		2	63
Segment results (HK\$ million)			
Garment manufacturing EBITDA		84	138
<i>Depreciation on right-of-use assets</i>	2	(6)	(5)
<i>Interest on lease liabilities</i>	2	(1)	(1)
<i>Depreciation on owned property, plant and equipment</i>		(11)	(9)
Garment manufacturing results before tax		66	122
Brands business EBITDA		78	79
<i>Depreciation on right-of-use assets</i>	2	(46)	(54)
<i>Interest on lease liabilities</i>	2	(3)	(4)
<i>Amortisation of licence rights</i>	1	(26)	(29)
<i>Interest on licence fees payable</i>	1	(23)	(24)
<i>Depreciation on owned property, plant and equipment</i>		(16)	(30)
<i>Impairment losses of property, plant and equipment</i>		(5)	–
Brands business results before tax		(40)	(61)
Cash flow (HK\$ million)			
Cash used in operations		(82)	(183)
Income tax paid		(27)	(30)
Payment for the purchase of property, plant and equipment		(42)	(45)
Rental payments under capitalised leases	2	(66)	(80)
		At	At
		30 June	31 December
		2025	2024
Financial position (HK\$ million)			
Cash and bank balances		348	467
Bank borrowings		77	–
Total equity		1,307	1,256

Notes:

- Licence related amortisation and imputed interest on licence fees payable are non-cash items recognised in accordance with accounting policy for our long-term licences – Nautica, Spyder, Reebok and MASSIMO OSTI brand.
- Under HKFRS 16, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability and the depreciation on the right-of-use assets, instead of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. In the cash flow statement, the Group as a lessee is required to classify rentals paid under the capitalised leases as financing cash outflows.

Financial Review

Revenue

Total revenue of the Group for the first half of 2025 was HK\$1,676 million (2024: HK\$1,926 million), representing a 13% decrease compared to the same period in 2024.

Revenue from the brands business was HK\$880 million for the first half of 2025, representing a 8% decrease compared to HK\$953 million for the first half of 2024. Revenue of C.P. Company increased by 1% at actual exchange rates. Revenue of our licensed brands was affected by the weak consumer spending in China and decreased by 8% to 26% in the first half of 2025 compared to the same period last year.

Revenue from the garment manufacturing business for the period was HK\$796 million versus HK\$974 million for the same period in 2024. Revenue from the premium business factories, which accounted for 64% (2024: 69%) of the segment revenue, recorded a 24% decrease compared to the same period last year due to reduced demand from certain customers. Revenue from better business factories also dropped 4% against the first half of 2024.

Geographically, major markets of the Group are PRC, UK, Canada and Italy, which accounted for 29% (2024: 30%), 20% (2024: 22%), 15% (2024: 15%) and 11% (2024: 11%) of the Group's total revenue respectively. The change in proportion among different geographical markets in this half year was mainly due to decreased revenue from certain garment manufacturing customers and also from our licensed brands business in China.

The Group's business tends to be skewed towards the second half year mainly due to the seasonality effect for Fall/Winter and holiday seasons shipment for both our garment manufacturing and brands business. The Group expects that the pattern of a larger proportion of sales record in the second half year will continue with such order pattern from customers.

Gross Profit

In the first half of 2025, the Group recorded an overall gross profit of HK\$687 million (2024: HK\$795 million), representing a gross profit margin of 41.0% (2024: 41.3%). The decrease in gross profit was mainly attributable to the decreased turnover. The gross profit margin of the garment manufacturing business slightly decreased compared to the same period last year due to the change of customer revenue mix. The gross profit margin of our brands business as a whole improved slightly compared to the same period last year, mainly due to improved gross margin of C.P. Company which was partially offset by a drop in gross margin of our licensed brands. The Group's overall gross profit margin remained stable.

Other Net Gain

Other net gain in the first half of 2024 included a gain of HK\$21 million arising from the disposal of certain unused leasehold land use right and ancillary building in China. No such one-off item was recorded in this reporting period.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly retail shop expenses, advertising and promotion expenses, commissions to retail partners and sales agents and brand licence rights amortisation. Selling and distribution expenses decreased as compared to the same period in 2024 mainly due to lower retail partners commissions and shop expenses for our licensed brands; and reduced advertising and promotion expenses and e-commerce and agency commissions for C.P. Company.

