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**理 文 造 紙 有 限 公 司***

***Lee & Man Paper Manufacturing Limited***

*(Incorporated in the Cayman Islands and its members' liability is limited)*

**(Stock Code: 2314)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

**FINANCIAL HIGHLIGHTS**

– Revenue increased by 21.3% to HK$14.8 billion as compared to the last corresponding period.

– Profit for the period increased by 69.3% to HK$1.4 billion as compared to the last corresponding period.

– Earnings per share was HK31.97 cents.

– Declared interim dividend of HK11.2 cents per share.

* *For identification purposes only*

## INTERIM RESULTS

The board of directors of Lee & Man Paper Manufacturing Limited (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 together with the comparative figures as follows:

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

*For the six months ended 30 June 2026*

| | *Notes* | **2026 (unaudited) *HK$'000*** | 2025 (unaudited) *HK$'000* |
|---|---|---|---|
| **Revenue** | *3* | **14,841,947** | 12,236,271 |
| Cost of sales | | **(12,454,782)** | (10,503,670) |
| Gross profit | | **2,387,165** | 1,732,601 |
| Other income | *4* | **330,481** | 235,656 |
| Impairment losses (including reversal of impairment losses) on trade receivables | | **–** | 34 |
| Other gains and losses, net | *5* | **(9,493)** | 255 |
| Distribution and selling expenses | | **(373,856)** | (307,331) |
| General and administrative expenses | | **(695,170)** | (589,559) |
| Share of result of an associate | | **6,877** | 3,814 |
| Share of result of a joint venture | | **120** | 12 |
| Finance costs | *6* | **(90,493)** | (116,322) |
| Profit before tax | | **1,555,631** | 959,160 |
| Income tax expense | *7* | **(182,381)** | (148,261) |
| **Profit for the period** | *8* | **1,373,250** | 810,899 |
| Other comprehensive income | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of foreign operations | | **1,730,426** | 223,040 |
| Total comprehensive income for the period | | **3,103,676** | 1,033,939 |
| Profit/(loss) for the period attributable to: | | | |
| Owners of the Company | | **1,373,041** | 811,096 |
| Non-controlling interests | | **209** | (197) |
| | | **1,373,250** | 810,899 |

| | Notes | **2026 (unaudited) *HK$'000*** | 2025 (unaudited) *HK$'000* |
|---|---|---|---|
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | **3,096,957** | 1,033,903 |
| Non-controlling interests | | **6,719** | 36 |
| | | **3,103,676** | 1,033,939 |
| Dividends: | *9* | | |
| – Dividend paid | | **399,435** | 193,275 |
| – Interim dividend declared | | **481,040** | 283,470 |
| | | ***HK cents*** | *HK cents* |
| Earnings per share | *10* | **31.97** | 18.88 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*At 30 June 2026*

| | Notes | **30 June 2026 (unaudited) *HK$'000*** | 31 December 2025 (audited) *HK$'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | *11* | **43,741,018** | 41,631,575 |
| Right-of-use assets | | **1,256,739** | 1,232,097 |
| Investment properties | | **584,650** | 576,191 |
| Deposits paid for acquisition of property, plant and equipment | | **1,485,736** | 749,136 |
| Interest in an associate | | **146,047** | 133,686 |
| Interest in a joint venture | | **85,699** | 80,398 |
| Loan to a joint venture | | **51,736** | 49,056 |
| Trade and other receivables and prepayments | *13* | **268,000** | 268,000 |
| | | **47,619,625** | 44,720,139 |
| **CURRENT ASSETS** | | | |
| Inventories | *12* | **4,327,981** | 4,822,011 |
| Trade and other receivables and prepayments | *13* | **7,014,599** | 6,190,186 |
| Amounts due from related companies | | **64,000** | 14,477 |
| Bank balances and cash | | **1,903,630** | 1,941,731 |
| | | **13,310,210** | 12,968,405 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *14* | **3,869,737** | 4,233,731 |
| Amounts due to related companies | | **12,456** | 12,463 |
| Tax payable | | **95,272** | 83,621 |
| Lease liabilities | | **17,305** | 17,082 |
| Contract liabilities | | **84,879** | 93,885 |
| Bank borrowings | | **7,881,560** | 6,909,036 |
| | | **11,961,209** | 11,349,818 |
| **NET CURRENT ASSETS** | | **1,349,001** | 1,618,587 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **48,968,626** | 46,338,726 |

