南粵控股
NAMYUE HOLDINGS

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 2026

Unaudited financial highlights for the six months ended 30 June

	2026	2025	Changes
	HK$'000	HK$'000	%
Revenue	**31,902**	34,606	-7.81
Loss attributable to shareholders	**(665)**	(6,064)	+89.03
Loss per share - Basic	**HK(0.12)cents**	HK(1.13)cents	+89.38

CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 2026 together with comparative figures for the corresponding period in 2025. 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 2026

		For the six months ended 30 June	
	Notes	**2026**	2025
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**31,902**	34,606
Cost of sales		**(30,028)**	(34,137)
Gross profit		**1,874**	469
Other income and losses, net	*4*	**6,996**	1,721
Selling and distribution expenses		**(147)**	(333)
Administrative expenses		**(8,508)**	(9,872)
Impairment on items of plant and equipment		**(2,829)**	(1,089)
Other operating income	*4*	**2,041**	3,036
Finance costs	*5*	**(308)**	(209)
LOSS BEFORE TAX	*6*	**(881)**	(6,277)
Income tax credit	*7*	**216**	213
LOSS FOR THE PERIOD		**(665)**	(6,064)
LOSS PER SHARE	*8*		
- Basic		**HK(0.12) cents**	HK(1.13) cents
- Diluted		**HK(0.12) cents**	HK(1.13) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2026

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(665)**	(6,064)
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of buildings	**1,157**	908
Income tax effect	**(290)**	(227)
	867	681
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(46)**	386
Exchange differences reclassified to profit or loss upon deregistration of a subsidiary	**2,743**	-
	2,697	386
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**3,564**	1,067
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD	**2,899**	(4,997)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2026

	Notes	**30 June 2026** *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**37,409**	36,662
Right-of-use assets		**10,489**	10,235
		47,898	46,897
CURRENT ASSETS			
Inventories		**5,126**	8,713
Receivables, prepayments and deposits	*10*	**18,955**	16,763
Pledged bank balances		**-**	2,736
Cash and bank balances		**1,087**	6,665
		25,168	34,877
CURRENT LIABILITIES			
Trade and bills payables	*11*	**17,244**	24,875
Other payables, accruals and provision		**22,805**	25,657
Interest-bearing bank borrowing		**19,227**	19,264
Due to a PRC joint venture partner		**-**	1,131
		59,276	70,927
NET CURRENT LIABILITIES		**(34,108)**	(36,050)
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,790**	10,847
NON-CURRENT LIABILITY			
Deferred tax liabilities		**4,589**	4,545
Net assets		**9,201**	6,302
EQUITY			
Share capital		**75,032**	75,032
Reserves		**(65,831)**	(68,730)
Total equity		**9,201**	6,302

Notes:

(1) BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2026 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 2025.

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 2025. In the current period, the Group has adopted all the new and revised HKFRS Accounting Standards that are relevant to its operations and effective for its accounting year beginning on 1 January 2026. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their application is not expected to have material impact on the financial performance and the financial position of the Group except for the adoption of HKFRS 18 as mentioned below.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the condensed consolidated statement of profit or loss.

The financial information relating to the year ended 31 December 2025 that is included in this unaudited interim condensed financial information for the six months ended 30 June 2026 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 2025 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$665,000 for the six months ended 30 June 2026 and as at 30 June 2026, the Group had net current liabilities of approximately HK$34,108,000. 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) 南粵(集團)有限公司 (Nam Yue (Group) Company Limited), in which the immediate holding company has agreed to provide the Group with a financial support facility of RMB35,000,000 to ensure that the Group can settle its debts as they fall due and meet its normal operating requirements for the next 15 months commencing from 19 August 2026;

(ii) 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 Rural Commercial Bank Co., Ltd. up to June 2027 to finance daily operation;

(iii) 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

(iv) 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	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A	**6,188**	N/A*
Customer B	**3,998**	4,024

* The revenue from Customer A contributed not more than 10% of the Group's revenue for the six months ended 30 June 2025, therefore the amount is not disclosed.

