

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



NAMYUE HOLDINGS LIMITED

南粵控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01058)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

Unaudited financial highlights for the six months ended 30 June

	2025 HK\$'000	2024 HK\$'000	Changes %
Revenue	<u><u>34,606</u></u>	<u><u>42,118</u></u>	-17.8
Loss attributable to shareholders	<u><u>(6,064)</u></u>	<u><u>(5,999)</u></u>	-1.08
Loss per share - Basic	<u><u>HK(1.13)cents</u></u>	<u><u>HK(1.12)cents</u></u>	-0.89

**CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The board of directors (the "Board") of Namyue Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2025 together with comparative figures for the corresponding period in 2024. These results have not been audited, but have been reviewed by the Company's audit committee (the "Audit Committee") and the independent auditor, ZHONGHUI ANDA CPA Limited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

		For the six months ended 30 June	
	<i>Notes</i>	2025	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	34,606	42,118
Cost of sales		<u>(34,137)</u>	<u>(36,756)</u>
Gross profit		469	5,362
Other income and losses, net	4	1,721	534
Selling and distribution expenses		(333)	(446)
Administrative expenses		(9,872)	(10,533)
Impairment on items of plant and equipment		(1,089)	(396)
Other operating income/(expenses), net	4	3,036	(417)
Finance costs	5	<u>(209)</u>	<u>(295)</u>
LOSS BEFORE TAX	6	(6,277)	(6,191)
Income tax credit	7	<u>213</u>	<u>192</u>
LOSS FOR THE PERIOD		<u>(6,064)</u>	<u>(5,999)</u>
LOSS PER SHARE	8		
- Basic		<u>HK(1.13) cents</u>	<u>HK(1.12) cents</u>
- Diluted		<u>HK(1.13) cents</u>	<u>HK(1.12) cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	(6,064)	(5,999)
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income that will not be reclassified to the profit or loss in subsequent periods:		
Surplus on revaluation of buildings	908	1,076
Income tax effect	(227)	(269)
	<u>681</u>	<u>807</u>
Other comprehensive income/(expenses) that may be reclassified to the profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>386</u>	(423)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>1,067</u>	<u>384</u>
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	<u>(4,997)</u>	<u>(5,615)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2025

	<i>Notes</i>	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		37,019	37,277
Right-of-use assets		10,285	10,274
		47,304	47,551
CURRENT ASSETS			
Inventories		18,686	24,048
Receivables, prepayments and deposits	<i>10</i>	21,234	20,839
Pledged bank balances		3,469	1,297
Cash and bank balances		3,043	3,419
		46,432	49,603
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	34,926	36,759
Other payables, accruals and provision		30,329	27,061
Interest-bearing bank borrowing		8,773	8,639
Due to a PRC joint venture partner		1,131	1,131
		75,159	73,590
NET CURRENT LIABILITIES		(28,727)	(23,987)
TOTAL ASSETS LESS CURRENT LIABILITIES		18,577	23,564
NON-CURRENT LIABILITIES			
Deferred tax liabilities		4,513	4,503
		4,513	4,503
Net assets		14,064	19,061
EQUITY			
Share capital		75,032	75,032
Reserves		(60,968)	(55,971)
Total equity		14,064	19,061

Notes:

(1) BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The unaudited interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

The accounting policies and basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are the same as those used in the annual consolidated financial statements for the year ended 31 December 2024. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective.

The financial information relating to the year ended 31 December 2024 that is included in this unaudited interim condensed financial information for the six months ended 30 June 2025 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

Going Concern

The Group incurred a loss of approximately HK\$6,064,000 for the six months ended 30 June 2025 and as at 30 June 2025, the Group had net current liabilities of approximately HK\$28,727,000. These 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 have been undertaking a number of plans and measures to improve the Group's liquidity and financial position, including:

- (i) the Group had renewed the pledged bank facilities amounting to RMB35,000,000 up to April 2027 with Bank of Nanjing Co., Ltd. and had a bank borrowing amounting to RMB8,000,000 with China Everbright Bank Co., Ltd. up to July 2026 to finance daily operation;
- (ii) the Directors continue to strengthen and implement a variety of measures to improve the working capital and cash flows of the Group, including closely monitoring the production costs, selling and distribution expenses, and general administrative and operating expenses; and
- (iii) the Directors are actively seeking new business opportunities to achieve profitability and abundant working capital, and explore new sources of income.

