



Hong Wei (Asia) Holdings Company Limited 鴻偉(亞洲)控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock code: 8191

2026 INTERIM REPORT



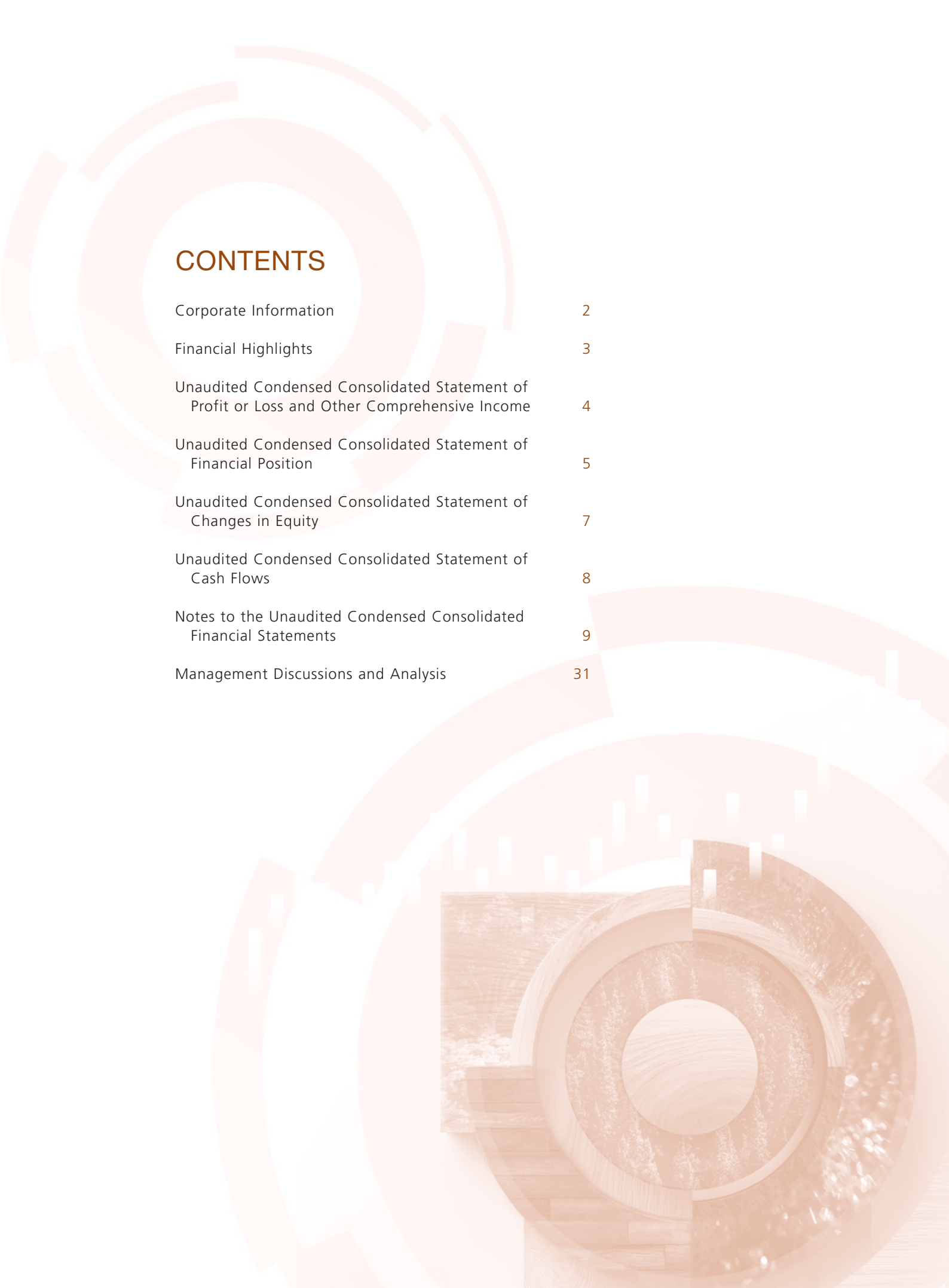
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*This report, for which the directors (the "**Directors**") of Hong Wei (Asia) Holdings Company Limited (the "**Company**" "**we**" or "**us**", together with its subsidiaries, collectively, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.*

The background of the page features a large, faint, light-orange graphic. It consists of several concentric circles of varying thicknesses. Overlaid on these circles is a bar chart with approximately 15 vertical bars of different heights, also in a light-orange color. The overall aesthetic is clean and modern, typical of a corporate financial report.

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CORPORATE INFORMATION

REGISTERED OFFICE

Unit 603, 6/F., Tower 1,
Admiralty Centre, 18 Harcourt Road,
Admiralty, Hong Kong

HEAD OFFICE IN HONG KONG

Unit 603, 6/F., Tower 1,
Admiralty Centre, 18 Harcourt Road,
Admiralty, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

Industrial Park, Renhua County, Shaoguan City,
Guangdong Province, PRC

AUTHORISED REPRESENTATIVES

Ms. Liu Yan (appointed on 28 January 2026)
Ms. Leung Tsz Man (appointed on 2 January 2026)
Mr. Wong Cheung Lok (ceased on 28 January 2026)
Mr. Kwong Lun Kei Victor (ceased on 2 January 2026)

EXECUTIVE DIRECTORS

Ms. Liu Yan (appointed on 9 January 2026)
Mr. Wong Cheung Lok (retired on 28 January 2026)
Mr. Wong Kin Ching (retired on 26 May 2026)

NON-EXECUTIVE DIRECTOR

Mr. Chen Gang (appointed on 9 January 2026)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Wai Yin Wilson
Mr. Guo Ensheng
Ms. Zhao Jianhong (appointed on 9 January 2026)
Ms. Qian Xiaoyu (resigned on 9 January 2026)

COMPLIANCE OFFICER

Ms. Liu Yan (appointed on 26 May 2026)
Mr. Wong Kin Ching (ceased on 26 May 2026)

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited

Chief Executive Officer

Ms. Liu Yan (appointed on 26 May 2026)
Mr. Wong Cheung Lok (retired on 28 January 2026)

AUDIT COMMITTEE

Mr. Cheung Wai Yin Wilson (*chairman*)
Mr. Guo Ensheng
Ms. Zhao Jianhong (appointed on 9 January 2026)
Ms. Qian Xiaoyu (ceased on 9 January 2026)

REMUNERATION COMMITTEE

Mr. Guo Ensheng (*chairman*)
Mr. Cheung Wai Yin Wilson
Ms. Zhao Jianhong (appointed on 28 January 2026)
Mr. Wong Cheung Lok (ceased on 28 January 2026)

NOMINATION COMMITTEE

Ms. Zhao Jianhong (*chairlady*) (appointed on
28 January 2026)
Mr. Cheung Wai Yin Wilson
Mr. Guo Ensheng
Mr. Wong Cheung Lok (ceased on 28 January 2026)

COMPANY SECRETARY

Ms. Leung Tsz Man (appointed on 2 January 2026)
Mr. Kwong Lun Kei Victor (*Solicitor of HKSAR*)
(resigned on 2 January 2026)

SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

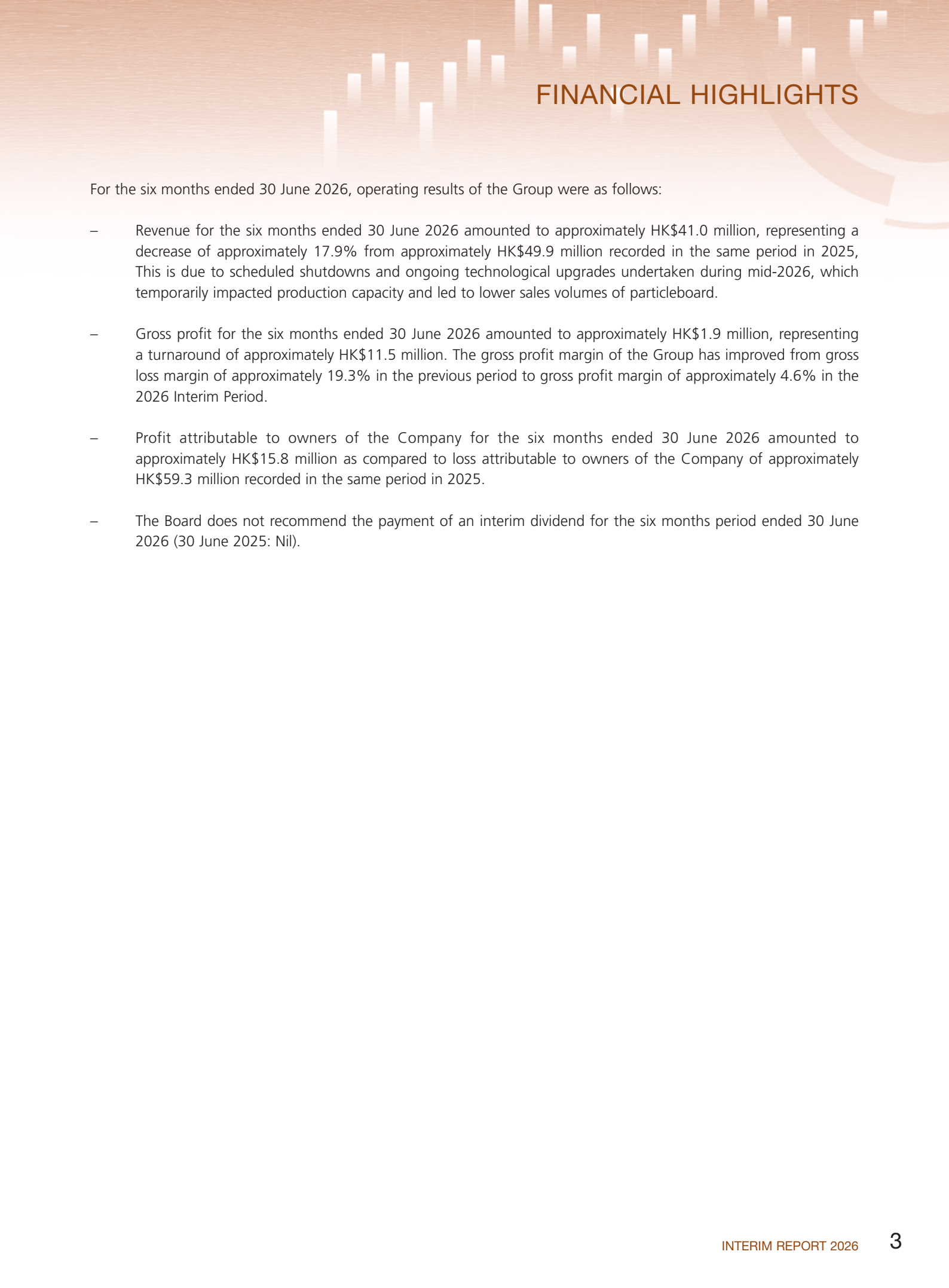
McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants (Practising)
and Registered PIE Auditor

GEM STOCK CODE

8191

COMPANY'S WEBSITE ADDRESS

www.hongweiasia.com



FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2026, operating results of the Group were as follows:

- Revenue for the six months ended 30 June 2026 amounted to approximately HK\$41.0 million, representing a decrease of approximately 17.9% from approximately HK\$49.9 million recorded in the same period in 2025. This is due to scheduled shutdowns and ongoing technological upgrades undertaken during mid-2026, which temporarily impacted production capacity and led to lower sales volumes of particleboard.
- Gross profit for the six months ended 30 June 2026 amounted to approximately HK\$1.9 million, representing a turnaround of approximately HK\$11.5 million. The gross profit margin of the Group has improved from gross loss margin of approximately 19.3% in the previous period to gross profit margin of approximately 4.6% in the 2026 Interim Period.
- Profit attributable to owners of the Company for the six months ended 30 June 2026 amounted to approximately HK\$15.8 million as compared to loss attributable to owners of the Company of approximately HK\$59.3 million recorded in the same period in 2025.
- The Board does not recommend the payment of an interim dividend for the six months period ended 30 June 2026 (30 June 2025: Nil).

INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2026 (“**Current Period**” or “**2026 Interim Period**”) together with the comparative figures of the six months 30 June 2025 (“**Previous Period**” or “**Corresponding period**”) as appropriate.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June 2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
	Notes		
Revenue	3	40,954	49,887
Cost of sales		(39,084)	(59,496)
Gross profit/(loss)		1,870	(9,609)
Other income and other gains or losses	5	58,179	3,878
Selling and distribution expenses		(222)	(2,612)
Administration expenses		(36,390)	(42,934)
Finance costs	6	(7,622)	(7,976)
Profit/(loss) before tax		15,815	(59,253)
Income tax expense	7	–	–
Profit/(loss) for the period attributable to owners of the Company	9	15,815	(59,253)
Other comprehensive income which will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		8,636	95,363
Other comprehensive income for the period		8,636	95,363
Total comprehensive income for the period		24,451	36,110
Total comprehensive income attributable to owners of the Company		24,451	36,110
Basic and diluted earnings/(loss) per share, in HK cents	9	21.71	(111.78)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2026 HK\$'000 (Unaudited)	31 December 2025 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		241,663	251,811
Right-of-use assets		17,883	17,468
Biological assets	11	26,010	25,411
Intangible assets		594	565
		286,150	295,255
CURRENT ASSETS			
Inventories	12	151,198	154,960
Trade and bills receivables	13	3,070	35,951
Deposits, prepayments and other receivables	14	104,522	77,438
Bank balances and cash		2,392	831
Restricted deposit		11,526	11,071
		272,708	280,251
CURRENT LIABILITIES			
Trade payables	15	55,242	38,950
Other payables and accrued expenses		58,755	58,076
Tax payables		1,956	110
Contract liabilities		1,382	3,931
Bank and other borrowings, due within one year	16	60,311	1,102
Deferred income		9,817	9,442
Notes payable	17	–	64,925
		187,463	176,536
NET CURRENT ASSETS		85,245	103,715
TOTAL ASSETS LESS CURRENT LIABILITIES		371,395	398,970

