

TRISTATE

Tristate Holdings Limited

(Incorporated in Bermuda with limited liability)

Interim Report
2025

Stock code: 458



This product is made of material from well-managed, FSC®-certified forests and other controlled sources.

Contents

Corporate Information	2
Condensed Consolidated Interim Financial Statements	
Condensed Consolidated Interim Statement of Profit or Loss	3
Condensed Consolidated Interim Statement of Comprehensive Income	3
Condensed Consolidated Interim Statement of Financial Position	4
Condensed Consolidated Interim Statement of Changes in Equity	5
Condensed Consolidated Interim Cash Flow Statement	6
Notes to the Condensed Consolidated Interim Financial Statements	7
Management Discussion and Analysis	15
Shareholders' Information and Corporate Governance	
Disclosure of Interests	19
Share Options	20
Compliance with Corporate Governance Code	22
Purchase, Sale or Redemption of Listed Securities	22
Securities Transactions by Directors and Relevant Employees	22
Changes in Directors' Information	22
Interim Dividend	22
Audit Committee's Review of Financial Statements	22

Corporate Information

Board of Directors

Executive Director

WANG Kin Chung, Peter
(Chairman and Chief Executive Officer)

Non-Executive Directors

WANG KOO Yik Chun
(Honorary Chairlady)
MAK WANG Wing Yee, Winnie
WANG Shui Chung, Patrick

Independent Non-Executive Directors

LO Kai Yiu, Anthony
James Christopher KRALIK
Peter TAN
Chen LIN

Audit Committee

LO Kai Yiu, Anthony
(Chairman of Audit Committee)
MAK WANG Wing Yee, Winnie
James Christopher KRALIK

Nomination Committee

WANG Kin Chung, Peter
(Chairman of Nomination Committee)
LO Kai Yiu, Anthony
James Christopher KRALIK
Chen LIN

Remuneration Committee

James Christopher KRALIK
(Chairman of Remuneration Committee)
MAK WANG Wing Yee, Winnie
LO Kai Yiu, Anthony
Peter TAN

Share Option Committee

WANG Kin Chung, Peter
(Chairman of Share Option Committee)
MAK WANG Wing Yee, Winnie

Chief Financial Officer

CHAN Man Ying, Vivian

Company Secretary

CHAN Man Ying, Vivian

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with
the Accounting and Financial Reporting Council Ordinance

Legal Advisors

Reed Smith Richards Butler LLP (Hong Kong Law)
Appleby (Bermuda Law)

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Citibank, N.A.
Hang Seng Bank, Limited

Registered Office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head Office and Principal Place of Business in Hong Kong

5th Floor, 66-72 Lei Muk Road
Kwai Chung, New Territories
Hong Kong
Tel : (852) 2279-3888
Fax : (852) 2480-4676
Website : <http://www.tristatewww.com>

Corporate Communications

The Company Secretary
Tristate Holdings Limited
5th Floor, 66-72 Lei Muk Road
Kwai Chung, New Territories
Hong Kong
Tel : (852) 2279-3888
Fax : (852) 2423-5576
Email : cosec@tristatewww.com

Listing Information

The shares of the Company have been listed
on the Main Board of The Stock Exchange
of Hong Kong Limited since 1988
Stock short name : Tristate Hold
Stock code : 458
Board lot : 1,000 shares

Principal Registrar and Transfer Office

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court
22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Tel : (852) 2862-8555
Fax : (852) 2865-0990/2529-6087

Condensed Consolidated Interim Financial Statements

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	5&6	1,676,431	1,926,401
Cost of sales		(989,531)	(1,131,468)
Gross profit		686,900	794,933
Other net gain	7	766	22,977
Selling and distribution expenses		(362,054)	(419,944)
General and administrative expenses		(278,218)	(272,579)
Profit from operations	8	47,394	125,387
Finance income	9	3,969	2,137
Finance costs	9	(27,676)	(30,383)
Profit before taxation		23,687	97,141
Income tax charge	10	(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:			
Basic	11	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 HK\$'000	2024 HK\$'000
Profit for the period	3,546	63,903
Other comprehensive income, net of nil tax unless specified:		
Items that may be reclassified subsequently to profit or loss		
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	94,405	(36,347)
Other comprehensive income for the period	95,354	(37,925)
Total comprehensive income for the period	98,900	25,978
Attributable to:		
Equity shareholders of the Company	97,029	24,607
Non-controlling interests	1,871	1,371
Total comprehensive income for the period	98,900	25,978

