



**CNT GROUP LIMITED**  
**北海集團有限公司**

(Incorporated in Bermuda with limited liability)  
(Stock Code : 701)

**2025**  
**INTERIM**  
**REPORT**

**ANCHORED**  
**IN TOMORROW**



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Tsui Yam Tong, Terry  
(Chairman and Managing Director)  
Mak Chi Wah

### Non-executive Directors

Tsui Ho Chuen, Philip  
Zhang Jun

### Independent Non-executive Directors

Ko Kwok Fai, Dennis  
Huang De Rui  
Lin Yingru

## AUDIT COMMITTEE

Ko Kwok Fai, Dennis (Chairman)  
Huang De Rui  
Lin Yingru

## REMUNERATION COMMITTEE

Ko Kwok Fai, Dennis (Chairman)  
Tsui Yam Tong, Terry  
Huang De Rui

## NOMINATION COMMITTEE

Ko Kwok Fai, Dennis (Chairman)  
Tsui Yam Tong, Terry  
Lin Yingru

## COMPANY SECRETARY

Fok Pik Yi, Carol

## AUDITORS

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
27th Floor, One Taikoo Place, 979 King's Road  
Quarry Bay, Hong Kong

## SHARE REGISTRARS

### Hong Kong

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Hong Kong

### Bermuda

Conyers Corporate Services (Bermuda) Limited  
Clarendon House, 2 Church Street  
Hamilton HM 11, Bermuda

## PRINCIPAL BANKERS

### Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
DBS Bank (Hong Kong) Limited  
Nanyang Commercial Bank, Limited

### PRC

HSBC Bank (China) Company Limited  
Agricultural Bank of China Limited  
Bank of China Limited  
Shenzhen Rural Commercial Bank  
Corporation Limited

## REGISTERED OFFICE

Clarendon House, 2 Church Street  
Hamilton HM 11, Bermuda

## PRINCIPAL OFFICE

Unit E, 28th Floor, CNT Tower, 338 Hennessy Road  
Wanchai, Hong Kong

## WEBSITE

[www.cntgroup.com.hk](http://www.cntgroup.com.hk)

# Interim Results

The board (the "Board") of directors of CNT Group Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2025 together with comparative amounts for the corresponding period in 2024. The condensed consolidated interim financial statements have not been audited, but have been reviewed by the Board's audit committee.

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
REVENUE	3	119,045	161,111
Cost of sales		(68,854)	(94,777)
Gross profit		50,191	66,334
Other income and gains, net	3	4,881	11,800
Selling and distribution expenses		(19,993)	(28,873)
Administrative expenses		(42,472)	(46,046)
Reversal of provision/(provision) for impairment of trade and bills receivables, net		933	(689)
Other expenses, net		(5,416)	(5,339)
Fair value losses on investment properties, net	10	(30,751)	(11,632)
Finance costs	4	(2,722)	(3,692)
Share of profits and losses of an associate		830	1,021
LOSS BEFORE TAX	5	(44,519)	(17,116)
Income tax credit	6	643	248
LOSS FOR THE PERIOD		(43,876)	(16,868)
ATTRIBUTABLE TO:			
Owners of the parent		(36,551)	(13,462)
Non-controlling interests		(7,325)	(3,406)
		(43,876)	(16,868)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT Basic and diluted	7	HK(1.92) cents	HK(0.71) cents

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	<u>(43,876)</u>	<u>(16,868)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>21,467</u>	<u>(18,082)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>21,467</u>	<u>(18,082)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(22,409)</u></u>	<u><u>(34,950)</u></u>
ATTRIBUTABLE TO:		
Owners of the parent	<u>(18,919)</u>	<u>(28,176)</u>
Non-controlling interests	<u>(3,490)</u>	<u>(6,774)</u>
	<u><u>(22,409)</u></u>	<u><u>(34,950)</u></u>

# Condensed Consolidated Statement of Financial Position

30 June 2025

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	371,253	376,058
Investment properties	10	709,566	725,819
Property under development		28,000	28,000
Right-of-use assets		45,452	45,275
Interest in an associate		3,132	2,302
Equity investments designated at fair value through other comprehensive income		29,457	29,457
Deposits for purchases of property, plant and equipment		4,095	3,971
Deposits and prepayments		1,167	796
Deferred tax assets		16,519	18,974
Total non-current assets		1,208,641	1,230,652
CURRENT ASSETS			
Inventories		20,342	18,664
Trade and bills receivables	11	78,275	105,509
Prepayments, deposits and other receivables		55,991	53,611
Pledged deposits		17,509	22,207
Cash and cash equivalents		311,719	286,741
Total current assets		483,836	486,732
CURRENT LIABILITIES			
Trade and bills payables	12	96,124	125,437
Other payables and accruals		45,000	50,897
Due to an associate		2,800	2,800
Interest-bearing bank borrowings		126,745	137,618
Lease liabilities		3,800	3,511
Tax payable		11,817	12,208
Total current liabilities		286,286	332,471
NET CURRENT ASSETS		197,550	154,261
TOTAL ASSETS LESS CURRENT LIABILITIES		1,406,191	1,384,913

# Condensed Consolidated Statement of Financial Position

30 June 2025

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Lease liabilities	2,763	2,889
Interest-bearing bank borrowings	48,471	–
Deferred tax liabilities	49,302	51,477
Deferred income	–	52
Deposits received	4,448	6,900
Total non-current liabilities	104,984	61,318
Net assets	1,301,207	1,323,595
EQUITY		
Equity attributable to owners of the parent		
Issued capital	190,369	190,369
Reserves	1,010,273	1,029,192
	1,200,642	1,219,561
Non-controlling interests	100,565	104,034
Total equity	1,301,207	1,323,595

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the parent											
	Issued share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Leasehold land and building revaluation reserve (Unaudited) HK\$'000	General reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Fair value reserve (non- recycling) (Unaudited) HK\$'000	Reserve funds* (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2025	190,369	88,970	106,020	170,879	7,523	(76,085)	(196,922)	22,603	906,204	1,219,561	104,034	1,323,595
Loss for the period	-	-	-	-	-	-	-	-	(36,551)	(36,551)	(7,325)	(43,876)
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	17,632	-	-	-	17,632	3,835	21,467
Total comprehensive income/(loss) for the period	-	-	-	-	-	17,632	-	-	(36,551)	(18,919)	(3,490)	(22,409)
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	-	-	21	21
At 30 June 2025	190,369	88,970 <sup>#</sup>	106,020 <sup>#</sup>	170,879 <sup>#</sup>	7,523 <sup>#</sup>	(58,453) <sup>#</sup>	(196,922) <sup>#</sup>	22,603 <sup>#</sup>	869,653 <sup>#</sup>	1,200,642	100,565	1,301,207

	Attributable to owners of the parent											
	Issued share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Leasehold land and building revaluation reserve (Unaudited) HK\$'000	General reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Fair value reserve (non- recycling) (Unaudited) HK\$'000	Reserve funds* (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2024	190,369	88,970	106,020	170,879	7,523	(54,276)	(192,368)	22,603	983,579	1,323,299	120,761	1,444,060
Loss for the period	-	-	-	-	-	-	-	-	(13,462)	(13,462)	(3,406)	(16,868)
Other comprehensive loss for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	(14,714)	-	-	-	(14,714)	(3,368)	(18,082)
Total comprehensive loss for the period	-	-	-	-	-	(14,714)	-	-	(13,462)	(28,176)	(6,774)	(34,950)
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	-	-	209	209
At 30 June 2024	190,369	88,970 <sup>#</sup>	106,020 <sup>#</sup>	170,879 <sup>#</sup>	7,523 <sup>#</sup>	(68,990) <sup>#</sup>	(192,368) <sup>#</sup>	22,603 <sup>#</sup>	970,117 <sup>#</sup>	1,295,123	114,196	1,409,319

\* Pursuant to the relevant laws and regulations for foreign investment enterprises, a portion of the profits of certain subsidiaries and an associate of the Group established in the People's Republic of China (the "PRC") is required to be transferred to the PRC reserve funds which are restricted as to use. These PRC entities are not required to effect any further transfer when the amounts of the PRC reserve funds reach 50% of their registered capital. The PRC reserve funds can be used to make good the future losses of these PRC entities or to increase their registered capital.

# These reserve accounts comprise the consolidated reserves of HK\$1,010,273,000 (30 June 2024: HK\$1,104,754,000) in the unaudited condensed consolidated statement of financial position.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Operating profit/(loss) before working capital changes	(5,332)	7,542
Decrease/(increase) in inventories	(829)	1,962
Decrease in trade and bills receivables	29,348	29,161
Increase in prepayments, deposits and other receivables	(783)	(202)
Decrease in trade and bills payables	(32,528)	(50,950)
Decrease in other payables and accruals	(6,685)	(7,174)
Decrease in deposits received	(2,452)	(700)
Exchange realignment	2,978	(1,465)
	<hr/>	<hr/>
Cash used in operations	(16,283)	(21,826)
Interest paid	(2,647)	(3,704)
Interest element of lease payments	(164)	(193)
Overseas taxes paid	(802)	(941)
	<hr/>	<hr/>
Net cash flows used in operating activities	(19,896)	(26,664)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(284)	(73)
Proceeds from disposal of items of property, plant and equipment	33	50
Interest received	2,491	3,239
Dividend received from an associate	–	910
Decrease in pledged time deposits	5,393	59,482
Increase in non-pledged time deposits with original maturity of more than three months when acquired, net	(64,118)	(17,974)
	<hr/>	<hr/>
Net cash flows generated from/(used in) investing activities	(56,485)	45,634

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	69,048	53,315
Repayment of bank loans	(33,893)	(60,303)
Principal portion of lease payments	(2,157)	(2,134)
Net cash flows generated from/(used) in financing activities	32,998	(9,122)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(43,383)	9,848
Cash and cash equivalents at the beginning of period	286,741	235,192
Effect of foreign exchange rate changes, net	4,243	(183)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	247,601	244,857
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	131,218	171,907
Non-pledged time deposits with original maturity of less than three months when acquired	116,383	72,950
Non-pledged time deposits with original maturity of more than three months when acquired	64,118	42,989
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	311,719	287,846
Non-pledged time deposits with original maturity of more than three months when acquired	(64,118)	(42,989)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	247,601	244,857

# Notes to the Condensed Consolidated Financial Statements

## 1.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

## 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial statements.

Amendments to HKAS 21

*Lack of Exchangeability*

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial statements.

## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the paint products segment engages in the manufacture and sale of paint and coating products through CPM Group Limited (the "CPM", together with its subsidiaries collectively as the "CPM Group");
- (b) the property investment segment comprises:
  - (i) the investments in residential properties, commercial properties and industrial properties for their rental income potential; and
  - (ii) the development and sale of properties;
- (c) the hotel business; and
- (d) the others segment comprises, principally, investment holding.

The chief operating decision-maker regularly reviews the operating results of the Group's operating segments separately for the purpose of resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the profit/loss before tax of the Group except that interest income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted on mutually agreed terms.



# Notes to the Condensed Consolidated Financial Statements

## 2. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2025	Paint products (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Hotel business (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue</b>					
Sales to external customers	96,893	16,806	5,346	–	119,045
Intersegment sales	–	1,238	2	–	1,240
Other income and gains, net	1,848	79	–	98	2,025
Intersegment other income and gains, net	–	273	–	3,628	3,901
	<b>98,741</b>	<b>18,396</b>	<b>5,348</b>	<b>3,726</b>	<b>126,211</b>
<i>Reconciliation:</i>					
Elimination of intersegment sales					(1,240)
Elimination of intersegment other income and gains, net					(3,901)
Total					<b>121,070</b>
<b>Segment results</b>	<b>(21,578)</b>	<b>(16,174)</b>	<b>214</b>	<b>3,396</b>	<b>(34,142)</b>
<i>Reconciliation:</i>					
Elimination of intersegment results					(3,628)
Interest income					2,856
Finance costs					(2,722)
Corporate and other unallocated expenses					(6,883)
Loss before tax					<b>(44,519)</b>

  

Six months ended 30 June 2024	Paint products (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Hotel business (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue</b>					
Sales to external customers	137,044	18,863	5,204	–	161,111
Intersegment sales	–	1,299	–	–	1,299
Other income and gains, net	2,106	304	–	6,142	8,552
	<b>139,150</b>	<b>20,466</b>	<b>5,204</b>	<b>6,142</b>	<b>170,962</b>
<i>Reconciliation:</i>					
Elimination of intersegment sales					(1,299)
Total					<b>169,663</b>
<b>Segment results</b>	<b>(19,296)</b>	<b>5,084</b>	<b>123</b>	<b>9,354</b>	<b>(4,735)</b>
<i>Reconciliation:</i>					
Elimination of intersegment results					(3,135)
Interest income					3,248
Finance costs					(3,692)
Corporate and other unallocated expenses					(8,802)
Loss before tax					<b>(17,116)</b>

# Notes to the Condensed Consolidated Financial Statements

## 2. OPERATING SEGMENT INFORMATION (continued)

As at 30 June 2025	Paint products (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Hotel business (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment assets</b>	<b>408,654</b>	<b>816,449</b>	<b>262,071</b>	<b>33,239</b>	<b>1,520,413</b>
<u>Reconciliation:</u>					
Corporate and other unallocated assets					206,532
Elimination of inter-company receivables					(34,468)
Total assets					<u><u>1,692,477</u></u>
<b>Segment liabilities</b>	<b>308,967</b>	<b>105,829</b>	<b>5,700</b>	<b>2,339</b>	<b>422,835</b>
<u>Reconciliation:</u>					
Corporate and other unallocated liabilities					2,903
Elimination of inter-company payables					(34,468)
Total liabilities					<u><u>391,270</u></u>
As at 31 December 2024	Paint products (Audited) HK\$'000	Property investment (Audited) HK\$'000	Hotel business (Audited) HK\$'000	Others (Audited) HK\$'000	Total (Audited) HK\$'000
<b>Segment assets</b>	<b>482,223</b>	<b>830,372</b>	<b>263,212</b>	<b>33,086</b>	<b>1,608,893</b>
<u>Reconciliation:</u>					
Corporate and other unallocated assets					216,925
Elimination of inter-company receivables					(108,434)
Total assets					<u><u>1,717,384</u></u>
<b>Segment liabilities</b>	<b>381,312</b>	<b>106,424</b>	<b>7,031</b>	<b>2,778</b>	<b>497,545</b>
<u>Reconciliation:</u>					
Corporate and other unallocated liabilities					4,678
Elimination of inter-company payables					(108,434)
Total liabilities					<u><u>393,789</u></u>

# Notes to the Condensed Consolidated Financial Statements

## 2. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2025	Paint products (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Hotel business (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Other segment information</b>					
Depreciation of property, plant and equipment	5,876	896	1,027	–	7,799
Corporate and other unallocated depreciation					7
					7,806
Depreciation of right-of-use assets	2,314	757	–	–	3,071
Corporate and other unallocated depreciation					4
					3,075
Capital expenditure*	284	–	–	–	284*
Fair value losses on investment properties	–	30,751	–	–	30,751
Gain on a lease modification	(133)	–	–	–	(133)
Gain on disposal of items of property, plant and equipment, net	(33)	–	–	–	(33)
Reversal of provision for impairment of trade and bills receivables, net	(928)	–	–	(5)	(933)
Reversal of provision for inventories to net realisable value, net	(269)	–	–	–	(269)
Write-off of items of property, plant and equipment	2	–	–	–	2

\* Capital expenditure consists of additions to property, plant and equipment.



# Notes to the Condensed Consolidated Financial Statements

## 2. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2024	Paint products (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Hotel business (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Other segment information</b>					
Depreciation of property, plant and equipment	7,533	1,080	924	1	9,538
Corporate and other unallocated depreciation					6
					9,544
Depreciation of right-of-use assets	2,294	757	–	–	3,051
Corporate and other unallocated depreciation					6
					3,057
Capital expenditure*	42	1	–	–	43
Corporate and other unallocated capital expenditure					30
					73*
Fair value losses on investment properties, net	–	11,632	–	–	11,632
Gain on disposal of items of property, plant and equipment, net	(47)	–	–	(3)	(50)
Provision/(reversal of provision) for impairment of trade and bills receivables, net	956	–	–	(267)	689
Provision of inventories for net realisable value, net	291	–	–	–	291
Write-off of items of property, plant and equipment	<u>2</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2</u>

\* Capital expenditure consists of additions to property, plant and equipment.

# Notes to the Condensed Consolidated Financial Statements

## 2. OPERATING SEGMENT INFORMATION (continued)

### Geographical information

#### (a) Revenue from external customers

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Hong Kong		19,271	36,997
Mainland China		99,774	124,114
		<hr/>	<hr/>
		119,045	161,111

The revenue information above is based on the locations of the customers.

#### (b) Non-current assets

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Hong Kong	581,902	591,903
Mainland China	580,763	590,318
	<u>1,162,665</u>	<u>1,182,221</u>

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets and financial instruments.

### Information about major customers

During the six months ended 30 June 2025 and 2024, no revenue from any single customer accounted for 10% or more of the total revenue of the Group.

## 3. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue from contracts with customers		
Sale of paint products	96,893	137,044
Hotel operation	5,346	5,204
Revenue from other sources		
Gross rental income from investment properties operating leases	16,806	18,863
	119,045	161,111

# Notes to the Condensed Consolidated Financial Statements

## 3. REVENUE, OTHER INCOME AND GAINS, NET (continued)

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2025

### Segments

#### Types of goods or services

Sale of paint products

Hotel operation

Total revenue from contracts with customers

### Geographical markets

Hong Kong

Mainland China

Total revenue from contracts with customers

### Timing of revenue recognition

Goods transferred at a point in time

Service satisfied over time

Total revenue from contracts with customers

Paint products (Unaudited) HK\$'000	Hotel business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
96,893	–	96,893
–	5,346	5,346
96,893	5,346	102,239
10,314	5,346	15,660
86,579	–	86,579
96,893	5,346	102,239
96,893	–	96,893
–	5,346	5,346
96,893	5,346	102,239

For the six months ended 30 June 2024

### Segments

#### Types of goods or services

Sale of paint products

Hotel operation

Total revenue from contracts with customers

### Geographical markets

Hong Kong

Mainland China

Total revenue from contracts with customers

### Timing of revenue recognition

Goods transferred at a point in time

Service satisfied over time

Total revenue from contracts with customers

Paint products (Unaudited) HK\$'000	Hotel business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
137,044	–	137,044
–	5,204	5,204
137,044	5,204	142,248
27,727	5,204	32,931
109,317	–	109,317
137,044	5,204	142,248
137,044	–	137,044
–	5,204	5,204
137,044	5,204	142,248



# Notes to the Condensed Consolidated Financial Statements

## 3. REVENUE, OTHER INCOME AND GAINS, NET (continued)

An analysis of the Group's other income and gains, net is as follows:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
<b>Other income and gains, net</b>		
Bank interest income	2,856	3,248
Government grants*	40	204
Government subsidies^	342	408
Gain on disposal of items of property, plant and equipment, net	33	50
Gain on a lease modification	133	–
Recognition of deferred income	137	139
Recovery of defence costs from derivative action	–	6,412
Others	1,340	1,339
	<b>4,881</b>	<b>11,800</b>

\* Government grants have been received from certain government authorities of the PRC in recognition of the Group's efforts in environmental awareness and protection and technological development. There are no unfulfilled conditions or contingencies relating to these grants.

^ During the six months ended 30 June 2025 and 2024, the PRC tax authority granted to the CPM Group an Advanced Manufacturing Tax Credit Initiative amounting to HK\$342,000 and HK\$408,000 respectively under the Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration. There are no unfulfilled conditions or contingencies relating to these government subsidies.

## 4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Interest on bank borrowings	2,558	3,499
Interest on lease liabilities	164	193
	<b>2,722</b>	<b>3,692</b>

# Notes to the Condensed Consolidated Financial Statements

## 5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Cost of inventories sold	68,854	94,777
Depreciation of property, plant and equipment	7,806	9,544
Depreciation of right-of-use assets	3,075	3,057
Equity-settled share option expenses, net	21	209
Fair value losses on investment properties, net	30,751	11,632
Foreign exchange differences, net*	385	555
Gain on disposal of items of property, plant and equipment, net*	(33)	(50)
Gain on a lease modification*	(133)	–
Provision/(reversal of provision) for impairment of trade and bills receivables, net	(933)	689
Provision/(reversal of provision) for inventories to net realisable value, net®	(269)	291
Staff termination cost*	1,128	600
Write-off of items of property, plant and equipment*	2	2

\* These balances are included in "Other income and gains, net" for gains and "Other expenses, net" for losses in the unaudited condensed consolidated statement of profit or loss.

