HENGDELI HOLDINGS LIMITED
亨 得 利 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

2026 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2026	2025	YoY change
	(Unaudited)	(Unaudited)	
	RMB'000	*RMB'000*	*%*
Revenue	**253,488**	314,314	**(19.4)**
Gross profit margin	**20.3%**	20.5%	**(20bps)**
(Loss)/profit for the period	**(33,972)**	26,033	**(230.5)**
(Loss)/profit attributable to equity shareholders	**(31,832)**	26,308	**(221.0)**

INTERIM RESULTS

The board of directors (the "Board") of Hengdeli Holdings Limited (the "Company") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026 (the "period under review"), along with the comparative figures and selected explanatory notes, which are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**253,488**	314,314
Cost of sales		**(201,964)**	(249,803)
Gross profit		**51,524**	64,511
Other revenue	*4(a)*	**17,069**	32,385
Other net gain	*4(b)*	**24,711**	54,219
Distribution costs		**(20,713)**	(27,513)
Administrative expenses		**(83,604)**	(92,151)
(Impairment loss)/reversal of impairment loss on trade and other receivables		**(8,200)**	322
(Loss)/profit from operations		**(19,213)**	31,773
Share of loss of associates		**(4,230)**	(2,863)
Finance costs	*5(a)*	**(1,346)**	(1,506)
(Loss)/profit before taxation	*5*	**(24,789)**	27,404
Income tax expense	*6*	**(9,183)**	(1,371)
(Loss)/profit for the period		**(33,972)**	26,033
Attributable to:			
Equity shareholders of the Company		**(31,832)**	26,308
Non-controlling interests		**(2,140)**	(275)
(Loss)/profit for the period		**(33,972)**	26,033
Basic and diluted (loss)/earning per share	*7*	**RMB(0.007)**	RMB0.006

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June **2026** ***RMB'000***	 2025 *RMB'000*
(Loss)/profit for the period		**(33,972)**	26,033
Other comprehensive income for the period (after tax and reclassification adjustments)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas subsidiaries' financial statements		**(38,153)**	(38,887)
Share of associates exchange differences on translating foreign operations		**(4,132)**	(2,958)
		(42,285)	(41,845)
Items that will not be reclassified subsequently to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	*10*	**(21,836)**	(17,969)
Exchange differences on translation of equity investments at fair value through other comprehensive income	*10*	**(11,774)**	(11,086)
Exchange differences on translation of the Company's financial statements		**(35,279)**	(29,806)
		(68,889)	(58,861)
Total comprehensive income for the period		**(145,146)**	(74,673)
Attributable to:			
Equity shareholders of the Company		**(143,005)**	(74,411)
Non-controlling interests		**(2,141)**	(262)
Total comprehensive income for the period		**(145,146)**	(74,673)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026 – unaudited

(Expressed in Renminbi)

	Note	At 30 June 2026 (Unaudited) *RMB'000*	At 31 December 2025 (Audited) *RMB'000*
Non-current assets			
Investment properties		**248,178**	251,822
Property, plant and equipment	*8*	**485,807**	509,978
		733,985	761,800
Intangible assets		**4,054**	4,497
Goodwill		**51,031**	52,195
Interests in associates	*9*	**137,819**	146,180
Other investments	*10*	**324,169**	356,895
Prepayment and deposits	*12*	**8,810**	7,665
Deferred tax assets		**799**	829
		1,260,667	1,330,061
Current assets			
Inventories	*11*	**143,463**	137,948
Trade and other receivables	*12*	**445,996**	515,615
Loans to associates		**32,287**	33,235
Current tax recoverable		**665**	434
Deposits with banks	*13*	**67,618**	99,243
Cash and cash equivalents	*14*	**1,221,707**	1,227,806
		1,911,736	2,014,281
Current liabilities			
Trade and other payables and contract liabilities	*15*	**122,463**	175,502
Bank loans	*16*	**66,355**	37,142
Lease liabilities		**5,221**	7,571
Current taxation		**1,351**	1,243
		195,390	221,458
Net current assets		**1,716,346**	1,792,823
Total assets less current liabilities		**2,977,013**	3,122,884