The notes on pages 7 to 14 form part of the interim financial statements.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Financial Position

At 30 June 2025 – unaudited

		At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	13	615,487	561,822
Intangible assets	14	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	15	854,938	781,202
Accounts receivable and bills receivable	16	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	17	348,043	466,554
		1,824,305	1,784,754
Current liabilities			
Accounts payable and bills payable	18	300,628	329,012
Accruals and other payables and contract liabilities	19	451,959	485,731
Dividend payable	12(b)	46,491	–
Lease liabilities		91,684	108,418
Forward foreign exchange contracts		–	576
Current tax liabilities		48,274	53,243
Bank borrowings	20	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

		At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
	Note		
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	21	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

The notes on pages 7 to 14 form part of the interim financial statements.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2025 – unaudited

	Attributable to equity shareholders of the Company			Non- controlling interests	Total equity
	Share capital	Reserves	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2025	27,260	1,200,191	1,227,451	28,472	1,255,923
Total comprehensive income for the period	–	97,029	97,029	1,871	98,900
Issue of shares under share option scheme	88	676	764	–	764
Share option scheme					
– value of employee services	–	446	446	–	446
Dividend paid to non-controlling interest	–	–	–	(2,669)	(2,669)
Approved final dividend in respect of 2024	–	(46,491)	(46,491)	–	(46,491)
Balance at 30 June 2025	27,348	1,251,851	1,279,199	27,674	1,306,873

	Attributable to equity shareholders of the Company			Non- controlling interests	Total equity
	Share capital	Reserves	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2024	27,161	1,153,040	1,180,201	24,857	1,205,058
Total comprehensive income for the period	–	24,607	24,607	1,371	25,978
Issue of shares under share option scheme	99	617	716	–	716
Share option scheme					
– value of employee services	–	453	453	–	453
Dividend paid to non-controlling interest	–	–	–	(3,309)	(3,309)
Unclaimed dividends forfeited	–	548	548	–	548
Approved final dividend in respect of 2023	–	(51,794)	(51,794)	–	(51,794)
Balance at 30 June 2024	27,260	1,127,471	1,154,731	22,919	1,177,650

The notes on pages 7 to 14 form part of the interim financial statements.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2025 – unaudited

	Note	Six months ended 30 June			Note	Six months ended 30 June	
		2025 HK\$'000	2024 HK\$'000			2025 HK\$'000	2024 HK\$'000
Operating activities				Investing activities			
Profit before taxation		23,687	97,141	Interest received		3,545	1,783
Adjustments for:				Payment for the purchase of property, plant and equipment		(42,192)	(45,261)
(Reversal of write-down)/ write-down of inventories to net realisable value, net	8	(13,686)	27,564	Proceeds from disposals of property, plant and equipment		267	23,474
Provision for impairment of receivables, net	8	1,869	3,226	Payment for purchase of financial assets measured at fair value through profit or loss		–	(5,924)
Depreciation on property, plant and equipment	8	30,832	43,206	Increase in pledged bank deposits		(884)	(1,079)
Depreciation of right-of-use assets	8	54,892	63,057	Net cash used in investing activities		(39,264)	(27,007)
Amortisation of intangible assets	8	26,057	28,620	Financing activities			
Net loss/(gain) on disposal of property, plant and equipment	7	1,205	(19,465)	Capital element of lease rentals paid		(61,043)	(74,489)
Finance income	9	(3,969)	(2,137)	Interest element of lease rentals paid		(4,685)	(5,171)
Finance cost	9	27,676	30,383	Interest paid		(389)	(851)
Other operating activities		24,083	(24,825)	Proceeds from new bank borrowings		190,747	69,438
Changes in working capital:				Repayment of bank borrowings		(114,247)	(24,851)
Increase in inventories		(38,815)	(238,578)	Dividend paid to non-controlling interests		(2,669)	(3,309)
Increase in accounts receivable and bills receivable		(76,761)	(29,916)	Proceeds from issue of shares under share option scheme		764	716
Decrease/(increase) in prepayments and other receivables		193	(27,182)	Net cash generated from/ (used in) financing activities		8,478	(38,517)
Decrease in accounts payable and bills payable		(39,911)	(55,004)	Decrease in cash and cash equivalents		(139,422)	(278,292)
Decrease in accruals and other payables and contract liabilities		(99,089)	(79,440)	Cash and cash equivalents at beginning of the period	17	455,918	452,882
(Decrease)/increase in retirement benefits and other post retirement obligations		(259)	167	Effect on foreign exchange rate changes		19,514	(2,558)
Cash used in operations		(81,996)	(183,183)	Cash and cash equivalents at end of the period	17	336,010	172,032
Income tax paid		(26,640)	(29,585)				
Net cash used in operating activities		(108,636)	(212,768)				

