



MATRIX

Matrix Holdings Limited
美力時集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 1005

20
25
INTERIM
REPORT

Our Mission

- **Enhance customer satisfaction** through delivery of high quality products that meet **world safety standard**
- Be a **socially responsible employer** by providing **safe and pleasant** working environment to workers
- Be **environmentally responsible** in all its manufacturing processes through **recycling** and **adherence** to international environmental protection laws
- Optimise shareholders' return by pursuing **business growth, diversification** and **productivity enhancement**

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Cheng Yung Pun (*Chairman*)

Cheng King Cheung

Cheng Kin Cheong

(appointment effective 25 August 2025)

Yip Hiu Har

Shirley Marie Price

Independent Non-executive Directors

Heng Victor Ja Wei

Mak Shiu Chung, Godfrey

Chui Ka Hing

AUDIT COMMITTEE & REMUNERATION COMMITTEE

Heng Victor Ja Wei (*Chairman*)

Mak Shiu Chung, Godfrey

Chui Ka Hing

NOMINATION COMMITTEE

Cheng Yung Pun (*Chairman*)

Heng Victor Ja Wei

Mak Shiu Chung, Godfrey

Chui Ka Hing

COMPANY SECRETARY

Lai Mei Fong

AUDITOR

Crowe (HK) CPA Limited

Registered Public Interest Entity Auditors

9/F Leighton Centre,

77 Leighton Road,

Causeway Bay, Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

SHARE REGISTRAR

Appleby Global Corporate Services (Bermuda) Limited

Cannon's Court, 22 Victoria Street,

PO Box HM 1179, Hamilton

HM EX

Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited

17/F, Far East Finance Centre,

16 Harcourt Road,

Hong Kong

PRINCIPAL PLACE OF BUSINESS

Unit 01, 10/F., Railway Plaza,

39 Chatham Road South,

Tsim Sha Tsui,

Kowloon, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

WEBSITE

www.irasia.com/listco/hk/matrix/index.htm

STOCK CODE

1005 (Main Board of The Stock Exchange of
Hong Kong Limited)

Result Highlights

FINANCIAL HIGHLIGHTS			
	Six months ended 30 June		
	2025	2024	% Change
Revenue (HK\$'000)	238,025	194,250	22.5%
EBITDA/(LBITDA) (HK\$'000) ⁽¹⁾	4,565	(55,792)	108.2%
Loss attributable to owners of the Company (HK\$'000)	(12,240)	(84,008)	-85.4%
Basic loss per share (HK cents)	(1.62)	(11.11)	-85.4%
Interim dividend, declared (HK cents)	1	1.5	33.3%
Gross profit margin ratio (%)	38.1%	38.6%	-1.3%

The board (the "Board") of directors (the "Directors") of Matrix Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024.

For the six months ended 30 June 2025, the Group's consolidated revenue increased by approximately HK\$43,775,000 or 22.5% to approximately HK\$238,025,000 from approximately HK\$194,250,000 for the corresponding period of last period. The loss attributable to the owners of the Company was approximately HK\$12,240,000, reflecting a decrease of 85.4% from last corresponding period's loss of approximately HK\$84,008,000.

The Group's overall revenue for the first half of 2025 was primarily driven by expanded market penetration and stronger demand in the US market. The successful launch of new product offerings, along with the enhancement of sales channels contributed to increased sales volumes. Additionally, the introduction of product lines tailored specifically to US consumer preferences further boosted sales. The Group experienced favorable market conditions in the first quarter of 2025, benefiting from increased consumer spending and accelerated customer orders ahead of the U.S. tariff implementation. However, beginning in the second quarter of 2025, the U.S. market encountered significant difficulties due to the looming tariffs on imports. The tariff environment has created substantial uncertainty and cost pressures in the market, and we will continue to closely monitor the developments.

The decrease in loss attributable to the owners of the Company was driven by increased sales for the period under review alongside enhanced operational efficiencies and effective cost management initiatives. The Group implemented stringent cost control measures, streamlined its supply chain, and curtailed discretionary spending, which collectively helped to offset inflationary pressures. Additionally, the increased revenue base facilitated better absorption of fixed costs, further lowering the overall loss. The Group also benefited from favorable foreign exchange fluctuations compared to the prior period. Strategic initiatives, including improved inventory management, enabled the Group to capitalize on opportunities arising from rapid technological advancements. By optimizing production technology and capacity, simplifying business processes, and exercising prudent control over operating costs, the Group strengthened its financial performance.

For the six months ended 30 June 2025, the US continued to be the largest customer market of the Group, which accounted for approximately 68.6% of the Group's total revenue (2024: 63.0%). The other significant customer markets for the Group included Europe, Canada, Australia and New Zealand, which accounted for approximately 15.5% (2024: 16.5%), 10.4% (2024: 10.6%) and 3.7% (2024: 6.0%) of the Group's total revenue respectively.