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2026 HK\$'000 (Unaudited)	31 December 2025 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		7,176	6,900
Bank and other borrowings, due after one year	16	256,033	308,209
Deferred income		16,629	18,103
		279,838	333,212
NET ASSETS			
		91,557	65,758
CAPITAL AND RESERVES			
Share capital	18	273,724	272,376
Reserves		(182,167)	(206,618)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND TOTAL EQUITY			
		91,557	65,758

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Share capital HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000
Balance at 1 January 2025 (audited)	270,886	(16,968)	38,718	(50,549)	(49,379)	192,708
Loss for the period	–	–	–	–	(59,253)	(59,253)
Other comprehensive income for the period:						
Exchange differences arising on translation to presentation currency	–	–	4	95,376	–	95,380
Total comprehensive income for the period	–	–	4	95,376	(59,253)	36,127
Issuance of shares upon placing	10,531	(26,361)	–	–	–	(15,830)
Balance at 30 June 2025 (unaudited)	281,417	(43,329)	38,722	44,827	(108,632)	213,005
Balance at 1 January 2026 (audited)	272,376	(16,968)	38,718	(40,567)	(187,801)	65,758
Profit for the period	–	–	–	–	15,815	15,815
Other comprehensive income for the period:						
Exchange differences arising on translation to presentation currency	–	–	–	8,636	–	8,636
Total comprehensive income for the period	–	–	–	8,636	15,815	24,451
Issuance of shares upon placing	1,348	–	–	–	–	1,348
Balance at 30 June 2026 (unaudited)	273,724	(16,968)	38,718	(31,931)	(171,986)	91,557

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	1,329	(6,994)
Net cash generated from investing activities	–	3,878
Net cash generated from/(used in) financing activities	36	(8,598)
Net increase/(decrease) in cash and cash equivalents	1,365	(11,714)
Cash and cash equivalents at the beginning of the period	831	8,428
Effect of foreign exchange rate changes	196	3,846
Cash and cash equivalents at the end of the period, represented by bank balances and cash	2,392	560

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The unaudited condensed interim consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “**Interim Financial Reporting**”, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The unaudited condensed interim consolidated financial statements have been reviewed by the Company’s audit committee and were authorised for issue on 28 August 2026 (the “**Approval Date**”).

The unaudited interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s annual report for the year ended 31 December 2025, except for the application of amendments Hong Kong Financial Reporting Standards (“**HKFRSs**”) in the current period as disclosed in note 2.

The unaudited condensed interim consolidated 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 report for the year ended 31 December 2025.

The annual consolidated financial statements relating to the financial year ended 31 December 2025 that are included in these interim condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financials for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the annual consolidated financial statements for the year ended 31 December 2025 to the Registrar of the Companies as required by section 662(3) of, and part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on those annual consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The unaudited condensed consolidated interim financial statements are presented in thousand Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

The interim financial information has not been audited or reviewed by the auditor of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with the Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICP**”) and the disclosure requirements of the Rules Governing the Listing of Securities on GEM on the Stock Exchange (the “**GEM Listing Rules**”) and the Hong Kong Companies Ordinance.

Going concern consideration

As at 30 June 2026, the Group had total current assets of approximately HK\$272,708,000, including bank balances and cash of approximately HK\$2,392,000. In contrast, the Group faced total current liabilities of approximately HK\$187,463,000, including current portion of bank and other borrowings with an aggregate carrying amount of approximately HK\$60,311,000 due within twelve months from the end of the reporting period. In light of the relatively low cash balances and significant short-term obligations within next twelve months together with uncertainties surrounding the Group’s ability to generate sufficient operating cash flows, these events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have been undertaking a number of plans and measures to improve the Group’s liquidity and financial position, including:

- (i) the directors of the Company have reviewed the Group’s profit forecast and cash flows projection prepared by management, which covered a period of not less than twelve months from 30 June 2026. In the opinion of the directors of the Company, the Group will have sufficient working capital to meet its financial obligations as and when they fall due and carry on its business without a significant curtailment of operations not less than twelve months from 30 June 2026;
- (ii) the Company has obtained a letter of financial support from Ms. Liu Yan, the executive director of the Company, who has agreed to provide adequate financial resources as is necessary to enable the Group both to meet its financial obligations as and when they fall due and to carry on its business for at least 12 months from 30 June 2026;
- (iii) the Group will continuously cooperate with the related parties and they agreed in writing to provide funding support and not to demand for repayment for the balances, included in other payables, until the Group has financial ability to do so;
- (iv) the Group will consider fund raising activities to meet the financial obligations; and
- (v) the Group shall implement cost-saving measures to maintain adequate cash flows for the Group’s operations.

Based on these concrete actions, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Group continues to adopt the going concern basis in preparing these financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Going concern consideration *(Continued)*

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2025, except for the estimation of income taxes which are accrued using the tax rate that would be applicable to expected total annual earnings.

A number of new or amended HKFRSs became applicable for the current reporting period. The application of these new or amended HKFRSs did not have material effect on the amounts reported and/or disclosures set out in the unaudited condensed consolidated interim financial information.

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Adoption of amendments to HKFRS accounting standards

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards and Interpretation which are effective for the Group's financial year beginning 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of exchangeability
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The application of the above amendments to HKFRS Accounting Standards and Interpretation in the current interim period has had no material impact on the Group's consolidated financial positions and financial performance for the current and prior periods and/or on the disclosures set out in this unaudited condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE

Revenue represents the amounts received and receivable for sales of particleboards, which are conducted in the People's Republic of China ("PRC") by the Group. An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Timing of revenue recognition – at a point in time:</i>		
Sales of particleboards	40,954	49,887
Revenue from contracts with customers	40,954	49,887

Sales of particleboards are recognised at point in time when particleboards are delivered to customers.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the executive directors, being the chief operating decision makers (“**CODM**”). The Group’s operating business are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group’s operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

During the six months ended 30 June 2026, the Group has two reportable operating segments. Details are as follows:

- a. Particleboards segment, principally engaged in manufacturing and selling of particleboards in the PRC; and
- b. Forestry segment, principally engaged in timber logging, plantation and sales of timber woods and agricultural products in the PRC.

The accounting policies of the reportable segments are the same as the Group’s accounting policies as set out in the annual report for the year ended 31 December 2025. Segment revenue represents the revenue generated by each operating segment.

Segment results represent the profit earned or loss incurred by each operating segment without allocation of central administration expenses (unallocated corporate staff costs and corporate expenses), unallocated other gain, and finance costs. This is the measure reported to CODM for the purpose of resource allocation and assessment of segment performance.

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

- All assets are allocated to reportable segments other than loan receivable, deferred tax assets and unallocated corporate assets; and
- All liabilities are allocated to reportable segments other than bank and other borrowings, notes payable, lease liabilities, tax payables, deferred tax liabilities and unallocated corporate liabilities.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION *(Continued)*

Operating segments

The following tables represent segment information of the Group provided to the Group's CODM.