The notes on pages 7 to 14 form part of the interim financial statements.

Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

1. General Information

The Company is a 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 address of its head office and principal place of business in Hong Kong is 5th Floor, 66-72 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The principal activities of the Group are (i) garment manufacturing and (ii) brands business.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 1988.

These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK\$**"), unless otherwise stated. These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2025 were approved for issue by the Board on 21 August 2025.

These condensed consolidated interim financial statements have not been audited or reviewed by the external auditor.

2. Basis of Preparation and Accounting Policies

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 in accounting policy that are expected to be reflected in the 2025 annual financial statements. Details of changes in accounting policies are set out in Note 3.

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 the 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.

3. 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.

4. 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.

5. 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.

Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

5. Segment Information (Continued)

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 (iii))		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	–	–	–	(3)	(389)	(848)	(389)	(851)
– 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

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 (iii))		Total	
	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	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

Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

5. Segment Information (Continued)

	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

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 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 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.

Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

6. Seasonality of Operations

The Group tends to record higher sales revenue in the second half of the year compared to the first half mainly due to the seasonality effect in terms of more shipments for Fall/Winter and holiday seasons for both of its garment manufacturing products and brands business products. This tendency will continue with such order pattern from customers.

7. Other Net Gain

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Government subsidy	3,078	323
Impairment losses of property, plant and equipment (Note (i))	(4,999)	–
Net (loss)/gain on disposal of property, plant and equipment (Note (iii))	(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
	766	22,977

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.

8. Profit from Operations

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

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
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

9. Finance Income and Finance Costs

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Finance income		
Interest income from bank deposits	3,545	1,783
Imputed interest on long-term rental deposits	424	354
	3,969	2,137
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
	27,676	30,383

10. Income Tax Charge

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

Notes:

- (i) The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% to the six months ended 30 June 2025 (2024: 16.5%).
- (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.

11. 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 with the dilutive effect of deemed issue of ordinary shares under the Company's share option scheme.

Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

11. Earnings Per Share (Continued)

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	2,801,853	3,089,377
Weighted average number of ordinary shares (diluted)	275,577,537	274,865,938

12. 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.

13. Property, Plant and Equipment

(a) Right-of-use assets

During the six months ended 30 June 2025, the Group recognised additions to right-of-use assets of HK\$30,160,000 (six months ended 30 June 2024: HK\$54,300,000) primarily in relation to leases for the use of offices and retail stores and modifications to right-of-use assets of HK\$49,868,000 (six months ended 30 June 2024: HK\$21,182,000) in relation to leases for the use of factories, retail stores and offices.

The leases of retail stores contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Mainland China and Hong Kong where majority of the Group's stores operate.