® The balance is included in "Cost of sales" in the unaudited condensed consolidated statement of profit or loss.

## 6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has sufficient tax losses brought forward to set off against assessable profits for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

All subsidiaries of the Group established in Mainland China are subject to the PRC corporate income tax at a standard rate of 25% (six months ended 30 June 2024: 25%) during the period, except for the subsidiaries of the Group which qualified as PRC High and New Technology Enterprise in Mainland China and a lower PRC corporate income tax rate of 15% (six months ended 30 June 2024: 15%) has been applied during the period.

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Current – Elsewhere		
Charge for the period	105	93
Deferred	(748)	(341)
Total tax credit for the period	(643)	(248)

The share of tax attributable to an associate amounting to HK\$164,000 (six months ended 30 June 2024: HK\$202,000) is included in "Share of profits and losses of an associate" in the unaudited condensed consolidated statement of profit or loss.

# Notes to the Condensed Consolidated Financial Statements

## 7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted loss per share amounts is based on the loss for the six months ended 30 June 2025 attributable to ordinary equity holders of the parent of HK\$36,551,000 (six months ended 30 June 2024: HK\$13,462,000), and the weighted average number of ordinary shares of 1,903,685,690 (six months ended 30 June 2024: 1,903,685,690) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2025 and 30 June 2024 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amount presented.

## 8. DIVIDEND

The directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment at costs of HK\$284,000 (six months ended 30 June 2024: HK\$73,000).

Items of property, plant and equipment with an aggregate net book value of HK\$1 (six months ended 30 June 2024: HK\$2) were disposed of by the Group during the six months ended 30 June 2025.

## 10. INVESTMENT PROPERTIES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Carrying amount at the beginning of period/year	725,819	772,933
Fair value losses	(30,751)	(46,604)
Transfer from owner-occupied properties	–	15,004
Exchange realignment	14,498	(15,514)
	<u>709,566</u>	<u>725,819</u>
Carrying amount at the end of period/year		

The investment properties of the Group consist of residential properties, residential and commercial composite building, commercial properties and industrial properties in Hong Kong and the PRC. The directors of the Company have determined that investment properties consist of five classes of assets, i.e., commercial properties and residential and commercial composite building in Hong Kong and residential properties, commercial properties and industrial properties in the PRC during the period (31 December 2024: five classes of asset, i.e., commercial properties and residential and commercial composite building in Hong Kong and residential properties, commercial properties and industrial properties in the PRC), based on the nature, characteristics and risks of each property. The investment properties of the Group were revalued on 30 June 2025 based on valuations performed by Dudley Surveyors Limited and BMI Appraisals Limited (31 December 2024: BMI Appraisals Limited), the independent professional qualified valuers. The finance department of the Group which reports directly to the senior management selects external valuers to be responsible for the external valuations of the properties of the Group based on market knowledge, reputation and independence of the external valuers, and whether professional standards are maintained by the external valuers.

Fair values of the investment properties of the Group are generally derived by using the income capitalisation method and the market comparison approach. The finance department of the Group discussed with the external valuers on the valuation assumptions and valuation results when the valuations were performed for interim and annual financial reporting.

# Notes to the Condensed Consolidated Financial Statements

## 10. INVESTMENT PROPERTIES (continued)

The income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of rental/sales transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have been assessed with reference to recent lettings, within the subject properties and other comparable properties. Capitalisation rates are estimated by the valuers based on the risk profile of the properties being valued.

The market comparison approach is based on the price by assuming sale of the property interest in its existing state with reference to comparable sales transactions as available in the relevant market.

### Fair value hierarchy

The following table illustrates how the fair values of the investment properties of the Group are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to Level 3) based on the degree to which the inputs to the fair value measurements are observable.

Investment properties held by the Group	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Range or weighted average	
				As at 30 June 2025	As at 31 December 2024
Commercial properties in Hong Kong	Level 3	Income capitalisation method	Prevailing market rents (per sq.ft. and per month)	HK\$21 to HK\$30	HK\$24 to HK\$92
			Capitalisation rates	3.45% to 3.7%	2.9% to 3.6%
		Market comparison approach	Prevailing market rates (per sq.ft.)	HK\$27,535 to HK\$64,935	N/A
Residential and commercial composite building in Hong Kong	Level 3	Market comparison approach	Prevailing market rates (per sq.ft.) (30 June 2025: Gross; 31 December 2024: Saleable)	HK\$9,067	HK\$18,146 (residential and retail portions rates)
Commercial properties in Mainland China	Level 3	Income capitalisation method	Prevailing market rents (per sq.m. and per month)	RMB80 to RMB137 (or RMB200 to RMB800 per car park)	RMB197 to RMB231
			Capitalisation rates	2.8% to 5.0%	3.0% to 5.3%
		Market comparison approach	Prevailing market rates (per sq.m.)	N/A	RMB6,097 to RMB42,408
Industrial properties in Mainland China	Level 3	Income capitalisation method	Prevailing market rents (per sq.m. and per month)	RMB7 to RMB52	RMB7 to RMB52
			Capitalisation rates	4.5% to 6.0%	5.0% to 8.8%
		Market comparison approach	Prevailing market rates (per sq.m.)	RMB1,682 to RMB5,396	N/A
Residential properties in Mainland China	Level 3	Income capitalisation method	Prevailing market rents (per sq.m. and per month)	RMB16 to RMB56	RMB8,843 to RMB56,722
			Capitalisation rates	1.4% to 2.7%	1.5% to 3.5%



# Notes to the Condensed Consolidated Financial Statements

## 10. INVESTMENT PROPERTIES (continued)

### Fair value hierarchy (continued)

During the six months ended 30 June 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 June 2024: Nil).

Under income capitalisation method, a significant increase/(decrease) in the prevailing market rents in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

Under the market comparison approach, a significant increase/(decrease) in the prevailing market rates in isolation would result in a significant increase/(decrease) in the fair value of the investment property.

The reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy of each class of asset is as follows:

	Commercial properties in Hong Kong (Unaudited) HK\$'000	Residential and commercial composite building in Hong Kong (Unaudited) HK\$'000	Commercial properties in Mainland China (Unaudited) HK\$'000	Industrial properties in Mainland China (Unaudited) HK\$'000	Residential properties in Mainland China (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Carrying amount as at 1 January 2025	142,900	116,900	85,395	324,254	56,370	725,819
Fair value losses	(5,100)	(5,200)	(6,071)	(8,799)	(5,581)	(30,751)
Exchange realignment	–	–	2,647	10,109	1,742	14,498
Carrying amount as at 30 June 2025	<u>137,800</u>	<u>111,700</u>	<u>81,971</u>	<u>325,564</u>	<u>52,531</u>	<u>709,566</u>

## 11. TRADE AND BILLS RECEIVABLES

The trade receivables of the Group represent receivables arising from the leasing of investment properties and the sale of paint products. The Group normally requires its customers to make payment of monthly rentals in advance in relation to the leasing of investment properties. Tenants are usually required to pay security deposits which are held by the Group. The Group's trading terms of the paint businesses with its customers are mainly on credit, except for new customers, where payment in advance may be required. The Group maintains a defined credit policy and credit periods ranging from one to three months are usually granted to normal customers.

The Group seeks to maintain strict control over its receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables related to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances except for receivables arising from the leasing of investment properties require security deposits from the relevant tenants. Trade and bills receivables are non-interest-bearing.

# Notes to the Condensed Consolidated Financial Statements

## 11. TRADE AND BILLS RECEIVABLES (continued)

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within three months	39,287	57,477
Over three months and within six months	8,436	7,585
Over six months	30,552	40,447
	<b>78,275</b>	<b>105,509</b>

## 12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within three months	34,946	49,975
Over three months and within six months	20,141	34,389
Over six months	41,037	41,073
	<b>96,124</b>	<b>125,437</b>

The trade and bills payables are unsecured, non-interest-bearing, and normally settled within two months. As at 30 June 2025, bills payables with an aggregate carrying amount of HK\$57,661,000 (31 December 2024: HK\$69,483,000) were secured by time deposits of HK\$17,509,000 (31 December 2024: HK\$21,570,000).

## 13. SHARE OPTION SCHEMES

### Share Option Scheme of the Company

The 2022 share option scheme (the "2022 Scheme") was adopted by the Company on 2 June 2022 pursuant to a resolution passed at the special general meeting of the Company held on the same date. Unless terminated by a resolution in a general meeting or by the Board, the 2022 Scheme remains valid and effective for the period of 10 years commencing on 2 June 2022, after which period no further options will be issued but, in all other aspects, the provisions of the 2022 Scheme shall remain in full force and effect. Further details are set out in the circular of the Company dated 28 April 2022.

The 2022 Scheme will expire on 1 June 2032. During the six months period ended 30 June 2025 and 2024, no share options were granted under the 2022 Scheme.

# Notes to the Condensed Consolidated Financial Statements

## 13. SHARE OPTION SCHEMES (continued)

### Share Option Scheme of CPM

On 15 June 2022, 80,000,000 share options to subscribe for a total of 80,000,000 new shares of CPM of HK\$0.10 each were granted to three directors of CPM and five employees of the CPM Group under the share option scheme (the “CPM Scheme”) adopted by CPM on 4 June 2020 (the “Adoption Date”). The CPM Scheme was adopted by CPM for the purpose of providing incentives to attract and retain employees of the CPM Group, as well as other eligible participants (including, but not limited to, executive directors, non-executive directors and independent non-executive directors of CPM, any supplier of goods or services to any member of the CPM Group and any customer of the CPM Group) who made contributions to the CPM Group. Unless terminated by resolution in general meeting or by the board of directors of CPM, the CPM Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further share options will be issued but in all other respects, the provisions of the CPM Scheme shall remain in full force and effect. Further details are set out in the circular of CPM dated 27 April 2020.