Based on the cash flow projection of the Group and having taken into account the available financial resources of the Group and the above measures, the Directors consider that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

(2) OPERATING SEGMENT INFORMATION

No separate analysis of segment information is presented by the Group as over 90% of the Group's revenue, results and assets relate to the processing and sale of semi-finished and finished leather, and subcontracted leather processing in the People's Republic of China (the "PRC" or "Mainland China").

Information about major customers

The revenue from customers individually contributed over 10% of the consolidated revenue of the Group are as follows:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	4,024	4,465
Customer B	3,986	N/A*
Customer C	3,481	N/A*

* Each of the revenue from Customer B and Customer C contributed not more than 10% of the Group's revenue for the six months ended 30 June 2024, therefore the amounts are not disclosed.

(3) REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of processed leather	13,435	28,606
Subcontracted leather processing	21,171	13,512
	34,606	42,118

Revenue is recognized when goods are transferred at a point in time to customers.

(4) OTHER INCOME AND LOSSES, AND OTHER OPERATING INCOME/(EXPENSES), NET

(a) Other income and losses, net

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income	8	6
Sale of scrap materials in Mainland China	1,023	900
Government grants	1	-
Gains on disposal of property, plant and equipment	527	124
Net exchange losses	(11)	(69)
Others	173	(427)
	<u>1,721</u>	<u>534</u>

(b) Other operating income/(expenses), net

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reversal of impairment/(impairment) on trade receivables	1,738	(417)
Reversal of accruals and payables	1,298	-
	<u>3,036</u>	<u>(417)</u>

(5) FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank loans and discounting bills receivable to banks	207	292
Lease liabilities	2	3
	<u>209</u>	<u>295</u>

(6) LOSS BEFORE TAX

The Group's loss before tax is stated at after charging the following:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold*	39,238	47,207
Depreciation of property, plant and equipment	1,759	1,650
Depreciation for right-of-use assets	146	148
Impairment on items of plant and equipment	1,089	396
Reversal of provision for inventories*	(5,101)	(10,451)

* These items are included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

(7) INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil). Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China in which the Group operates.

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Group - Mainland China		
Provision for the period	2	-
Deferred tax	(215)	(192)
	(213)	(192)

(8) LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period of approximately HK\$6,064,000 (six months ended 30 June 2024: HK\$5,999,000) and the weighted average number of ordinary shares of 538,019,000 (30 June 2024: 538,019,000) in issue during the six months ended 30 June 2025.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2025 and 2024 in the calculation of diluted loss per share as there were no dilutive events during the six months ended 30 June 2025 and 2024.

(9) DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

(10) RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables	19,185	16,230
Bills receivables	675	2,973
Prepayments, deposits and other receivables	1,222	1,472
Amount due from a director	152	164
	<u>21,234</u>	<u>20,839</u>

The Group's trading terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended to 150 days. Each customer has a maximum credit limit. The Group seeks to maintain tight control over its outstanding receivables in order to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The carrying amounts of trade and bills receivables approximate their fair values.

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

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 3 months	14,803	16,621
3 to 6 months	4,557	1,883
6 to 12 months	878	3,284
1 to 2 years	6,028	5,453
2 to 3 years	1,171	2,294
Over 3 years	1,158	-
	28,595	29,535
Impairment	(8,735)	(10,332)
	<u>19,860</u>	<u>19,203</u>

(11) TRADE AND BILLS PAYABLES

An aging analysis of the trade payables as at the end of reporting period, based on the date of receipt of goods, is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 3 months	5,738	7,573
3 to 6 months	4,001	6,765
Over 6 months	16,024	18,196
Trade payables	25,763	32,534
Bills payables	9,163	4,225
	34,926	36,759

The trade payables of the Group are non-interest-bearing and are normally settled on terms of 90 days. The carrying amounts of trade and bills payables approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The unaudited consolidated loss attributable to shareholders of the Group for the six months ended 30 June 2025 was HK\$6,064,000, representing an increase in loss of HK\$65,000 or 1.1% from HK\$5,999,000 for the corresponding period last year.

The unaudited net asset value of the Group as at 30 June 2025 was HK\$14,064,000, representing a decrease of HK\$4,997,000 and HK\$33,232,000 respectively as compared to the net asset value as at 31 December 2024 and 30 June 2024.