Note 1: EBITDA/(LBITDA) represents the EBITDA/(LBITDA) of the Company and subsidiary companies. EBITDA/(LBITDA) is defined as earnings/(loss) before interest, taxation, depreciation and amortisation. Information concerning EBITDA/(LBITDA) has been included in the Group's financial information. The Group considers EBITDA/(LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA/(LBITDA) is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA/(LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA/(LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	4	238,025	194,250
Cost of sales		(147,394)	(119,325)
Gross profit		90,631	74,925
Other income		1,171	7,016
Other gains or losses		25,520	2,507
Distribution and selling costs		(58,873)	(76,933)
Administrative expenses		(65,731)	(79,226)
Research and development costs		(1,124)	(10,586)
Finance costs		(3,238)	(2,126)
Loss before tax		(11,644)	(84,423)
Income tax expense	5	(227)	(96)
Loss for the period	6	(11,871)	(84,519)
Other comprehensive loss for the period, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(23,455)	(11,125)
Total comprehensive loss for the period, net of tax		(35,326)	(95,644)
Loss for the period attributable to:			
Owners of the Company		(12,240)	(84,008)
Non-controlling interests		369	(511)
		(11,871)	(84,519)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(34,591)	(95,133)
Non-controlling interests		(735)	(511)
		(35,326)	(95,644)
Loss per share attributable to owners of the Company for the period (expressed in HK cents per share)			
Basic loss per share	8	(1.62)	(11.11)
Diluted loss per share	8	(1.62)	(11.11)

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	Note	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	73,638	81,283
Right-of-use assets		80,734	38,995
Deposits	10	89,690	109,573
		244,062	229,851
Current assets			
Inventories		294,333	307,751
Trade and bills receivables	10	112,643	77,591
Prepayments, deposits and other receivables	10	22,652	19,296
Current tax assets		1,939	1,939
Fixed bank deposits with maturity over three months		–	899
Bank and cash balances		46,085	56,834
		477,652	464,310
Current liabilities			
Trade payables	11	28,460	27,007
Accruals and other payables	11	70,604	77,421
Contract liabilities		4,983	3,471
Bank borrowings	14	1,169	5,242
Lease liabilities		16,164	10,552
Amount due to directors	12	42,495	2,904
Current tax liabilities		9,497	9,497
		173,372	136,094
Net current assets		304,280	328,216
Total assets less current liabilities		548,342	558,067
Non-current liabilities			
Lease liabilities		94,927	61,746
Deferred tax liabilities		1,740	1,759
		96,667	63,505
NET ASSETS		451,675	494,562
Capital and reserves			
Share capital	13	75,620	75,620
Reserves		389,241	431,393
Equity attributable to owners of the Company		464,861	507,013
Non-controlling interests		(13,186)	(12,451)
TOTAL EQUITY		451,675	494,562

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	(Unaudited) Attributable to owners of the Company						Non-	Total
	Share	Share	Other	Translation	Retained	Total	controlling	
	capital HK\$'000	premium HK\$'000	reserves HK\$'000	reserve HK\$'000	profits HK\$'000	HK\$'000	interests HK\$'000	HK\$'000
Balance at 1 January 2025 (audited)	75,620	189,090	(150)	(92,216)	334,669	507,013	(12,451)	494,562
Total comprehensive loss for the period	-	-	-	(22,350)	(12,240)	(34,590)	(735)	(35,325)
Dividends paid (Note 7)	-	-	-	-	(7,562)	(7,562)	-	(7,562)
Changes in equity for the period	-	-	-	(22,350)	(19,802)	(42,152)	(735)	(42,887)
Balance at 30 June 2025 (unaudited)	75,620	189,090	(150)	(114,566)	314,867	464,861	(13,186)	451,675

	(Unaudited) Attributable to owners of the Company							Non-	
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Shareholders' contribution <i>HK\$'000</i> (Note)	Other reserves <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2024 (audited)	75,620	189,090	21,028	(150)	(68,097)	646,243	863,734	(12,504)	851,230
Total comprehensive loss for the period	–	–	–	–	(11,125)	(84,008)	(95,133)	(511)	(95,644)
Dividends paid (Note 7)	–	–	–	–	–	(22,686)	(22,686)	–	(22,686)
Changes in equity for the period	–	–	–	–	(11,125)	(106,694)	(117,819)	(511)	(118,330)
Balance at 30 June 2024 (unaudited)	75,620	189,090	21,028	(150)	(79,222)	539,549	745,915	(13,015)	732,900

Note:

The shareholders' contribution represented the deemed contribution arising from the loan from ultimate holding company which is non-current and interest-free.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in Operating Activities	(26,288)	(48,231)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,909)	(21,514)
Proceeds from disposal of property, plant and equipment	1,296	244
Decrease in the bank deposits with maturity over three months	899	–
Interest received	385	1,016
Net cash used in Investing Activities	(1,329)	(20,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(3,238)	(2,126)
Increase in amount due to directors	39,591	6,240
Dividends paid	(7,562)	(22,686)
Proceeds from new bank borrowings	2,858	–
Repayments of bank borrowings	(6,931)	(923)
Repayments of lease liabilities	(7,850)	(8,729)
Net cash generated from/(used in) Financing Activities	16,868	(28,224)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,749)	(96,709)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	56,834	181,202
CASH AND CASH EQUIVALENTS AT 30 JUNE	46,085	84,493

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

1. GENERAL INFORMATION

The principal activity of Matrix Holdings Limited (the “Company”) is investment holding.

The Company and its subsidiaries (collectively referred to as the “Group”), are principally engaged in the manufacturing and trading of toys and lighting products.

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated financial statements are presented in thousands of Hong Kong dollar (“HK\$’000”), unless otherwise stated.

This condensed consolidated financial statements were approved for issue on 26 August 2025. This condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The Group incurred a loss of HK\$11,871,000 for the six months ended 30 June 2025 and the bank deposits, bank and cash balances decreased by HK\$11,648,000 from HK\$57,733,000 as at 31 December 2024 to HK\$46,085,000 as at 30 June 2025. In view of such circumstances, the directors have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. For the six months ended 30 June 2025, the ultimate controlling party Mr. Cheng Yung Pun (“Mr. Cheng”) provided a financial support to the Group to enable the Group to meet its liabilities and financial obligations as and when they fall due and continue its business as a going concern basis in the next 15 months from 30 June 2025. As at 30 June 2025, Mr. Cheng advanced a total of HK\$38,000,000 to the Group for working capital. Taking into account of the financial support from Mr. Cheng, the directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

3. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2024.

Except as described below, the accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2024.

Application of amendments to HKFRSs

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions 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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

4. SEGMENT INFORMATION

The operating segments of the Group are determined based on information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purpose of resources allocation and performance assessment. The executive directors consider the business from a product and service perspective. The executive directors considered that the Group principally engaged in two different operating and reportable segments which are subjected to different business risks and different economic characteristics and changed its internal reporting structure. The Group now grouping the toys and lighting operating segment which is previously determined based on geographic location of customers into a single reportable operating segment of manufacturing, the corresponding information for the six months ended 30 June 2024 was restated accordingly. The two reportable operating segments are as follows:

Manufacturing – Manufacture and sales of toys and lighting products

Property development – Development of properties for sale

The executive directors of the Company considered the operating activities of manufacturing and sales of toys and lighting products as a single operating segment.

For the purpose of monitoring segment performances and allocating resources between segments:

- Segment profits or losses do not include other income, other gains and losses, central administrative costs, directors' emoluments, finance costs and income taxes;
- Segment assets do not include current tax assets and other corporate assets which are managed on a central basis; and
- Segment liabilities do not include deferred tax liabilities, current tax liabilities and other corporate liabilities.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment based on the geographic location of customers:

For the six months ended 30 June 2025 (unaudited)

	Manufacturing HK\$'000	Property development HK\$'000	Consolidated HK\$'000
Revenue from external customers	238,025	–	238,025
Segment results	(33,326)	–	(33,326)
Unallocated other income			1,171
Unallocated other gains or losses			25,520
Unallocated corporate expenses			(1,771)
Finance costs			(3,238)
Loss before tax			(11,644)

For the six months ended 30 June 2024 (restated)

	Manufacturing HK\$'000	Property development HK\$'000	Consolidated HK\$'000
Revenue from external customers	194,250	–	194,250
Segment results	(72,489)	–	(72,489)
Unallocated other income			7,016
Unallocated other gains or losses			4,111
Unallocated corporate expenses			(20,935)
Finance costs			(2,126)
Loss before tax			(84,423)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

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

At 30 June 2025

	Manufacturing HK\$'000	Property development HK\$'000	Consolidated HK\$'000
ASSETS			
Segment assets	486,357	231,599	717,956
Unallocated assets			
– Current tax assets			1,939
– Other corporate assets			1,819
Total assets			721,714
LIABILITIES			
Segment liabilities	256,898	12	256,910
Unallocated liabilities			
– Deferred tax liabilities			1,740
– Current tax liabilities			9,497
– Other corporate liabilities			1,892
Total liabilities			270,039

At 31 December 2024

	Manufacturing HK\$'000	Property development HK\$'000	Consolidated HK\$'000
ASSETS			
Segment assets	435,715	253,682	689,397
Unallocated assets			
– Current tax assets			1,939
– Other corporate assets			2,825
Total assets			694,161
LIABILITIES			
Segment liabilities	187,377	7	187,384
Unallocated liabilities			
– Deferred tax liabilities			1,759
– Current tax liabilities			9,497
– Other corporate liabilities			959
Total liabilities			199,599

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

The Group's operations are located in Hong Kong, Vietnam, The United states of America, Canada, Europe, the PRC, Australia, Mexico and other countries.