The amount of fixed and variable lease payments for retail stores for the interim reporting period is summarised below:

	Six months ended 30 June 2025		
	Fixed payments \$'000	Variable payments \$'000	Total payments \$'000
Retail stores – Mainland China	41,819	7,064	48,883
Retail stores – Hong Kong	1,434	407	1,841
Retail stores – Europe	8,172	–	8,172

	Six months ended 30 June 2024		
	Fixed payments \$'000	Variable payments \$'000	Total payments \$'000
Retail stores – Mainland China	42,918	6,267	49,185
Retail stores – Hong Kong	1,711	719	2,430
Retail stores – Europe	6,570	–	6,570

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, the Group acquired items of plant and equipment with a cost of HK\$42,192,000 (six months ended 30 June 2024: HK\$45,261,000). Items of property, plant and equipment with a net book value of HK\$1,472,000 were disposed during the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$4,009,000), resulting in a loss on disposal of HK\$1,205,000 (six months ended 30 June 2024: a gain on disposal of HK\$19,465,000).

14. Intangible Assets

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Licence rights (Note (i))		
Opening net book amount	417,436	461,519
Additions	–	8,502
Amortisation	(26,057)	(52,122)
Exchange differences	1,040	(463)
Closing net book amount	392,419	417,436
Trademark (Note (ii))		
Opening net book amount	158,022	169,406
Exchange differences	23,753	(11,384)
Closing net book amount	181,775	158,022
Total intangible assets	574,194	575,458

Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

14. Intangible Assets (Continued)

Notes:

(i) Licence rights

Licence rights of brands represent capitalisation of the minimum contractual obligation payable to brand licensors at the time of inception.

During the year ended 31 December 2024, the Group entered into a 10-year licence agreement to use certain trademarks and domain names related to the MASSIMO OSTI brand in the manufacturing, advertising and distribution of related branded products. The addition of licence rights in 2024 represented the capitalisation of the minimum contractual obligation payable to the licensor at the inception of the licence. Licence fees payable also recorded a corresponding increase in 2024.

(ii) Trademark

It represents "C.P. Company" trademark which is regarded as having an indefinite useful life and there is no foreseeable limit to the period over which it is expected to generate cash flows for the Group as it is expected that the value will not be reduced through usage.

15. Inventories

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
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
	854,938	781,202

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

16. Accounts Receivable and Bills Receivable

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
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
	540,900	453,045

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

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.

Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

16. Accounts Receivable and Bills Receivable (Continued)

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.

17. Cash and Bank Balances

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Short-term bank deposits	105,246	159,114
Cash at bank and on hand	230,764	296,804
Cash and cash equivalents in the consolidated cash flow statement	336,010	455,918
Pledged bank deposits (Note)	12,033	10,636
Cash and bank balances in the consolidated statement of financial position	348,043	466,554

Note:

At 30 June 2025, bank deposits of HK\$12,033,000 (31 December 2024: HK\$10,636,000) were pledged to secure bank facilities granted to the Group.

18. 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 HK\$'000	At 31 December 2024 HK\$'000
Less than 3 months	267,182	289,622
3 months to 6 months	8,970	19,757
Over 6 months	24,476	19,633
	300,628	329,012

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.

19. Accruals and Other Payables and Contract Liabilities

(a) Accruals and other payables

Accruals and other payables mainly consist of accrued employee benefit expenses, current portion of licence fees payable, deposits received and payables for other operating expenses.

(b) Contract liabilities

When the Group receives advances before the delivery of goods, this will give rise to contract liabilities upon receipt of advances, until revenue is recognised on the sale of goods. The payment arrangement is negotiated on a case by case basis with customers. At 30 June 2025, all of the contract liabilities of HK\$27,456,000 (31 December 2024: HK\$21,996,000) are expected to be settled within one year.

20. Bank Borrowings

At 30 June 2025, bank borrowings were denominated in Hong Kong dollar and were repayable within one year. The carrying amounts of bank borrowings approximate their fair values.

21. Share Capital

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Authorised: 500,000,000 (2024: 500,000,000) shares of HK\$0.10 each	50,000	50,000

Issued and fully paid ordinary share capital:

	Six months ended 30 June 2025		Year ended 31 December 2024	
	Number of shares	HK\$'000	Number of shares	HK\$'000
At 1 January	272,601,253	27,260	271,607,253	27,161
Shares issued under share option scheme	877,000	88	994,000	99
At 30 June/31 December	273,478,253	27,348	272,601,253	27,260

22. Capital Commitments

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Contracted but not provided for in respect of property, plant and equipment	38,670	—

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.

Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

23. Related Party Transactions

(a) Lease arrangements with a related company

The following significant related party transactions were carried out in the normal course of the Group's business during the reporting period:

	Amounts owed by the Group to a related company		Related interest expense	
	At 30 June 2025	At 31 December 2024	Six months ended 30 June	
	HK\$'000	HK\$'000	2025 HK\$'000	2024 HK\$'000
Lease liabilities due to a related company	6,416	955	(200)	(102)

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Rental payment to TDB under new tenancy agreement	960	–
Rental payment to TDB under former tenancy agreement	960	1,920

Notes:

- (i) In January 2025, the Group entered into a new tenancy agreement (the "new tenancy agreement") with TDB Company Limited ("TDB") in respect of the lease of certain properties from TDB for factory, storage and ancillary office uses at monthly rent of HK\$320,000 for a two-year term commencing from 1 April 2025 upon the expiry of the former tenancy agreement (the "former tenancy agreement") on 31 March 2025. The new tenancy agreement was determined with reference to comparable rental transactions and offerings as available in the relevant market with similar age, size, use and attributes. At the date of the new tenancy agreement, the Group recognised the right-of-use asset and lease liability in relation to such lease.
- (ii) The entire issued share capital of TDB, a related company, was held by a discretionary trust of which two of the directors of the Company (the "Directors") were eligible beneficiaries at the date of the new tenancy agreement.

(b) Transactions with key management

Key management personnel remuneration is set out below:

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and bonuses	10,276	10,118
Defined contribution plans	312	305
Share-based compensation expense – share options granted	351	325
	10,939	10,748

24. Fair Value of Financial Instruments

Fair value estimation

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the end of each reporting period. The fair value of financial assets measured at fair value through profit or loss (option to acquire equity interest of a company) is determined with reference to the pricing of a recent valuation. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Financial instruments are measured in the statement of financial position at fair value. HKFRS 13, *Fair value measurement* requires disclosure of fair value measurements according to the following fair value measurement hierarchy:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Forward foreign exchange contracts were measured at fair value and classified as Level 2 valuations at 30 June 2025 and 31 December 2024. These forward foreign exchange contracts had been fair valued using forward foreign exchange rates that were quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives. There was no change in valuation techniques during the period.

Option to acquire equity interest of a company was measured at fair value and classified as Level 2 valuations at 30 June 2025 and 31 December 2024. The option has been fair valued with reference to the pricing of a recent valuation.

Accounts receivable at fair value through other comprehensive income ("FVOCI") (recycling) were measured at fair value and classified as Level 2 valuations at 30 June 2025 and 31 December 2024. The fair value of the accounts receivables at FVOCI (recycling) was determined by using the risk-adjusted rates quoted by the banks ranging from 5.27% to 6.69% per annum at 30 June 2025 (31 December 2024: 5.73% to 6.90% per annum).

There was no transfer of financial assets between fair value hierarchy classifications for the period ended 30 June 2025 and the year ended 31 December 2024. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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
Depreciation on right-of-use assets	2	(55)	(63)
Interest on lease liabilities	2	(5)	(5)
Amortisation of licence rights	1	(26)	(29)
Interest on licence fees payable	1	(23)	(24)
Depreciation on owned property, plant and equipment		(31)	(43)
Impairment losses of property, plant and equipment		(5)	–
Income tax charge		(20)	(33)
Profit attributable to equity shareholders		2	63
Segment results (HK\$ million)			
Garment manufacturing EBITDA		84	138
Depreciation on right-of-use assets	2	(6)	(5)
Interest on lease liabilities	2	(1)	(1)
Depreciation on owned property, plant and equipment		(11)	(9)
Garment manufacturing results before tax		66	122
Brands business EBITDA		78	79
Depreciation on right-of-use assets	2	(46)	(54)
Interest on lease liabilities	2	(3)	(4)
Amortisation of licence rights	1	(26)	(29)
Interest on licence fees payable	1	(23)	(24)
Depreciation on owned property, plant and equipment		(16)	(30)
Impairment losses of property, plant and equipment		(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 30 June 2025	At 31 December 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 businesses. 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.