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2026 – unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2026 (Unaudited)** ***RMB'000***	At 31 December 2025 (Audited) *RMB'000*
Non-current liabilities			
Bank loans	*16*	**10,599**	11,127
Lease liabilities		**7,131**	10,568
		17,730	21,695
NET ASSETS		**2,959,283**	3,101,189
CAPITAL AND RESERVES	*17*		
Share capital		**21,254**	21,254
Reserves		**2,864,941**	3,007,946
Total equity attributable to equity shareholders of the Company		**2,886,195**	3,029,200
Non-controlling interests		**73,088**	71,989
TOTAL EQUITY		**2,959,283**	3,101,189

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Operating activities			
Cash (used in)/generated from operations		**(3,685)**	94,743
Tax paid		**(9,306)**	(3,748)
Net cash (used in)/generated from operating activities		**(12,991)**	90,995
Investing activities			
Payment for the purchase of property, plant and equipment		**(4,895)**	(3,208)
Decrease in deposits with banks		**27,016**	223,185
Payment for purchase of other investments		**(3,310)**	(5,000)
Proceeds from sale of other investments		**2,426**	3,631
Other cash flows arising from investing activities		**14,818**	27,262
Net cash generated from investing activities		**36,055**	245,870
Financing activities			
Capital element of lease rentals paid		**(4,050)**	(4,702)
Interest element of lease rentals paid		**(221)**	(386)
Other cash flows arising from financing activities		**31,580**	(11,429)
Net cash generated from /(used in) financing activities		**27,309**	(16,517)
Net increase in cash and cash equivalents		**50,373**	320,348
Cash and cash equivalents at 1 January	*14*	**1,227,806**	937,036
Effect of foreign exchange rates changes		**(56,472)**	(61,877)
Cash and cash equivalents at 30 June	*14*	**1,221,707**	1,195,507

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 20 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2025 are available from the Company's registered office. The auditor had expressed an unqualified opinion on those financial statements in their report dated 30 March 2026.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both business lines (products and services) and geography (mainly in Mainland China and Hong Kong). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, and given the importance of trading division to the Group, the Group's businesses are separated into the following two reportable segments on a geographical and products and services basis, as the divisional managers for each of these regions report directly to the senior executive team. All segments primarily derive their trading revenue through their own network. No operating segments have been aggregated to form the following reportable segments.

The Group has identified the following reportable segments:

– High-end consuming accessories	– Manufacturing of watch accessories and shop design and decoration services business;
– Commodity trading	– Trading of iron ore and coal.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Revenue from manufacturing of watch accessories	**170,377**	143,659
– Revenue from provision of shop design and decoration service	**79,882**	104,436
– Revenue from commodity trading	**3,229**	66,219
	253,488	314,314
Revenue from other sources		
– Gross rentals from investment properties	**581**	1,071
	254,069	315,385
Disaggregated by geographical location of customers		
– Mainland China	**190,541**	257,100
– Hong Kong	**63,528**	58,285
	254,069	315,385

Revenue from sales of watch accessories and commodity trading is recognised to be the point in time.

Revenue from provision of shop design and decoration service is recognised progressively over time.

The geographical analysis above includes investment properties rental income from external customers in Mainland China for the six months ended 30 June 2026 of RMB581,000 (six months ended 30 June 2025: RMB1,071,000).

(b) Information about profit or loss and assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the profit or loss and assets attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. However, other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "gross profit".

Segment assets represent inventories only, without eliminating the unrealised inter-segment profits.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	High-end consuming accessories		Commodity trading		Total	
For the six months ended 30 June	**2026**	2025	**2026**	2025	**2026**	2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**250,259**	248,095	**3,229**	66,219	**253,488**	314,314
Inter-segment revenue	**47,187**	55,235	**–**	–	**47,187**	55,235
Reportable segment revenue	**297,446**	303,330	**3,229**	66,219	**300,675**	369,549
Reportable segment gross profit	**50,210**	55,343	**1,314**	9,168	**51,524**	64,511

	High-end consuming accessories		Commodity trading		Total	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025	**30 June 2026**	31 December 2025
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	**66,479**	59,666	**76,984**	78,282	**143,463**	137,948

(c) Reconciliations of reportable segment profit or loss

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue		
Total revenue for reportable segments	**300,675**	369,549
Elimination of inter-segment revenue	**(47,187)**	(55,235)
Consolidated revenue	**253,488**	314,314
(Loss)/profit		
Total gross profit for reportable segments	**51,524**	64,511
Other revenue	**17,069**	32,385
Other net gain	**24,711**	54,219
Distribution costs	**(20,713)**	(27,513)
Administrative expenses	**(83,604)**	(92,151)
(Impairment loss)/reversal of impairment loss on trade and other receivables	**(8,200)**	322
Share of loss of associates	**(4,230)**	(2,863)
Finance costs	**(1,346)**	(1,506)
Consolidated (loss)/profit before taxation	**(24,789)**	27,404