For the six months ended 30 June 2026

	Particleboards segment HK\$'000 (Unaudited)	Forestry segment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<i>Segment revenue:</i>			
Reportable segment revenue	40,954	–	40,954
<i>Segment results:</i>			
Reportable segment results	(34,579)	181	(34,398)
Finance costs (note 6)			(7,622)
Unallocated corporate staff costs			(150)
Unallocated corporate expense			(1,012)
Unallocated other gain			58,997
Consolidated profit before tax			15,815
<i>Other segment information</i>			
Depreciation – allocated	16,878	50	16,928
Amortisation (note 8)	1	–	1

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

For the six months ended 30 June 2025

	Particleboards segment HK\$'000 (Unaudited)	Forestry segment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<i>Segment revenue:</i>			
Reportable segment revenue	49,887	–	49,887
<i>Segment results:</i>			
Reportable segment results	48,310	1,937	50,247
Finance costs (note 6)			(7,976)
Unallocated corporate staff costs			(150)
Unallocated corporate expense			(101,374)
Consolidated profit before tax			(59,253)
<i>Other segment information</i>			
Depreciation – allocated	591	503	1,094
Amortisation (note 8)	17	–	17

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION *(Continued)*

Entity-wide disclosures

Geographical information

The Group's operation is located in the PRC and all of its revenue is generated from the PRC for both period. The analysis is as follows:

	For the six months ended 30 June	
	2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Revenue from the PRC	40,954	49,887

All of the Group's non-current assets were located in the PRC.

Information about major customers

Revenue from a customer arising from sales of particleboards for the period individually contributing over 10% of the total sales of the Group is as follows:

	For the six months ended 30 June	
	2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Customer A	28,979	37,125

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME AND OTHER GAINS OR LOSSES

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Value added tax ("VAT") refund	–	18
Gain on derecognition of note payable	58,997	–
Government grants	2,491	3,231
Others	(3,309)	629
	58,179	3,878

6. FINANCE COSTS

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on bank and other borrowings	6,050	3,268
Interests on notes payable	1,572	2,598
Interests on loans from Mr. Wong and his associate	–	2,110
	7,622	7,976

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax	—	—
Deferred tax	—	—
Income tax expense	—	—

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of Hongwei Wooden Products (Renhua) Co. Ltd. ("**Hongwei Renhua**") is 25% during the six months ended 30 June 2026 and 2025.

Pursuant to the EIT Law and its implementation regulations, where an enterprise utilises the resources as listed in the Catalogue of Resources for Comprehensive Utilisation Entitling Enterprises to Income Tax Preferences (資源綜合利用企業所得稅優惠目錄) as its major raw materials to make products which are not restricted or prohibited by the state and are consistent with the relevant state or industrial standards, only 90% of the income derived therefrom shall be accounted for as taxable income of the enterprise in that year (the "**Tax Concessions**"). During the six months ended 30 June 2026 and 2025, Hongwei (Renhua) is entitled to such preferential policy and only 90% of the income of Hongwei Renhua from the sale of particleboard was regarded as taxable income.

According to the EIT Law and Implementation Regulation of the EIT Law, enterprises that engage in qualified agricultural business are eligible for exemption from payment of enterprise income tax. During the six months ended 30 June 2026 and 2025, the Group's two subsidiaries are principally engaged in qualifying agricultural business and therefore, the profit of them are entitled to exemption from payment of enterprise income tax (the "**Tax Exemption**").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period has been arrived at after charging:

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation and amortisation expenses		
Depreciation of:		
– property, plant and equipment	16,650	284
– right-of-use assets	278	810
Amortisation of intangible assets	1	17
Total depreciation and amortisation expenses	16,929	1,111
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	13,246	2,307
Contribution to retirement benefit schemes	82	800
Total employee benefit expenses	13,328	3,107

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

Earnings/(loss)

	Six months ended 30 June	
	2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	15,815	(59,253)

Number of shares

	Six months ended 30 June	
	2026 '000 (Unaudited)	2025 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	72,846	53,007

Notes: Basic and diluted earnings/(loss) per share were the same for both periods as there has been no potential dilutive ordinary shares outstanding during the periods.

10. DIVIDENDS

No interim dividend was paid or proposed for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. BIOLOGICAL ASSETS

(a) Nature of activities

Biological assets are standing timber trees attached to the forestlands which could be logged to produce timber woods as agricultural produce. Majority of timber woods harvested, being the small-sized timber woods, were used as raw materials of the Group to produce particleboards for sale and the remaining timber woods harvested, being the larger-sized timber woods, were sold to external customers.

(b) Valuation of biological assets

The Group's biological assets are measured at fair values less costs to sell at initial recognition and at the end of each reporting period in accordance with HKAS 41 "Agriculture". The fair values less costs to sell of biological assets were determined with reference to the work performed by the independent valuers (the "Valuers"). The Valuers have various professional qualifications and extensive experience in the valuation of agricultural and biological assets and its related businesses for the listed companies in Hong Kong. Accordingly, the directors are of the view that the Valuers are competent to determine the fair values less costs to sell of the Group's biological assets. The Group's management has discussion with the Valuers on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period.

Because the fair values less costs to sell of the Group's biological assets are non-cash in nature, are derived from many assumptions and are affected by factors including different usage of the timbers harvested, presence of natural defects in the wood, growth and death rates of trees, calamities, market prices at the time of harvest and buyers' preference, any changes in assumptions and factors may affect the fair values less costs to sell of the Group's biological assets dramatically.

No gain on initial recognition has been recognised in profit or loss for both periods.

12. INVENTORIES

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Raw materials	140,974	129,366
Work in progress	937	3,174
Finished goods	9,287	22,420
Total	151,198	154,960

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND BILLS RECEIVABLES

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Trade receivables	64,363	90,954
Bills receivables at fair value	–	3,937
Less: Loss allowances	(61,293)	(58,940)
Total	3,070	35,951

The Group's trading terms with its customers are mainly on open account terms, except for new customers, where payment in advance is normally required. The credit period is generally for a period up to 90 days (31 December 2025: 90 days). The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest bearing and their carrying amounts approximately equal to their fair values.

The following is an aged analysis of trade receivables, presented based on the invoice date, at the end of the reporting period.

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Within three months	20,596	29,683
Over three months but within six months	2,885	4,249
Over six months	40,882	57,022
Total	64,363	90,954

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND BILLS RECEIVABLES *(Continued)*

The maturity period of bills receivable are within 12 months from the date the Group received the notes as an extended period to the original credit term. The following is an aged analysis of bills receivables presented based on maturity date.