The equity-settled share options granted on 15 June 2022 vest over a period of four years from the date of grant, of which 50% of the share options vested immediately on the date of grant, 20% of the share options vested on 14 June 2023, 10% of the share options vested on 14 June 2024, 10% of the share options vested on 14 June 2025 and 10% of the share options shall vest on 14 June 2026. These share options are exercisable at HK\$0.335 per share and must be exercised within five years from the date of grant, and if not so exercised, the share options shall be lapsed.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the CPM Scheme and any other share option schemes of CPM must not in aggregate exceed 10% of the total issued shares of CPM as at the Adoption Date. The maximum number of shares issued and which may fall to be issued upon exercise of the share options granted under the CPM Scheme and any other share option schemes of CPM (including both exercised and outstanding share options) and such shares which were subsequently cancelled, to each eligible participant in any 12-month period up to the date of offer shall not exceed 1% of the number of shares in issue as at the date of offer. Any further grant of share options in excess of this 1% limit shall be subject to the issue of a circular by CPM and the approval of CPM’s shareholders at a general meeting.

Share options granted to a director, chief executive or substantial shareholder of CPM, or to any of their respective associates under the CPM Scheme and any other share option schemes of CPM or any of its subsidiaries are subject to approval by the independent non-executive directors of CPM (excluding independent non-executive director of CPM who is the grantee of the share options). In addition, any share options granted to a substantial shareholder of CPM or an independent non-executive director of CPM, or to any of their respective associates, representing in aggregate over 0.1% of the shares of CPM in issue on the date of offer and having an aggregate value (based on the closing price of CPM’s shares on the date of offer) in excess of HK\$5 million, in the 12-month period up to and including the date of offer, are subject to shareholders’ approval of CPM in advance in a general meeting.

The offer of a grant of share options must be accepted not later than 21 days after the date of offer and the amount payable by the grantees to CPM on acceptance of the offer for the grant of share options is HK\$1.00. The period during which the share options may be exercised will be determined by the board of directors of CPM in its absolute discretion.

The exercise price of share options is determined by the board of directors of CPM, but shall not be less than the highest of (i) the closing price of CPM’s shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer in respect of such share options; (ii) the average closing price of CPM’s shares as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of offer in respect of such share options; and (iii) the nominal value of CPM’s share.

Share options do not confer rights on the holders to dividends or to vote in any general meeting of CPM.

# Notes to the Condensed Consolidated Financial Statements

## 13. SHARE OPTION SCHEMES (continued)

### Share Option Scheme of CPM (continued)

The summary below sets forth the details of movement of share options granted as at 30 June 2025 pursuant to the CPM Scheme:

	Date of grant	Exercise period (Notes)	Exercise price per share HK\$	Number of share options				
				Outstanding as at 1 January 2025	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2025
Directors of CPM	15 June 2022	15 June 2022 to 14 June 2027	0.335	30,000,000	–	–	(10,000,000)	20,000,000
Employees of the CPM Group	15 June 2022	15 June 2022 to 14 June 2027	0.335	40,000,000	–	–	–	40,000,000
Total				<u>70,000,000</u>	<u>–</u>	<u>–</u>	<u>(10,000,000)</u>	<u>60,000,000</u>

Notes:

The share options granted to each of the grantees have the vesting period and are/would be exercisable as follows:

- 50% of the share options vested on the date of grant of the share options, i.e. 15 June 2022 and are exercisable from 15 June 2022 to 14 June 2027;
- 20% of the share options vested on one day before the first anniversary of the date of grant of the share options, i.e. 14 June 2023 and are exercisable from 15 June 2023 to 14 June 2027;
- 10% of the share options vested on one day before the second anniversary of the date of grant of the share options, i.e. 14 June 2024 and are exercisable from 15 June 2024 to 14 June 2027;
- 10% of the share options vested on one day before the third anniversary of the date of grant of the share options, i.e. 14 June 2025 and are exercisable from 15 June 2025 to 14 June 2027; and
- the remaining 10% of the share options shall vest on one day before the fourth anniversary of the date of grant of the share options, i.e. 14 June 2026 and would be exercisable from 15 June 2026 to 14 June 2027.

As one of the directors of CPM resigned during the six months ended 30 June 2025, all share options granted to that director under the CPM Scheme lapsed on the date of cessation of employment. Save as disclosed above, none of the other share options granted under the CPM Scheme were exercised, cancelled or lapsed during the six months ended 30 June 2025.

In addition, as one of the employees of CPM Group resigned during the six months ended 30 June 2024, all share options granted to that employee under the CPM Scheme lapsed on the date of cessation of employment. Save as disclosed above, none of the other share options granted under the CPM Scheme were exercised, cancelled or lapsed during the six months ended 30 June 2024.

No share options were granted under the CPM Scheme during the six months period ended 30 June 2025 and 2024. The net share option expenses of approximately HK\$21,000 were recognised by CPM during the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$209,000).

# Notes to the Condensed Consolidated Financial Statements

## 13. SHARE OPTION SCHEMES (continued)

### Share Option Scheme of CPM (continued)

At the end of the reporting period, CPM had 60,000,000 (31 December 2024: 70,000,000) share options outstanding under the CPM Scheme. The exercise in full of the outstanding share options would, under the present capital structure of CPM, result in the issue of 60,000,000 (31 December 2024: 70,000,000) additional ordinary shares of CPM and additional share capital of HK\$20,100,000 (31 December 2024: HK\$23,450,000) (before issue expenses).

At the date of approval of these financial statements, CPM had 60,000,000 (31 December 2024: 70,000,000) share options outstanding under the CPM Scheme, which represented 6% (31 December 2024: 7%) of CPM's shares in issue as at that date.

## 14. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Contracted, but not provided for:		
Construction and purchases of items of property, plant and equipment	1,592	1,222

## 15. RELATED PARTY TRANSACTIONS

### (a) Outstanding balances with related parties

The amount due to an associate included in the Group's current liabilities as at 30 June 2025 of HK\$2,800,000 (31 December 2024: HK\$2,800,000) is unsecured, interest-free and repayable with not less than 30 days' prior written notice.

### (b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Short-term employee benefits	1,272	1,390
Post-employment benefits	10	9
(Reversal of)/equity-settled share option expenses	(156)	55
Total compensation paid/payable to key management personnel	1,126	1,454



# Notes to the Condensed Consolidated Financial Statements

## 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals and deposits received, the interest-bearing bank borrowings, and an amount due to an associate approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The finance department of the Group which reports directly to the senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The audit committee of the Board reviews the results of the fair value measurement of financial instruments periodically for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate these fair values:

The fair values of the interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2025 and 31 December 2024 were assessed to be insignificant.

The fair value of the unlisted club membership debenture is based on quoted market prices.

The fair values of other unlisted equity investments designated at fair value through other comprehensive income have been estimated using market-based valuation techniques based on assumptions that are not supported by observable market prices or rates. The fair values of these unlisted equity investments have been determined using the market comparison approach and/or quoted market prices and applicable valuation techniques which require the directors of the Company to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors of the Company believe that the estimated fair values resulting from the valuation techniques, which are recorded in the unaudited condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Set out below is a summary of significant unobservable inputs to the valuation of equity investments designated at fair value through other comprehensive income:

Financial instruments	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investments	Market comparison approach	Discount for lack of marketability	The higher the discount, the lower the fair value
		Minority discount	The higher the discount, the lower the fair value

# Notes to the Condensed Consolidated Financial Statements

## 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			Total (Unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000	
<i>Assets measured at fair value:</i>				
<b>At 30 June 2025</b>				
Equity investments designated at fair value through other comprehensive income	–	300	29,157	29,457

	Fair value measurement using			Total (Audited) HK\$'000
	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) HK\$'000	
<i>Assets measured at fair value:</i>				
<b>At 31 December 2024</b>				
Equity investments designated at fair value through other comprehensive income	–	300	29,157	29,457

The movements in fair value measurements in Level 3 during the period are as follows:

	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Equity investments designated at fair value through other comprehensive income:		
At 1 January and 30 June	29,157	33,711

### Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2025 and 31 December 2024.

During the six months ended 30 June 2025, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2024: Nil).

## 17. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

## 18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the Board on 28 August 2025.

# Management Discussion and Analysis

During the six months ended 30 June 2025, the Group was engaged in three principal business segments, namely (a) investment property business; (b) hotel business; and (c) paint and coating business. The paint and coating business was conducted by CPM. Other than these three business segments, the Group also holds certain equity for investment purpose and owns a parcel of land in Yuen Long, Hong Kong for re-development.

## BUSINESS REVIEW

During the six months ended 30 June 2025, the Group recorded a significant loss attributable to the shareholders of the Company of approximately HK\$36.55 million, as compared to the same of approximately HK\$13.46 million for the six months ended 30 June 2024. The significant loss incurred by the Group for the six months ended 30 June 2025 was primarily due to the significant fair value losses of approximately HK\$30.75 million recorded on the investment properties of the Group in Hong Kong and Mainland China as at 30 June 2025, as compared with the net fair value losses of approximately HK\$11.63 million as at 30 June 2024. Additionally, the absence of a one-off recovery of HK\$6.41 million in defence costs from derivative action in 2024 further negatively impacted the financial performance of the Group during the six months ended 30 June 2025. These factors combined to amplify the negative effects on the overall performance of the Group for the six months ended 30 June 2025.

Including the revenue generated by the CPM Group, the revenue of the Group during the six months ended 30 June 2025 was approximately HK\$119.05 million, represented a decrease of 26.1% from HK\$161.11 million for the six months ended 30 June 2024. The amount of gross profit of the Group for the six months ended 30 June 2025 was approximately HK\$50.19 million, represented a decrease of 24.3% from HK\$66.33 million for the six months ended 30 June 2024. The significant decrease in the gross profit of the Group was primarily due to the 29.3% decrease in sales of paint and coating products, which resulted from weak demand in the real estate and construction sectors in Mainland China and Hong Kong, as well as intense competition in the paint and coating industry.

Furthermore, the Group experienced the adjusted loss of approximately HK\$1.08 million for the six months ended 30 June 2025, as compared to the adjusted profit of approximately HK\$11.71 million for the six months ended 30 June 2024. This adjusted loss excluded various gains and expenses such as depreciation of property, plant and equipment, adjustments related to provision for impairment of trade and bills receivables, depreciation of right-of-use assets, share option expenses, fair value losses on investment properties, finance costs and income tax. The shift from adjusted profit to adjusted loss was primarily attributed to the absence of a one-off recovery of defence costs from a derivative action in 2024 and the increased loss from the CPM Group. The latter was driven by a 29.3% decline in sales of paint and coating products, which resulted in a 30.6% decrease in gross profit. Notably, the CPM Group successfully achieved significant cost efficiencies within selling and distribution expenses, as well as administrative expenses. These strategic changes made a positive impact in mitigating financial strain, although it did not entirely counterbalance the overall decrease.