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

Business Review

In the first half of 2025, the domestic and international economic environment was complex and volatile. Domestically, faced with weak consumer confidence and economic growth pressures, the State Council launched a multi-dimensional plan to boost consumption. This included issuing ultra-long-term special government bonds to support trade-in of consumer goods, as well as implementing targeted policies in areas such as increasing residents' income, optimizing the consumption environment, and promoting the upgrading of service consumption. These measures aimed to stimulate market vitality and unlock consumption potential. Internationally, in the face of changes in the international trade environment, particularly the challenges posed by the United States' reciprocal tariff policy, China has brought new development opportunities for industrial upgrading and market restructuring through its comprehensive industrial chain, continuous technological innovation, and efficient production organization capabilities. Against this backdrop, the Group firmly adhered to its work policy of "turning losses into profits, improving quality and efficiency." Combining this with the situation of the Company, it pragmatically promoted various tasks, comprehensively focused on its main responsibilities and core businesses, strengthened management, reduced costs, maintained stable production and operations, effectively promoted the transformation of subcontracting, and enhanced the core competitiveness of the enterprise.

During the period, the Group's gross profit margin was 1.4%, with operating losses remaining similar to the same period last year. The Group effectively improved operational efficiency through measures such as optimizing inventory management and expanding the subcontracting business. In particular, in terms of inventory management, the Group continued to optimize the sale of those inventories with higher costs and lower product grades from previous years, thereby improving inventory management efficiency. Combined with the growth of subcontracting business, the Group further reduced operating costs through a series of measures, including strict control of administrative expenses and strengthened management of accounts receivable, driving steady improvement in overall operations.

In the course of deepening energy conservation and emission reduction initiatives, the Group had achieved notable results, including: the successful introduction and implementation of a photovoltaic power generation project, which involved the replacement of nearly 30,000 square meters of factory roof sandwich panels. This not only eliminated safety hazards but also effectively reduced production costs by leveraging off-peak electricity pricing incentives and utilizing clean energy. Additionally, the Group was recognized as an industrial enterprise in Jiangsu Province that had achieved national water consumption standards for 2024 due to its outstanding performance in water efficiency. Those water conservation efforts resulted in a corresponding reduction in water fees. During the period, the Group also optimized and renovated the steam pipelines in the plant and adjusted the winding steam pipelines, which would expect to save 15% to 20% of steam usage. These measures not only demonstrated the Group's active fulfillment of its social responsibilities, but also laid the foundation for sustainable development.

During the period, the production volume of subcontracting business was 14,325,000 sq. ft., representing an increase of 8,013,000 sq. ft. or 127.0% as compared to 6,312,000 sq. ft. for the corresponding period last year. The total production volume of cowhides was 738,000 sq. ft., representing a decrease of 941,000 sq. ft. or 56.0% as compared to 1,679,000 sq. ft. for the corresponding period last year. No grey hides was produced during the period (six months ended 30 June 2024: 384 tons).

During the period, the sales volume of subcontracting business was 14,325,000 sq. ft., representing an increase of 8,013,000 sq. ft. or 127.0% as compared to 6,312,000 sq. ft. for the corresponding period last year. The total sales volume of cowhides was 1,537,000 sq. ft., representing a decrease of 1,261,000 sq. ft. or 45.1% as compared to 2,798,000 sq. ft. for the corresponding period last year. No grey hides was sold during the period (six months ended 30 June 2024: 384 tons).

During the period, the consolidated revenue of the Group was HK\$34,606,000, representing a decrease of HK\$7,512,000 or 17.8% from HK\$42,118,000 for the corresponding period last year, of which the subcontracting business amounted to HK\$21,171,000 (six months ended 30 June 2024: HK\$13,512,000), representing an increase of 56.7%; the sales value of cowhides amounted to HK\$13,435,000 (six months ended 30 June 2024: HK\$26,467,000), representing a decrease of 49.2%; and that of grey hides amounted to Nil (six months ended 30 June 2024: HK\$2,139,000).

In the first half of 2025, the Group successfully stabilized the number of customers for its subcontracting business and basically achieved smooth operation of the entire production process. The output of various finished and semi-finished products from the subcontracting business increased by 127.0% as compared to the corresponding period last year, effectively diluting unit fixed manufacturing costs and further supporting the Group's operational stability. In order to make better use of existing plant facilities to further increase production capacity, the Group has invested the necessary funds to improve production facilities and introduced subcontracting customers to invest in machinery and equipment, thereby increasing production volume and product quality and ensuring close cooperation. The transition to a subcontracting model has not only ensured the most effective and reasonable use of production and capital flow, but has also brought about substantial operational improvements.