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Within three months	–	3,937

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
VAT recoverable	1,050	16,740
Payments in advance to suppliers	86,673	53,827
Prepayments in advance to staff	1,285	958
Others	17,175	7,510
	106,183	79,035
Less: Loss allowances	(1,661)	(1,597)
	104,522	77,438

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE PAYABLES

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Trade payables	55,242	38,950

An aged analysis of the trade payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Within three months	16,229	12,781
Over three months but within six months	22,096	4,056
Over six months	16,917	22,113
Total	55,242	38,950

Trade payables are non-interest bearing and are normally settled on 30-90 days' term.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. BANK AND OTHER BORROWINGS

	Notes	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Bank borrowings	(i)		
– due within one year		58,533	554
– due after one year		161,512	224,500
Bank borrowings obtained in relation to discounted bills receivables	(i)	–	548
Other borrowings	(ii)		
– due within one year		1,778	–
– due after one year		46,159	37,567
Unsecured loans from Mr. Wong and his associate	(iii)		
– due within one year		–	–
– due after one year		48,362	46,142
		316,344	309,311
Less: amount included in current liabilities		(60,311)	(1,102)
Non-current portion		256,033	308,209
Analysed as:			
Secured and guaranteed	(iv)	72,642	72,655
Secured but non-guaranteed	(iv), (v)	192,389	187,563
Unsecured and non-guaranteed		51,313	49,093
		316,344	309,311

Notes:

- (i) Save as the bank borrowings with an aggregate carrying amount of approximately HK\$142,561,000 (31 December 2025: approximately HK\$145,544,000) as at 30 June 2026, with fixed annual interest rates ranging from 2.55% to 5.80% (2025: 2.50% to 5.80%) per annum, the remaining bank borrowings with an aggregate carrying amount of approximately HK\$83,505,000 (31 December 2025: approximately HK\$80,058,000) bear floating annual interest rates ranging from 2.90% to 4.90% (2025: 2.90% to 4.90%) per annum as at 30 June 2026. All bank borrowings were denominated in RMB in both periods.
- (ii) As at 30 June 2026, the Group's other borrowings represents sales and leaseback arrangements with financial institutions, pursuant to which the Group transfers certain of its equipments to the financial institutions for loans to the Group with tenure of one to three years (2025: one to three years) from the date of drawdown. At the end of the terms, the Group could pay a minimal amount of consideration to re-acquire the leased equipments. Other borrowings of approximately HK\$47,937,000 (31 December 2025: approximately HK\$37,567,000) carried fixed interest with effective interest rates ranging from 6.30% to 9.27% (2025: 6.30% to 9.27%) per annum as at 30 June 2026. Other borrowings are denominated in RMB in both periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

The maturity analysis of other borrowings is as follows:

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Within one year	1,778	–
More than one year, but not exceeding two years	46,159	37,567
	47,937	37,567

- (iii) As at 30 June 2026, the balance represented the unsecured loans from Mr. Wong, Mrs. Wong and Ms. Wong Wan Yu (“**Ms. Wong**”), a daughter of Mr. and Mrs. Wong, which amounted to approximately HK\$14,069,000 (31 December 2025: approximately HK\$9,061,000), HK\$19,581,000 (31 December 2025: approximately HK\$16,670,000) and HK\$14,712,000 (31 December 2025: approximately HK\$20,411,000) respectively. All loans carry interest of 7% per annum, unsecured and will be repayable in 2027.

Details are set out in note 25(iii) to the consolidated financial statements in Annual Report 2025.

- (iv) As at 30 June 2026, the Group’s secured bank and other borrowings are secured by the following assets of the Group:
- (a) the pledge of the Group’s property, plant and equipment with an aggregate carrying amount of approximately HK\$49,077,000 (2025: HK\$64,394,000);
 - (b) the pledge of the Group’s right-of-use assets with an aggregate carrying amount of approximately HK\$15,577,000 (2025: HK\$15,187,000);
 - (c) the pledge of the Group’s inventories with an aggregate carrying amount of approximately HK\$9,287,000 (2025: HK\$22,420,000); and
 - (d) the pledge of the Group’s bills receivables with an aggregate carrying amount of Nil (2025: HK\$548,000);
- (v) As at 30 June 2026, the Group’s secured and guaranteed bank borrowings of approximately HK\$72,458,000 (31 December 2025: approximately HK\$223,205,000) are secured by personal guarantees executed by Mr. Wong and Mr. Wong Kin Ching for the maximum amount of guarantee up to approximately HK\$248,063,000 (31 December 2025: approximately HK\$279,555,000). As at 30 June 2026, the Group’s secured and guaranteed other borrowings of approximately Nil (31 December 2025: approximately HK\$42,902,000) are secured by personal guarantees executed by Mr. Wong and Mrs. Wong/Mr. Wong, Mrs. Wong and Mr. Wong Kin Ching.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. NOTES PAYABLE

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Current Liabilities:		
Notes payable, secured and guaranteed (note)	–	64,925

Note: On 10 August 2018, the Company entered into a subscription agreement (the “**Notes Subscription Agreement**”) with a subscriber (the “**Notes Subscriber**”) for the issuance of secured and guaranteed notes (the “**Notes**”) in the principal amount of HK\$100,000,000 for an initial term of 2 years from the date of issuance, which could be extendable for another year as agreed by the Company and the Notes Subscriber. The Notes are secured by the Company’s fully paid up capital in Hongwei Renhua and personal guarantees executed by the Company’s chairman and executive directors, Mr. Wong and Mrs. Wong (the “**Guarantors**”).

On 13 July 2020, the Company, the Guarantors and the Note Subscriber entered into a deed of amendment, pursuant to which, among other things, the Note Subscriber agreed to amend the terms and conditions of the Notes, having effect that, among others, the maturity date of the Notes was extended from 12 August 2020 to 12 August 2021. Please refer to the announcement of the Company dated 13 July 2020 for more details.

On 17 August 2021, a waiver letter had been entered into between the Company and the Notes Subscriber, pursuant to which the Notes Subscriber agreed to, among others, waive the obligation of the Company to fully repay the amount repayable under the Notes up to 6 September 2021, pending negotiation to further extend the repayment date. Please refer to the announcement of the Company dated 17 August 2021 for more details.

On 20 September 2021, a deed of amendment had been executed to amend the terms and conditions of the Notes, having effect that, among others, the aggregate principal amount of the Notes shall be not more than HK\$78,000,000, and the final repayment date of the Notes has been extended to 12 November 2022. Please refer to the announcement of the Company dated 20 September 2021 for more details.

On 2 December 2022, a waiver letter was entered into between the Company and the Notes Subscriber, pursuant to which the Notes Subscriber agreed to, among others, waive the obligation of the Company to fully repay the amount repayable under the Notes up to 31 December 2022, pending negotiation to further extend the repayment date. Please refer to the announcement of the Company dated 2 December 2022 for more details.

On 30 December 2022, a deed of amendment was executed to amend the terms and conditions of the Notes, having effect that, among others, the aggregate principal amount of the Notes shall be not more than HK\$56,400,000, and the final repayment date of the Notes was extended to 12 November 2023. Please refer to the announcement of the Company dated 30 December 2022 for more details.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. NOTES PAYABLE (Continued)

Note: (Continued)

On 15 March 2024, a deed of amendment had been executed to amend the terms and conditions of the Notes, having effect that, among others, the aggregate principal amount of the Notes shall be not more than HK\$52,400,000, and the final repayment date of the Notes has been extended to 25 June 2026. Please refer to the announcement of the Company dated 15 March 2024 for more details.