The revenue of the paint and coating business of the CPM Group accounted for 81.4% of the Group's revenue for the six months ended 30 June 2025, as compared to 85.1% of the same for the six months ended 30 June 2024.

# Management Discussion and Analysis

## INVESTMENT PROPERTY BUSINESS

### Investment Properties

The revenue generated from the investment property business for the six months ended 30 June 2025 amounted to approximately HK\$16.81 million, as compared to approximately HK\$18.86 million for the six months ended 30 June 2024. The decrease in the amount of revenue was primarily due to changes in the effective rental calculations as a result of alterations in the appreciation clauses of monthly charges in long-term tenancy agreements.

The revenue generated from the investment properties held by the Group (excluding the CPM Group) and the CPM Group for the six months ended 30 June 2025 amounted to approximately HK\$7.36 million (as compared to approximately HK\$7.58 million for the six months ended 30 June 2024) and approximately HK\$9.45 million (as compared to approximately HK\$11.28 million for the six months ended 30 June 2024), respectively.

The investment property portfolio of the Group consisted of 21 properties as at 30 June 2025 and the gross floor area of the investment property portfolio includes properties with gross floor area of 93,988.21 square meters ("sq.m.") as at 30 June 2025. These investment properties included residential, commercial and industrial properties in Mainland China and Hong Kong and are held for the purpose of generating stable rental income and cash flows for long-term investment purposes.

The aggregate market value of the investment properties held by the Group amounted to approximately HK\$709.57 million as at 30 June 2025, as compared to approximately HK\$725.82 million as at 31 December 2024, including the investment properties held by the CPM Group, representing a decrease of 2.2%, as compared to the same as at 31 December 2024. The decrease was primarily attributed to the fair value losses on investment properties due to persistent sluggishness in the real estate markets of Mainland China and Hong Kong. However, this was partially offset by a 3.1% appreciation of Renminbi as recorded on the accounting dates between 31 December 2024 and 30 June 2025.

The market value of the investment properties of the Group (excluding the CPM Group) and the CPM Group as at 30 June 2025 amounted to approximately HK\$413.45 million (as compared to approximately HK\$430.54 million as at 31 December 2024) and approximately HK\$296.12 million (as compared to approximately HK\$295.28 million as at 31 December 2024), respectively.

The average occupancy rate for the investment properties of the Group for the six months ended 30 June 2025 was 85.9%, as compared to 93.6% for the six months ended 30 June 2024. The decrease in the occupancy rate was primarily due to an investment property was not being leased out. This property was formerly used as the production plant of the CPM Group in Hubei, Mainland China, and was incorporated into the investment property portfolio of the Group in 2023. The recorded gross rental income (including inter-group rental income) decreased to approximately HK\$18.04 million for the six months ended 30 June 2025, as compared to approximately HK\$20.16 million for the six months ended 30 June 2024.

The segmental loss for the six months ended 30 June 2025 amounted to approximately HK\$16.17 million, as compared to segmental profit of approximately HK\$5.08 million for the six months ended 30 June 2024. This shift from the segmental profit to segmental loss was primarily due to the significant increase in fair value losses of the investment properties, amounting to approximately HK\$19.12 million, as compared to the loss of HK\$11.63 million for the six months ended 30 June 2024. The fair value losses for the six months ended 30 June 2025 were in line with persistent sluggishness in the real estate markets of Mainland China and Hong Kong.

The Group will constantly review the portfolio of its investment properties and will act prudently in making any decision on the acquisition of new properties in Hong Kong and/or Mainland China that may generate a constant flow of income with potential capital appreciation. This strategy was crucial to meet the financial objectives of the Group amidst challenging market conditions.

# Management Discussion and Analysis

## INVESTMENT PROPERTY BUSINESS (continued)

### Property Under Development

An application was submitted on 30 September 2021 by Joyous Cheer Limited, a wholly-owned subsidiary of the Company, pursuant to Section 16 of the Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong), for seeking the permission from the Town Planning Board (the "TPB") for (a) proposed conservation of historic building (being the preservation of Pun Uk 潘屋); (b) proposed construction of a recreation, sports or cultural centre (being the design to include an art/antique gallery and the development of heritage education); and (c) proposed construction of certain social welfare facility (which include the operation of residential care homes for the elderly (the "RCHE")) with ancillary catering facility on the land at Au Tau, Yuen Long (the "Au Tau Land") owned by the Group.

The Au Tau Land covers a site area of about 3,663.9 sq.m. and is currently occupied by Pun Uk, which is a Grade 1 historical building built in the 1930s.

Due to the heritage value of Pun Uk, any redevelopment on the Au Tau Land will have to include the preservation of Pun Uk, the promotion of the heritage value and the achievement of a commercial project that can generate reasonable economic return and prosperity.

In August 2022, the Rural and New Town Planning Committee of the TPB approved the Group's application for the redevelopment of the Au Tau Land with permission on (a) the preservation of Pun Uk; (b) the construction of a place of recreation, sports or cultural centre; and (c) the construction of an elderly home that has around 530 beds and other related facilities (collectively, the "Re-development Project"). The permission is valid for four years until August 2026.

Pursuant to the Re-development Project, there will be three non-domestic buildings comprising the existing Pun Uk and two new buildings to be constructed as RCHE. The north building of the proposed RCHE will have six storeys, i.e. basement, 1/F to 6/F, whereas the south building will have five storeys, i.e. 1/F to 5/F. Essential functional areas/facilities, such as administrative office, dining area, staff room and other supporting facilities would be provided and developed at the detailed design stage. Car parking spaces will also be included in the re-development design.

The Group is exploring different options available for the Re-development Project. Based on the current financial position of the Group and its business focus and expertise, the directors of the Company are of the preliminary view that the Re-development Project may be disposed of to the independent third parties. The directors of the Company are also of the view the disposal may be the most viable option which is in the best interest of the Company and the shareholders of the Company as a whole.

## HOTEL BUSINESS

Since December 2021, the Group has engaged a hotel operator (the "Operator") to manage and operate the hotel under the brand name of "J Link Hotel". The Operator is an experienced hotel operator for small to medium-sized hotels.

During the six months ended 30 June 2025, the average number of available room nights was 80 and the occupancy rate was approximately 94%. The gross revenue from the hotel business for the six months ended 30 June 2025 amounted to approximately HK\$5.35 million, as compared to approximately HK\$5.20 million for the six months ended 30 June 2024. Segmental profit for the six months ended 30 June 2025 amounted to approximately HK\$0.21 million, as compared to segmental loss approximately HK\$0.12 million for the six months ended 30 June 2024. The turnaround from segmental loss to segmental profit was mainly due to the efficient cost containment.



# Management Discussion and Analysis

## HOTEL BUSINESS (continued)

The J Link Hotel was focusing to attract short-haul travellers from Mainland China as well as overseas during the first half of 2025. In order to provide visitors with pleasant and enjoyable experience when participating in Hong Kong's events and seasonal celebrations, the Hong Kong Tourism Board collaborates with organisers of various events in the city by month and are powering up for the festivals and events, shaping Hong Kong as a lively city. This collaboration will introduce richer experiences to visitors upon their arrival.

Promotional campaigns aim to attract not only Mainland China short-haul travellers but also overseas visitors for extended stays, providing curated event packages, themed experiences, and easy itinerary planning through digital platforms. The synergy between the Hong Kong government promotional campaigns, event organisers and hospitality providers, like J Link Hotel, contributes to maintaining high hotel occupancy rates and has improved average room rates during the peak event periods.

The directors of the Company anticipate that room occupancy will remain at a high level while average room rates are expected to improve, with the support of the ongoing promotional campaigns launched by the Hong Kong government in 2025.

## PAINT AND COATING BUSINESS

Further information on the paint and coating business is set forth in the interim report of CPM for the six months ended 30 June 2025 and the following information on the paint and coating business is extracted for ease of reference.

### General Background

For the paint and coating business, the products of the CPM Group are broadly categorised into (i) industrial paint and coating products; (ii) architectural paint and coating products; and (iii) general paint and coating and ancillary products. Industrial paint and coating products are used in furniture painting, manufacturing and surface finishing for different kinds of materials used by furniture manufacturers, renovation contractors for property and infrastructure projects and household users. Architectural paint and coating products are used for wall painting, floor coating and decorating of the wall surface of buildings. The architectural paint and coating products of the CPM Group are sold to customers in the construction and maintenance markets for the commercial and residential properties. General paint and coating and ancillary products, such as thinner, enamels and anti-mold agents and solvent agents, are used for both architectural and industrial purposes.

The following sets forth an analysis of the CPM Group's revenue from the sales of the paint and coating products (the "Paint Sales") for the six months ended 30 June 2025 (with comparative figures for the six months ended 30 June 2024):

	Six months ended 30 June				
	2025		2024		% of net change
	HK\$'000	%	HK\$'000	%	
Industrial paint and coating products	56,485	58.3	64,904	47.4	-13.0
Architectural paint and coating products	17,190	17.7	35,217	25.7	-51.2
General paint and coating and ancillary products	23,218	24.0	36,923	26.9	-37.1
	<u>96,893</u>	<u>100.0</u>	<u>137,044</u>	<u>100.0</u>	<u>-29.3</u>

The CPM Group continues to focus on Mainland China market which contributed to approximately 89.4% (2024: approximately 79.8%) of the total revenue generated from the Paint Sales in 2025.

# Management Discussion and Analysis

## PAINT AND COATING BUSINESS (continued)

### Segmental Results

#### *Revenue from paint and coating products*

The revenue of the CPM Group from the Paint Sales for the six months ended 30 June 2025 amounted to approximately HK\$96.89 million, representing a significant decrease of 29.3% as compared to approximately HK\$137.04 million for the six months ended 30 June 2024.

#### *Significant decrease in the Paint Sales to the wholesale and retail distributors in Hong Kong*

For the six months ended 30 June 2025, the Paint Sales to the wholesale and retail distributors in Hong Kong significantly decreased by 67.7%, as compared to the six months ended 30 June 2024. This decline was primarily attributable to the negative impact exerted by the building and construction sector on Hong Kong's gross domestic product during the six months ended 30 June 2025, in contrast to the sector's positive contribution in early 2024. Market insights from key stakeholders within the paint and coating industry revealed a strategic realignment, with noticeable change among main contractors and smaller construction firms in Hong Kong. These companies increasingly procured paint, coatings, and related materials directly from suppliers in Mainland China. This shift was largely driven by companies aiming to leverage cost efficiencies and optimise supply chains amidst weakening demand. Additionally, the reluctance of wholesalers to place large orders was further exacerbated. The softening demand in Hong Kong's market, combined with intensifying competition from new entrants, led to an oversupply condition.