Information about the Group's revenue is presented on the geographical locations of the customers and information about the Group's non-current assets is presented based on the geographical locations of the assets:

	Revenue from external customers		Non-current assets	
	Six months ended 30 June,		30 June,	31 December,
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	–	–	463	754
Vietnam	–	–	154,072	184,334
The United States of America	163,316	122,352	44,431	12
The PRC	–	–	27,984	28,748
Europe	36,848	32,019	10,007	10,202
Canada	24,697	20,572	110	–
Australia	8,740	11,326	1,142	1,327
South America	606	1,591	–	–
Mexico	3,460	3,292	–	–
Other countries	358	3,098	–	–
	238,025	194,250	238,209	225,377

Note: The above non-current assets excluded deferred tax assets and rental and other deposits.

(d) Information about major customers:

For the six months ended 30 June 2025, there are 2 customers (2024: 2 customers) in the United States of America with revenue amounted to approximately HK\$63,265,000 (2024: HK\$56,967,000) and HK\$47,560,000 (2024: HK\$23,929,000), contributing to approximately 26.6% and 20.0% (2024: 29.3% and 12.3%) of the total revenue of the Group. There is no other single customer contributing over 10% of the total revenue of the Group. The revenue was derived from sales of toys from the manufacturing segment.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Current tax:		
Hong Kong	–	–
Other jurisdictions	227	96
Income tax expense	227	96

- Under the two tiered profits tax regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two tiered profits tax regime will continue to be taxed at a flat rate of 16.5%.
- The applicable tax rates for subsidiaries operating in Vietnam is 10.0% to 20.0% for the six months ended 30 June 2025 (2024: 10.0% to 20.0%).
- The applicable US enterprise income tax rate for subsidiaries operating in the United States is 21% (2024: 21%) for the period.

6. LOSS FOR THE PERIOD

Certain expenses included in cost of sales, distribution and selling costs, administrative expenses, research and development costs and other gains or losses are analysed as follows:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Auditor's remuneration	2,850	2,585
Depreciation of property, plant and equipment	9,112	15,918
Depreciation of right-of-use assets	3,859	10,587
Short-term lease expenses	3,919	6,163
Net exchange gain	(25,438)	(601)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

7. DIVIDEND

A final dividend of HK\$7,562,000 that relates to the year ended 31 December 2024 was paid in June 2025 (2024: HK\$Nil).

On 26 August 2025, the board of directors has resolved to declare an interim dividend of HK1 cent per share (2024: HK4.5 cents per share), which is payable on 26 September 2025 to shareholders who are on the register at 11 September 2025. This interim dividend has not been recognised as a liability in these condensed consolidated financial statements. It will be recognised in shareholders' equity in the year ending 31 December 2025.

8. LOSS PER SHARE

Basic and diluted loss per share are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company	(12,240)	(84,008)
Number of shares		
Weighted average number of ordinary shares in issue	756,203,000	756,203,000

The diluted loss per share for the six months ended 30 June 2025 and 2024 is the same as loss per share as there were no potential dilutive shares during the period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

9. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) HK\$'000
Six months ended 30 June 2025	
Net book value as at 1 January 2025	81,283
Additions	3,909
Disposal	(4,989)
Depreciation	(9,112)
Exchange realignment	2,547
Net book value as at 30 June 2025	73,638
	(Unaudited) HK\$'000
Six months ended 30 June 2024	
Net book value as at 1 January 2024	119,518
Additions	21,514
Disposal	(144)
Depreciation	(15,918)
Exchange realignment	(5,246)
Net book value as at 30 June 2024	119,724

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

10. TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade and bills receivables – contract with customers	119,682	81,892
Less: allowance for doubtful debts	(7,039)	(7,191)
	112,643	74,701
Other receivables, deposits and prepayments	112,342	128,869
Less: Non-current portion	(89,690)	(109,573)
	22,652	19,296

The Group allows a credit period of 30 to 90 days to its customers. The ageing analysis of trade and bills receivables based on the invoice date, and net of allowance is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
0–60 days	72,146	53,338
61–90 days	12,500	8,146
More than 90 days	27,997	16,107
	112,643	77,591

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

11. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade payables	28,460	27,007
Other payables and accruals	70,604	77,421
	99,064	104,428

The ageing analysis of the trade payables based on invoice date is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
0–60 days	16,187	18,517
61–90 days	4,741	5,897
More than 90 days	7,532	2,593
	28,460	27,007

12. AMOUNT DUE TO DIRECTORS

The amount due to directors is unsecured, non-interesting bearing and repayable on demand.