4. OTHER REVENUE AND OTHER NET GAIN

(a) Other revenue

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest income	**10,586**	18,918
Rental income	**581**	1,071
Government grants	**74**	1,931
Dividend income from other investments	**4,232**	8,876
Others	**1,596**	1,589
	17,069	32,385

(b) Other net gain

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Net foreign exchange gain	**24,645**	45,420
Net gain/(loss) on disposal of property, plant and equipment	**66**	(88)
Net gain on disposal of a subsidiary	**–**	1
Fair value gain on financial assets held for trading	**–**	8,886
	24,711	54,219

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest on bank loans	**909**	947
Interest on lease liabilities	**221**	386
Bank charges	**216**	173
	1,346	1,506

(b) Other items

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Amortisation	**443**	441
Depreciation		
– Investment properties and property, plant and equipment	**20,512**	21,322
– Right-of-use assets	**4,097**	4,872
Expenses relating to short-term leases and leases of low-value assets	**1,807**	1,273

6. INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current tax		
Mainland China Income Tax		
– Current year	**3,366**	740
– Under-provision for prior years	**5,817**	391
	9,183	1,131
Deferred taxation	**–**	240
	9,183	1,371

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2025: 16.5%) to the six months ended 30 June 2026, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2025.

Taxation for other overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries or jurisdictions.

7. (LOSS)/PROFIT PER SHARE

(a) Basic (loss)/profit per share

The calculation of basic (loss)/profit per share is based on the loss attributable to equity shareholders of the Company of RMB31,832,000 (six months ended 30 June 2025: profit attributable to equity shareholders of the Company of RMB26,308,000) and the weighted average of 4,404,018,959 ordinary shares (six months ended 30 June 2025: 4,404,018,959 ordinary shares) in issue during the interim period.

(b) Diluted (loss)/profit per share

There were no dilutive potential ordinary shares during the period ended 30 June 2026 and 2025, and therefore, diluted (loss)/profit per share are the same as basic (loss)/profit per share.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2026, the Group entered into a number of lease agreements for office use, and therefore recognised the additions to right-of-use assets of RMB1,082,000 (six months ended 30 June 2025: RMB4,665,000).

(b) Acquisitions of owned assets

During the six months ended 30 June 2026, the Group mainly acquired items of machinery and construction in progress with a cost of RMB4,895,000 (six months ended 30 June 2025: RMB3,208,000).

9. INTERESTS IN ASSOCIATES

	At 30 June 2026 (Unaudited) *RMB'000*	At 31 December 2025 (Audited) *RMB'000*
Unlisted corporate entities		
Share of net assets	**137,819**	146,180

10. OTHER INVESTMENTS

Equity investments at fair value through other comprehensive income

	At 30 June 2026 (Unaudited) *RMB'000*	At 31 December 2025 (Audited) *RMB'000*
Equity securities designated at FVOCI (non-recycling)		
– Listed securities	**121,940**	150,285
– Unlisted fund investments	**202,229**	206,610
	324,169	356,895

Notes:

(i) The value of the above equity securities and fund investments was individually insignificant (individually less than 5% of the Group's total assets).

11. INVENTORIES

	At 30 June 2026 (Unaudited) ***RMB'000***	At 31 December 2025 (Audited) *RMB'000*
Raw materials	**25,599**	16,040
Work in progress	**39,194**	36,904
Finished goods and merchandise	**78,670**	85,004
	143,463	137,948

12. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2026 (Unaudited) ***RMB'000***	At 31 December 2025 (Audited) *RMB'000*
Current assets		
Within 3 months	**106,427**	119,945
Over 3 months but less than 12 months	**8,761**	97,040
Over 12 months	**172,980**	125,700
Trade receivables, net of loss allowance	**288,168**	342,685
Other receivables, net of loss allowance	**45,128**	55,598
Contract asset	**24,574**	22,133
PRC value added tax receivables	**18,934**	21,718
Interest receivables	**6,818**	7,372
Dividend receivables	**43**	–
	383,665	449,506
Prepayment and deposits	**62,331**	66,109
	445,996	515,615
Non-current assets		
Prepayment and deposits	**8,810**	7,665
	454,806	523,280

Trade receivables are due within 30 to 360 days from the date of billing. All of the trade and other receivables in current assets are expected to be recovered within one year.