During the period, the Group continued to further enhance its energy conservation and consumption reduction measures, promoted transformation and development, and reduced unnecessary expenses in order to lower costs while improving overall efficiency. Specific measures included: reasonably adjusting the storage areas for raw materials, leather crusts, and blue hides, reducing the number of goods transferred between the two plants, thereby saving fuel and labour costs. Meanwhile, a comprehensive inspection of the plant area was conducted to promptly repair leaks of water, gas, and oil, thereby reducing resource waste. In addition, the Group thoroughly cleaned the hair filter machine, strengthened the fur trimming process, and purchased filter press water trays to reduce solid waste weight. By leasing special equipments such as forklifts, the Group successfully saved the maintenance and repair costs as well as hydraulic oil costs. In terms of procurement, the Group continued to advocate transparent procurement through platforms such as "gdycy.com" and "JD.com" to reduce procurement costs. During the period, the Group procured auxiliary raw materials that matched production based on actual product conditions, with a total procurement amount of HK\$12,382,000, representing a decrease of 2.7% as compared to the corresponding period last year. These measures demonstrate the Group's excellent results in cost control and resource optimization.

As at 30 June 2025, the Group's consolidated inventory amounted to HK\$18,686,000 (31 December 2024: HK\$24,048,000), representing a decrease of HK\$5,362,000 or 22.3% as compared to that as at 31 December 2024. With ensuring positive cash flow as its priority task, the Group continued to take effective measures to reduce inventory. During the period, the Group sought suitable customers to promote finished inventory, strengthened integration and reorganization, and implemented effective inventory management based on different regions, customers, and tasks. In addition, the Group implemented effective order production for retained semi-finished products and achieved destocking through product innovation. The Group has reassessed the value of inventories based on its ageing and net realizable value and made a net reversal of provision for inventories of HK\$5,101,000 for the six months ended 30 June 2025 (a net reversal of provision for inventories for the six months ended 30 June 2024: HK\$10,451,000).

As at 30 June 2025, the Group's property, plant and equipment amounted to HK\$37,019,000 (31 December 2024: HK\$37,277,000), representing a decrease of HK\$258,000 or 0.7% as compared to that as at 31 December 2024. In view of the loss on the Group's operating results during the period, the recoverable amount of plant and equipment was calculated by using value in use based on the discounted cash flow method, and an impairment loss on plant and equipment of HK\$1,089,000 was made for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$396,000).

Financial Review

Liquidity and Financial Resources

As at 30 June 2025, the Group's cash and cash equivalents amounted to HK\$3,043,000 (31 December 2024: HK\$3,419,000), representing a decrease of HK\$376,000 or 11.0% as compared to 31 December 2024, of which 2.9% were in Hong Kong dollars, 94.0% in Renminbi and 3.1% in United States dollars. Net cash inflow from operating activities for the period was HK\$2,327,000, which was mainly attributable to the decrease in inventories. Net cash outflow from investing activities was HK\$2,717,000, which was mainly attributable to the increase in pledged bank balances and payment for renovations and purchase of equipment. Net cash outflow from financing activities was HK\$40,000, which was mainly attributable to the payment of lease expenses.

As at 30 June 2025, the Group had interest-bearing borrowing in Renminbi amounted to HK\$8,773,000 (31 December 2024: HK\$8,639,000), charged at fixed rate. The Group's banking facilities secured by pledged bank balances, buildings, and right-of-use assets of HK\$46,367,000 in total.

As at 30 June 2025, the Group's gearing ratio of interest-bearing borrowings to shareholders' equity plus interest-bearing borrowings was 38.4% (31 December 2024: 31.2%). The annual interest rate of loan interest and discount interest during the period was approximately 1.6% to 3.9%. During the period, the Group's interest expenses amounted to HK\$209,000, representing a decrease of 29.2% as compared to the corresponding period of last year, which was mainly attributable to the decrease in borrowings.

As at 30 June 2025, the Group's total banking facilities amounted to HK\$38,381,000, all of which were unutilized (31 December 2024: HK\$37,797,000, all of which were unutilized). Taking into account the existing cash resources and available credit facilities, the Group has sufficient financial resources to meet its daily operational requirements.

Capital Expenditure

As at 30 June 2025, the net amount of non-current assets including property, plant and equipment and right-of-use assets amounted to HK\$47,304,000, representing a decrease of HK\$247,000 over the net value of HK\$47,551,000 as at 31 December 2024. The capital expenditure for the period amounted to HK\$1,114,000 (six months ended 30 June 2024: HK\$415,000) in total, which was mainly attributable to the payment of renovations as well as acquisition of equipment to meet the production needs of the Group.