The Note Subscription Agreement and the instrument constituting the Notes (together with the amended and restated note instrument dated on 31 December 2018, 13 July 2020, 11 December 2020, 17 August 2021 and 20 September 2021, collectively referred to as the “**Instrument**”) contain covenants that, among other things, require Mr. Wong to remain as the single largest shareholder of the Company, the chairman of the Board and executive director of the Company and restrict the creation by either of the Guarantors of any additional encumbrances over real properties owned by them in Hong Kong as at the date of the Notes Subscription Agreement and the Instrument, the breach of which will constitute an event of default. In addition, the bankruptcy or inability to pay debts when due of the Guarantors or any change of control (within the meaning of the Code on Takeovers and Mergers) of the Company will also constitute an event of default. Upon the occurrence of a continuing event of default, the holder(s) of the Notes is(are) entitled to request immediate redemption of the Notes at a higher interest rate and such amount which would give a 20% internal rate of return (inclusive of all interest and fee payable by the Company) to the Notes Subscriber as stipulated in the Instrument.

18. SHARE CAPITAL

	Numbers of shares		Share capital	
	30 June 2026 ‘000	31 December 2025 ‘000	30 June 2026 HK\$‘000	31 December 2025 HK\$‘000
Ordinary shares, issued and fully paid				
At 1 January	63,187	52,656	272,376	270,886
Issue of new shares (note i and ii)	10,531	10,531	1,348	1,490
	73,718	63,187	273,724	272,376

Notes:

- (i) On 24 June 2025, the Company entered into the subscription agreement with Mr. Chu Hin Ming Alfonso in which Mr. Chu Hin Ming Alfonso agreed to subscribe 10,531,000 new shares of the Company at a subscription price of HK\$0.151 per subscription share. A total of 5,265,500 subscription shares were successfully issued and subscription on 11 July 2025, with a further 5,265,500 shares were issued on 24 July 2025. For further details, please refer to the announcements of the Company dated 24 June 2025, 11 July 2025 and 24 July 2025.
- (ii) On 29 and 30 December 2025, the Company and Mr. Chen Gang (the “**Subscriber A**”), Ms. Zuo Lijun (the “**Subscriber B**”), Mr. Xiao Yongjie (the “**Subscriber C**”) and Ms. Huang Jiamin (the “**Subscriber D**”) (collectively the “**Subscribers**”) entered into the subscription agreements and supplemental subscription agreements respectively, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers has conditionally agreed to subscribe for a total of 10,531,237 shares, at the subscription price of HK\$0.128 per subscription share. The subscription was completed on 15 January 2026, pursuant to which 2,083,333 shares for each of the Subscriber A, the Subscriber B and the Subscriber C and 4,281,238 shares for the Subscriber D were allotted and issued by the Company. For further details, please refer to the announcements of the Company dated 29 December 2025, 30 December 2025 and 15 January 2026.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS

Information about related parties and their relationships with the Group are as follows:

Name of related party	Relationship
Ms. Wong	Daughter of Mr. Wong and Mrs. Wong
Mr. Wong Kin Ching	Director and son of Mr. and Mrs. Wong
Mr. Wong Kin Keung	Son of Mr. and Mrs. Wong
Ms. Liu Yan	Executive director of the Company

Details of transactions between the Group and its related parties are disclosed below.

(a) Transactions with related parties

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Loan advanced from related parties:		
– Mr. Wong	–	–
– Mrs. Wong	–	–
– Ms. Wong	–	–
	–	–
Loan principal repayment to related parties:		
– Ms. Wong	–	–
	–	–
Loan facilities provided by:		
– Mr. Wong	10,000	10,000
– Mrs. Wong	20,000	20,000
– Ms. Wong	25,000	25,000
	55,000	55,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS (Continued)

(b) Personal guarantee executed by Directors

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Personal guarantees executed by Mr. Wong and Mrs. Wong in respect of the following balances:		
– notes payable	–	64,925
Personal guarantees executed by Mr. Wong, Mrs. Wong and Mr. Wong Kin Ching in respect of the following balances:		
– other borrowings	–	42,902
Personal guarantees executed by Mr. Wong Kin Ching and Mr. Wong in respect of the following balances:		
– bank borrowings*	72,458	223,205

* Maximum amount of guarantee provided by Mr. Wong and Mr. Wong Kin Ching are each approximately HK\$291,612,000 (31 December 2025: approximately HK\$279,555,000).

(c) Compensation of key management personnel and related parties

The remuneration of Directors and other members of key management personnel during the six months ended 30 June 2026 and 2025 is as follows:

	For the six months ended 30 June 2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Short-term employee benefits	386	654
Post-employment benefits	–	–
Total compensation paid to key management personnel	386	654

During the six months ended 30 June 2026, short-term benefits and post-employment benefits for Ms. Wong, paid and contributed by the Group were approximately Nil (2025: approximately HK\$30,000) and approximately Nil (2025: approximately Nil), respectively.

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the six months ended 30 June 2026 (“**Current Period**” or “**2026 Interim Period**”), the Group continued to be engaged in the manufacturing and selling of particleboards (“**Particleboards Segment**”) and the plantation, timber logging and sales of wood and agricultural products in the People’s Republic of China (the “**PRC**”) (“**Forestry Segment**”).

Particleboards Segment

During the Current Period, our products were principally used by our customers in the manufacture of furniture and fixtures, sport equipment, decoration and construction materials. Meanwhile, the global capital markets experienced volatility, and the China economy continued to face uncertainties. The negative impacts on the export market have indirectly affected the domestic consumer demand for particleboards. And for the domestic demand for consumer products such as household furniture and fixtures, sport equipment as well as construction materials had remained at a low level and they are looking for lower-cost substitute.

In 2026, the Group’s Quan Zhu particleboard production line achieved full operation and completed its initial capacity ramp-up. During this time, we continuously optimized production parameters and refined process standards. The production of bamboo particleboard involves a high technical barrier, and market supply is currently scarce. This product line serves as a core strategic layout for the Group and has the potential to yield higher profit margins. Leveraging the production and operational experience accumulated in the previous year, the Group will continue to streamline production processes and optimize cost controls to further unlock the advantages of economies of scale. By steadily improving production efficiency and product quality, we expect the production volume and profit contribution of our high-quality bamboo particleboard to achieve steady growth.

In this challenging environment, we are determined to optimize our supply chain operations to mitigate business risks. We aim to strengthen our overall sustainability and market competitiveness by implementing stringent cost-control measures and improving operational efficiencies, laying a solid foundation for steady business growth in the second half of the year and beyond.

Forestry Segment

During the Current Period, the Group had not received any update on the measures regarding the grant by the relevant government department of timber wood harvesting quotas which have been materially curtailed as part of the PRC government’s policy to strengthen environmental protection since the end of 2018. The Group highly recognises global climate change’s risks and opportunities, and actively supports the PRC government’s efforts to achieve the goal of carbon neutrality before 2060. To support the PRC government’s environmental protection supervision as the main line, the Group will improve the environmental management system and control with our forestry asset and is going to contribute to the realisation of “carbon neutrality”. Nevertheless, the Group will continue to further explore and assess other possible alternatives to utilize its forestry resources in order to benefit the Group as a whole.