13. DEPOSITS WITH BANKS

	At 30 June 2026 (Unaudited) ***RMB'000***	At 31 December 2025 (Audited) *RMB'000*
Deposits with original maturities over three months	**67,618**	99,243

14. CASH AND CASH EQUIVALENTS

As at 30 June 2026 and 31 December 2025, all of the Group's cash and cash equivalents in the consolidated statement of financial position represent cash at bank and cash in hand.

15. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2026 (Unaudited) ***RMB'000***	At 31 December 2025 (Audited) *RMB'000*
Within 1 month	**45,245**	72,056
Over 1 month but less than 3 months	**13,814**	13,734
Over 3 months but less than 12 months	**3,430**	7,478
Over 12 months	**3,943**	5,181
Trade payables	**66,432**	98,449
Contract liabilities	**19,922**	25,873
Other payables and accrued expenses	**36,109**	51,180
	122,463	175,502

16. BANK LOANS

	At 30 June 2026 (Unaudited) ***RMB'000***	At 31 December 2025 (Audited) *RMB'000*
Bank loans within one year or on demand		
– Secured	**66,355**	37,142
Bank loans after one year		
– Secured	**10,599**	11,127
	76,954	48,269

At 30 June 2026, the banking facilities of certain subsidiaries were secured over their land and buildings with an aggregate carrying value of RMB158,040,000 (31 December 2025: RMB165,219,000).

17. CAPITAL, RESERVES AND DIVIDENDS

Dividends

The Board does not recommend or declare the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

18. COMMITMENTS

Capital commitments outstanding at 30 June 2026 not provided for in the interim financial report

	At 30 June 2026 (Unaudited)	At 31 December 2025 (Audited)
	RMB'000	*RMB'000*
Contracted for	**1,149**	1,716

19. MATERIAL RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Shop design and decoration services provided to Primetime Group	**6,387**	7,611
Other goods and services provided to Primetime Group	**1,245**	1,073
Rental and electricity income from associates	**26**	28

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2026, while global trade tensions eased slightly, the volatility in international oil prices caused by geopolitical conflicts in the Middle East continued to pose downside risks to global economic growth. Driven by dual momentum of policy support and industrial upgrading, China's economy maintained medium-speed growth; guided by the strategies of comprehensively expanding domestic demand and promoting high-quality development, the macroeconomic environment sustained a steady and positive trajectory. In the face of this complex and volatile external operating environment, the Group has constantly adhered to the core principle of "Pursuing stability while maintaining sound, steady, and long-term operations" and flexibly adapted its business layout to market changes. Upholding the belief of "Maintaining stability while pursuing development", the Group strived to forge ahead steadily amid adversity, making every effort to safeguard the interests of its shareholders.

I. Financial Review

Revenue

For the six months ended 30 June 2026, the Group recorded revenue of RMB253,488,000 (six months ended 30 June 2025: RMB314,314,000), representing a year-on-year decrease of 19.4%; the revenue from high-end consuming accessories business amounted to RMB250,259,000 (six months ended 30 June 2025: RMB248,095,000), representing a year-on-year increase of 0.9%; the revenue from commodity trading amounted to RMB3,229,000 (six months ended 30 June 2025: RMB66,219,000), representing a year-on-year decrease of 95.1%.

Breakdown of revenue: (for the six months ended 30 June)

	2026		2025	
	RMB'000	***%***	RMB'000	%
High-end Consuming Accessories	**250,259**	**98.7**	248,095	78.9
Commodity Trading	**3,229**	**1.3**	66,219	21.1
Total	**253,488**	**100**	314,314	100

Gross profit and gross profit margin

For the six months ended 30 June 2026, the Group's gross profit amounted to approximately RMB51,524,000 (six months ended 30 June 2025: RMB64,511,000), representing a year-on-year decrease of 20.1%. Gross profit margin was approximately 20.3% (six months ended 30 June 2025: 20.5%), representing a year-on-year decrease of 0.2 percentage point, which was mainly attributable to factors such as changes in the prices, costs, and portfolios of high-end consuming accessories and commodity trading during the year.