13. SHARE CAPITAL

	Ordinary shares of HK\$0.1 each Number of shares (in thousands)	Share capital HK\$'000
Ordinary shares, issued and fully paid: At 1 January 2025 and 30 June 2025	756,203	75,620
At 1 January 2024 and 30 June 2024	756,203	75,620

The total authorised number of ordinary shares are 1,000 million shares (2024: 1,000 million shares) with a par value of HK\$0.1 per share (2024: HK\$0.1 per share). All issued shares are fully paid.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

14. BANK BORROWINGS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Bank loan	1,169	2,352
Bank borrowings from factoring of bills receivables	–	2,890
	1,169	5,242

The carrying amounts of the Group's bank borrowings are denominated in HK\$. Movements in bank borrowings are analysed as follows:

	(Unaudited) HK\$'000
Six months ended 30 June 2025	
Opening balance as at 1 January 2025	5,242
Additions of bank borrowings	2,858
Repayments of bank borrowings	(6,931)
Closing balance as at 30 June 2025	1,169

	(Unaudited) HK\$'000
Six months ended 30 June 2024	
Opening balance as at 1 January 2024	4,234
Repayments of bank borrowings	(923)
Closing balance as at 30 June 2024	3,311

As at 30 June 2025, the effective interest rate of the bank borrowing was 6.35% (31 December 2024: 5.95%) per annum.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025

15. CAPITAL COMMITMENTS

As at 30 June 2025, the capital commitments contracted but not provided for in the condensed consolidated interim financial information of the Group were HK\$289,000 (31 December 2024: HK\$737,000).

16. RELATED-PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had entered into the following transactions and balance with its related parties during the period.

The remunerations of directors and other members of key management in respect of the period are as follows:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits	6,732	5,741

Interim Dividend

The Directors had resolved to declare an interim dividend of HK1 cent (2024: HK4.5 cents) in cash per share for the six months ended 30 June 2025, payable to shareholders whose names appear on the Register of Members of the Company on 11 September 2025.

The record date for the purpose of determining the shareholders which are entitled to dividend is 11 September 2025. In order to qualify for the interim dividend, all transfers and relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on 11 September 2025. The interim dividend will be paid on or around 26 September 2025.

Management Discussion & Analysis

For the six months ended 30 June 2025, the Group's consolidated revenue increased by approximately HK\$43,775,000 or 22.5% to approximately HK\$238,025,000 from approximately HK\$194,250,000 for the corresponding period of last year. The loss attributable to the owners of the Company was approximately HK\$12,240,000, reflecting a decrease of 85.4% from last corresponding period's loss of approximately HK\$84,008,000.

The Group's overall revenue increased due to the growth driven by increased market penetration and robust demand within the US market. The successful launch of new product lines, alongside improvements in sales channels contributed to increased sales volumes. Additionally, the introduction of products tailored specifically to US consumer preferences further boosted sales. The Group also benefited from favorable market conditions, such as elevated consumer spending during the first quarter of 2025, prior to the implementation of US tariffs, and was further supported by accelerated customer orders placed in anticipation of these tariffs. However, in the second quarter of 2025, the Group faced adverse effects due to a slight delay in certain customers placing orders, which was caused by the threat of US imposing tariffs on Vietnamese imports.

The Group capitalized on the opportunities arising from rapid technological advancements by optimizing production technology and capacity, streamlining business processes, and exercising prudent control over operating costs.

Management Discussion & Analysis (Continued)

FINANCIAL REVIEW

Revenue

Revenue of the period recorded approximately HK\$238,025,000, increased by 22.5% from last corresponding period as primarily driven by expanded market penetration and stronger demand in the US market. The successful launch of new product offerings, along with the enhancement of sales channels contributed to increased sales volumes. Additionally, the introduction of product lines tailored specifically to US consumer preferences further boosted sales.

Gross profit

The Group's gross profit for the period increased by approximately 21.0% to approximately HK\$90,631,000, which was in line with the increase in sales.

Other gains or losses

Other gains or losses primarily represents the net exchange gain of HK\$25,438,000 for the current period.

Distribution and selling costs

Distribution and selling costs decreased by approximately 23.5% to approximately HK\$58,873,000 for the period. The decrease was mainly attributable to the decrease in advertising expenses.