MANAGEMENT DISCUSSIONS AND ANALYSIS

FINANCE REVIEW

Revenue

During 2026 Interim Period, the Group's revenue decreased to approximately HK\$41.0 million from approximately HK\$49.9 million, representing a decrease of approximately 17.9% as compared to the six months ended 30 June 2025 ("**Previous Period**" or "**Corresponding Period**"). The decrease is mainly due to scheduled shutdowns and ongoing technological upgrades undertaken during mid-2026, which temporarily impacted production capacity and led to lower sales volumes of particleboard.

During the periods ended 30 June 2026 and 2025, no income generating activity took place for the Forestry Segment and hence no revenue was recognized for such segment.

Cost of sales

During the 2026 Interim Period, the Group's costs of sales decrease to approximately HK\$39.1 million from approximately HK\$59.5 million, representing a decrease of approximately 34.3% as compared to the Previous Period. The decrease is mainly due to a decrease in product sales volume.

Gross profit and margin

During the 2026 Interim Period, the Group recorded gross profit of approximately HK\$1.9 million as compared to gross loss of approximately HK\$9.6 million in the Previous Period, representing a turnaround of approximately HK\$11.5 million. The gross profit margin of the Group has improved from gross loss margin of approximately 19.3% in the previous period to gross profit margin of approximately 4.6% in the 2026 Interim Period.

The improvement in gross profit margin was mainly due to cost optimization, which resulted in a greater reduction in production costs relative to sales, coupled with a favorable product mix shift towards higher-margin products.

Other income

During the 2026 Interim Period, the Group's other income increased to approximately HK\$58.2 million from approximately HK\$3.9 million, representing an increase of approximately 14.0 times as compared to that for the Previous Period. The increase is mainly due to the Company recorded a gain on derecognition of note payable of approximately HK\$59.0 million.

Selling and distribution expenses

During the 2026 Interim Period, the Group's selling and distribution expenses decreased to approximately HK\$0.2 million from approximately HK\$2.6 million in the Previous Period, representing a decrease of approximately 91.5%. The decrease in sales and distribution expenses is mainly due to the decrease in sales of particleboard, which resulted in a decrease in transportation and packaging costs incurred during this period.

Administration expenses

During the 2026 Interim Period, the Group's administration expenses decreased to approximately HK\$36.4 million from approximately HK\$42.9 million, representing a decrease of approximately 15.2% as compared to the Previous Period. The decrease in administrative expenses is mainly due to the decrease in research and development expenses.

Finance costs

During the 2026 Interim Period, the Group's finance costs decreased to approximately HK\$7.6 million from approximately HK\$8.0 million in the Previous Period, representing a decrease of approximately 4.4%. The decrease in finance costs is mainly due to decrease in bank and other borrowings.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Profit/(loss) attributable to owners of the Company

During the 2026 Interim Period, the profit attributable to owners of the Company amounted to approximately HK\$15.8 million, as compared to the loss attributable to owners of the Company amounted to approximately HK\$59.3 million for the Previous Period. The turnaround was mainly due to the improvement in gross profit and decrease in administration expenses and the gain on derecognition of note payable recorded during the period.

Total comprehensive income attributable to owners of the Company

During the six months ended 30 June 2026, the Group's total comprehensive income attributable to owners of the Company amounted to approximately HK\$24.5 million, while the Group's total comprehensive income attributable to owners of the Company during the same period last year amounted to approximately HK\$36.1 million. The decrease is mainly due to the decrease in income related to the exchange differences arising on translation to presentation currency.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2026, there has been no significant changes in the capital structure of the Company compared to that as at 31 December 2025. The capital of the Company only comprises ordinary shares.

During the six months ended 30 June 2026, the Group mainly financed its operations with its working capital, bank and other borrowings, including the secured and guaranteed notes.

As at 30 June 2026 and 31 December 2025, the Group had bank and other borrowings of approximately HK\$316.3 million and HK\$309.3 million respectively. As at 30 June 2026, all bank borrowings are denominated in RMB.

As at 30 June 2026 and 31 December 2025, the Group had net current assets of approximately HK\$85.2 million and HK\$103.7 million respectively. The current ratio of the Group, calculated by current assets over current liabilities, was 1.5x as at 30 June 2026 (31 December 2025: 1.6x).

Gearing Ratio

As at 30 June 2026, the gearing ratio stood at 3.5x (31 December 2025: 5.6x) calculated by total borrowings (including bank and other borrowings and notes payable) over shareholders' equity.

FOREIGN EXCHANGE EXPOSURE

As at 30 June 2026 and 31 December 2025, the functional currency of the Company and its major operating subsidiary is RMB while the presentation currency of the Company is HKD. The Group's bank balances were mainly denominated in RMB and HKD. The Group manages its foreign currency risk by closely monitoring the movement of the foreign exchange rates.

Other than as described above, the Group has no significant exposure to foreign currency risk as its sales receipts and payments for purchases are mainly in RMB.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. In order to manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

MANAGEMENT DISCUSSIONS AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no significant investment held as at 30 June 2026. The Group has no plan for material investments or capital assets except that the Group will acquire new machineries and continue the construction work as mentioned in note 14 to the consolidated financial statements in the annual report 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During 2026 Interim Period, the Group did not have any material acquisitions and disposals of subsidiary.

COMMITMENTS AND CONTINGENT LIABILITIES

The Group does not have other significant capital commitments nor contingent liabilities as at 30 June 2026.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group employed a total of 162 employees (30 June 2025: 133). The remuneration payable to our employees included fees, salaries, retirement benefits scheme contributions and other benefits. For the 2026 Interim Period and the corresponding period in 2025, the remuneration paid to employees was approximately HK\$13.3 million and HK\$3.1 million, respectively. The Group determines the employee's remuneration based on factors such as qualifications, duty, contributions and years of experience. The key principles of the remuneration policy are to remunerate employees in a manner that is market competitive, consistent with best practice and in the interests of the shareholders of the Company ("**Shareholders**") as a whole. The Group aims to align the interests of the senior executives with those of Shareholders by remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 19 December 2013 (the "**Adoption Date**"). The Share Option Scheme shall continue in force for a period of 10 years commencing from the Adoption Date (the "**Scheme Period**"). During the Scheme Period, no option has been granted, vested or cancelled, or has lapsed under the Share Option Scheme. The Share Option Scheme expired on 18 December 2023. Saved as disclosed above, there was no outstanding Share Option at the beginning and/or at period ended 30 June 2026.

The Company has not adopted any new share option scheme since then.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the 2026 Interim Period, neither the Company nor its subsidiary have purchased, sold or redeemed any listed securities of the Company.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESSES

During the six months ended 30 June 2026, save as disclosed below, none of the Directors, the controlling shareholder of the Company or any of their respective close associates, has engaged in any business that competes or may compete with the business of the Group, or has or may have any other conflict of interest with the Group.