| | 30 June 2026 (unaudited) *HK$'000* | 31 December 2025 (audited) *HK$'000* |
|---|---|---|
| **NON-CURRENT LIABILITIES** | | |
| Bank borrowings | **13,973,911** | 14,097,152 |
| Lease liabilities | **41,540** | 49,104 |
| Deferred tax liabilities | **1,797,495** | 1,741,031 |
| | **15,812,946** | 15,887,287 |
| | **33,155,680** | 30,451,439 |
| **CAPITAL AND RESERVES** | | |
| Share capital | **107,375** | 107,375 |
| Reserves | **33,026,474** | 30,328,952 |
| Equity attributable to owners of the Company | **33,133,849** | 30,436,327 |
| Non-controlling interests | **21,831** | 15,112 |
| | **33,155,680** | 30,451,439 |

*Notes:*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

**Application of amendments to HKFRS Accounting Standards**

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendments to HKFRS 9 and HKFRS 7 | *Amendments to the Classification and Measurement of Financial Instruments* |
| Amendments to HKFRS 9 and HKFRS 7 | *Contracts Referencing Nature-dependent Electricity* |
| Amendments to HKFRS Accounting Standards | *Annual Improvement to HKFRS Accounting Standard – Volume 11* |

The application of the amendments to HKFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE AND SEGMENT INFORMATION

### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

*Six months ended 30 June 2026*

| | **Packaging paper** *HK$'000* | **Tissue paper** *HK$'000* | **Pulp** *HK$'000* | **Segment total** *HK$'000* | **Eliminations** *HK$'000* | **Consolidated** *HK$'000* |
|---|---|---|---|---|---|---|
| REVENUE | | | | | | |
| External sales | **11,155,570** | **3,495,309** | **191,068** | **14,841,947** | **–** | **14,841,947** |
| Inter-segment sales | **–** | **–** | **1,250,420** | **1,250,420** | **(1,250,420)** | **–** |
| | **11,155,570** | **3,495,309** | **1,441,488** | **16,092,367** | **(1,250,420)** | **14,841,947** |
| SEGMENT PROFIT | **824,379** | **738,717** | **57,380** | **1,620,476** | **–** | **1,620,476** |
| Net gain from fair value changes of derivative financial instruments and net exchange loss | | | | | | **(8,046)** |
| Unallocated income | | | | | | **49,505** |
| Unallocated expenses | | | | | | **(22,808)** |
| Share of result of an associate | | | | | | **6,877** |
| Share of result of a joint venture | | | | | | **120** |
| Finance costs | | | | | | **(90,493)** |
| Profit before tax | | | | | | **1,555,631** |

*Six months ended 30 June 2025*

| | Packaging paper *HK$'000* | Tissue paper *HK$'000* | Pulp *HK$'000* | Segment total *HK$'000* | Eliminations *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|
| REVENUE | | | | | | |
| External sales | 9,138,766 | 2,792,312 | 305,193 | 12,236,271 | – | 12,236,271 |
| Inter-segment sales | – | – | 1,183,940 | 1,183,940 | (1,183,940) | – |
| | 9,138,766 | 2,792,312 | 1,489,133 | 13,420,211 | (1,183,940) | 12,236,271 |
| SEGMENT PROFIT | 463,261 | 509,524 | 72,336 | 1,045,121 | – | 1,045,121 |
| Net gain from fair value changes of derivative financial instruments and net exchange gain | | | | | | 8,017 |
| Unallocated income | | | | | | 41,223 |
| Unallocated expenses | | | | | | (22,705) |
| Share of result of an associate | | | | | | 3,814 |
| Share of result of a joint venture | | | | | | 12 |
| Finance costs | | | | | | (116,322) |
| Profit before tax | | | | | | 959,160 |