Loss for the period

During the period under review, the Group recorded a loss of RMB33,972,000 (six months ended 30 June 2025: profit of RMB26,033,000), representing a year-on-year decrease of 230.5%. Loss attributable to equity shareholders amounted to RMB31,832,000 (six months ended 30 June 2025: profit of RMB26,308,000), representing a year-on-year decrease of 221.0%. The loss was mainly attributable to a decline in sales, an increase in share of losses from investments in associates, a decrease in bank interest income, a decrease in foreign exchange gains incurred by the operating units as a result of exchange rate fluctuations, as well as the combined impact of factors such as impairment losses of trade receivables.

Financial status and net debt to equity ratio

The Group maintained a sound and stable financial position. As at 30 June 2026, the Group had total equity of RMB2,959,283,000 (at 31 December 2025: RMB3,101,189,000) and net current assets of RMB1,716,346,000 (at 31 December 2025: RMB1,792,823,000), with cash and cash equivalents and deposits with banks of RMB1,289,325,000 (at 31 December 2025: RMB1,327,049,000) and total bank loans of RMB76,954,000 (at 31 December 2025: RMB48,269,000). As at 30 June 2026, the bank loans were bearing interest at floating rates of 2.4% to 3.0% (at 31 December 2025: 2.4% to 3.2%). As at 30 June 2026, approximately 86% (at 31 December 2025: 75%) and 14% (at 31 December 2025: 25%) of bank loans were denominated in RMB and NTD, respectively. The maturity profile of bank loans is set out in the notes to the accompanying financial statements. During the period under review, there was no sign of significant changes in the Group's demand for loans in a particular quarter.

As at 30 June 2026, the Group's total debt amounted to RMB76,954,000 (at 31 December 2025: RMB48,269,000). The net debt to equity ratio of the Group was zero (at 31 December 2025: zero). Net debt is defined as total debt (which includes total interest-bearing borrowings) less cash and cash equivalents and deposits with banks. It established a solid foundation for the further business expansion of the Group.

The Group adopts prudent treasury policies in financial and cash management, manages bank credit availability and monitors risks of credit cost centrally in various ways. The Group maintains a good partnership with a number of banks which provide financing facilities, and reviews its funding liquidity and financing needs regularly.

Foreign exchange risk

The Group's transactions are mainly denominated in HKD, RMB and USD. Therefore, the Group is exposed to foreign exchange risks. During the period under review, the Group has been actively monitoring its foreign exchange risk and has adopted a foreign exchange hedging policy for significant foreign exchange risks.

Pledge of assets

As at 30 June 2026, the Group had land and buildings equivalent to RMB158,040,000 (at 31 December 2025: RMB165,219,000) pledged as security for mortgage.

Contingent liabilities

As at 30 June 2026, the Group had no material contingent liabilities (at 31 December 2025: Nil).

Current assets

As at 30 June 2026, the current assets of the Group amounted to approximately RMB1,911,736,000 (at 31 December 2025: RMB2,014,281,000), comprising inventories of approximately RMB143,463,000 (at 31 December 2025: RMB137,948,000), trade and other receivables of approximately RMB445,996,000 (at 31 December 2025: RMB515,615,000), loans to associates of approximately RMB32,287,000 (at 31 December 2025: RMB33,235,000), cash and cash equivalents and deposits with banks of approximately RMB1,289,325,000 (at 31 December 2025: RMB1,327,049,000).

As at 30 June 2026, cash and cash equivalents of approximately 19% (at 31 December 2025: 24%), 47% (at 31 December 2025: 49%) and 34% (at 31 December 2025: 27%) were denominated in RMB, HKD and other currencies, respectively.

Current liabilities

As at 30 June 2026, the current liabilities of the Group amounted to approximately RMB195,390,000 (at 31 December 2025: RMB221,458,000), comprising bank loans of approximately RMB66,355,000 (at 31 December 2025: RMB37,142,000), trade and other payables of approximately RMB122,463,000 (at 31 December 2025: RMB175,502,000), lease liabilities of approximately RMB5,221,000 (at 31 December 2025: RMB7,571,000), and current tax payable of approximately RMB1,351,000 (at 31 December 2025: RMB1,243,000).