During the six months ended 30 June 2026, Mr. Wong Kin Ching, an executive Director, directly or indirectly, owned the following companies of which he also serves as the sole director: Gifted Multitude Limited, Hung Tat Investment (Hong Kong) Company Limited and Shaoguan Hongwei Forestry Company Limited (韶關鴻偉林場有限公司). Gifted Multitude Limited and Hung Tat Investment (Hong Kong) Company Limited are investment holding companies which wholly own, directly or indirectly, Shaoguan Hongwei Forestry Company Limited (韶關鴻偉林場有限公司), which is the operating company incorporated in the PRC and engaged in the forestry plantation business, including forestry planting and development with respect to forestlands located at Renhua County, Guangdong Province, PRC.

Mr. Wong Kin Ching has retired as the executive Director with effect from 26 May 2026.

MANAGEMENT DISCUSSIONS AND ANALYSIS

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 June 2026, none of the Directors and chief executive of the Company has or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, required to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 June 2026, persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of 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 were as follows:

Long position in the Shares

Name	Capacity/Nature of interest	Aggregate number of Shares or underlying Shares (Note 1)	Approximate percentage of interest in our Company	Notes
Mr. Wong Cheung Lok ("Mr. Wong")	Beneficial owner	21,500,000 (L)	29.17%	2
Ms. Cheung Ngar Kwan ("Mrs. Wong")	Interest of spouse	21,500,000 (L)	29.17%	3
Ms. Huang Jiamin	Beneficial owner	4,281,238 (L)	5.80%	

Notes:

- (1) The letter "L" denotes the person's long positions in the Shares.
- (2) Mr. Wong has retired as an executive Director and the chief executive officer of the Company with effect from 28 January 2026.
- (3) Mrs. Wong is the spouse of Mr. Wong. Under the SFO, Mrs. Wong is deemed to be interested in the same number of Shares in which Mr. Wong is interested.



MANAGEMENT DISCUSSIONS AND ANALYSIS

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the GEM Listing Rules during the 2026 Interim Period except otherwise stated below.

In accordance with the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Prior to Mr. Wong Cheung Lok’s retirement on 28 January 2026, he served as both the Chairman of the Board and the Chief Executive Officer of the Company. Following his retirement, both positions became vacant. Subsequently, Ms. Liu Yan, an Executive Director of the Company, was appointed as the Chief Executive Officer and the Chairlady of the Board with effect from 26 May 2026.

The Board is of the view that although the role of the Chief Executive Officer and the Chairlady of the Board of the Company were held by Ms. Liu Yan, this could make and implement the business strategies of the Group more effectively, which are in the best interests of the Group. In addition, under the supervision of the Board which currently comprises of one executive Director, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders. Given Ms. Liu Yan’s extensive experience and leadership capabilities, the Board has full confidence in her and considers that her concurrent roles as Chief Executive Officer and Chairlady of the Board are beneficial to the Company’s business development and long-term prospects.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard of dealings concerning securities transactions by the directors during the 2026 Interim Period.

DIRECTORS’ INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or its subsidiary was a party during the 2026 Interim Period.

EVENT AFTER REPORTING PERIOD

As of the date of this report, the Directors are not aware of any important events affecting the Group which have occurred since 30 June 2026, except otherwise stated below.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Right Issue

On 20 July 2026, the Company issued 95,708,008 Rights Shares and 184,614,000 placing shares upon completion of the Rights Issue. Details of the Rights Issue are set out in (i) the announcements of the Company dated 17 April 2026, 3 July 2026 and 17 July 2026; (ii) the circular of the Company dated 5 May 2026; (iii) the poll results announcement of the Company dated 26 May 2026; and (iv) the prospectus of the Company dated 8 June 2026 (the “**Prospectus**”).

The Subscription Price is HK\$0.13 per Rights Share. The market price was HK\$0.179 on the Latest Practicable Date as mentioned in the circular of the Company dated 5 May 2026.

The Board considered that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain or decrease their respective pro rata shareholdings in the Company by taking up their respective rights entitlement or disposing of their rights entitlements in the open market (subject to availability). The Board (including the independent non-executive Directors whose views are expressed in the Letter from the Independent Board Committee) considers that the terms of the Rights Issue are fair and reasonable and raising funds through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The gross proceeds raised from the Rights Issue were approximately HK\$36.44 million and the net proceeds (after deduction of expenses of approximately HK\$0.97 million) from the Rights Issue were approximately HK\$35.47 million. The net proceeds of the Rights Issue of approximately HK\$35.47 million will be applied as to approximately (i) HK\$7.5 million for the settlement of the outstanding notes; (ii) HK\$21.77 million for partial repayment of the loans; (iii) HK\$3.10 million for development in current business in relation to investment in fixed assets including the acquisition of equipment and ancillary infrastructure; and (iv) HK\$3.10 million for general working capital of the Company including professional fees and administrative expenses.

A summary of the utilisation of the net proceeds and the timeline for the full utilisation of the unutilised net proceeds is set out in the table below:

Use of Proceeds	Allocation of net Proceed (approximately) HK\$'000	Approximate percentage of total net proceeds %	Amount utilized as at the date of this report HK\$'000	Remaining balance of net proceeds as at the date of this report HK\$	Timeline for full utilisation of the unutilised net proceeds
Settlement of the outstanding notes	7.5 million	21.14%	1.5 million	6 million	By 30 September 2026
Partial repayment of the loans	21.77 million	61.38%	21.77 million	–	N/A
Development in current business in relation to investment in fixed assets including the acquisition of equipment and ancillary infrastructure	3.10 million	8.74%	3.10 million	–	N/A
General working capital of the Company including professional fees and administrative expenses	3.10 million	8.74%	1.96 million	1.13 million	By 30 September 2026
Total	35.47 million	100%	28.33 million	7.13 million	

Note:

Certain percentage figures included in the table above have been subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding them.

MANAGEMENT DISCUSSIONS AND ANALYSIS

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules during the 2026 Interim Period.

INTERIM DIVIDEND

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

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include, among others, (a) making recommendations to our Board on the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing our financial statements, our periodic reports and accounts and significant financial reporting judgements contained therein; and (c) reviewing our financial controls, internal control and risk management systems. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Cheung Wai Yin Wilson (Chairman), Mr. Guo Ensheng and Ms. Zhao Jianhong.

The unaudited interim results of the Group for the six months ended 30 June 2026 have not been audited by the Company’s independent auditors, but have been reviewed by the Audit Committee members who have provided advice and comments thereon.

By order of the Board

Hong Wei (Asia) Holdings Company Limited

Liu Yan

Executive Director, Chairlady of the Board and Chief Executive Officer

Hong Kong, 28 August 2026

As at the date of this report, the Board comprises Ms. Liu Yan as the executive Director; Mr. Chen Gang as the non-executive Director; and Mr. Cheung Wai Yin Wilson, Mr. Guo Ensheng and Ms. Zhao Jianhong as the independent non-executive Directors.