General and Administrative Expenses

In the current period, the Group has controlled and reduced its general and administrative expenses. The reported general and administrative expenses in the current period were nevertheless higher than that of the same period last year, mainly due to a larger exchange gain in the first half of 2024.

Income Tax Charge

Income tax was charged on the profits of our garment manufacturing and C.P. Company businesses. Income tax charges decreased compared to the same period last year mainly due to the profit decline of our garment manufacturing business in this half year.

Segment Results

In the reporting period, our garment manufacturing business recorded a decrease in profit due to reduction in revenue. The loss of our brands business collectively has narrowed compared to the same period last year. C.P. Company recorded an increase in profit. Among our licensed brands, the operating loss of Nautica and Spyder increased while Reebok decreased.

Financial Resources and Liquidity

At 30 June 2025, cash and bank balances amounted to HK\$348 million (31 December 2024: HK\$467 million) which were mainly represented by United States dollars (“US dollars”), Renminbi and Euro bank deposits and balances.

The Group maintains sufficient banking facilities to support its business. At 30 June 2025, the Group had short-term bank borrowings of HK\$77 million (31 December 2024: Nil). Short-term bank borrowings were denominated in Hong Kong dollar at 30 June 2025 and bearing interest at fixed rates. As of 30 June 2025, bank deposits of HK\$12 million (31 December 2024: HK\$11 million) were pledged to secure bank facilities granted to the Group. Gearing ratio of the Group is calculated as net borrowings divided by total capital. Net borrowings are calculated as total bank borrowings less cash and bank balances, while total capital comprises total equity plus net borrowings. The Group did not have net borrowings at 30 June 2025 and 31 December 2024, and accordingly, no information on gearing ratio at those dates is provided.

For the cash flow, the Group used less cash in operation in this first half year mainly due to less inventory purchased in the first half of 2025 as compared to the same period last year.

Shareholders' equity at 30 June 2025 increased over 31 December 2024 mainly due to the favourable exchange difference on translating financial statements of subsidiaries outside Hong Kong, mainly from the sharp strengthening of Euro against Hong Kong dollar from April this year, partially reduced by the 2024 final dividend payable as approved at the annual general meeting of the Company held on 24 June 2025.

Most of the Group's receipts and payments are denominated in US dollars, Hong Kong dollars, Renminbi, Pound Sterling and Euro. The Group manages the related foreign exchange risk exposures by entering into forward foreign exchange contracts. During the period, the Group had forward foreign exchange contracts to hedge against the foreign exchange exposures arising from Pound Sterling sales receipts of a European subsidiary.

Contingent Liabilities and Capital Commitments

Capital commitments at 30 June 2025 as disclosed in Note 14 in this announcement, mainly included commitments relating to a construction contract entered into on 2 April 2025 by Hefei Tristate Garment Manufacturing Company Limited (合肥聯亞製衣有限公司) (“**Hefei Tristate**”), a wholly-owned subsidiary of the Group established in PRC, with a contractor selected through tender for the construction of a new 3-storey logistics facility on a piece of land owned by Hefei Tristate within its industrial compound in the Hefei Economic and Technological Development Area. The contract sum amounted to RMB45,139,583.50. The construction of this new logistics facility is of strategic significance to the Group as, upon completion, it will create synergies with other facilities in the existing Hefei industrial compound and will function as a distribution centre for the Group's brands business in PRC. Further details of the construction contract was disclosed in the announcement dated 2 April 2025 of the Company.

Apart from the above capital commitment, there were no other material capital commitments or contingent liabilities at 30 June 2025.

Human Resources

The Group had about 6,220 employees at 30 June 2025 (31 December 2024: 6,530). Fair and competitive remuneration packages and benefits are offered to employees. Those employees with outstanding performance are also awarded discretionary bonuses and share options.