Capital structure

The Company's capital structure is composed of issued share capital, reserves and accumulated profits. As at 30 June 2026, the issued share capital of the Company was 4,404,018,959 shares (at 31 December 2025: 4,404,018,959 shares) with reserves and accumulated profits of RMB2,864,941,000 (at 31 December 2025: RMB3,007,946,000) in total.

Significant investment, material acquisition and disposal

The Company had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period under review, except as disclosed in the notes to the financial statements.

Except as disclosed in the notes to the financial statements, the Company did not hold other significant investments during the period under review.

II. Business Review

During the period under review, the Group’s business was primarily focused on manufacturing high-end consuming accessories, building up high-end consuming service platforms, international commodity trading and its related supply chain services.

High-end Consuming Accessories Service

The Group possesses a mature industrial chain for high-end consuming accessories manufacturing, with production bases located in Suzhou, Guangzhou and Dongguan. Its business scope mainly covers the manufacturing of accessories and packaging products for watches, jewellery, cosmetics, and mobile phones, as well as the innovative design, manufacturing and renovation for specialized display props and commercial spaces.

“Guangzhou Artdeco” and “Dongguan Born Talent” focus on the research, development and production of various high-end watch boxes and watch accessories. After years of development, we have achieved remarkable progress and success in all aspects, elevating the operations from low-end manufacturing to high-end customization, from mere processing to proprietary design, and upgrading from traditional purely manual craftsmanship to semi-automated and automated intelligent manufacturing.

“Suzhou Henge” specializes in providing integrated solutions for commercial spaces. It is a professional enterprise that integrates creative design, production, on-site installation and comprehensive after-sales services. Its services and products encompass the overall space design and renovation for various branded counters, display props and stores.

During the period under review, although the domestic consumer market showed a moderate recovery, the high-end consuming accessories industry remained constrained by the shrinkage in overall demand and fluctuations in the international situation, with short-term development progress hindered. The Group's revenue from this segment remained largely flat compared to the same period of the previous year. Navigating a challenging operating environment, the Group adhered to the principle of "stability as the foundation, innovation for development," actively expanding its business models while aggressively pursuing new customers and product offerings. Simultaneously, the Group continuously elevated operational and management efficiency through technical innovation, workflow optimization, as well as informatization and automation upgrades. The results of the above measures have gradually emerged, not only strengthening the Group's operational resilience but also laying a solid foundation for future business recovery and sustainable development.

Through years of development, each member company of the Group has obtained ISO 9001 quality management system certification, establishing a solid foundation for high-quality production. Leveraging their excellent reputation in their respective professional fields, the Group has established deep, close, mutually trusting and win-win cooperative relationships with major international brands, building a vast customer network covering China, Switzerland, the United States and other countries and regions in the Asia-Pacific region. At the same time, the Group has implemented industry-leading advanced digital management systems, including Enterprise Resource Planning (ERP), Building Information Modeling (BIM) and Manufacturing Execution System (MES). This technological empowerment provides a comprehensive foundation for the efficient and standardized corporate operations.

In the second half of the year, the Group will closely monitor market dynamics, continue to deepen operational management, and increase investment in technological R&D and innovation. Adhering to the core principles of "quality first, innovation-driven", the Group will actively seize strategic opportunities for horizontal and vertical integration in the industry to consolidate and enhance its leading position in the industry. The Group will allocate its premium resources to expand the production capacity of high-end consuming accessories and deepen strategic cooperation with international brand partners. Simultaneously, it will focus on the "dual-track market" of Mainland China and the international market, while comprehensively upgrade the integrated service capabilities of commercial spaces.

Moreover, the Group is dedicated to driving business diversification, leveraging its mature craftsmanship and management heritage to cross-empower luxury packaging and supporting production in high-end lifestyle fields such as jewellery, cosmetics and mobile phones. Concurrently, it will drive a strategic upgrade from commercial space design to comprehensive living space aesthetics. Through parallel tracks of organic scaling and external expansion, the Group endeavours to become an indispensable hub in the global high-end consumer ecosystem.

International Trading

During the period under review, the Group sustained its international commodity trading business in accordance with its established strategy. However, dragged down by multiple complex operating environments such as geopolitical trade barriers and tightening policies of exporting countries, the international commodity trading business recorded a year-on-year decrease in terms of both turnover and profits.

In the second half of the year, the Group will continue to closely monitor market dynamics, adhering to the principle of prudence and pragmatism, and steadily advance the international commodity trading business. Simultaneously, the Group will actively explore and build a sustainable profit model aligned with its strategic direction, comprehensively reinforce its core competitiveness, and lay a solid foundation for the long-term steady operation and high-quality growth of the Group.