Administrative expenses

Administrative expenses for the period decreased by approximately 17.0% to approximately HK\$65,731,000, which mainly consisted of office staff salaries, rent and rates of offices, depreciation of property, plant and equipment and other administrative expenses.

Finance costs and income tax

Finance costs of the period increased by approximately 52.3% to approximately HK\$3,238,000 as compared to last period due to the increase in the interest of lease liabilities. Income tax expense for the period recorded approximately HK\$227,000 as compared to income tax expense of approximately HK\$96,000 of last period due to the increase in tax expense.

Management Discussion & Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Trade and bills receivables, prepayment, deposits and other receivables

Trade and bills receivables of the period increased by approximately 45.2% to approximately HK\$112,643,000 as compared to last period, mainly attributed from the increase in sales. Prepayment, deposit and other receivables increased by approximately 17.4% to approximately HK\$22,652,000, due to the increase in other deposits paid.

Trade payables, accruals and other payables

Trade payables of the period increased by approximately 5.4% to approximately HK\$28,460,000 as compared to last period, mainly due to the expansion of our trading business. Accruals and other payables decreased by approximately 8.8% to approximately HK\$70,604,000, due to the decrease in accrued employee benefit expenses and other payables and accruals.

Quick Ratio

The quick ratio of the period was similar to last period.

Current Ratio

The current ratio of the period was similar to last period.

Financial position and cash flows review

The Group's cash flow position was healthy and the bank borrowings were maintained at a minimum level.

Liquidity and financial resources

As at 30 June 2025, the Group had bank and cash balances of approximately HK\$46,085,000 (31 December 2024: HK\$57,733,000). As at 30 June 2025, the Group obtained banking facilities in a total of approximately HK\$70,000,000 (31 December 2024: HK\$70,000,000), which was mainly supported by a corporate guarantee.

As at 30 June 2025, the Group had bank borrowings of HK\$1,169,000 (31 December 2024: HK\$5,242,000).

The Group's gearing ratio, representing the total of bank borrowings, amount due to directors and lease liabilities, divided by equity attributable to owners of the Company, was 34.3% (31 December 2024: 16.3%), higher than last period.

During the period, net cash used in operating activities amounted to approximately HK\$26,288,000 (31 December 2024: net cash used in HK\$60,759,000). The Group has maintained an adequate level of cash flows for its business operations and capital expenditures.

Management Discussion & Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Capital expenditure and commitments

During the period, the Group acquired property, plant and equipment at a cost of approximately HK\$3,909,000 (31 December 2024: HK\$21,514,000) for the facilities. These capital expenditures were financed primarily by internal fund.

Assets and liabilities

At 30 June 2025, the Group had total assets of approximately HK\$721,714,000 (31 December 2024: HK\$694,161,000), total liabilities of approximately HK\$270,039,000 (31 December 2024: HK\$199,599,000) and equity attributable to owners of the Company of approximately HK\$464,861,000 (31 December 2024: HK\$507,013,000). The net assets of the Group decreased by 8.7% to approximately HK\$451,675,000 as at 30 June 2025 (31 December 2024: HK\$494,562,000).

Significant Investment and Acquisition

There was no significant investment and acquisition for the period ended 30 June 2025.

Significant Disposal/Important Event

There was no significant disposal/important corporate event for the period ended 30 June 2025.

Exchange rate risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. Certain bank balances, trade receivables and trade payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

BUSINESS REVIEW

In 2025, the U.S. economy is experiencing reduced government expenditure, and disruptions caused by tariff-related trade issues. Elevated tariffs on imports from countries including Vietnam have created economic uncertainty that hampers business planning. Consumer spending is notably softening, particularly on essentials such as food and vehicles, as rising prices erode purchasing power. The labor market is negatively impacted by slower job growth and a projected rise in unemployment, partly due to federal workforce reductions. Fiscal challenges, including government spending cuts and a large federal deficit, add to the prevailing economic uncertainty.

Despite the uncertainty, sales of Original Brand Manufacturing ('OBM') products like 'Fart Ninjas,' 'Might Fleet,' and 'Gazillion,' as well as Original Design Manufacturing ('ODM') products such as 'CAT' and 'SpongeBob SquarePants,' have increased, offsetting declines in sales of some OBM products like 'Furlings,' 'Crushie Fluffies,' 'Bright Fairy Friends,' girl toy series products, lighting products and ODM brand 'TEENAGE MUTANT NINJA TURTLES' product. The Group has effectively adapted to these evolving market conditions by focusing on customer-centric product innovation and enhancing after-sales services, which has boosted customer retention and repeat purchases. Although challenges like inflationary pressures, the Group's proactive and agile strategies have helped mitigate negative impacts and improve profitability for the six months ended June 30, 2025. Notably, sales growth in the ODM brand 'CAT' and OBM brand 'Fart Ninjas' and 'Gazillion' helped to offset declines elsewhere.