## 4. OTHER INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| Value added tax and other tax refund | **106,222** | 67,771 |
| Income from supply of steam and electricity, net | **10,832** | 18,158 |
| Income from wharf cargo handling, net | **13,343** | 12,429 |
| Interest income from banks | **10,532** | 7,117 |
| Government subsidy income | **140,083** | 57,090 |
| Rental income | **37,911** | 33,439 |
| Write-back of trade and other payables | **–** | 1,166 |
| Others | **11,558** | 38,486 |
| | **330,481** | 235,656 |

## 5. OTHER GAINS AND LOSSES, NET

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| Loss on disposal of property, plant and equipment, net | **(1,447)** | (7,762) |
| Net foreign exchange differences | **(8,353)** | 7,417 |
| Net gain from fair value changes of derivative financial instruments | **307** | 600 |
| | **(9,493)** | 255 |

## 6. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings and bills discounted | **334,151** | 387,453 |
| Interest expense on lease liabilities | **1,395** | 1,384 |
| Less: amounts capitalised to property, plant and equipment | **(245,053)** | (272,515) |
| | **90,493** | 116,322 |

## 7. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| Income tax recognised in profit or loss: | | |
| Current tax | | |
| – The PRC Enterprise Income Tax ("EIT") | **83,423** | 46,195 |
| – PRC withholding tax on dividend distribution | **4,598** | 44,659 |
| – Overseas withholding tax | **385** | – |
| – Other jurisdictions | **38,021** | 26,488 |
| | **126,427** | 117,342 |
| Under/(over) provision in previous years | | |
| – The PRC EIT | **5,368** | (495) |
| Deferred tax | | |
| – Charge to profit or loss | **50,586** | 31,414 |
| | **182,381** | 148,261 |

The Group's profit is subject to taxation from the place of its operations where its profit is generated and is calculated at the rate prevailing in the relevant jurisdictions.

**The PRC**

The Group's subsidiaries in the PRC are subject to corporate income tax at the rate of 25% except that eight (2025: eight) of these subsidiaries are entitled to preferential rate of 15% for the Group's financial year ending 31 December 2026.

**Hong Kong**

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both periods.

**Macau**

Macau Complementary Tax are calculated at 12% on the estimated assessable profits for both periods.

**Vietnam**

The Vietnam subsidiaries are subjected to Vietnam Corporate Income Tax at a rate of 10%. They are entitled to a corporate income tax exemption for four years from the first profit-making year and a reduction of 50% for the following nine years. The Vietnam subsidiaries are entitled a reduction of 50% of Vietnam Corporate Income Tax rate of 10% for both periods.

**Malaysia**

The Malaysia subsidiaries are subjected to Malaysia Corporate Income Tax at a rate of 24% for both periods.

**Others**

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 8. PROFIT FOR THE PERIOD

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| Profit for the period has been arrived at after charging/(crediting): | | |
| Directors' emoluments | **25,275** | 25,275 |
| Staff salaries and other benefits, excluding those of directors | **843,893** | 740,258 |
| Contributions to retirement benefit schemes, excluding those of directors | **103,822** | 88,061 |
| Total employee benefit expense | **972,990** | 853,594 |
| Capitalised in inventories | **(686,751)** | (610,510) |
| | **286,239** | 243,084 |
| Cost of inventories recognised as expense | **12,454,782** | 10,503,670 |
| Depreciation of property, plant and equipment | **760,152** | 695,195 |
| Depreciation of investment properties | **14,642** | 13,442 |
| Depreciation of right-of-use assets | **21,317** | 21,131 |
| Total depreciation | **796,111** | 729,768 |
| Capitalised in inventories | **(659,818)** | (602,744) |
| | **136,293** | 127,024 |
| Gross rental income from investment properties | **(20,236)** | (18,371) |
| Less: | | |
| – direct operation expenses incurred for investment properties that generated rental income during the period | **195** | 395 |
| | **(20,041)** | (17,976) |