#### *Significant decrease in the Paint Sales to the wholesale and retail distributors in Mainland China*

For the six months ended 30 June 2025, the Paint Sales to wholesale and retail distributors in Mainland China significantly decreased by 13.8%, as compared to the same period in 2024. This decrease was primarily driven by (i) the sluggish real estate market in Mainland China; and (ii) saturation and competitive pressures in the paint and coating industry. The industry was struggling with an oversupply issue, worsened by recent expansions in production capacities. This intensified market competition led to aggressive price wars that compelled manufacturers to reduce prices, thus squeezing profit margins.

#### *Significant decrease in the Paint Sales to the property developers and their contractors working for private residential property projects in Mainland China*

For the six months ended 30 June 2025, the Paint Sales to property developers and their associates for private residential projects in Mainland China significantly decreased by 97.5%, as compared to the same period in 2024. This decrease was attributed to several factors: (i) the sluggish real estate market in Mainland China; (ii) stagnation in new property project initiatives; and (iii) pending outcomes of tender submissions.

#### *Significant decrease in the Paint Sales to the industrial manufacturers in Mainland China*

For the six months ended 30 June 2025, the Paint Sales to industrial manufacturers in Mainland China significantly decreased by 13.0%, as compared to the same period in 2024. This significant decline was primarily due to intensified competition and a new supply of industrial paint and coating products within the paint and coating industry. The demand for architectural paints and coatings, traditionally accounting for more than 50% of industry sales in Mainland China, continued to weaken considerably during the six months ended 30 June 2025. Consequently, paint and coating manufacturers who previously specialised in architectural paints increasingly shifted their focus toward industrial paint and coating production. This strategic pivot exacerbated competitive pressures within the domestic market in Mainland China.

# Management Discussion and Analysis

## PAINT AND COATING BUSINESS (continued)

### Cost of Raw Materials

Raw materials used by the CPM Group include resins, solvents and other materials, of which resins and solvents accounted for a substantial portion of the total cost of raw materials. Generally speaking, prices of such raw materials are directly or indirectly affected by crude oil prices. During the six months ended 30 June 2025, crude oil prices decreased by 19.2%, ranging between US\$59 and US\$68 per barrel, as compared to a range of US\$74 and US\$85 per barrel for the six months ended 30 June 2024. This decrease in crude oil prices had a proportionate positive impact on raw materials cost for the CPM Group. As a result, the CPM Group experienced a decrease in raw material costs and offered competitive pricing amidst intense market competition in the paint and coating industry in Mainland China and Hong Kong. The CPM Group leveraged this cost advantage to provide more discounts to attract and retain customers. Consequently, the percentage of raw material costs to the sales decreased by 2.9%, as compared to the six months ended 30 June 2024.

The flexible pricing strategy of the CPM Group not only bolstered its competitive edge but also reflected its quick responsiveness to market dynamics. By aligning with broader economic trends for cost efficiency, the CPM Group took advantage of the fluctuating oil prices to enhance operational efficiency and deliver greater customer value. This underscored the importance of agile responses to economic changes in maintaining a strong market position.

### Gross Profit and Gross Profit Margin of the Paint and Coating Products of the CPM Group

For the six months ended 30 June 2025, the CPM Group recorded a 30.6% decrease in gross profit resulting from the 29.3% decrease in sales, as compared to the same period in 2024. This decline was exacerbated by vigorous market competition within the paint and coating industry and diminished demand for architectural paint and coating products from the real estate and construction sectors in Mainland China and Hong Kong. In response, the CPM Group implemented strategic pricing adjustments to remain competitive, including targeted customer discounts to sustain market share. Despite these challenges, the gross profit margin showed a commendable degree of resilience, with a reduction of merely 0.6 percentage point, as compared to the same period in 2024.

### Selling and Distribution Expenses and Administrative Expenses

Selling and distribution expenses of the CPM Group significantly decreased by 30.5% to HK\$20.15 million for the six months ended 30 June 2025, as compared to HK\$28.99 million for the six months ended 30 June 2024. Such decrease was attributed to (i) a reduction of HK\$5.55 million legal and professional fees in relation to the legal actions for collection of the aged trade and bills receivables of the CPM Group; and (ii) cost savings of HK\$3.29 million associated with the selling and distribution expenses of the CPM Group for the six months ended 30 June 2025.

Administration expenses of the CPM Group decreased by 8.5% to HK\$31.88 million for the six months ended 30 June 2025, as compared to the same period in 2024. Such decrease was attributed to a reduction of HK\$1.86 million in staff costs and a reduction of HK\$1.09 million in other operating expenses, and additional cost-saving initiatives, as compared to the six months ended 30 June 2024.

# Management Discussion and Analysis

## OTHER BUSINESSES

### Equity Investments Designated at Fair Value Through Other Comprehensive Income

The Group owns 12.5% equity interest in Profitable Industries Limited (“Profitable Industries”), an investment holding company, which is in turn engaged in a cemetery project (the “Cemetery”) situated in Sihui, Guangdong Province, Mainland China. The Cemetery is operated under the name of “Fortune Wealth Memorial Park” which is focused on the development, construction, management and operation of a cemetery. The Cemetery offers grave lots, ordinary columbarium niches and luxury columbarium niches. The other shareholder of Profitable Industries is Chuang’s China Investments Limited (“Chuang’s China”), a company listed on the Stock Exchange (stock code: 298). As a minority shareholder of Profitable Industries, the Group has not participated in the management of the Cemetery and is a passive minority shareholder of Profitable Industries.

As disclosed in the annual report of Chuang’s China for the year ended 31 March 2025, the Fortune Wealth Memorial Park operates a cemetery in Sihui with a site area of approximately 518 mu agreed by the local government authorities. Development of the project is conducted by phases. Phase I of about 100 mu has been completed with 5,485 grave plots, one mausoleum providing 550 niches, as well as an administrative and customer service building.

Development of the remaining 418 mu will be divided into Phase II to Phase V. Based on the revised master layout plan of Phase II to Phase V, about 36,726 grave plots will be constructed covering land area of 268 mu and 150 mu of road access and greenbelts. For Phase II to Phase III, land use rights of approximately 143 mu had been obtained, which will accommodate a total of about 22,212 grave plots. For Phase IV to Phase V, land use rights of approximately 5.2 mu had been obtained and additional land quota of about 119.8 mu shall be required for the construction of a total of about 14,514 grave plots. As for the 150 mu of road access and greenbelts, Fortune Wealth will ascertain the arrangement required by the local authorities. The construction works of roads for Phase II and Phase III are being carried out. Site formation and construction works on other parts of the land are in progress.

On the sale aspects, the Cemetery has full license for sale not only in Mainland China, but also includes overseas Chinese, as well as the residents of Hong Kong, Macau and Taiwan. The Cemetery will review its sales and marketing strategy and will take more proactive steps in its brand building and customer services.

## FINANCIAL REVIEW

### Liquidity and Financial Information

The business operation of the Group is principally financed by its internal financial resources and external bank borrowings. The cash and cash equivalents amounted to approximately HK\$311.72 million as at 30 June 2025, as compared to approximately HK\$286.74 million as at 31 December 2024. The increase in the balance of cash and cash equivalents was primarily due to a more significant increase in long-term bank borrowings than the decrease in short-term bank borrowings, which collectively strengthened the liquidity of the Group. The total cash and bank balances, including pledged deposits, amounted to approximately HK\$329.23 million as at 30 June 2025, as compared to approximately HK\$308.95 million as at 31 December 2024.

Bank borrowings amounted to approximately HK\$175.22 million as at 30 June 2025, as compared to approximately HK\$137.62 million as at 31 December 2024. The bank borrowings of the Group mainly bear interest at floating rates. The total bank borrowings of the Group as at 30 June 2025 amounted to approximately HK\$126.75 million (72.3%) (31 December 2024: approximately HK\$137.62 million (100.0%)) and was payable within one year or on demand. The remaining balance of approximately HK\$48.47 million (27.7%) (31 December 2024: approximately HK\$nil million (nil)) is payable in the second and third years. The cash and bank balances and bank borrowings of the Group are mainly denominated in Hong Kong dollars, Renminbi and U.S. dollars. The results of the Group can be affected by movements in the exchange rate between Hong Kong dollars and Renminbi.

# Management Discussion and Analysis

## FINANCIAL REVIEW (continued)

### Liquidity and Financial Information (continued)

The Group did not have any hedging instrument to hedge the foreign currency exposure as at 30 June 2025. However, the Group will continue to monitor its foreign exchange exposure and requirements closely and arrange hedging facilities when necessary.

The gearing ratio of the Group, which is expressed as a percentage of total bank borrowings to shareholders' funds, was 14.6% as at 30 June 2025, as compared to 11.3% as at 31 December 2024. The liquidity ratio of the Group, which is expressed as a percentage of current assets to current liabilities, was 1.69 times as at 30 June 2025, as compared to 1.46 times as at 31 December 2024.

For six months ended 30 June 2025, the inventory turnover days<sup>1</sup> were 57 days, as compared to 47 days for the six months ended 30 June 2024. The trade and bills receivables turnover days<sup>2</sup> for the six months ended 30 June 2025 were 119 days, as compared to 158 days for the six months ended 30 June 2024.

### Equity, Net Asset Value and Shareholders' Funds

Shareholders' funds of the Group as at 30 June 2025 was approximately HK\$1,200.64 million (31 December 2024: approximately HK\$1,219.56 million). Net asset value per share as at 30 June 2025 was HK\$0.68 (31 December 2024: HK\$0.70). Shareholders' funds per share as at 30 June 2025 was HK\$0.63 (31 December 2024: HK\$0.64).

### Contingent Liabilities

As at 30 June 2025 and 31 December 2024, no bank facilities granted to various subsidiaries subject to guarantees given to banks by the Company were utilised.