(3) REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of processed leather	**8,228**	13,435
Subcontracted leather processing	**23,674**	21,171
	31,902	34,606

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

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

(a) Other income and losses, net

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income	**15**	8
Sale of scrap materials in Mainland China	**1,640**	1,023
Government grants	**-**	1
Gains on disposal of property, plant and equipment	**362**	527
Net exchange gains/(losses)	**2**	(11)
Others	**3**	173
Gain on deregistration of a subsidiary	**4,974**	-
	6,996	1,721

(b) Other operating income

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reversal of impairment on trade receivables	**1,171**	1,738
Reversal of accruals and payables	**870**	1,298
	2,041	3,036

(5) FINANCE COSTS

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank loans and discounting bills receivable to banks	**308**	207
Lease liabilities	**-**	2
	308	209

(6) LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold*	**36,163**	39,238
Depreciation of property, plant and equipment	**1,588**	1,759
Depreciation for right-of-use assets	**152**	146
Impairment on items of plant and equipment	**2,829**	1,089
Reversal of provision for inventories*	**(6,135)**	(5,101)

* 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 2026 (six months ended 30 June 2025: 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	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Group - Mainland China		
Provision for the period	**3**	2
Deferred tax	**(219)**	(215)
	(216)	(213)

(8) LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period of approximately HK$665,000 (six months ended 30 June 2025: approximately HK$6,064,000) and the weighted average number of ordinary shares of 538,019,000 (30 June 2025: 538,019,000) in issue during the six months ended 30 June 2026.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2026 and 2025 in the calculation of diluted loss per share as there were no dilutive events during the six months ended 30 June 2026 and 2025.

(9) DIVIDEND

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

(10) RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**16,561**	15,302
Bills receivables	**1,804**	413
Prepayments, deposits and other receivables	**590**	1,048
	18,955	16,763

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 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**16,378**	13,273
3 to 6 months	**558**	571
6 to 12 months	**346**	156
1 to 2 years	**576**	3,755
2 to 3 years	**4,217**	3,384
Over 3 years	**3,140**	2,307
	25,215	23,446
Impairment	**(6,850)**	(7,731)
	18,365	15,715

(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 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**3,733**	4,109
3 to 6 months	**2,935**	2,342
Over 6 months	**10,576**	9,306
Trade payables	**17,244**	15,757
Bills payables	**-**	9,118
	17,244	24,875

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 2026 was HK$665,000, representing a decrease in loss of HK$5,399,000 or 89.0% from HK$6,064,000 for the corresponding period last year.

The improvement in the consolidated results was mainly attributable to the recognition of a gain on deregistration of HK$4,974,000 following the deregistration of the Group's subsidiary, Qingdao Nanhai Tannery Co., Ltd., by the relevant PRC authority in January 2026. If excluding such gain, the unaudited consolidated loss attributable to shareholders of the Company for the six months ended 30 June 2026 was HK$5,639,000 (six months ended 30 June 2025: unaudited consolidated loss of HK$6,064,000), representing a decrease in loss of approximately HK$425,000 as compared to the corresponding period last year.

The unaudited net asset value of the Group as at 30 June 2026 was HK$9,201,000, representing an increase of HK$2,899,000 and a decrease of HK$4,863,000 respectively as compared to the net asset value as at 31 December 2025 and 30 June 2025.

The board of directors of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

Business Review

In the first half of 2026, the domestic economy continued its recovery momentum, with consumer confidence gradually restored. The nation continued to advance policies relating to boosting consumption and industrial upgrading, driving the steady advancement of the domestic footwear, apparel and leather markets amid structural adjustment. At the same time, high value-added sectors such as automotive interiors and intelligent materials continued to gain momentum, bringing new growth drivers to the industry. Internationally, the global trade landscape remained in the process of restructuring, and the impact of the United States' tariff policy persisted. Nevertheless, China and Southeast Asia maintained their irreplaceable core position in the global textile and footwear industry supply chain, by virtue of their comprehensive industrial chain systems, efficient production organisation capabilities and significant labour cost advantages. Against this backdrop, the Group focused on its core objective of "reducing losses and turning losses into profits", and in light of the actual circumstances of the Company, pragmatically advanced various aspects of its production and operations, continued to implement inspection-based rectification and risk prevention and control measures, with its operating quality and efficiency continuing to improve and its overall operations maintaining a steady recovery.

During the period, the Group's consolidated gross profit margin improved significantly year-on-year, increasing from 1.4% for the corresponding period in 2025 to 5.9% for the current period. Faced with continuously increasing operating pressure, the Group persisted in tapping internal potential and expanding external sources, with the supporting role of the production side further strengthened and production scale steadily expanded, resulting in a substantial increase of 50.3% in subcontracting output as compared to the corresponding period last year. During the period, although revenue decreased by 7.8% as compared to the corresponding period last year, the growth in the volume of subcontracting business effectively diluted production costs, and together with the further improvement in the sale of inventories, the gross profit margin was correspondingly enhanced. In addition, the Group's administrative expenses were also effectively controlled, further reducing operating costs.