In response to these challenges, the Group concentrated on maintaining customer loyalty in North America and Canada by enhancing product offerings and optimizing inventory management. The Group remains committed to its core brand strategies and has launched new marketing campaigns for brands including 'CAT' and 'Fart Ninjas'. To further address market challenges and broaden its portfolio, the Group introduced new licensed ODM products such as 'SpongeBob SquarePants' alongside OBM product like 'Burp Zombies'. Concurrently, the Group is implementing cost control initiatives and advancing automation. Despite the difficult operating environment, the Group continues to maintain a financially prudent approach.

The Group's primary manufacturing facility is located in Vietnam. Leveraging its strong industry position and expansion plans in the country, the Group has restructured plant operations and enhanced supply chain efficiency, resulting in reduced production costs. To boost competitiveness, the Group has increased production capacity and improved quality through localized production and management practices, complemented by automation advancements within its manufacturing processes.

Management Discussion & Analysis (Continued)

BUSINESS REVIEW (CONTINUED)

Property Development

The Company has strategically strengthened its footprint in Vietnam by acquiring land in Danang City through its subsidiary. This move supports the Group's broader strategy to diversify and tap into Vietnam's expanding property market. By leveraging its established presence and management expertise in the region, the Company aims to seize opportunities in property development, thereby expanding its asset portfolio and income streams.

After carefully evaluating various factors in Vietnam, including market conditions and resource availability, the Group continues to pursue property development in 2025.

Environmental Protection

The Group believes that maintaining a healthy and harmonious relationship with its stakeholders and fulfilling its social responsibilities to the community is essential for building and preserving the value of the Group. Adhering to the principles of Reducing, Recycling and Reusing, the Group encourages green office practices such as double-sided printing and copying, setting up recycling bins, promoting usage of recycled paper and reducing energy consumption by switching off lightings and electrical appliances when not in use, and will consider implementing further eco-friendly measures and practices which become an integral part of the Group's operation and businesses.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board and internal audit function team delegated by the Board monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. In accordance with the requirements of the laws, regulations and related policies in Hong Kong, the PRC, Vietnam and other relevant jurisdictions, the Group provides and maintains statutory benefits for its staff, including but not limited to mandatory provident fund, basic medical insurance, labour insurance, etc. Staff is entitled to statutory holidays. The Group has registered its products, domain name and trademarks in Hong Kong, the PRC and other relevant jurisdictions and takes all appropriate actions to protect and enforce its intellectual property rights.

Relationship with Employees, Customers and Suppliers

The Group acknowledges that employees, customers and business partners are crucial to its sustainable growth. The Group is hence committed to building up close and caring relationship with its employees, providing excellent service to its customers and enhancing partnership with its business partners.

Prospects

The U.S. economy in 2025 confronts slowed growth, persistent inflation fueled in part by tariffs, a softening labor market, fiscal constraints, and elevated risks amid ongoing policy and trade uncertainties. Recent steps by the U.S. administration to negotiate tariff resolutions with various countries have alleviated some of the tariff-related uncertainties. Against this backdrop, the Group plans to focus on innovation and licensed products. Companies that adapt to these trends and challenges are likely to thrive in a competitive landscape. To navigate global economic and geopolitical uncertainties, the Group will implement a flexible strategy to broaden its product offerings and deepen customer engagement. The Group will also manage our financial resources and cash reserves prudently to enhance our resilience against challenging business conditions.

From a manufacturing perspective, we will continue to invest in automation to improve efficiency and create long-term value for our shareholders.

Number of Employees and Remuneration Policies

As at 30 June 2025, the Group had a total of approximately 2,200 (31 December 2024: 2,200) employees in Hong Kong, the PRC, Vietnam, Australia, the US, Canada, Mexico and Europe. The Group provides its employees with competitive remuneration packages commensurate to the level of pay established by the market trend in comparable businesses. A mandatory provident fund scheme and respective local retirement schemes also had been set up by our Group.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Specified Undertaking of the Company or Any Other Associated Corporation

As at 30 June 2025, the interests and short positions of the Directors and chief executives and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of the Listing Companies were as follows:

LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY

Ordinary Shares of HK\$0.10 each of the Company

Name of Director/ chief executive officer		Personal Interests	Family Interests	Corporate Interests (Note 1)	Other Interests	Total	% of the issued share capital of the Company
Cheng Yung Pun (Director)	Long position	–	–	538,573,569	–	538,573,569	71.22%
Cheng King Cheung (Director)	Long position	22,112,000	–	–	–	22,112,000	2.92%
Yip Hiu Har (Director)	Long position	350,000	–	–	–	350,000	0.05%
Shirley Marie Price (Director)	Long position	88,000	–	–	–	88,000	0.01%

Note:

- The shares are held by Smart Forest Limited ("Smart Forest"), a company incorporated in the British Virgin Islands. The entire issued share capital of Smart Forest is wholly owned by Mr. Cheng Yung Pun.