International Shipping

During the period under review, in line with the Group's established strategic direction and actively leveraging the synergy between its shipping and international trade businesses, the Group continued to deepen and expand its international shipping business. This segment focuses on global maritime transportation of dry bulk cargo, encompassing a wide range of core commodities such as steel, coal, iron ore, manganese ore, grain and industrial salt.

During the period under review, the global dry bulk shipping trade market fell into a coexisting pattern of "demand expansion" and "increase in capacity supply". Although the global demand for shipping bulk commodities such as iron ore, coal and grain increased significantly, new vessels ordered during the industry's peak in previous years also ushered in a concentrated wave of deliveries this year, resulting in a simultaneous surge in the total number of available vessels in the market. In the first half of the year, due to the high volatility of the global dry bulk shipping market, freight rates were affected, leading to a corresponding pullback in the revenue and profit of the Group's shipping business.

As a major importer of bulk raw materials in the world, the fundamentals of the long-term upward trend of the Chinese economy remain solid, despite the uncertainties in global economic growth and the recovery of domestic demand. Looking ahead to the second half of the year, it is expected that the global dry bulk shipping market will gradually return to a rational normality, as geopolitical and trade policy disturbances fade, structural bright spots on the demand side will be gradually released, laying a solid foundation for a mild recovery of freight rates. The Group will closely monitor on market dynamics, continue to deepen the exploration of China's shipping demand market, and at the same time, adhering to the strategy of "based in China with a global vision", actively explore new customers, expand cargo categories and develop new shipping routes. We are committed to providing customers with higher-quality shipping services, and strive to achieve steady dual growth of cargo volume and the Group's profit.

III. Social Responsibility and Human Resources

The Group has always been advocating the corporate spirit of "mutual respect, shouldering responsibility, close collaboration and ongoing innovations" under the "people-oriented" core value, which serves as the solid cornerstone of our corporate management and social responsibility.

As at 30 June 2026, the Group had a total of 1,332 employees in Mainland China, Hong Kong, Macau and Taiwan (30 June 2025: 1,285 employees), and the total employee cost was RMB104,830,000 (six months ended 30 June 2025: RMB105,981,000). Having always been committed to developing and adding value to human resources, the Group implements a standard recruitment system and systematically allocates resources to various kinds of training for managers, employees at all levels and front-line staff of our Company, including, among others, the art of management, optimization of technology, brand knowledge and service awareness, with an aim of enhancing knowledge, manufacturing skills and service capabilities of our staff.

The Group offers a competitive remuneration package and various incentives to all employees, and regularly reviews the structure of relevant mechanisms to better adapt to corporate development needs. Meanwhile, the Group also offers other benefits to its employees, including mandatory provident fund scheme, insurance scheme, housing and meal allowances.

The remuneration policies of the Group are as follows:

- The amount of remuneration for the Directors or the employees is determined according to their relevant experience, responsibilities, workload and years of service in the Group;

- The non-monetary benefits are determined by the Board and are provided in the remuneration package of the Directors or the employees;

- The Directors and the eligible employees may be granted options or awarded shares of the Company as determined by the Board to be part of their remuneration package.

Environmental protection is one of the top priorities for the Group's sustainable development. During the period under review, the branches and subsidiaries of the Group carried out strict quality control procedures on products in full accordance with national quality standards, fully safeguarding the interests of clients and consumers. All branches and subsidiaries were also in strict compliance with national regulations. Reports on pollutants were submitted regularly to environmental authorities as required. The monitored result of all pollutant emissions such as sewage and waste gas have passed inspection and met national standards.

Beyond driving business performance and creating brand value, the Group also actively participated in public welfare activities, proactively fulfills its corporate social responsibility and giving back to society.

IV. Outlook

Currently, the global geopolitical landscape remains complex, with escalating trade frictions and supply chain restructuring has added uncertainties to the global economic recovery. Although the economy of Mainland China is facing transitory challenges of boosting domestic demand and structural adjustments, its economic foundation is stable, supported by a comprehensive industrial ecosystem, the long-term positive momentum remains unchanged. Driven by the synergistic effect of various national macroeconomic regulation policies, and the continuous deepening of strategic measures such as expanding domestic demand and promoting high-quality development, the growth momentum of the mainland economy is expected to accelerate its recovery, this positive momentum will strongly drive the continuous growth of the Group's business.