Management Discussion and Analysis

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 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 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 22 to the condensed consolidated interim financial statements in this report, 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 commitments, there were no other material capital commitments or contingent liabilities at 30 June 2025.

Management Discussion and Analysis

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.

Shareholders' Information and Corporate Governance

Disclosure of Interests

Directors' Interests in Securities

At 30 June 2025, the Directors and the chief executive of the Company had the following interests 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, Chapter 571 of the laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix C3 to the Listing Rules:

Interests in shares of the Company

Name of Director	Long/short position	Number of shares held		Approximate percentage of issued share capital
		Through controlled corporation	Total	
Mr. WANG Kin Chung, Peter	Long position	182,577,000 (Note 1)	182,577,000	66.76% (Note 2)

Notes:

- 182,577,000 shares were directly and beneficially held by Silver Tree Holdings Inc., a company 100% controlled by New Perfect Global Limited which in turn was a company wholly owned by Mr. WANG Kin Chung, Peter. Please refer to Note 1 to the paragraph headed "Substantial Shareholders" below for further details.
- The approximate percentage was calculated on the basis of 273,478,253 shares in issue at 30 June 2025.

Interests in ordinary shares of an associated corporation – Hua Thai Manufacturing Public Company Limited ("Hua Thai")

Name of Director	Long/short position	Number of ordinary shares held		Approximate percentage of issued share capital
		Through spouse	Total	
Ms. WANG KOO Yik Chun	Long position	2,500 (Note 1)	2,500	0.03% (Note 2)

Notes:

- 2,500 ordinary shares of Hua Thai were held by the late WANG Seng Liang, deceased spouse of Ms. WANG KOO Yik Chun.
- The approximate percentage was calculated on the basis of 10,000,000 ordinary shares of Hua Thai in issue at 30 June 2025.

Save as disclosed above, at 30 June 2025, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

At 30 June 2025, the following persons (other than the Directors or the chief executive of the Company) had the following interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Long/short position	Number of shares held				Approximate percentage of issued share capital
		Directly held	Through spouse	Through controlled corporation	Total	
New Perfect Global Limited	Long position	–	–	182,577,000 (Note 1)	182,577,000	66.76% (Note 3)
Silver Tree Holdings Inc.	Long position	182,577,000 (Note 1)	–	–	182,577,000	66.76% (Note 3)
SUN Lin	Long position	–	182,577,000 (Note 2)	–	182,577,000	66.76% (Note 3)

Shareholders' Information and Corporate Governance

Notes:

- 182,577,000 shares were directly and beneficially held by Silver Tree Holdings Inc., a company 100% controlled by New Perfect Global Limited which in turn was a company wholly owned by Mr. WANG Kin Chung, Peter. Therefore, Silver Tree Holdings Inc., New Perfect Global Limited and Mr. WANG Kin Chung, Peter were interested or deemed to be interested in the same block of 182,577,000 shares.
- Ms. SUN Lin, the spouse of Mr. WANG Kin Chung, Peter, was deemed to be interested in the same block of 182,577,000 shares in which Mr. WANG Kin Chung, Peter was interested through his controlled corporations.
- The approximate percentage was calculated on the basis of 273,478,253 shares in issue at 30 June 2025.

Save as disclosed above, at 30 June 2025, no person (other than a Director or the chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Share Options

The share option scheme of the Company (the "2016 Share Option Scheme") was adopted by the shareholders at the annual general meeting of the Company held on 6 June 2016 for granting options to eligible persons to subscribe for shares of the Company. A summary of the principal terms of the 2016 Share Option Scheme (the "Summary of Principal Terms") was set out on page 52 of the 2024 annual report of the Company.