Pledge of Assets

As at 30 June 2025, the Group's bank deposits of HK\$3,469,000 (31 December 2024: HK\$1,297,000), buildings of HK\$32,613,000 (31 December 2024: HK\$32,851,000) and right-of-use assets of HK\$10,285,000 (31 December 2024: HK\$10,274,000) were pledged to a bank to secure general banking facilities.

Foreign Exchange Exposure

The assets, liabilities and transactions of the Group are basically denominated in Hong Kong dollars, United States dollars or Renminbi. The Group is exposed to foreign currency risk primarily from purchases from overseas suppliers that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly the United States dollars against Renminbi. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the period. Should the Group consider that its exposure to foreign currency risk justifies hedging, it may use forward or hedging contracts to reduce the risks.

Remuneration Policy for Employees

As at 30 June 2025, the Group had 232 staff (31 December 2024: 261). The Group's remuneration policy is based on its operating results and the employees' performance. The Group has adopted a performance-based quantitative appraisal scheme for its employees and established an operation assessment mechanism focusing on "accountability and performance". Based on the Group's operating efficiency, the incentive scheme provides bonuses to the management, key officers and outstanding employees according to different ranking and individual performance, which effectively motivates employees to make contribution. In addition, the Group offered social and medical insurance coverage and pension schemes to all employees in different areas.

Prospects

Despite global tariff policy changes and intensified competition from alternative materials, the Group will continue to adopt its core strategy of “increasing revenue and reducing expenses, reducing losses and improving efficiency” to actively respond to market changes and seize opportunities arising from the growing demand for natural leather in the casual sports footwear sector. The Group will further expand its subcontracting business, optimize the procurement rhythm of raw hides, strengthen long-term cooperation with high-quality customers to improve capacity utilization, and ensure stable production. Meanwhile, the Group will closely monitor changes in tariff policies and improve production capacity through equipment upgrades and renovations to strengthen overall production efficiency.

In terms of cost control, the Group will strictly implement energy-saving and consumption-reduction measures, strengthen material management, and reduce waste and unnecessary expenses. The Group will continue to reduce inventory and collect accounts receivable, optimize its asset liability structure, and improve cash flow. In addition, we will increase our efforts in new product development, focusing on high value-added products to meet market demand for high-quality leather and enhance our competitiveness. In terms of human resources, the Group will further improve the skills of production line employees and optimize departmental configurations to ensure that resources are concentrated on core businesses. In risk management, the Group will strengthen accounts receivable monitoring, strictly comply with environmental protection regulations, ensure compliance with emission standards, and fulfill its corporate social responsibilities.

Looking ahead, the Group will consolidate its traditional leather business while actively exploring new business opportunities to diversify its revenue streams, enhance its long-term growth potential, and create greater value for shareholders. In the second half of 2025, the Group will implement various measures to further reduce losses and lay a solid foundation for future market recovery.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

In the opinion of the Directors, the Company had complied with the code provisions and, where appropriate, the applicable recommended best practices in the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2025, save for the deviation explained below:

Under the Code Provision C.2.1, there should be a clear division of responsibilities for the roles of chairman and chief executive officer and these two roles should be performed by two persons (the Company regards that the term “chief executive officer” has the same meaning as the Managing Director of the Company). Since 20 October 2023, Mr. Zhou Hao served as both Chairman and Managing Director of the Company.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry to all the Directors of the Company, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2025.

Review of Interim Results

The unaudited interim results of the Group for the six months ended 30 June 2025 have been reviewed by the Audit Committee of the Company and ZHONGHUI ANDA CPA Limited, the independent auditor of the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities on the Stock Exchange during the six months ended 30 June 2025.

Publication of Interim Results and Interim Report

This interim results announcement is published on the websites of the Company (www.namyueholdings.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2025 will be despatched to the shareholders of the Company and made available on the abovementioned websites around 24 September 2025.

By Order of the Board
Zhou Hao
Chairman and Managing Director

Hong Kong, 22 August 2025

As at the date of this announcement, the Board comprises two Executive Directors, namely, Mr. Zhou Hao and Mr. Liao Siyang; three Non-Executive Directors, namely, Mr. Huang Junfeng, Mr. Kuang Hu and Ms. Li Jieyu; and three Independent Non-Executive Directors, namely, Mr. Yeung Man Lee, Mr. Leung Luen Cheong and Mr. Yang Ge.