Share Option

There were no options remain outstanding and are granted, exercised, cancelled or lapsed during the six months ended 30 June 2025 (31 December 2024: nil).

Other than as disclosed above, none of the directors, chief executives nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2025.

Arrangements to Purchase Shares and Debentures

Other than as disclosed in the section “Directors and Chief Executives’ Interests and Short Positions in Shares, Underlying shares and Debentures of the Company or any specified undertaking of the Company or any other associated corporation”, at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, was a party to any arrangements to enable the directors of the Company and their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders

As at 30 June 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY

Ordinary Shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Smart Forest (Note)	Beneficial owner	538,573,569	71.22%

Note: Smart Forest, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Cheng Yung Pun, director of the Company.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2025.

Share Option Scheme

The life of the share option scheme of the Company adopted on 4 May 2012 (the “Share Option Scheme”) was until the tenth anniversary of this adoption date. Accordingly, the Share Option Scheme expired on 3 May 2022.

During the period under review and as at the latest practicable date, no new share option scheme was adopted and no shares available for issue of option. During the six months ended 30 June 2025, no options have been granted and remained outstanding carry rights to subscribe (31 December 2024: nil) of the shares in issue at that date. As at 30 June 2025 and as at the latest practicable date prior to the issue of this report, no options have been exercised, cancelled or lapsed (31 December 2024: nil share).

Purchase, Sale or Redemption of 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 shares.

Compliance with the Corporate Governance Code

The Board has adopted the corporate governance code (the “CG Code”) and amended it from time to time, which is based on the principles set out in Appendix C1 (the “HKEx Code”) to the Listing Rules on the Stock Exchange.

None of the directors of the Company is aware of information that would reasonably indicate the Company is not or was not for any part of the period under review, in compliance with the HKEx Code and CG Code.

Other Information of Directors

In the last three years, Mr. Heng Victor Ja Wei (“Mr. Heng”), INED of the Company, resigned as independent non-executive director (“INED”) of Best Food Holding Company Limited (Stock Code: 1488) on 13 December 2024 (a company whose shares are listed on the Stock Exchange). Mr. Heng was appointed as an INED of TradeGo FinTech Limited (Stock Code: 8017) with effect from 8 February 2023. He was also appointed an INED of Bacui Technologies International Ltd (stock code: YYB) on 30 June 2023, a company listed on the Singapore Stock Exchange.

Save as disclosed above, there is no information required to be disclosed pursuant to the Rule 13.51(B)(1) of the Listing Rules.

Compliance with the Model Code Set out in Appendix C3 of the Listing Rules

The Company has adopted and amended from time to time a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix C3 Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Listing Rules. Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

Board Committees

The Nomination Committee comprises the Company's Chairman, Mr. Cheng Yung Pun and three INEDs, namely Mr. Mak Shiu Chung, Godfrey, Mr. Heng Victor Ja Wei and Mr. Chui Ka Hing, appointed by the Board and meets at least once a year. The Audit Committee comprises the said INEDs who have extensive experience in financial matters and meet at least twice a year. The Remuneration Committee also comprises the said INEDs and meets at least once a year. All Committees have adopted terms of reference (containing the minimum prescribed duties) that are in line with the HKEx Code and CG Code.

Other Required Disclosure Pursuant to Rule 13.18 of the Listing Rules

The Company has received two revised facility letters with the same facility amount of the old facility, that is, in an aggregate not exceeding HK\$70,000,000, provided to three indirect wholly-owned subsidiaries effective on 4 September 2024 (the "revised facilities" which are subject to annual review). All these two revised facility letters' terms and conditions included, inter alia, a condition to the effect that Mr. Cheng Yung Pun (a controlling shareholder of the Company) should maintain not less than 51% of shareholding (whether directly or indirectly) of the Company. A breach of the above condition will constitute an event of default under the revised facilities. The Bank will discuss for remedy actions including obtaining waiver for the breach or seeking for any viable solutions or alternatives. Nevertheless, the revised facilities will be uncommitted lines and the Bank reserves the right to request repayment on demand.

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2025 have been reviewed by the Audit Committee, who are of the opinion that these interim results comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Cheng Yung Pun
Chairman

Hong Kong, 26 August 2025