In terms of energy conservation and emission reduction, while the Group's production volume increased significantly, unit costs achieved a notable decrease. The Company continued to save on electricity costs by leveraging electricity tariff policies and photovoltaic green power resources, through off-peak production scheduling and optimised electricity load management. At the same time, the Group advanced energy-saving renovations to its steam and water pipeline network to reduce leakage, and optimised and adjusted its compressed air piping to further reduce transmission losses, driving continuous improvement in energy consumption levels. In addition, the Group reduced its reliance on external outsourcing and the related costs by independently manufacturing frequency conversion control cabinets and repairing key components such as water pump rotors, effectively enhancing resource utilisation efficiency. In terms of solid waste disposal, the Group continued to optimise solid waste disposal costs and secured a special landfill quota for chromium-containing sludge, reducing disposal expenditure. The combined effect of energy conservation, consumption reduction and self-conducted maintenance resulted in a decrease in unit costs alongside a substantial increase in production volume.

During the period, the production volume of subcontracting business was 21,531,000 sq. ft., representing an increase of 7,206,000 sq. ft. or 50.3% as compared to 14,325,000 sq. ft. for the corresponding period last year. The total production volume of cowhides was 608,000 sq. ft., representing a decrease of 130,000 sq. ft. or 17.6% as compared to 738,000 sq. ft. for the corresponding period last year.

During the period, the sales volume of subcontracting business was 21,531,000 sq. ft., representing an increase of 7,206,000 sq. ft. or 50.3% as compared to 14,325,000 sq. ft. for the corresponding period last year. The total sales volume of cowhides was 876,000 sq. ft., representing a decrease of 661,000 sq. ft. or 43.0% as compared to 1,537,000 sq. ft. for the corresponding period last year.

During the period, the consolidated revenue of the Group was HK$31,902,000, representing a decrease of HK$2,704,000 or 7.8% from HK$34,606,000 for the corresponding period last year, of which the subcontracting business amounted to HK$23,674,000 (six months ended 30 June 2025: HK$21,171,000), representing an increase of 11.8%; the sales value of cowhides amounted to HK$8,228,000 (six months ended 30 June 2025: HK$13,435,000), representing a decrease of 38.8%.

In the first half of 2026, the Group successfully expanded its customer base for subcontracting business, further enriching its customer structure; at the same time, the overall production process ran smoothly, injecting new impetus for future business growth. In order to overcome bottlenecks in production, the Group increased its investment in technical transformation. Firstly, the Group completed the replacement of the 2,500 kW main supply transformer and power supply renovation, systematically resolving the hidden risk of equipment overload arising from capacity expansion, and pre-emptively ensuring stable electricity supply for peak summer production. Secondly, the Group advanced the renewal of large tanning drums to increase loading capacity, effectively improving production efficiency and diluting unit consumption costs. In terms of equipment maintenance, the Group orderly completed key maintenance projects, including the overhaul of the stretching machine, renovation of the drum flooring and cleaning of the mesh plates of the wet vacuum machine, resulting in a notable improvement in equipment operating conditions and a steady increase in the overall equipment intact rate.

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$5,224,000, representing a decrease of 57.8% as compared to the corresponding period last year. These measures demonstrate the Group’s positive results in cost control and resource optimization.

As at 30 June 2026, the Group's consolidated inventory amounted to HK$5,126,000 (31 December 2025: HK$8,713,000), representing a decrease of HK$3,587,000 or 41.2% as compared to that as at 31 December 2025. During the period, the Group intensified its efforts to reduce inventory by actively disposing of semi-finished and finished goods inventories, while continuing to implement effective measures to lower inventory levels. As the total inventory volume decreased, the net inventory value declined year-on-year, and the inventory structure continued to be optimised. 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$6,135,000 for the six months ended 30 June 2026 (six months ended 30 June 2025: HK$5,101,000).

As at 30 June 2026, the Group’s property, plant and equipment amounted to HK$37,409,000 (31 December 2025: HK$36,662,000), representing an increase of HK$747,000 or 2.0% as compared to that as at 31 December 2025. 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$2,829,000 was made for the six months ended 30 June 2026 (six months ended 30 June 2025: HK$1,089,000).

Financial Review

Liquidity and Financial Resources

As at 30 June 2026, the Group's cash and cash equivalents amounted to HK$1,087,000 (31 December 2025: HK$6,665,000), representing a decrease of HK$5,578,000 or 83.7% as compared to 31 December 2025, of which 23.1% were in Hong Kong dollars, 68.1% in Renminbi and 8.8% in United States dollars. Net cash outflow from operating activities for the period was HK$7,410,000, which was mainly attributable to the increase in payables outflow. Net cash inflow from investing activities was HK$1,609,000, which was mainly attributable to the decrease in pledged bank balances.