**9. DIVIDENDS**

A final dividend of HK$0.093 per share was paid in respect of the year ended 31 December 2025 (2025: a final dividend of HK$0.045 per share was paid for the year ended 31 December 2024) to shareholders during the current period.

The directors determined that an interim dividend of HK$0.112 (2025: HK$0.066) per share should be paid to the shareholders of the Company whose names appear on the Register of Members on 19 August 2026.

**10. EARNINGS PER SHARE**

The calculation of earnings per share is based on the profit for the period attributable to the owners of the Company approximately of HK$1,373,041,000 (2025: HK$811,096,000) and weighted average number of 4,295,000,000 (2025: 4,295,000,000) ordinary shares in issue during the period.

No diluted earnings per share in both periods was presented as there were no potential ordinary shares outstanding during both periods.

**11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

During the period, there were additions of HK$1,231 million (2025: HK$1,426 million) to property, plant and equipment to expand its operations.

**12. INVENTORIES**

| | **30 June 2026** *HK$'000* | 31 December 2025 *HK$'000* |
|---|---|---|
| Raw materials | **3,342,188** | 3,344,689 |
| Finished goods | **985,793** | 1,477,322 |
| | **4,327,981** | 4,822,011 |

## 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **3,745,136** | 3,038,270 |
| Less: allowance for credit losses | **(10,505)** | (12,789) |
| | **3,734,631** | 3,025,481 |
| Trade receivables backed by bills | **429,861** | 452,940 |
| | **4,164,492** | 3,478,421 |
| Prepayments and deposits for purchase of raw materials | **808,011** | 756,299 |
| Other deposits and prepayments | **667,738** | 611,552 |
| Value-added tax receivables | **786,132** | 826,026 |
| Other receivables | **856,226** | 785,888 |
| | **7,282,599** | 6,458,186 |
| Less: Amount expected to be received after 12 months shown under non-current assets | **(268,000)** | (268,000) |
| Amount expected to be received within 12 months shown under current assets | **7,014,599** | 6,190,186 |

The Group allows its customers an average credit period of 45 to 90 days (2025: 45 to 90 days). The following is an aged analysis of trade receivables (excluding those backed by bills) presented based on the invoice date at the end of the reporting period.

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Aged: | | |
| Not exceeding 30 days | **2,307,798** | 1,804,119 |
| 31–60 days | **923,749** | 804,972 |
| 61–90 days | **202,060** | 168,777 |
| 91–120 days | **63,897** | 37,011 |
| Over 120 days | **237,127** | 210,602 |
| | **3,734,631** | 3,025,481 |

## 14. TRADE AND OTHER PAYABLES

| | **30 June 2026** *HK$'000* | 31 December 2025 *HK$'000* |
|---|---|---|
| Trade payables | **3,060,470** | 3,394,173 |
| Construction fee payable | **250,150** | 271,300 |
| Accruals | **303,608** | 337,993 |
| Other payables | **255,509** | 230,265 |
| | **3,869,737** | 4,233,731 |

The average credit period taken for trade purchases ranges from 30 to 90 days (2025: 30 to 90 days). The following is an aged analysis of the above trade payables presented based on the invoice date at the end of the reporting period.

| | **30 June 2026** *HK$'000* | 31 December 2025 *HK$'000* |
|---|---|---|
| Aged: | | |
| Not exceeding 30 days | **1,361,184** | 1,128,478 |
| 31–60 days | **436,499** | 555,584 |
| 61–90 days | **306,848** | 287,538 |
| 91–120 days | **160,041** | 174,346 |
| Over 120 days | **795,898** | 1,248,227 |
| | **3,060,470** | 3,394,173 |

## 15. REVIEW OF INTERIM ACCOUNTS

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Audit Committee.

## BUSINESS REVIEW AND OUTLOOK

In the first half of 2026, underpinned by resilient exports, gradually recovery in consumer demand and ongoing adjustments to the industry's supply structure, the overall operating environment for the paper manufacturing industry in China improved compared with the same period last year. During the period, the Chinese economy maintained steady growth with remarkable performance in terms of foreign trade. The total value of China's imports and exports of goods exceeding RMB25 trillion, representing a year-on-year increase of 16.9%, which supported demand for paper used in packaging, logistics and consumer goods.

The Group actively seized the opportunities arising from export growth and improving market demand. Through its sustained strengths such as deployment of pulp and paper integration, overseas production capacity allocation and technological advancements, the Group has consistently reduced costs, delivering a marked improvement in operating results.

The Group's total revenue for the six months ended 30 June 2026 increased by 21.3% to HK$14.8 billion as compared with the same period last year. Net profit increased by 69.3% to HK$1.4 billion. Earnings per share for the period were HK31.97 cents (2025: HK18.88 cents).

The board of directors has declared an interim dividend of HK11.2 cents per share for 2026 (2025: HK6.6 cents).

## INDUSTRY AND BUSINESS REVIEW

During the first half of 2026, the paper manufacturing industry in China remained at the stage of "low-level recovery with structural divergence". Although overall market supply continued to be relatively ample and industry competition persisted, the profitability of the industry improved year-on-year, driven by a gradual recovery in domestic demand, sustained export growth and the phasing out of some obsolete production capacity. According to industry statistics, from January to May 2026, the national machine-made paper and paperboard industry achieved profits of RMB15.85 billion in aggregate, representing a year-on-year increase of 23.5%. At the same time, structural divergence within the industry has intensified. A more notable improvement in profitability was observed among enterprises with economies of scale, pulp and paper integration, and robust cost control capabilities.

For the raw materials, affected by relatively ample global pulp supply, pulp prices remained generally low during the first half of the year. Meanwhile, benefiting from China's export growth and a gradual recovery in end-user demand, certain paper categories saw successive price increases during the period, alongside a gradual recovery in market prices and profitability. Driven by both cost improvements and demand recovery, the industry's overall operating performance improved compared with the same period last year.

For the business operation, the Group continued to capitalize on its advantages in pulp and paper integration. The steady supply of raw materials from its three pulp production bases in Chongqing, Jiangxi, and Chongzuo in Guangxi further enhanced its supply chain stability and cost competitiveness. Benefiting from the gradual recovery in domestic consumer demand, the tissue paper business delivered solid performance. In the meantime, underpinned by the sustained growth in China's trade exports and improving demand across both domestic and overseas markets, the packaging paper business recorded sound growth, providing strong support to the Group's results.

In addition, the Group continued to advance technological transformation, automation upgrades, and energy-saving and efficiency-enhancement projects, further improving production efficiency and capacity utilization. For the overseas business, the production bases in Vietnam and Malaysia continued to leverage their regional positioning advantages, not only serving local market demand, but also facilitating the Group's expansion into Southeast Asia and other overseas markets, thereby further enhancing the synergistic benefits of the global supply chain.

## BUSINESS PROSPECTS

Packaging paper remains the Group's core business. With government policies being rolled out to boost consumption, stabilize foreign trade and support manufacturing development, industrial production, logistics and transportation as well as retail activities are expected to gain momentum, thereby steadily increasing the demand for packaging paper. Moreover, China's export stayed resilient, as the Group actively expanded into emerging markets in Southeast Asia, the Middle East, Central Asia and those along the "Belt and Road". This will help drive sustained growth in cross-border trade and manufacturing supply chain activities, giving strong support to the packaging paper market.

Although changes in the geopolitical and international trade environment may lead to volatility in logistics and transport costs, the packaging paper market is expected to maintain a steady growth as demand-supply dynamics in the industry gradually improve. The Group will continue to capitalize on the strategic regional advantages of its production bases in Vietnam and Malaysia, seizing opportunities arising from overseas markets and the restructuring of global supply chains, thereby further enhancing the competitiveness and market share of its packaging paper business.

For the tissue paper business, with continued national policy support to boost consumption, gradually rising household purchasing power, and consumer's growing demand for high-quality, healthy and environmentally friendly products, the tissue paper market is poised for steady growth. Per capita consumption of tissue paper in China still has room for growth compared with mature markets, and demand for mid- to high-end products is expected to continue to rise. The Group will continue to drive product upgrades and further enhance its market competitiveness and profitability by optimizing its product portfolio and improving product quality and production efficiency.

The pulp business is integral to the Group's vertical integration strategy. The three pulp production bases in Chongqing, Jiangxi and Chongzuo in Guangxi continue to provide a stable supply of wood pulp and bamboo pulp to the downstream packaging paper and tissue paper businesses, contributing to enhance supply chain stability, cost competitiveness and overall synergies across the industrial chain. The Group will continue to deepen its pulp and paper integration, further strengthening its raw material security and economies of scale. To support future business development and growing market demand, the Group is currently constructing a new pulp mill in Guigang, Guangxi. Benefiting from its advantageous geographical location, this facility will further optimize the industrial chain layout and facilitate the expansion into a more diversified product offering, with a view to developing the prospective personal care products to serve a wider consumer base. The pulp factory in Guigang is expected to commence production in 2027, providing a more solid foundation for the Group's long-term development and enhanced profitability.

Looking ahead to the second half of the year, China's paper industry is expected to continue its moderate recovery. As policies aimed at stabilizing investment and boosting consumption continue to be implemented, the domestic market is expected to improve gradually, while demand from exports and e-commerce logistics will continue to underpin the packaging paper market. Notwithstanding the ongoing challenges posed by the release of new capacity, fluctuations in raw material prices and changes in the global economic environment, companies with economies of scale, vertical integration capabilities and cost competitiveness will demonstrate stronger risk resilience. The Group will continue to deepen its pulp and paper integration, advance technological transformation and production capacity optimization, enhance operational efficiency and market competitiveness, and capitalize on the development opportunities presented by the domestic demand upgrades, export growth and the expansion of overseas markets, while striving to create long-term and sustainable returns for shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results of Operation

Revenue, the profit for the period and the profit for the period attributable to owners of the Company for the six months ended 30 June 2026 were HK$14,842 million, HK$1,373 million and HK$1,373 million, respectively and that for the corresponding period last year were HK$12,236 million, HK$811 million and HK$811 million, respectively. The earnings per share for the period was HK31.97 cents as compared to HK18.88 cents for the corresponding period last year.

The Group's active promotion of industrial chain integration over the years which allows the Group to flexibly deploy the supply of raw materials and to embody the strengths brought by its business model. As a result, the profit for the six months ended 30 June 2026 was increased by 69.3% as compared to that for the corresponding period last year.

**Distribution and Selling Expenses**

The Group's distribution and selling expenses was HK$374 million for the six months ended 30 June 2026 as compared to HK$307 million for the corresponding period last year. It represented about 2.5% of the revenue for the six months ended 30 June 2026 and was comparable to the corresponding period last year.

**General and Administrative Expenses**

The Group's general and administrative expenses was HK$695 million for the six months ended 30 June 2026 as compared to HK$590 million for the corresponding period last year. It represented about 4.7% of the revenue for the six months ended 30 June 2026 and was decreased as compared to that of 4.8% for the corresponding period last year.

**Finance Costs**

The Group's total finance costs (including the interest on lease liabilities and amount capitalised) was HK$336 million for the six months ended 30 June 2026 as compared to HK$389 million for the corresponding period last year. The decrease was mainly due to the decrease in average interest rate on bank borrowings during the period.

**Inventories, Debtors' and Creditors' Turnover**

The inventory turnover of the Group's raw materials and finished products were 55 days and 11 days, respectively, for the six months ended 30 June 2026 as compared to 60 days and 18 days, respectively, for the year ended 31 December 2025.

The Group's debtors' turnover day was 46 days for six months ended 30 June 2026 as compared to 41 days for the year ended 31 December 2025. This is in line with the credit terms granted by the Group to its customers.

The Group's creditors' turnover days were 50 days for the six months ended 30 June 2026 as compared to 61 days for the year ended 31 December 2025.

**Liquidity, Financial Resources and Capital Structure**

The total shareholders' fund of the Group (comprising of the Company's ordinary share capital, the Group's reserves and non-controlling interests) as at 30 June 2026 was HK$33,156 million (31 December 2025: HK$30,451 million). As at 30 June 2026, the Group had current assets of HK$13,310 million (31 December 2025: HK$12,968 million) and current liabilities of HK$11,961 million (31 December 2025: HK$11,350 million). The current ratio was 1.11 as at 30 June 2026 as compared to 1.14 at 31 December 2025.

The Group generally finances its operations with internal generated cash flow and credit facilities provided by its principal bankers in Hong Kong, Macau and the PRC. As at 30 June 2026, the Group had outstanding bank borrowings of HK$21,855 million (31 December 2025: HK$21,006 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. As at 30 June 2026, the Group maintained bank balances and cash of HK$1,904 million (31 December 2025: HK$1,942 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) decreased from 0.63 as at 31 December 2025 to 0.60 as at 30 June 2026 as the result of the increase in shareholders' equity since the Group's net profit increased and made good use of its capital to balance its debt and equity during the six months ended 30 June 2026.

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

The Group's transactions and the monetary assets are principally denominated in Hong Kong dollars, Renminbi and United States dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2026. The Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure.

## EMPLOYEES

As at 30 June 2026, the Group had a workforce of more than 10,000 employees. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

## INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.112 (2025: HK$0.066) per share for the six months ended 30 June 2026 to shareholders whose names appear on the Register of Members on 19 August 2026. It is expected that the interim dividend will be paid around 3 September 2026.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 17 August 2026 to 19 August 2026, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers accomplished by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 pm on 14 August 2026.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES AND SALES OF TREASURY SHARES OF THE COMPANY

There were no other purchases, sales or redemptions of the Company's listed securities, and/or sales of any of the Company's treasury shares by the Company, or any of its subsidiaries. As at 30 June 2026, the Company did not hold any treasury shares.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 of the Listing Rules as a code of conduct regarding directors' securities transactions. All the members of the board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2026. The Model Code also applies to other specified senior management of the Group.

## CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions on Corporate Governance Practices as set out in part 2 of Appendix C1 of the Listing Rules throughout the six months ended 30 June 2026.

## AUDIT COMMITTEE

The Audit Committee of the Company comprised of three independent non-executive directors namely, Mr. Chau Shing Yim David, Ms. Lo Wing Sze and Mr. Chan Wai Yan, Ronald.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2026.

On behalf of the Board
**Lee Man Chun Raymond**
*Chairman*

Hong Kong, 3 August 2026

*As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Dr. Lee Man Chun Raymond, Mr. Lee Man Bun, Mr. Yip Heong Kan, Mr. Lee Jude Ho Chung and Mr. Li King Wai Ross and three independent non-executive directors, namely Mr. Chau Shing Yim David, Ms. Lo Wing Sze and Mr. Chan Wai Yan, Ronald.*