### Pledge of Assets

Certain property, plant and equipment, investment properties, right-of-use assets and cash deposits with an aggregate net book value of approximately HK\$511.78 million as at 30 June 2025, as compared to approximately HK\$525.64 million as at 31 December 2024, were pledged as collaterals for bank borrowings, lease liabilities, and bills payable and performance bonds.

As at 30 June 2025, the total outstanding secured bank borrowings amounted to approximately HK\$175.22 million, as compared to approximately HK\$116.62 million as at 31 December 2024. Lease liabilities amounted to approximately HK\$0.07 million as at 30 June 2025, as compared to approximately HK\$0.02 million as at 31 December 2024. Additionally, bills payable amounted to approximately HK\$57.66 million as at 30 June 2025, as compared to approximately HK\$69.48 million as at 31 December 2024.

## STAFF

As at 30 June 2025, the Group employed a total of 440 employees, as compared to 514 employees as at 30 June 2024. Staff costs (excluding directors' emoluments) amounted to approximately HK\$39.03 million (including related equity-settled share-based payments of approximately HK\$1.46 million) for the six months ended 30 June 2025, as compared to approximately HK\$43.39 million (including related equity-settled share-based payments of approximately HK\$0.98 million) for the six months ended 30 June 2024. The Group has a comprehensive and competitive staff remuneration and benefits system which is based on the performance of individual employees. In addition, the Group also provides a staff option scheme.

<sup>1</sup> The calculation of inventory turnover days is based on the closing balance of inventories divided by the cost of sales and multiplied by 181 days (30 June 2024: 182 days).

<sup>2</sup> The calculation of trade and bills receivables turnover days is based on the closing balance of trade and bills receivables divided by the revenue and multiplied by 181 days (30 June 2024: 182 days).



# Management Discussion and Analysis

## BUSINESS OUTLOOK

Looking ahead, the global environment continues to pose challenges, with ongoing geopolitical tensions, trade uncertainties, and fluctuating U.S. monetary policies creating risks for investment and trade. Key challenges include depreciation pressures from Renminbi, U.S. interest rate fluctuations, and persistent trade tensions, all of which impede economic growth while exerting downward pressure on property valuations, leasing activities, and domestic consumption. These dynamics are contributing to a cautious business climate, with firms increasingly reluctant to expand and some opting for contraction to mitigate risk.

Hong Kong's economic growth in 2025 continues to face a challenging environment marked by external uncertainties and evolving domestic conditions. In the first half of 2025, Hong Kong's commercial real estate market continued to face challenges amidst a cautious business environment and lingering economic uncertainties. This period was further marked by substantial losses in the disposal of property assets, reflecting the complexity of the current market conditions. Furthermore, demand for office and industrial leasing remained subdued, with transaction volumes still below historical averages despite modest improvement compared to late 2024. A slight decrease in interest rates compared to 2024 provided a modest boost to investment sentiment, particularly facilitating transactions related to receivership sales and acquisitions by end-users. Despite this, investor confidence continued to be fragile. In the first half of 2025, the property market was constrained by an oversupply of available spaces and persistently weak leasing demand. A considerable number of companies concentrated on cost optimisation strategies, which included downsizing operations, relocating to sub-core locations, and renegotiating lease agreements. These measures collectively applied downward pressure on rental rates during this period. In an effort to counteract these trends, landlords increasingly employed strategies such as offering incentives and flexible lease terms to attract prospective tenants. The market underwent a gradual transformation, marked by a decrease in demand for traditional office spaces, continued reductions in rental prices, and a growing interest in flexible, cost-efficient office solutions. This shift reflected a broader realignment in tenant preferences and market dynamics.

China's economy in 2025 is anticipated to grow steadily, supported by strong industrial output and exports. However, domestic consumption and investment are expected to remain below pre-COVID levels. The World Trade Organisation has cautioned that the ongoing trade war could further weaken global growth, adding to external risks for Mainland China. China's fiscal policy remains prudent, with an emphasis on targeted measures to sustain economic growth amidst these uncertainties. However, it does not directly address the sluggish performance within the real estate sector. The property leasing market in Mainland China is expected to encounter substantial pressure due to ongoing economic uncertainties and a persistent imbalance between oversupply and weak demand. The unemployment rate is forecast to rise moderately, reflecting a potential softening in labour market conditions. This trend suggests a slowdown in business expansion, which could challenge the leasing property market further. Major urban centres such as Shanghai and Beijing continue to face enduring challenges related to the oversupply of commercial properties and diminished tenant demand.

The Group's rental portfolio is subject to potential downward adjustment pressures, both upon renewal of respective tenancy agreements and due to prevailing market conditions. Nevertheless, the Group maintains an optimistic outlook for the long-term business environment, despite uncertainties regarding the duration of the current economic slowdown. The directors of the Company observe that the real estate rental market in Hong Kong and Mainland China is projected to remain challenging and less optimistic throughout 2025. Property rental demand continues to be subdued amidst an oversupply situation in these regions. This persistent imbalance between supply and demand is placing downward pressure on rental prices. Nevertheless, this scenario provides tenants with enhanced bargaining power, as evidenced by more attractive leasing terms, increased landlord incentives including fit-out subsidies, and flexible lease arrangements.

The Group will constantly review its investment property portfolio and will act prudently in making any decision on the acquisition of investment properties for the purpose of generating a recurring income and cash flow for investment purposes. Additionally, the Group will maintain stringent cash flow management to ensure the maintenance of a robust financial profile, irrespective of external influences.

# Management Discussion and Analysis

## **BUSINESS OUTLOOK** (continued)

The hotel sector in Hong Kong is anticipated to benefit from the resumption of the Shenzhen permanent residents' multiple-entry visit scheme, which is expected to underpin a sustained recovery in hotel occupancy in 2025. Nonetheless, room rates remain under pressure due to the budget-conscious nature of travellers. The Group's hotel business is well-positioned to capitalise on the increase in visitor numbers; however, the Group is to exercise prudent management of room pricing to maintain continued profitability.

The CPM Group will proactively address market fluctuations driven by external environmental changes, insufficient domestic demand, and the challenging economic landscape through the business revamp measures and initiatives (the "Business Revamp Measures and Initiatives"). The favourable factor is the creation of synergies between policy directives and market dynamics, which are anticipated to foster a return to sustainable economic growth within the industry. One of the key developments is the strengthening of policies aimed at reducing hyper-competitive pressures in the market. In Mainland China, the recent amendments to the Anti-Unfair Competition Law are set to introduce measures that reinforce the fair competition review system while incrementally incorporating new safeguards against detrimental competitive practices into the legal framework. These initiatives will underpin market stability at a foundational level. On the broader economic front, there is an expectation of accelerated optimisation in supply chains and market clearance processes. Aligning with macroeconomic policy directives, the paint and coating industry will begin to address and correct imbalances in production capacity during the latter half of the year.

In response to the significant decrease in sales revenues in the first half of 2025, the CPM Group remains proactive in expanding its reach and broadening its business opportunities by actively engaging with both existing and potential wholesalers across Mainland China, Hong Kong, and other regions. This marketing approach is crucial to extending the CPM Group's distribution network and enhancing its presence and market share. Moreover, the CPM Group commits to providing high-quality paint and coating products to the customers, offering superior after-sales services and avoiding homogenised products and involution competitions.

Intense competition and fair value loss adjustment on investment properties adversely affected the overall performance of the CPM Group in the first half of 2025. In response, the CPM Group continued to implement the Business Revamp Measures and Initiatives to enhance profitability. A comprehensive assessment of working capital requirements was conducted, which facilitated a more efficient allocation of resources. Central to the strategy was the prioritisation of repaying high-interest borrowings, designed to reduce finance costs and enhance liquidity. The results of these efforts are evident in the significant 18.2% reduction in the bank and other borrowings, indicating an improvement in financial health. Cost-saving initiatives and working capital optimisation played an integral role in strengthening the CPM Group's financial position. Moving forward, the CPM Group is committed to strategic measures aimed at effectively mitigating net cash outflows and maintaining stable liquidity levels. Recognising the critical importance of these endeavours for sustained financial stability, the CPM Group continues to employ prudent resource management practices to optimise financial operations.

Against this backdrop, the CPM Group perseveres in optimising the Business Revamp Measures and Initiatives. The objectives are threefold: (a) to enrich the product portfolio and ensure competitiveness; (b) to expand and strengthen the distribution network across Mainland China, Hong Kong and other regions; and (c) to enhance operational efficiency and reduce costs. The CPM Group remains cautious about its business as it adopts a prudent approach to risk management.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed above, there was no other significant investment acquired, nor was there any other material acquisitions or disposals of subsidiaries during the six months ended 30 June 2025. The Board has not yet authorised any plan for other material investments or additions of capital assets.

## Other Information

### INTERIM DIVIDEND

The directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

#### The Company

As at 30 June 2025, the interests of the directors of the Company in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") were as follows:

Name	Capacity	Number of shares				Total	Percentage of the total number of shares in issue
		Personal interests	Family interests	Corporate interests	Other interests		
Tsui Ho Chuen, Philip	Interest of controlled corporation	–	–	564,021,226 (Note)	–	564,021,226	29.62%
Ko Kwok Fai, Dennis	Beneficial owner	503,374	–	–	–	503,374	0.02%

Note: The 564,021,226 shares were beneficially owned by Prime Surplus Limited. Mr. Tsui Ho Chuen, Philip is the sole director and shareholder of Prime Surplus Limited.

#### CPM

The share options granted by CPM under its share option scheme adopted on 4 June 2020 (the "CPM Scheme") to each of Mr. Tsui Ho Chuen, Philip, being an executive director of CPM and Mr. Chong Chi Kwan, being a former non-executive director of CPM are set out below:

Name	Capacity	Date of grant	Exercise Period	Exercise price per share HK\$	Number of underlying shares comprised in the share options	Percentage of the total number of shares of CPM in issue
Tsui Ho Chuen, Philip	Beneficial owner	15 June 2022	15 June 2022 to 14 June 2027	0.335	10,000,000	1.00%
Chong Chi Kwan (Resigned on 6 June 2025)	Beneficial owner	15 June 2022	15 June 2022 to 14 June 2027	0.335	10,000,000	1.00%

Save as disclosed above, as at 30 June 2025, none of the directors or chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO. Nor any of the directors and the chief executives of the Company had any interest in, or had been granted any right to subscribe for the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO) or had exercised any such right during the period under review.