As at 30 June 2026, the Group had interest-bearing borrowings in Renminbi amounted to HK$19,227,000 (31 December 2025: HK$19,264,000), charged at fixed rate. The Group's banking facilities secured by buildings and right-of-use assets of HK$43,359,000 in total.

As at 30 June 2026, the Group's gearing ratio of interest-bearing borrowings to shareholders' equity plus interest-bearing borrowings was 67.6% (31 December 2025: 75.4%). The annual interest rate of loan interest and discount interest during the period was approximately 1.2% to 3.1%. During the period, the Group's interest expenses amounted to HK$308,000, representing an increase of 47.4% as compared to the corresponding period of last year, which was mainly attributable to the increase in bank borrowings.

As at 30 June 2026, the Group's total banking facilities amounted to HK$40,296,000 (31 December 2025: HK$38,749,000), all of which were unutilized (31 December 2025: utilised banking facilities of HK$9,118,000 and unutilised banking facilities of HK$29,631,000). Taking into account the existing cash resources, available credit facilities and financial support from the substantial shareholder, the Group has sufficient financial resources to meet its daily operational requirements.

Capital Expenditure

As at 30 June 2026, the net amount of non-current assets including property, plant and equipment and right-of-use assets amounted to HK$47,898,000, representing an increase of HK$1,001,000 over the net value of HK$46,897,000 as at 31 December 2025. The capital expenditure for the period amounted to HK$1,554,000 (six months ended 30 June 2025: HK$1,114,000) 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 2026, the Group's buildings of HK$32,870,000 and right-of-use assets of HK$10,489,000 (31 December 2025: bank deposits of HK$2,736,000; buildings of HK$32,250,000 and right-of-use assets of HK$10,235,000) 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 2026, the Group had 193 employees (31 December 2025: 223). 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

Looking ahead to the second half of 2026, the external operating environment remains challenging, with changes in global tariff policies and competition from substitute materials expected to further intensify. Nevertheless, consumption scenarios are extending from traditional uses towards leisure and sports applications, bringing about a structural shift in demand, which provides new market opportunities for the Group. The Group will take its tanning and subcontracting business as the core lever for enhancing operating efficiency, comprehensively implement refined management, stimulate the intrinsic motivation of all staff to reduce costs and improve efficiency, and ensure the orderly achievement of its various operating objectives.

In terms of business, the Group will further expand its subcontracting scale and continue to promote innovation in its subcontracting business model, relying on blue hides provided by customers and making full use of its own technology and equipment resources to organise production, so as to enhance the capacity utilisation rate of downstream processes. In the second half of the year, the Group will also accelerate the installation and commissioning of newly acquired equipment such as tanning drums and splitting machines, providing solid hardware support for the enhancement of production capacity. At the same time, the Group will formulate inventory digestion plans by inventory category, proactively engage with external customers, and explore diversified cooperation modes such as joint subcontracting and consignment sales, so as to improve resource turnover efficiency and reduce inventory pressure.

In terms of management, the Group will formulate a special plan for the collection of trade receivables and dynamically adjust credit limits to control credit risk. At the same time, the Group will continue to improve its internal control system, with a focus on strengthening process control in key areas such as procurement, sales and tendering, so as to enhance the standardisation and effectiveness of management. On the other hand, the Group will strictly comply with environmental protection regulations and continue to strengthen control over high-risk processes, so as to ensure safe production and compliant operations.

In response to the ever-changing market environment, in addition to consolidating and expanding its leather processing business, the Group will adopt an open yet prudent approach in actively seeking diversified development opportunities, and will endeavour to optimise its asset structure and enhance its profitability, thereby creating long-term value for shareholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

In the opinion of the Directors of the Company, 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 2026, save for the deviation explained below:

Under the Code Provision C.2.1, there should be a clear division of responsibilities between the roles of chairman and chief executive officer, and that these two roles should be performed by separate individuals (the Company considers the term "chief executive officer" to have the same meaning as the Managing Director of the Company). Mr. Cai Binglong, the Chairman and Managing Director of the Company, has assumed both roles since his appointment as an Executive Director of the Company on 1 October 2025. Despite the deviation from the Code Provision C.2.1, Mr. Cai, with his extensive experience and knowledge in management and operation, will provide solid and continuous leadership to the Group.

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 2026.

Review of Interim Results

The unaudited interim results of the Group for the six months ended 30 June 2026 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 2026.

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 2026 will be despatched to the shareholders of the Company and made available on the abovementioned websites around 24 September 2026.

By Order of the Board
Cai Binglong
Chairman and Managing Director

Hong Kong, 27 August 2026

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