In the second half of the year, the Group will continue to adhere to the principle of "sound, steady, and long-term operations", actively respond to the complex and volatile external environment with a prudent and proactive attitude, and leverage the economic development environment in Mainland China that "pursues stability while seeking progress" to keep abreast of the market trend, seize opportunities amid challenges, and further advance the progress of international trade business actively and steadily. Additionally, the Group will continuously expand the international shipping business which is related to international trade, consolidate the advantages of existing shipping routes, explore new transportation opportunities, and strive to become an important participant in the international shipping supply chain, this provides a robust foundation for driving corporate breakthroughs.

Facing the challenge of fluctuating demand in the high-end consumer market, the Group will accelerate business transformation and value upgrade. It will proactively adjust the production matrix of high-end accessories for renowned watches, diversify risks through multiple pathways to enhance the resilience and flexibility of the manufacturing system. At the same time, promoting a limited number of diversified business activities, and expanding high-end consuming accessories manufacturing to other high-end lifestyle product fields, extend the service boundaries from "commercial space beautification services" to "comprehensive living space beautification services", thus becoming an indispensable and independent segment in the ecological chain of high-end consuming accessories.

Looking ahead, despite numerous external challenges, the Group remains fully confident in the operational resilience, core competitiveness and long-term development potential of its business. We will maintain agile market responsiveness and strategic resolve, discern new opportunities amid changes, accumulate momentum through challenges, and sparing no effort to deliver long-term, steady and sustainable value returns for shareholders.

DIVIDEND DISTRIBUTION

The Board does not recommend or declare the payment of any interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

On 28 November 2025, Mr. Cheung Wing Lun Tony, through his wholly-owned subsidiary, Empire Charm, made a voluntary unconditional general cash offer to acquire 2,289,871,035 shares of the Company at the Offer Price of HK$0.14 per Offer Share (the "Offer"). Details of the Offer are set out in the announcements jointly issued by the Company and Empire Charm dated 28 November 2025 and 1 December 2025 and the circular of the Company dated 2 January 2026.

The Offer closed at 4:00 p.m. on 23 January 2026, valid acceptances of the Offer had been received in respect of 995,708,828 Shares, representing approximately 22.61% of the issued Shares as at that date. Details of which are set out in the announcement jointly issued by the Company and Empire Charm dated 23 January 2026.

Save as disclosed in the preceding paragraph, at no time during the six months ended 30 June 2026 was the Group, holding company of the Company or its subsidiaries a party to any arrangements which enabled the Directors (including their respective spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SHARE AWARD SCHEME AND SHARE OPTION SCHEME

As the share award scheme adopted by the Company on 25 March 2015 expired on 25 March 2025, and the share option scheme of the Company expired on 14 May 2025, no further awards or share options are available for grant under the respective schemes following their termination.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period under review, neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) (for the six months ended 30 June 2025: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has always been committed to maintaining a high standard of corporate governance to ensure a higher level of transparency in the Group, such that the interests of our shareholders and the cooperative development among our customers, employees and the Group can be safeguarded.

The Company has adopted the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules. The Directors are of the opinion that the Company complied with the code provisions under the CG Code except for the deviation from provision C.2.1 during the period under review. Given the existing corporate structure, the roles of the chairman and chief executive officer have not been separated, and both are performed by Mr. Cheung Wing Lun Tony. Although the roles and duties of the chairman and chief executive officer have been performed by the same individual, all major decisions are made only after consultation with the Board and, where applicable, by the Board, which comprises three independent non-executive Directors. Therefore, the Board is of the opinion that the Company has achieved an adequate balance of power and been able to guarantee decision-making.

EVENTS AFTER THE PERIOD UNDER REVIEW

Save as disclosed in this announcement, there were no important events affecting the Group since the end of the period under review to the date of this announcement.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders for their continuous support and to all our staff for their dedication and contribution to the Group during the period under review.

By order of the Board
Cheung Wing Lun Tony
Chairman

Hong Kong, 20 August 2026

As at the date of this announcement, the executive directors of the Company are Mr. Cheung Wing Lun Tony (Chairman) and Mr. Lee Shu Chung Stan; the non-executive director is Mr. Shi Zhongyang; the independent non-executive directors are Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing.