Tristate Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 458)

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

FINANCIAL SUMMARY OF 2026 INTERIM RESULTS

- Revenue of HK$1,543 million
- Profit attributable to equity shareholders of HK$24 million
- Earnings per share of HK$0.086

Interim Results

The board of directors (the "**Board**") of Tristate Holdings Limited (the "**Company**") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2026 together with comparative figures for 2025.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026 – unaudited

		Six months ended 30 June	
	Note	**2026** ***HK$'000***	2025 *HK$'000*
Revenue	4	**1,543,455**	1,676,431
Cost of sales		**(907,883)**	(989,531)
Gross profit		**635,572**	686,900
Other net (loss)/gain	5	**(10,150)**	766
Selling and distribution expenses		**(325,463)**	(362,054)
General and administrative expenses		**(240,063)**	(278,218)
Profit from operations	6	**59,896**	47,394
Finance income	7	**1,833**	3,969
Finance costs	7	**(14,640)**	(27,676)
Profit before taxation		**47,089**	23,687
Income tax charge	8	**(21,667)**	(20,141)
Profit for the period		**25,422**	3,546
Attributable to:			
Equity shareholders of the Company		**23,543**	1,675
Non-controlling interests		**1,879**	1,871
Profit for the period		**25,422**	3,546
Earnings per share attributable to equity shareholders of the Company:	9		
Basic		**HK$0.086**	HK$0.006
Diluted		**HK$0.085**	HK$0.006

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026 – unaudited

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Profit for the period	**25,422**	3,546
Other comprehensive income, net of nil tax unless specified:		
Items that may be reclassified subsequently to profit or loss		
Fair value changes on cash flow hedges:		
– (Losses)/gains arising during the period	**(458)**	430
– Transferred to and included in the following line item in the condensed consolidated interim statement of profit or loss		
– General and administrative expenses	**142**	519
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	**(40,859)**	94,405
Other comprehensive income for the period	**(41,175)**	95,354
Total comprehensive income for the period	**(15,753)**	98,900
Attributable to:		
Equity shareholders of the Company	**(17,632)**	97,029
Non-controlling interests	**1,879**	1,871
Total comprehensive income for the period	**(15,753)**	98,900

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2026 – unaudited

	Note	**At 30 June 2026** ***HK$'000***	At 31 December 2025 *HK$'000*
Non-current assets			
Property, plant and equipment		**617,856**	623,384
Intangible assets		**282,397**	294,264
Other long-term assets		**25,220**	23,277
Deferred tax assets		**23,211**	21,242
Defined benefit plan assets		**14,737**	14,737
Financial assets measured at fair value through profit or loss		**6,043**	6,043
Interest in an associate		**–**	–
		969,464	982,947
Current assets			
Inventories	11	**873,587**	709,558
Accounts receivable and bills receivable	12	**507,341**	488,057
Prepayments and other receivables		**128,720**	84,457
Current tax recoverable		**3,203**	3,103
Cash and bank balances		**320,093**	472,189
		1,832,944	1,757,364
Current liabilities			
Accounts payable and bills payable	13	**363,391**	337,280
Accruals and other payables and contract liabilities		**439,538**	434,000
Dividend payable	10(b)	**49,316**	–
Dividend payable to non-controlling interest		**–**	4,550
Lease liabilities		**102,448**	98,244
Forward foreign exchange contracts		**316**	–
Current tax liabilities		**20,832**	19,975
Bank borrowings		**87,000**	–
		1,062,841	894,049
Net current assets		**770,103**	863,315
Total assets less current liabilities		**1,739,567**	1,846,262
Non-current liabilities			
Retirement benefits and other post retirement obligations		**31,879**	33,292
Licence fees payable		**174,587**	197,300
Lease liabilities		**129,167**	148,257
Deferred tax liabilities		**43,766**	42,937
		379,399	421,786
Net assets		**1,360,168**	1,424,476
Capital and reserves			
Share capital		**27,398**	27,348
Reserves		**1,302,878**	1,369,115
Total equity attributable to equity shareholders of the Company		**1,330,276**	1,396,463
Non-controlling interests		**29,892**	28,013
Total equity		**1,360,168**	1,424,476

1. Statement of Compliance and Basis of Preparation of the Financial Statements

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim Financial Reporting,* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the changes that are expected to be reflected in the 2026 annual financial statements. Details of changes in accounting policies are set out in Note 2.

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

The financial information relating to the financial year ended 31 December 2025 that is included in these interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditor has expressed an unqualified opinion on those financial statements in its report dated 17 March 2026.

2. Changes in Accounting Policies

The Group has applied the following amendments to HKFRS Accounting Standards issued by HKICPA to these interim financial statements for the current accounting period:

- Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*

- Annual Improvements to HKFRS Accounting Standards – Volume 11

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amendments to HKFRS Accounting Standards are discussed below.

2. Changes in Accounting Policies (Continued)

Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*

The amendments cover various main aspects with the following amendments relevant to the Group:

The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an optional exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled in cash using an electronic payment system, provided that specific criteria are met.

The Group has elected to apply the derecognition of financial liabilities when the liabilities are settled in cash using qualifying electronic payment systems. The Group has applied these amendments consistently to all settlements made through the same qualifying electronic payment system. The amendments had no impact on the Group's interim financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11

The amendments include clarifications, simplifications or changes to improve consistency in HKFRS 1, *First-time Adoption of Hong Kong Financial Reporting Standards*, HKFRS 7, *Financial instruments: Disclosures* and its accompanying Guidance on implementing HKFRS 7, HKFRS 9, *Financial Instruments*, HKFRS 10, *Consolidated Financial Statements* and HKAS 7, *Statement of Cash Flows*. The amendments had no impact on the Group's interim financial statements.

3. Estimates

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

4. **Segment Information**

Reportable segments are reported in a manner consistent with internal reports of the Group that are regularly reviewed by the chief operating decision makers (the Chief Executive Officer and the senior management collectively) in order to assess performance and allocate resources. The Group manages its business by business units which are organised by business lines and geographical locations. The Group identified two reportable segments: (i) garment manufacturing and (ii) brands business. The chief operating decision makers assess the segment performance and allocate resources between segments based on the reported profit or loss before taxation.

Segment assets include all tangible assets, intangible assets and current assets employed by the segments. Segment liabilities include all current liabilities and non-current liabilities managed directly by the segments. Revenue and expenses are allocated to the reportable segments with reference to the sales generated by those segments and the expenses incurred by those segments or otherwise arising from the depreciation or amortisation of assets attributable to those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The segment information is as follows:

	Six months ended 30 June							
	Garment manufacturing		**Brands business**		**Unallocated** *(Note (ii))*		**Total**	
	2026 ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*
Reportable segment revenue	**807,248**	880,004	**837,864**	879,741	**–**	–	**1,645,112**	1,759,745
Less: Inter-segment revenue	**(101,657)**	(83,314)	**–**	–	**–**	–	**(101,657)**	(83,314)
Revenue	**705,591**	796,690	**837,864**	879,741	**–**	–	**1,543,455**	1,676,431
Reportable segment EBITDA *(Note (i))*	**54,298**	84,276	**72,715**	78,135	**35,087**	1,763	**162,100**	164,174
Finance income	**–**	–	**1,007**	934	**826**	3,035	**1,833**	3,969
Finance costs								
– Interest on bank borrowings	**–**	–	**(50)**	–	**(417)**	(389)	**(467)**	(389)
– Interest on licence fees payable	**–**	–	**(8,707)**	(22,602)	**–**	–	**(8,707)**	(22,602)
– Interest on lease liabilities	**(2,410)**	(1,082)	**(2,934)**	(3,374)	**(122)**	(229)	**(5,466)**	(4,685)
Depreciation charge								
– Owned property, plant and equipment	**(8,466)**	(11,169)	**(16,266)**	(16,265)	**(3,710)**	(3,398)	**(28,442)**	(30,832)
– Right-of-use assets	**(9,398)**	(5,692)	**(41,941)**	(45,775)	**(3,467)**	(3,425)	**(54,806)**	(54,892)
Amortisation of intangible assets	**–**	–	**(8,128)**	(26,057)	**–**	–	**(8,128)**	(26,057)
Impairment losses of property, plant and equipment	**–**	–	**(10,828)**	(4,999)	**–**	–	**(10,828)**	(4,999)
Reportable segment profit/(loss) before taxation	**34,024**	66,333	**(15,132)**	(40,003)	**28,197**	(2,643)	**47,089**	23,687
Income tax charge							**(21,667)**	(20,141)
Profit for the period							**25,422**	3,546

4. Segment Information (Continued)

Notes:

(i) EBITDA is defined as earnings before finance income, finance costs, income tax charge, depreciation, amortisation and impairment. EBITDA is a non-HKFRS Accounting Standards measure used by the management for monitoring business performance. It may not be comparable to similar measures presented by other companies.

(ii) Unallocated segment profit or loss for the period mainly included income and expenses arising from unallocated assets and liabilities for corporate purposes and head office expenses.

(iii) Under HKFRS 16, the Group as a lessee is required to recognise interest expenses accrued on the outstanding balance of the lease liability and the depreciation on the right-of-use assets, instead of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. In the cash flow statement, the Group as a lessee is required to classify rentals paid under the capitalised leases as financing cash outflows.

	Garment manufacturing		Brands business		Unallocated *(Note (ii))*		Total	
	At 30 June 2026 HK$'000	At 31 December 2025 *HK$'000*	**At 30 June 2026 HK$'000**	At 31 December 2025 *HK$'000*	**At 30 June 2026 HK$'000**	At 31 December 2025 *HK$'000*	**At 30 June 2026 HK$'000**	At 31 December 2025 *HK$'000*
Reportable segment assets	**1,132,501**	799,693	**1,243,892**	1,361,821	**426,015**	578,797	**2,802,408**	2,740,311
Reportable segment liabilities	**500,768**	392,557	**748,565**	858,835	**192,907**	64,443	**1,442,240**	1,315,835

	Six months ended 30 June							
	Garment manufacturing		Brands business		Unallocated		Total	
	2026 HK$'000	2025 *HK$'000*	**2026 HK$'000**	2025 *HK$'000*	**2026 HK$'000**	2025 *HK$'000*	**2026 HK$'000**	2025 *HK$'000*
Reversal of provision for/(provision for) impairment of receivables, net	**9**	(1,699)	**11**	(170)	**–**	–	**20**	(1,869)
Reversal of write-down/(write-down) of inventories to net realisable value, net	**(4,039)**	(2,780)	**13,187**	16,466	**–**	–	**9,148**	13,686
Net (loss)/gain on disposal of property, plant and equipment	**168**	255	**(3,745)**	(1,460)	**4**	–	**(3,573)**	(1,205)
Additions to property, plant and equipment (including right-of-use assets)	**51,721**	27,060	**24,719**	44,810	**66**	482	**76,506**	72,352
Modifications to right-of-use assets	**280**	37,675	**19,381**	5,012	**317**	7,181	**19,978**	49,868

4. **Segment Information (Continued)**

The Group's revenue is mainly derived from customers located in the People's Republic of China ("**PRC**"), the United Kingdom ("**UK**"), Canada, Italy and Singapore, while the Group's right-of-use assets, production facilities, trademark, licence rights and other assets are located predominantly in PRC, Switzerland, Thailand and Vietnam. An analysis of the Group's revenue by location of customers and an analysis of the Group's non-current assets by location of physical assets or the asset holding companies are as follows:

	Six months ended 30 June													
	PRC		UK		Canada		Italy		Singapore		Other countries		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**399,936**	483,648	**357,686**	340,460	**184,746**	248,396	**191,624**	183,000	**68,099**	73,276	**341,364**	347,651	**1,543,455**	1,676,431

Included in the revenue derived from PRC was HK$7,848,000 (2025: HK$24,872,000) relating to revenue generated in Hong Kong.

For the six months ended 30 June 2026, revenue from two customers (2025: two customers) in the garment manufacturing segment accounted for more than 10% of the Group's total revenue and represented approximately 17% and 11% respectively (2025: 13% and 13% respectively) of the Group's total revenue.

	PRC		Switzerland		Thailand		Vietnam		Other countries		Total	
	At 30 June 2026	At 31 December 2025	**At 30 June 2026**	At 31 December 2025	**At 30 June 2026**	At 31 December 2025	**At 30 June 2026**	At 31 December 2025	**At 30 June 2026**	At 31 December 2025	**At 30 June 2026**	At 31 December 2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets *(Note (i))*	**379,970**	401,130	**242,673**	244,689	**74,633**	71,154	**78,255**	58,000	**155,985**	171,995	**931,516**	946,968

Notes:

(i) Non-current assets excluded deferred tax assets and defined benefit plan assets.

(ii) Unallocated assets and liabilities mainly included centrally-managed cash and bank balances, bank borrowings, head office liabilities and property, plant and equipment for corporate purposes.

5. Other Net (Loss)/Gain

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Government subsidy	**61**	3,078
Impairment losses of property, plant and equipment *(Note)*	**(10,828)**	(4,999)
Net loss on disposal of property, plant and equipment	**(3,573)**	(1,205)
Net gain on derecognition of right-of-use assets and lease liabilities	**2,106**	1,666
Sundry income	**2,084**	2,226
	(10,150)	766

Note:

During the six months ended 30 June 2026, impairment losses of HK$10,828,000 were charged to other net (loss)/gain in respect of property, plant and equipment of certain underperformed cash generating units of the brands business.

6. Profit from Operations

Profit from operations is stated after charging/(crediting):

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Amortisation of intangible assets	**8,128**	26,057
Depreciation charge		
– Owned property, plant and equipment	**28,442**	30,832
– Right-of-use assets	**54,806**	54,892
Expenses related to short-term leases and variable lease payments	**18,361**	19,471
(Reversal of provision for)/provision for impairment of receivables, net	**(20)**	1,869
Reversal of write-down of inventories to net realisable value, net	**(9,148)**	(13,686)
Staff cost and employment benefit expenses	**382,619**	378,438

7. Finance Income and Finance Costs

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**1,406**	3,545
Imputed interest on long-term rental deposits	**427**	424
	1,833	3,969
Finance costs		
Interest on bank borrowings	**467**	389
Interest on licence fees payable	**8,707**	22,602
Interest on lease liabilities	**5,466**	4,685
	14,640	27,676

8. Income Tax Charge

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Current income tax *(Notes)*		
Hong Kong Profits Tax	**5,707**	5,564
Non-Hong Kong tax	**17,443**	9,942
(Over)/under-provisions for prior year	**(301)**	2,913
Deferred income tax	**(1,182)**	1,722
	21,667	20,141

Notes:

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

(ii) Taxation for subsidiaries outside Hong Kong is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

9. Earnings per Share

Basic earnings per share for the six months ended 30 June 2026 is calculated by dividing the profit attributable to equity shareholders of the Company of HK$23,543,000 (2025: HK$1,675,000) by the weighted average number of 273,535,916 (2025: 272,775,684) ordinary shares in issue for the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

Diluted earnings per share for the six months ended 30 June 2026 is calculated by dividing the profit attributable to equity shareholders of the Company of HK$23,543,000 (2025: HK$1,675,000) by the weighted average number of 275,463,518 (2025: 275,577,537) ordinary shares (diluted) as calculated below:

	2026	2025
Weighted average number of ordinary shares in issue for the period	**273,535,916**	272,775,684
Effect of deemed issue of ordinary shares under the Company's share option scheme	**1,927,602**	2,801,853
Weighted average number of ordinary shares (diluted)	**275,463,518**	275,577,537

10. Dividends

(a) Dividend payable to shareholders of the Company attributable to the interim period:

On 25 August 2026, the Board resolved not to declare an interim dividend for the six months ended 30 June 2026 (2025: Nil).

(b) Dividend payable to shareholders of the Company attributable to the previous financial year:

The final dividend for the year ended 31 December 2025 of HK$0.18 per share was approved by the shareholders at the Company's annual general meeting held on 23 June 2026 (the "**2026 AGM**"), and was recognised as dividend payable of approximately HK$49,316,000 at 30 June 2026. The dividend was paid on 17 July 2026. There is a difference between the amount of final dividend disclosed in the 2025 annual financial statements and the above-mentioned amount of dividend payable at 30 June 2026 due to the increase in the number of issued shares at the relevant dividend record date following exercise of share options under the share option scheme of the Company.

11. Inventories

	At 30 June 2026	At 31 December 2025
	HK$'000	*HK$'000*
Raw materials	**208,921**	89,396
Work-in-progress	**221,105**	137,773
Finished goods	**416,974**	450,021
Goods in transit	**26,587**	32,368
	873,587	709,558

Increases in raw materials and work-in-progress reflected seasonal requirements for the shipments of the garment manufacturing segment for the second half of the year.

12. Accounts Receivable and Bills Receivable

	At 30 June 2026	At 31 December 2025
	HK$'000	*HK$'000*
Accounts receivable at amortised cost, net of loss allowance	**393,153**	404,724
Accounts receivable to be sold at fair value through other comprehensive income (recycling)	**114,188**	83,333
	507,341	488,057

At the end of the reporting period, the ageing of accounts receivable and bills receivable, based on the invoice date, is as follows:

	At 30 June 2026	At 31 December 2025
	HK$'000	*HK$'000*
Less than 3 months	**493,655**	470,150
3 months to 6 months	**12,330**	16,801
Over 6 months	**12,434**	12,278
	518,419	499,229
Less: Loss allowance	**(11,078)**	(11,172)
	507,341	488,057

12. Accounts Receivable and Bills Receivable (Continued)

The majority of accounts receivable are with customers having an appropriate credit history and are on open account. The Group grants its customers credit terms mainly ranging from 45 days to 90 days (31 December 2025: 45 days to 90 days). All of the accounts receivable and bills receivable are expected to be recovered within one year.

The carrying amounts of the accounts receivable and bills receivable approximate their fair values. The maximum exposure to credit risk is the fair value of the above receivables. The Group does not hold any collateral as security.

As part of the Group's cash flow management, the Group may sell some of the accounts receivable to financial institutions under customer's vendor financing programme before the accounts receivable are due for payment. The Group derecognises the accounts receivable sold on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties.

At 30 June 2026 and 31 December 2025, the fair value changes on accounts receivable at fair value through other comprehensive income (recycling) were insignificant and accordingly, no fair value changes were recognised in equity as fair value to other comprehensive income reserve.

13. Accounts Payable and Bills Payable

At the end of the reporting period, the ageing of accounts payable and bills payable, based on the invoice date, is as follows:

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Less than 3 months	**333,355**	276,157
3 months to 6 months	**9,782**	27,425
Over 6 months	**20,254**	33,698
	363,391	337,280

The majority of payment terms with suppliers are within 60 days. All of the accounts payable and bills payable are expected to be settled within one year or on demand.

The carrying amounts of accounts payable and bills payable approximate their fair values.

14. Capital Commitments

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Contracted but not provided for in respect of property, plant and equipment	**8,852**	19,879

Capital commitments at 30 June 2026 and 31 December 2025 mainly included commitments relating to the construction of a 3-storey logistics facility in Hefei by a wholly-owned subsidiary of the Group.

15. Event after the Reporting Period

On 1 July 2026, the Company announced that the Group was in dispute with the relevant licensors (being affiliates of Authentic Brands Group). On 24 July 2026, the Company further announced that the licensors of the Nautica and Spyder brands had on 23 July 2026 served formal termination notices in respect of the Nautica and Spyder licence agreements with claims for additional royalty payments of approximately US$17 million, which claims are being disputed by the Group. In response to the disputes, the Group has sought legal advice and taken legal actions to defend its rights and legitimate interests, including filing applications to the New York court for injunction orders to restrain the enforcement of the two termination notices. On 6 August 2026, the licensors took unilateral action to collect the aforesaid claimed sum by the drawdown of the full amount (aggregating US$7.5 million) of two standby letters of credit, which were arranged by the Group with a bank as security for payment obligations under the licence agreements. The Group has been working with its legal advisers and will continue to vigorously defend its interests against the licensors' claims for the terminations and additional royalties (including the amount drawn down as aforesaid). Since the disputes remain ongoing and unresolved as of the date of this announcement, the Group cannot at this stage ascertain the ultimate financial impact of the event on the Group.

In this management discussion and analysis, we present the business review and a discussion on the financial performance of the Group for the six months ended 30 June 2026.

Overview

For the six months ended 30 June 2026, the Group recorded a profit attributable to equity shareholders of HK$24 million compared to HK$2 million for the six months ended 30 June 2025. The increase in profit was mainly attributable to the reduction in losses of our brands business following the termination of the Reebok licence and higher exchange gains recorded by the Group, which were partially offset by the decline in profit of our garment manufacturing business.

Garment Manufacturing

In the first half of the year, our garment manufacturing business experienced a decline in revenue and profit due to reduced demand from some customers and the skewing of certain customer orders towards the second half of the year. During the reporting period, the Group continued to implement measures to improve production efficiency and competitiveness through maximising automation and streamlining operations. Our production facilities located in China, Thailand, Vietnam and Myanmar allow us to serve international customers with manufacturing flexibility, stability and agility. In the first quarter of 2026, to meet growing customer demand, we expanded our capacity in Vietnam with an additional factory located in Hung Yen Province of Vietnam.

Own Brands

In the first half of 2026, C.P. Company delivered sustained profitability, underpinned by a resilient revenue stream. During the reporting period, the brand's revenue rose 9% year-on-year on a reported basis and declined by less than 1% excluding currency impact. Wholesale revenue saw a single-digit decrease at constant exchange rates, mainly due to anticipated corrections in our mature markets like the UK and France, which had experienced the strongest growth in recent years. Such decline was partially offset by the encouraging wholesale sales increases in Korea, Italy and other European markets. In France, we established a direct operation to regain control of the market in January 2026. E-commerce reported low double-digit growth in the reporting period. Most key qualitative metrics, such as average order value, discount rates and returns, were all on a positive trend and provided clear insight into our e-commerce business. The retail channel revenue recorded low double-digit growth, mainly driven by the good performance of our outlet stores. At 30 June 2026, the brand operated thirteen directly managed retail stores and outlets in the upmarket streets of London, Paris, Milan, Bologna, Amsterdam, Cannes, Lyon, Hamburg and Riccione, as well as outlet locations in Serravalle, Mendrisio, Noventa di Piave and Metzingen. Supported by these resilient revenues, C.P. Company achieved low double-digit profit growth in the first half of the year.

At 30 June 2026, our unique French-concept premium ladies' wear brand, Cissonne, operated two retail stores and used online platforms to market its products. We will continue taking our own brand as the foundation, using online platforms as the venue, and adopting a pull-type operation model for this brand. We determine target customer groups and products based on data to drive production, thereby reducing inventory and increasing sales flexibility.

Licensed Brands

In the first half of 2026, the licensed brands business recorded a reduction in losses mainly due to Reebok's deficit narrowing during the six-month sell-off period following its licence termination on 31 December 2025.

Updates about the Licensed Brands and Event after the Reporting Period

Subsequent to period end, on 1 July 2026, the Company announced that the Group was in dispute with the relevant licensors of the Nautica, Spyder, and Reebok brands (being affiliates of Authentic Brands Group) regarding the distribution and/or sell-off of products of the three brands and their requests for additional royalty payments under the relevant licence agreements. On 24 July 2026, the Company further announced that the licensors of the Nautica and Spyder brands had on 23 July 2026 served formal termination notices in respect of the Nautica and Spyder licence agreements with claims for additional royalty payments of approximately US$17 million, which claims are being disputed by the Group.

In response to the disputes, the Group has sought legal advice and taken legal actions to defend its rights and legitimate interests, including filing applications to the New York court for injunction orders to restrain the enforcement of the two termination notices. On 6 August 2026, the licensors took unilateral action to collect the aforesaid claimed sum by the drawdown of the full amount (aggregating US$7.5 million) of two standby letters of credit, which were arranged by the Group with a bank as security for payment obligations under the licence agreements. The Group has been working with its legal advisers and will continue to vigorously defend its interests against the licensors' claims for the terminations and additional royalties (including the amount drawn down as aforesaid).

The terminations with regard to the Nautica and Spyder brands could have a material impact on the licensed brands business. Since the disputes remain ongoing and unresolved as of the date of this announcement, the Group cannot at this stage ascertain the ultimate financial impact of the event on the Group. Please also refer to Note 15 on "Event after the Reporting Period" in this announcement.

Financial Highlights

	Note	**First half 2026**	First half 2025
Operating results *(HK$ million)*			
Revenue		**1,543**	1,676
Gross profit		**636**	687
EBITDA		**162**	164
Depreciation on right-of-use assets	2	**(55)**	(55)
Interest on lease liabilities	2	**(5)**	(5)
Amortisation of licence rights	1	**(8)**	(26)
Interest on licence fees payable	1	**(9)**	(23)
Depreciation on owned property, plant and equipment		**(28)**	(31)
Impairment losses of property, plant and equipment		**(11)**	(5)
Income tax charge		**(22)**	(20)
Profit attributable to equity shareholders		**24**	2
Segment results *(HK$ million)*			
Garment manufacturing EBITDA		**54**	84
Depreciation on right-of-use assets	2	**(9)**	(6)
Interest on lease liabilities	2	**(2)**	(1)
Depreciation on owned property, plant and equipment		**(8)**	(11)
Garment manufacturing results before tax		**34**	66
Brands business EBITDA		**73**	78
Depreciation on right-of-use assets	2	**(42)**	(46)
Interest on lease liabilities	2	**(3)**	(3)
Amortisation of licence rights	1	**(8)**	(26)
Interest on licence fees payable	1	**(9)**	(23)
Depreciation on owned property, plant and equipment		**(16)**	(16)
Impairment losses of property, plant and equipment		**(11)**	(5)
Brands business results before tax		**(15)**	(40)
Cash flow *(HK$ million)*			
Cash used in operations		**(111)**	(82)
Income tax paid		**(23)**	(27)
Payment for the purchase of property, plant and equipment		**(39)**	(42)
Rental payments under capitalised leases	2	**(63)**	(66)

	At 30 June 2026	At 31 December 2025
Financial position *(HK$ million)*		
Cash and bank balances	**320**	472
Bank borrowings	**87**	–
Total equity	**1,360**	1,424

Notes:

1. Licence related amortisation and imputed interest on licence fees payable are non-cash items recognised in accordance with our accounting policy for the long-term licences of various brands. The decrease in amortisation and interest expenses in the first half of 2026 was due to the termination of the Reebok licence on 31 December 2025.

2. Under HKFRS 16, the Group as a lessee is required to recognise interest expenses accrued on the outstanding balance of the lease liability and the depreciation on the right-of-use assets, instead of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. In the cash flow statement, the Group as a lessee is required to classify rentals paid under the capitalised leases as financing cash outflows.

Financial Review

Revenue

Total revenue of the Group for the first half of 2026 was HK$1,543 million (2025: HK$1,676 million), representing an 8% decrease compared to the same period in 2025.

Revenue from the garment manufacturing business for the period amounted to HK$705 million, an 11% decline compared to HK$796 million for the same period in 2025. The decrease was mainly attributable to reduced demand from some customers and the skewing of certain customer orders towards the second half of the year.

Revenue from the brands business was HK$838 million for the first half of 2026, representing a 5% decrease compared to HK$880 million for the first half of 2025. Revenue of C.P. Company increased by 9% at actual exchange rates. Revenue of the licensed brands decreased by 18% in the first half of 2026 compared to the same period last year mainly due to the termination of the Reebok licence on 31 December 2025 and the sluggish retail market in China.

Geographically, major markets of the Group are the PRC, the UK, Canada and Italy, which accounted for 26% (2025: 29%), 23% (2025: 20%), 12% (2025: 15%) and 12% (2025: 11%) of the Group's total revenue respectively. The change in proportion among different geographical markets in this first half year was mainly due to decreased revenue from certain garment manufacturing customers and from the licensed brands business in China.

The Group's business tends to be skewed towards the second half year mainly due to the seasonality effect for Fall/Winter and holiday seasons shipments for both our garment manufacturing and brands business. The Group expects that the pattern of recording a larger proportion of sales in the second half of the year will continue with such order pattern from customers.

Gross Profit

In the first half of 2026, the Group recorded an overall gross profit of HK$636 million (2025: HK$687 million), representing a gross profit margin of 41.2% (2025: 41.0%). The decrease in gross profit was mainly attributable to reduced turnover. The gross profit margin of the garment manufacturing business edged down compared to the same period last year due to the change in customer mix. The overall gross profit margin of the brands business edged up compared to the same period last year. The Group's overall gross profit margin remained stable.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly retail shop expenses, advertising and promotion expenses, commissions to retail partners and sales agents, and brand licence rights amortisation. Selling and distribution expenses decreased compared to the same period in 2025 mainly due to lower shop expenses and licence rights amortisation following the termination of the Reebok licence on 31 December 2025.

General and Administrative Expenses

For the six months under view, general and administrative expenses decreased compared to the same period of 2025, mainly due to stringent cost control and higher exchange gains in the period.

Income Tax Charge

Income tax was charged on the profits of subsidiary companies under our garment manufacturing and C.P. Company businesses.

Segment Results

In the reporting period, our garment manufacturing business recorded a profit decline due to reduced revenue. The combined losses of the brands business narrowed compared to the same period last year mainly due to the reduction in Reebok's losses following its licence termination on 31 December 2025. In this first half year, central function recorded an increase in profit, mainly attributable to higher exchange gains recognised.

Financial Resources and Liquidity

At 30 June 2026, cash and bank balances amounted to HK$320 million (31 December 2025: HK$472 million) which were mainly represented by United States dollars ("**US dollars**"), Renminbi and Euro bank deposits and balances.

At 30 June 2026, the Group had short-term bank borrowings of HK$87 million (31 December 2025: Nil). Short-term bank borrowings were denominated in Hong Kong dollars at 30 June 2026, bearing interest at fixed rates. At 30 June 2026, bank deposits of HK$13 million (31 December 2025: HK$13 million) were pledged to secure banking facilities granted to the Group. Gearing ratio of the Group is calculated as net borrowings divided by total capital. Net borrowings are calculated as total bank borrowings less cash and bank balances, while total capital comprises total equity plus net borrowings. The Group did not have net borrowings at 30 June 2026 and 31 December 2025, and accordingly, no information on gearing ratio at those dates is provided.

In terms of cash flow, the Group used more cash in operations in the first half of the year mainly due to lower cash receipts from the garment manufacturing business compared to the same period last year.

Shareholders' equity at 30 June 2026 decreased from 31 December 2025 mainly due to profit for the current period being offset by unfavourable exchange differences arising from translation of financial statements of overseas subsidiaries and the 2025 final dividend payable as approved at the 2026 AGM.

Most of the Group's receipts and payments are denominated in US dollars, Hong Kong dollars, Renminbi, Pound Sterling and Euro. The Group manages its related foreign exchange risk exposures through forward foreign exchange contracts. During the period, the Group had forward foreign exchange contracts to hedge against foreign exchange exposures arising from Pound Sterling-denominated sales receipts of a European subsidiary.

Contingent Liabilities and Capital Commitments

Apart from the capital commitments disclosed in Note 14 in this announcement, there were no other material capital commitments or contingent liabilities at 30 June 2026.

Human Resources

The Group had about 6,550 employees at 30 June 2026 (31 December 2025: 5,980). Competitive remuneration and welfare packages are offered to employees. Those employees with outstanding performance are also awarded discretionary bonuses and/or share options.

Outlook

C.P. Company is built on a strong and resilient business foundation, underpinned by solid brand equity, and continues to demonstrate its ability to remain profitable amidst challenging market conditions. Although the European wholesale market is showing signs of recovery, evidenced by improving sell-through rates and positive feedback from sales campaigns, we anticipate that mature market corrections will continue and affect our wholesale revenue in the second half of the year. We expect this decline to be offset by growth in our direct-to-consumer (DTC) retail and e-commerce channels. To reinforce the brand image of C.P. Company, we will continue advancing multiple growth drivers, including featured events and strategic collaborations. Through our continued focus on a high-productivity DTC strategy, we expect to further enhance performance across our physical and digital stores, improve operational efficiency, and increase customer lifetime value. Our disciplined, data-driven approach has enabled us to protect margins, strengthen our market position, and maintain agility in an increasingly unpredictable retail landscape.

In the first half of 2026, our garment manufacturing business experienced a decline in both revenue and profit. Going into the second half, despite ongoing economic headwinds and heightened competition, we have seen increased orders from certain customers, which is expected to positively impact this segment's profitability. To maintain competitiveness and agility, we continue to streamline operations, enhance production efficiency through greater automation, minimise bottlenecks and waste, and enforce stringent cost controls. Our diversified production base, proprietary manufacturing systems, and flexible supply chain enable us to collaborate closely and effectively with our customers.

For the remainder of 2026, we will maintain a prudent and focused approach to business. We expect both our C.P. Company brand and garment manufacturing business will sustain their performance. The Group remains dedicated to continuously strengthening its capabilities in pursuit of long-term success. The Group has cash and available banking facilities to meet its working capital and operational requirements. We remain committed to rigorous cost management and will continue to prioritise operational efficiency, brand innovation, and product optimisation. Collectively, these efforts are designed to reinforce the Group's competitiveness and build a stable foundation for sustainable, long-term growth.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2026, the Company applied the principles and complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules, except for deviations from code provisions C.2.1 and F.1.3.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the six months ended 30 June 2026 and up to the date of this announcement, Mr. WANG Kin Chung, Peter is the Chairman of the Board and the Chief Executive Officer, which constitutes a deviation from the said code provision C.2.1. Having been with the Group since 1999, Mr. WANG Kin Chung, Peter possesses extensive experience in the garment industry. In his dual leadership roles, he guides the Board in overall strategic planning and drives the Group's business development. The Board considers that having Mr. WANG Kin Chung, Peter in these dual roles is in the best interest of the Group as this allows the Board to benefit from a chairman with deep business knowledge who can effectively steer discussions and provide timely briefings on key issues and developments.

Code provision F.1.3 of the CG Code requires the chairman of the board to attend the annual general meeting. Mr. WANG Kin Chung, Peter, the Chairman of the Board, was not able to attend the 2026 AGM due to other important business commitments. In the absence of the Chairman of the Board, Mr. LO Kai Yiu, Anthony, an Independent Non-Executive Director of the Company, was elected to chair the 2026 AGM. He, together with other Board member and attendees present at the 2026 AGM, was of sufficient calibre to ensure that meeting proceedings were properly conducted and questions from the shareholders of the Company were addressed.

Details of the corporate governance practices adopted by the Company were set out in the corporate governance report of the 2025 annual report of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2026 (2025: Nil).

AUDIT COMMITTEE'S REVIEW OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements and the interim report of the Company for the six months ended 30 June 2026 have been reviewed by the audit committee of the Company in conjunction with the management of the Group.

On behalf of the Board
WANG Kin Chung, Peter
Chairman and Chief Executive Officer

Hong Kong, 25 August 2026

At the date of this announcement, the Board comprises one Executive Director, namely Mr. WANG Kin Chung, Peter; two Non-Executive Directors, namely Ms. MAK WANG Wing Yee, Winnie and Dr. WANG Shui Chung, Patrick; and four Independent Non-Executive Directors, namely Mr. LO Kai Yiu, Anthony, Mr. James Christopher KRALIK, Mr. Peter TAN and Professor Chen LIN.