# Other Information

## SHARE OPTIONS

### Share Option Scheme of the Company

The existing share option scheme was adopted by the Company on 2 June 2022 (the “Scheme”). From the date of adoption of the Scheme up to the period ended 30 June 2025, no share option has been granted under the Scheme. As at 1 January 2025 and 30 June 2025, the number of share options available for grant under the Scheme was 190,368,569 respectively, representing 10% of the issued share capital of the Company. There was no service provider sublimit set under the Scheme.

### Share Option Scheme of CPM

Details of the movements in the share options granted by CPM under the CPM Scheme during the review period are as follows:

Name	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options					Outstanding as at 30 June 2025	
				Outstanding as at 1 January 2025	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period		
<b>Executive director of CPM</b>										
Tsui Ho Chuen, Philip	15 June 2022	15 June 2022 to 14 June 2027	0.335	10,000,000	–	–	–	–	–	10,000,000
<b>Executive director of CPM</b>										
Li Guangzhong	15 June 2022	15 June 2022 to 14 June 2027	0.335	10,000,000	–	–	–	–	–	10,000,000
<b>Former Non-executive director of CPM</b>										
Chong Chi Kwan (Resigned on 6 June 2025)	15 June 2022	15 June 2022 to 14 June 2027	0.335	10,000,000	–	–	–	(10,000,000)	–	–
<b>Employees of the CPM Group</b>										
	15 June 2022	15 June 2022 to 14 June 2027	0.335	40,000,000	–	–	–	–	–	40,000,000
				70,000,000	–	–	–	(10,000,000)	–	60,000,000

## Other Information

### SHARE OPTIONS (continued)

#### Share Option Scheme of CPM (continued)

Notes:

- (1) The above share options granted have the vesting period and are/would be exercisable as follows:
  - (a) 50% of the share options vested on and are exercisable from the date of grant of the share options, i.e. 15 June 2022;
  - (b) 20% of the share options vested on one day before the first anniversary of the date of grant of the share options, i.e. 14 June 2023 and are exercisable from 15 June 2023;
  - (c) 10% of the share options vested on one day before the second anniversary of the date of grant of the share options, i.e. 14 June 2024 and are exercisable from 15 June 2024;
  - (d) 10% of the share options vested on one day before the third anniversary of the date of grant of the share options, i.e. 14 June 2025 and are exercisable from 15 June 2025; and
  - (e) the remaining 10% of the share options shall vest on one day before the fourth anniversary of the date of grant of the share options, i.e. 14 June 2026 and would be exercisable from 15 June 2026.
- (2) The closing price of the shares of CPM on 14 June 2022, being the date immediately before the date on which the above share options were granted under the CPM Scheme, was HK\$0.335.
- (3) The number of share options available for grant under the CPM Scheme as at 1 January 2025 and 30 June 2025 were 30,000,000 and 40,000,000 respectively.
- (4) There was no service provider sublimit set under the CPM Scheme.
- (5) There is no performance target attached with the share options.
- (6) During the six months ended 30 June 2025, no share options were granted under the CPM Scheme. The number of shares of CPM that may be issued in respect of share options granted under the CPM Scheme during the six months ended 30 June 2025 divided by the weighted average number of shares of CPM in issue for the six months ended 30 June 2025 was 6%.
- (7) None of the share options granted under the CPM Scheme was cancelled and 10,000,000 share options granted under the CPM Scheme were lapsed during the six months ended 30 June 2025.
- (8) Other details of the share options granted under the CPM Scheme are set out in note 13 to the financial statements.
- (9) Save as disclosed above, no share options were granted, exercised, cancelled or lapsed during the review period.

## Other Information

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2025, the register maintained by the Company under Section 336 of the SFO and the public information showed that the following persons (other than the directors of the Company) had interests in the shares and underlying shares of the Company:

Name	Notes	Capacity	Number of shares	Number of underlying shares (unlisted and physically settled equity derivative)	Percentage of the total number of shares in issue
<b>10% or more of the total shares in issue</b>					
Prime Surplus Limited	1	Beneficial owner	564,021,226	–	29.62%
Ho Mei Po, Mabel	2	Interest of spouse	564,021,226	–	29.62%
Chinaculture.com Limited	3	Beneficial owner	368,363,181	–	19.35%
Chuang's China Investments Limited	3	Interest of controlled corporation	368,363,181	–	19.35%
Profit Stability Investments Limited	3	Interest of controlled corporations	368,363,181	–	19.35%
Chuang's Consortium International Limited	3	Interest of controlled corporations	368,363,181	–	19.35%
Evergain Holdings Limited	3	Interest of controlled corporations	368,363,181	–	19.35%
Chong Shaw Swee, Alan	3	Interest of controlled corporations	368,363,181	–	19.35%
Chong Ho Pik Yu	3	Interest of spouse	368,363,181	–	19.35%
<b>Below 10% of the total shares in issue</b>					
Broadsino Investment Company Limited	4	Beneficial owner	98,000,000	–	5.15%
Rapid Growth Ltd.	5	Trustee	–	98,000,000	5.15%
Polygold Holdings Limited	5	Interest of controlled corporation	–	98,000,000	5.15%
Xie Jian Ming	5	Interest of controlled corporations	–	98,000,000	5.15%



## Other Information

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Notes:

- (1) The 564,021,226 shares were beneficially owned by Prime Surplus Limited. This interest is duplicated in the interests of Mr. Tsui Ho Chuen, Philip as disclosed in the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above.
- (2) Ms. Ho Mei Po, Mabel is the wife of Mr. Tsui Ho Chuen, Philip and was taken to be interested in 564,021,226 shares in which her spouse was interested under the SFO.
- (3) The shareholding of 19.35% was based on the disclosure in the annual report of Chuang’s Consortium International Limited for the year ended 31 March 2025. The number of shares is based on the shareholding percentage and the total number of shares in issue of the Company as of 30 June 2025. The Company has not been informed on any change in the number of shares held by Chuang’s Consortium International Limited.

The references to the 368,363,181 shares relate to the same block of 368,363,181 shares beneficially interested by Chinaculture.com Limited.

Chinaculture.com Limited was a wholly-owned subsidiary of Chuang’s China Investments Limited, which in turn was a 61.15% owned subsidiary of Profit Stability Investments Limited. Chuang’s Consortium International Limited held 100% equity interest in Profit Stability Investments Limited. Evergain Holdings Limited was interested in 56.77% of the issued share capital of Chuang’s Consortium International Limited. Mr. Chong Shaw Swee, Alan was interested in 60% of the issued share capital of Evergain Holdings Limited. Mrs. Chong Ho Pik Yu is the wife of Mr. Chong Shaw Swee, Alan.

Chuang’s China Investments Limited, Profit Stability Investments Limited, Chuang’s Consortium International Limited, Evergain Holdings Limited, Mr. Chong Shaw Swee, Alan and Mrs. Chong Ho Pik Yu were all deemed under the SFO to be interested in these 368,363,181 shares which were owned by Chinaculture.com Limited.

- (4) These shares were beneficially owned by Broadsino Investment Company Limited. Pursuant to an option granted by Rapid Growth Ltd., Broadsino Investment Company Limited has a right to sell all or part of these shares to Rapid Growth Ltd. exercisable at any time during the term of the option.
- (5) The references to the interests in 98,000,000 underlying shares of the Company relate to the same block of 98,000,000 underlying shares of the Company interested by Rapid Growth Ltd. by virtue of an option granted by Rapid Growth Ltd. to Broadsino Investment Company Limited as disclosed in note (4) above.

Rapid Growth Ltd. was a wholly-owned subsidiary of Polygold Holdings Limited, which in turn was wholly owned by Mr. Xie Jian Ming.

Polygold Holdings Limited and Mr. Xie Jian Ming were all deemed under the SFO to be interested in these 98,000,000 underlying shares of the Company which were taken to be interested by Rapid Growth Ltd..

Save as disclosed above, the Company has not been notified by any person (other than the directors of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 30 June 2025 which were required to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## Other Information

### CORPORATE GOVERNANCE

The Board recognises the importance of and benefit from good corporate governance practices and has devoted considerable efforts to develop the best corporate governance practices appropriate to the businesses of the Group. Throughout the six months ended 30 June 2025, the Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code as contained in Part 2 of Appendix C1 to the Listing Rules (the “CG Code”) except for the following deviation:

The 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. Since 6 June 2025, Mr. Tsui Yam Tong, Terry has been taking the dual roles of the chairman of the Board and the managing director of the Company. After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Tsui Yam Tong, Terry, the Board is of the opinion that it is appropriate at the present stage for Mr. Tsui Yam Tong, Terry to hold both positions as the chairman of the Board and the managing director of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company, and this structure can ensure the Company has consistent leadership. In addition, under the supervision by the Board which currently consists of two executive directors, two non-executive directors and three independent non-executive directors, the interests of the shareholders of the Company will be adequately and fairly represented. Also, as all major decisions are made in consultation with and approved by the members of the Board, the Board believes that this arrangement will not have negative influence on the balance of power and authorisation between the Board and the management of the Company.

The Board will regularly review the effectiveness of this arrangement to ensure that it is appropriate to the circumstances of the Company. The Board will review and consider splitting the roles of the chairman of the Board and the managing director of the Company at a time when the Group can identify a suitable candidate with capable leadership, knowledge and relevant skills and experience for the position. Owing to the business nature and scope of the Group as a whole, such appropriate candidate shall have profound understanding and experience on the business of the Group and therefore there is no definite timetable for such appointment.

### CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the directors of the Company are as follows:

- (1) Mr. Chong Chi Kwan resigned as the managing director and executive director of the Company and ceased to be a member of the nomination committee of the Board (the “Nomination Committee”) with effect from 6 June 2025.
- (2) Mr. Tsui Yam Tong, Terry has been appointed as the managing director of the Company and a member of the Nomination Committee with effect from 6 June 2025.
- (3) Mr. Mak Chi Wah has been appointed as an executive director of the Company with effect from 13 June 2025. Under the letter of appointment, he is entitled to receive a director’s fee, which will be determined by the Board. Besides, he is entitled to receive a basic salary of HK\$130,000 per month under the employment contract with the Company.

## Other Information

### CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code as contained in Appendix C3 to the Listing Rules. After specific enquiry by the Company, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code and the Company's own code during the six months ended 30 June 2025.

On behalf of the Board

**CNT Group Limited**

**Tsui Yam Tong, Terry**

*Chairman and Managing Director*

Hong Kong, 28 August 2025