Outlook

C.P. Company operates with a strong and resilient business foundation and solid brand equity and continued to demonstrate the capacity to deliver profit under challenging market conditions. In a generally soft market, the European wholesale environment continues to worsen with an increasing number of retailers withstanding financial difficulties or exiting from the market. We expect a further wholesale revenue decline in our existing mature markets, partially offset by the growth in Eastern Europe and Spain and new market opportunities in South America, Southeast Asia and the Middle East. In France, we are establishing a direct operation to regain control of the market. We aim to counterbalance the decline in wholesale through a focused, high-productivity direct-to-consumer strategy. Instead of pursuing aggressive expansion, we will focus on maximising the performance of the brand's existing physical and digital stores, improving its operational efficiency and increasing customer lifetime value. Our disciplined, data-driven approach will enable the brand to safeguard margins, strengthen its market position and remain agile in an unpredictable global retail landscape.

On our licensed brands business, we remain positive on our outdoor segment despite the overall weak retail environment in China. For Nautica and Spyder, we will continue to elevate brand image, expand new product lines and categories, increase sell-through and improve supply chain performance. We will also keep controlling the operating costs. Despite the prevailing market headwinds, growth opportunities within the online sphere remain identifiable. In the second half of the year, we will augment our investment in online channels to drive growth and intensify resources allocation to digital operations. Leveraging our data-driven promotion strategy, we aim to achieve more precise alignment between products and target consumer segments. To this end, the Group has established a dedicated digital marketing team to enhance execution efficacy. We will engage international brand ambassadors to strengthen brand equity, while expanding our product portfolio to deliver immersive lifestyle experiences to consumers. For Reebok, the Group will execute business strategy which aligns with the objective of the Group.

Our garment manufacturing business recorded a decline in revenue and profit in the first half of 2025. Looking into the second half of the year, challenging economic and global trade environment, slowdown in demand as well as strong competition will continue to impact our customers and our garment manufacturing business. To remain competitive and flexible, we will continue to streamline our operations and improve efficiency. Our diversified production base, unique production system together with flexible supply chain will enable us to work closely with our customers to navigate the headwinds.

The remainder of 2025 would remain challenging. Nonetheless, we will continue to maintain a prudent and focused approach in our business. We expect our own brand C.P. Company and our garment manufacturing business will continue with their solid performance. We will strive to improving the performance of our licensed brands in China. The Group is dedicated to continually strengthening its capability to strive for the long-term success of our business. The Group has adequate cash and available bank credit facilities to finance working capital and operational requirements. The Group will keep a firm grip on operating costs. We will continue to focus on operational efficiency improvement, brand innovation and product optimisation to strengthen the Group's competitiveness and drive long-term value creation and sustainable long-term growth of the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2025, the Company had applied the principles and complied with all the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules, except for the deviation from code provision C.2.1.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the six months ended 30 June 2025 and up to the date of this announcement, Mr. WANG Kin Chung, Peter is the Chairman of the Board and the Chief Executive Officer, which constitutes a deviation from the said code provision C.2.1. Mr. WANG Kin Chung, Peter has been with the Group since 1999 and has extensive experience in the garment industry. He leads the Board in formulating the overall strategic planning and promoting the business development of the Group. The Board considers that it is in the interest of the Group to have Mr. WANG Kin Chung, Peter to hold both the offices of the Chairman of the Board and the Chief Executive Officer so that the Board can enjoy the benefit of a chairman who is knowledgeable about the business of the Group and capable of guiding discussions and briefing the Board in a timely manner on key issues and developments.

Details of the corporate governance practices adopted by the Company were set out in the corporate governance report of the 2024 annual report of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2025 (2024: HK\$0.06 per share).

AUDIT COMMITTEE’S REVIEW OF FINANCIAL STATEMENTS

The condensed consolidated interim financial statements and the interim report of the Company for the six months ended 30 June 2025 have been reviewed by the audit committee of the Company in conjunction with the management of the Group.

On behalf of the Board
WANG Kin Chung, Peter
Chairman and Chief Executive Officer

Hong Kong, 21 August 2025

At the date of this announcement, the Board comprises one Executive Director, namely Mr. WANG Kin Chung, Peter; three Non-Executive Directors, namely Ms. WANG KOO Yik Chun, Ms. MAK WANG Wing Yee, Winnie and Dr. WANG Shui Chung, Patrick; and four Independent Non-Executive Directors, namely Mr. LO Kai Yiu, Anthony, Mr. James Christopher KRALIK, Mr. Peter TAN and Professor Chen LIN.