Movements in options under the 2016 Share Option Scheme during the six months ended 30 June 2025 are as follows:

Date of grant (Note 1)	Participant	Number of options				At 30 June 2025	Subscription price per share	Exercisable period
		At 1 January 2025	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period			
				(Note 2)	(Note 3)			
8 June 2020	Employees (in aggregate)	367,000	–	–	(367,000)	–	HK\$1.400	8 June 2020 – 7 June 2025
		367,000	–	–	(367,000)	–	HK\$1.400	8 June 2021 – 7 June 2025
		367,000	–	–	(367,000)	–	HK\$1.400	8 June 2022 – 7 June 2025
		367,000	–	–	(367,000)	–	HK\$1.400	8 June 2023 – 7 June 2025
7 June 2021	Employees (in aggregate)	450,000	–	(74,000)	–	376,000	HK\$1.000	7 June 2021 – 6 June 2026
		450,000	–	(74,000)	–	376,000	HK\$1.000	7 June 2022 – 6 June 2026
		450,000	–	(74,000)	–	376,000	HK\$1.000	7 June 2023 – 6 June 2026
		450,000	–	(74,000)	–	376,000	HK\$1.000	7 June 2024 – 6 June 2026
6 June 2022	Employees (in aggregate)	533,000	–	(85,000)	–	448,000	HK\$0.910	6 June 2022 – 5 June 2027
		533,000	–	(85,000)	–	448,000	HK\$0.910	6 June 2023 – 5 June 2027
		533,000	–	(85,000)	–	448,000	HK\$0.910	6 June 2024 – 5 June 2027
		533,000	–	–	(85,000)	448,000	HK\$0.910	6 June 2025 – 5 June 2027
19 June 2023	Employees (in aggregate)	253,000	–	(163,000)	–	90,000	HK\$0.720	19 June 2023 – 18 June 2028
		253,000	–	(163,000)	–	90,000	HK\$0.720	19 June 2024 – 18 June 2028
		750,000	–	–	(163,000)	587,000	HK\$0.720	19 June 2025 – 18 June 2028
		750,000	–	–	(163,000)	587,000	HK\$0.720	19 June 2026 – 18 June 2028
24 June 2024	Employees (in aggregate)	177,000	–	–	(18,000)	159,000	HK\$2.820	24 June 2024 – 23 June 2029
		177,000	–	–	(18,000)	159,000	HK\$2.820	24 June 2025 – 23 June 2029
		177,000	–	–	(18,000)	159,000	HK\$2.820	24 June 2026 – 23 June 2029
		177,000	–	–	(18,000)	159,000	HK\$2.820	24 June 2027 – 23 June 2029
24 June 2025 (Notes 4 & 5)	Employees (in aggregate)	–	208,000	–	–	208,000	HK\$2.492	24 June 2025 – 23 June 2030
		–	208,000	–	–	208,000	HK\$2.492	24 June 2026 – 23 June 2030
		–	208,000	–	–	208,000	HK\$2.492	24 June 2027 – 23 June 2030
		–	208,000	–	–	208,000	HK\$2.492	24 June 2028 – 23 June 2030
	Total	8,114,000	832,000	(877,000)	(1,951,000)	6,118,000		

Shareholders' Information and Corporate Governance

Notes:

- For each of such grants, the relevant options shall vest in four equal tranches, with each tranche accounting for 25% of the total options granted, on (i) the date of grant; (ii) the first anniversary of the date of grant; (iii) the second anniversary of the date of grant; and (iv) the third anniversary of the date of grant respectively. All these options are not subject to any performance target on vesting.
- The weighted average closing price of the shares on the business day immediately before the date on which the options were exercised in the period was HK\$2.50.
- There was no cancellation of option in the period.
- The closing price of the shares on the business day immediately before the date on which the options were granted in the period was HK\$2.48.
- With regards to the 832,000 options granted on 24 June 2025, the Remuneration Committee of the Company had reviewed the vesting arrangements and considered that the 2016 Share Option Scheme did not provide any restriction on the vesting period of options and that (a) only the first tranche (being 25%) of the options granted had a vesting period of less than 12 months; (b) the options were granted based on the grantees' performance achievements for the last financial year; and (c) the options granted constituted part of the performance awards to the grantees for the last financial year. Therefore, the Remuneration Committee was of the view that the relevant vesting arrangements (i.e. the vesting period of 25% of the options granted was less than 12 months) were appropriate for retaining, incentivising, rewarding, remunerating and compensating valuable employees and such grant of options had aligned with the purpose of the 2016 Share Option Scheme. Since the options granted were determined by reference to the performance targets achieved by the grantees for the last financial year, and the value of the options would be subject to future market price of the shares of the Company, which, in turn, would depend on the business performance of the Group to which the relevant grantees would directly contribute, the Remuneration Committee was of the view that such grant of options had already aligned the interests of the grantees with that of the Company and its shareholders as a whole and hence no additional performance target would be required to be attached to such options on vesting. Save for reviewing and recommending to the Board the abovementioned grant of options, the Remuneration Committee did not review nor approve any material matters relating to the 2016 Share Option Scheme in the period.
- Without prejudice to the terms and conditions of the 2016 Share Option Scheme, the options granted under the 2016 Share Option Scheme shall lapse automatically if the relevant grantee ceases to be an eligible participant of the 2016 Share Option Scheme by reason of termination of employment or engagement on the grounds of being guilty of serious misconduct or being convicted of any criminal offence involving integrity or honesty.
- The Group's accounting policy on measurement of fair value of the options was set out on page 71 of the 2024 annual report of the Company. The fair value of the options granted in the period as measured by using the Hull White Trinomial model ("**HWT Model**") in accordance with Hong Kong Financial Reporting Standard 2, *Share-based Payment* was approximately HK\$0.763 per option at the date of grant. The significant inputs used in the HWT Model were as follows:

Closing price of the shares at the date of grant	:	HK\$2.480
Subscription price	:	HK\$2.492
Expected dividend yield	:	9.270%
Expected volatility	:	65.270%
Annual risk-free interest rate	:	2.069%

The expected volatility at the date of grant, which measured the standard deviation of expected share price returns, was based on statistics of 1,260-day historical volatilities of comparable companies within the industry.

The aggregate fair value of the options granted in the period amounted to approximately HK\$635,000, which would be recognised as employee benefit expenses over the vesting periods together with a corresponding increase in equity. Such fair value would be subject to a number of assumptions and the limitations of the HWT Model.
- The number of options available for grant under the 2016 Share Option Scheme at the beginning and the end of the period were 18,052,725 and 19,171,725 respectively.
- The number of shares that may be issued in respect of the options granted under the 2016 Share Option Scheme in the period divided by the weighted average number of shares of the Company in issue (excluding treasury shares, if any) for the period is 0.31%.
- As disclosed under the Summary of Principal Terms, on 25 March 2025, the total number of shares available for issue under the 2016 Share Option Scheme was 18,052,725, representing approximately 6.62% of the then issued share capital of the Company, which was the maximum number of shares issuable for grant of options under the 2016 Share Option Scheme. Also, on 25 March 2025, the total number of shares issuable for all options granted but not yet exercised under the 2016 Share Option Scheme was 8,114,000. As of 25 March 2025, the total number of shares issuable for grant of options and for all options granted but not yet exercised under the 2016 Share Option Scheme were, together, 26,166,725, representing approximately 9.60% of the then issued share capital of the Company (excluding treasury shares, if any). As of the date of this interim report, the total number of shares issuable for grant of options and for all options granted but not yet exercised under the 2016 Share Option Scheme are 19,171,725 and 6,118,000 respectively, totalling 25,289,725 which represents approximately 9.25% of the issued share capital of Company (excluding treasury shares, if any).

Shareholders' Information and Corporate Governance

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 report, 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.

Securities Transactions by Directors and Relevant Employees

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company on each of them, that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

In addition, the Board has adopted the Model Code as written guidelines for relevant employees in respect of their dealings in the securities of the Company.

Changes in Directors' Information

Changes in Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of issue of the 2024 annual report of the Company and up to the date of this report include:

- (i) Professor Chen LIN was appointed as a member of the Nomination Committee of the Company on 24 June 2025; and

- (ii) Ms. WANG KOO Yik Chun retired as a non-executive director of Johnson Electric Holdings Limited (a company listed on the Stock Exchange) on 17 July 2025 and ceased to be its honorary chairman with effect from the same date.

Save as disclosed above, there is no change in Director's information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of issue of the 2024 annual report of the Company and up to the date of this report.

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 unaudited 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