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ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

雅 視 光 學 集 團 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 1120)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

INTERIM RESULTS

The board of directors (the "Board") of Arts Optical International Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2026 together with comparative figures for the corresponding period in 2025.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2026 has been reviewed by the audit committee of the Company (the "Audit Committee"), but was not reviewed by the Company's auditor.

FINANCIAL HIGHLIGHTS

	Six months ended	
	30.6.2026	30.6.2025
Revenue	**HK$714,419,000**	HK$594,939,000
Loss attributable to owners of the Company	**HK$(13,381,000)**	HK$(15,035,000)
Loss per share	**(3.46) HK cents**	(3.89) HK cents
Interim dividend per share	**Nil**	Nil

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Unaudited	
		Six months ended 30 June	
		2026	2025
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**714,419**	594,939
Cost of sales		**(533,279)**	(419,799)
Gross profit		**181,140**	175,140
Other income		**35,110**	14,358
Other gains and losses		**(23,906)**	(2,853)
Reversal of impairment losses on trade receivables		**606**	761
Distribution and selling expenses		**(28,276)**	(30,294)
Administrative expenses		**(164,803)**	(160,797)
Other expenses		**(626)**	(562)
Loss from operations		**(755)**	(4,247)
Finance costs	*4*	**(6,193)**	(5,085)
Share of profit of associates		**7,998**	7,820
Share of loss of joint ventures		**(108)**	(48)
Profit/(loss) before tax		**942**	(1,560)
Income tax expense	*5*	**(6,814)**	(8,390)
Loss for the period	*6*	**(5,872)**	(9,950)
Other comprehensive income after tax:			
Items that reclassified and may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**17,214**	20,620
Exchange differences arising on translation of associates		**(2,288)**	10,117
Exchange differences arising on translation of joint ventures		**51**	14
Realisation of exchange reserve upon deregistration of a joint venture		**(63)**	–
Other comprehensive income for the period, net of tax		**14,914**	30,751
Total comprehensive income for the period		**9,042**	20,801

		Unaudited	
		Six months ended 30 June	
		2026	2025
	Note	***HK$'000***	*HK$'000*
Loss for the period attributable to:			
Owners of the Company		**(13,381)**	(15,035)
Non-controlling interests		**7,509**	5,085
		(5,872)	(9,950)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(493)**	13,968
Non-controlling interests		**9,535**	6,833
		9,042	20,801
		HK cents	*HK cents*
Loss per share			
Basic and diluted	*8*	**(3.46)**	(3.89)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**Unaudited 30 June 2026** *HK$'000*	Audited 31 December 2025 *HK$'000*
Non-current assets			
Investment properties		**43,400**	48,600
Property, plant and equipment		**529,380**	519,943
Deposits paid for acquisition of property, plant and equipment		**19,758**	2,584
Intangible assets		**11,401**	12,187
Goodwill		**28,049**	27,304
Investments in associates		**115,259**	109,659
Investments in joint ventures		–	1,132
Equity investments at fair value through other comprehensive income ("FVTOCI")		**7,355**	7,355
Deferred tax assets		**8,104**	7,646
		762,706	736,410
Current assets			
Inventories		**256,113**	276,755
Debtors, deposits and prepayments	*9*	**426,351**	458,696
Current tax assets		**464**	288
Bank balances and cash		**158,649**	136,673
		841,577	872,412
Current liabilities			
Creditors and accrued charges	*10*	**509,487**	503,594
Contract liabilities		**24,655**	11,185
Refund liabilities		**4,323**	5,005
Lease liabilities		**3,285**	4,811
Bank borrowings	*11*	**182,521**	197,655
Current tax liabilities		**10,628**	9,242
		734,899	731,492
Net current assets		**106,678**	140,920
Total assets less current liabilities		**869,384**	877,330

	Notes	Unaudited 30 June 2026 *HK$'000*	Audited 31 December 2025 *HK$'000*
Non-current liabilities			
Sundry creditors	*10*	**19,090**	21,561
Lease liabilities		**12,166**	11,465
Bank borrowings	*11*	**134,345**	147,494
Deferred tax liabilities		**34,546**	35,230
		200,147	215,750
NET ASSETS		**669,237**	661,580
Capital and reserves			
Share capital		**38,626**	38,626
Reserves		**530,596**	531,089
Equity attributable to owners of the Company		**569,222**	569,715
Non-controlling interests		**100,015**	91,865
TOTAL EQUITY		**669,237**	661,580

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the 2025 annual financial statements. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of the condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025.

2. NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2026:

- Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7;
- Annual Improvements to HKFRS Accounting Standards – Volume 11; and
- Contracts Referencing Nature–dependent Electricity – Amendments to HKFRS 9 and HKFRS 7.

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the above mentioned amended standard.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on geographical markets, based on the location of customers. Thus the Group is currently organised into four segments which are sales of optical products to customers located in Europe, the United States, Asia and other regions.

Segment profit or loss represents the profit earned by or loss from each segment without allocation of central administration costs, directors' emoluments, interest income, property rental income, net foreign exchange gains or losses, changes in fair values of investment properties, finance costs and share of results of associates and joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenues and segment results are presented.

Segment revenues and results

The following is an analysis of the Group's revenue and result by operating and reportable segment for the period under review:

For the six months ended 30 June 2026 (unaudited)

	Europe	United States	Asia	Other regions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from contracts with customers *(Note)*					
Original design manufacturing division	**225,444**	**114,699**	**124,404**	**1,130**	**465,677**
Distribution division	**99,056**	**10,048**	**20,198**	**17,725**	**147,027**
Lens division	**537**	**–**	**100,058**	**1,120**	**101,715**
Revenue from external customers	**325,037**	**124,747**	**244,660**	**19,975**	**714,419**
Result					
Segment profit	**17,616**	**6,032**	**14,062**	**3,092**	**40,802**
Unallocated income and gains					**862**
Unallocated corporate expenses and losses					**(42,466)**
Interest income on bank deposits					**47**
Finance costs					**(6,193)**
Share of profit of associates					**7,998**
Share of loss of joint ventures					**(108)**
Profit before tax					**942**

For the six months ended 30 June 2025 (unaudited)

	Europe *HK$'000*	United States *HK$'000*	Asia *HK$'000*	Other regions *HK$'000*	Total *HK$'000*
Revenue from contracts with customers *(Note)*					
Original design manufacturing division	184,777	87,659	106,439	392	379,267
Distribution division	95,502	10,906	21,078	16,685	144,171
Lens division	266	–	71,074	161	71,501
Revenue from external customers	280,545	98,565	198,591	17,238	594,939
Result					
Segment profit	14,691	1,942	1,650	2,216	20,499
Unallocated income and gains					363
Unallocated corporate expenses and losses					(25,235)
Interest income on bank deposits					126
Finance costs					(5,085)
Share of profit of associates					7,820
Share of loss of joint ventures					(48)
Loss before tax					(1,560)

Note: Revenue is recognised at "point in time" when the customer obtains control of the goods.

4. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on bank borrowings	**5,379**	3,662
Interests on lease liabilities	**814**	1,423
	6,193	5,085

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current period:		
Hong Kong Profits Tax	**1,473**	1,132
The People's Republic of China (excluding Hong Kong) (the "PRC") Enterprise Income Tax	**3,286**	113
United Kingdom Corporation Tax	**2,553**	2,193
Others	**433**	231
Deferred taxation	**(1,139)**	4,185
	6,606	7,854
Under/(over)provision in respect of prior period:		
PRC Enterprise Income Tax	**721**	536
United Kingdom Corporation Tax	**(74)**	–
Others	**(439)**	–
	208	536
	6,814	8,390

Under the two-tiered Profits Tax rate regime, the first HK$2 million of profits of qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5% for both periods.

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the country in which the Group operates, based on existing legislation, interpretations, and practices in respect thereof.

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% for both periods. As a PRC incorporated subsidiary, 五彩司徠柏光學科技（江蘇）有限公司 ("Stepper & Colors") has been accredited as a "High and New Technology Enterprise" by the relevant authorities for a term of three years from 24 December 2024 to 23 December 2027, it is entitled to a reduced tax rate of 15% during this period. Accordingly, the PRC EIT is calculated at 15% on the assessable profit of Stepper & Colors for the six months ended 30 June 2026 and 30 June 2025. The PRC EIT of other PRC incorporated subsidiaries of the Group is calculated at 25% on the respective assessable profits.

United Kingdom Corporation Tax is calculated at the applicable rate of 25% for the entity with profits in excess of British Pound Sterling ("GBP") 250,000 in accordance with the relevant law and regulations in the United Kingdom for both periods.

The Group's Vietnam incorporated subsidiary operates in an industrial park in Vietnam. Under applicable Vietnamese laws and regulations, it is exempt from corporate income tax for the years ended 31 December 2025 and 2026, is eligible for a reduced tax rate of 10% from 2027 through 2030, and will be subject to the standard tax rate of 20% on taxable profits from 2031 onward.

6. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Amortisation of intangible assets (included in distribution and selling expenses)	**1,426**	1,346
Reversal of impairment losses on trade receivables	**(606)**	(761)
Cost of inventories recognised as an expense	**537,819**	409,691
Depreciation of property, plant and equipment	**24,282**	23,701
Decrease in fair values of investment properties	**5,200**	1,100
Gross rental income from investment properties (included in other income)	**(693)**	(363)
Less: Direct operating expenses of investment properties that generated rental income during the period	**140**	222
	(553)	(141)
Net (gains)/losses on disposals of property, plant and equipment (included in other gains and losses)	**(169)**	176
(Reversal of allowance for)/allowance for inventories (included in cost of sales)	**(4,540)**	10,108
Net foreign exchange losses (included in other gains and losses)	**18,875**	1,577

7. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2026 and 30 June 2025.

During the six months ended 30 June 2026 and 30 June 2025, the Board did not recommend the payment of a final dividend for the year ended 31 December 2025 and 31 December 2024, respectively.

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the purpose of basic loss per share − Loss for the period attributable to owners of the Company	**(13,381)**	(15,035)

	2026	2025
	Number of shares	*Number of shares*
Weighted average number of shares for the purpose of basic loss per share	**386,263,374**	386,263,374

No diluted loss per share has been presented as there was no potential ordinary shares in issue for both periods.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group has a policy of allowing a credit period of 30 days to 150 days to its trade debtors.

Included in the Group's debtors, deposits and prepayments are trade receivables of HK$376,278,000 (31 December 2025: HK$414,932,000). The following is the ageing analysis of trade receivables balance net of allowance for credit losses presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 − 90 days	**232,589**	275,402
91 − 180 days	**111,679**	123,492
More than 180 days	**32,010**	16,038
	376,278	414,932

As at 30 June 2026, total bills receivables amounting to HK$183,000 (31 December 2025: HK$392,000) are held by the Group for settlement of debtors. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills receivables by the Group are with a maturity period of less than one year.

10. CREDITORS AND ACCRUED CHARGES

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**175,613**	165,224
Provision of penalty	**25,415**	27,061
Other creditors and accrued charges	**327,549**	332,870
	528,577	525,155
Analysed as:		
Current liabilities	**509,487**	503,594
Non-current liabilities	**19,090**	21,561
	528,577	525,155

The ageing analysis of trade payables balance, based on the invoice date, is as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 60 days	**149,737**	139,191
61 – 120 days	**17,643**	17,953
More than 120 days	**8,233**	8,080
	175,613	165,224

11. BANK BORROWINGS

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Secured bank borrowings	**316,866**	345,149

(a) The analysis of the repayment schedule of borrowings is as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within one year	**182,521**	197,655
More than one year, but not exceeding two years	**55,813**	62,338
More than two years, but not exceeding five years	**68,461**	75,523
More than five years	**10,071**	9,633
	316,866	345,149

(b) The fair values of the Group's borrowings are as follows:

The fair values of the bank borrowings were approximated to their carrying amounts due to their short term nature or carrying interest at variable rate.

(c) The details of pledged assets and collaterals to the Group's borrowings are as follows:

Bank borrowings of HK$277,437,000 (31 December 2025: HK$299,619,000) are secured by a charge over the Group's investment properties and leasehold land and buildings.

(d) The details of loan covenants of the Group's borrowings are as follows:

All banking facilities from Hong Kong financial institutions are subject to the fulfillment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants the related borrowings would become payable on demand.

The Group has complied with the financial covenants of its borrowing facilities during the six months ended 30 June 2026 and 30 June 2025.

DIVIDENDS

The Board has resolved not to declare any interim dividend (2025: nil) for the six months ended 30 June 2026 (the "Reporting Period").

BUSINESS REVIEW

Profitability analysis

For the Reporting Period, the Group's consolidated revenue recorded a robust increase of 20% to HK$714.4 million (2025: HK$594.9 million). Nevertheless, the Group reported a net loss attributable to owners of the Company of HK$13.4 million, representing a loss per share of 3.46 HK cents (2025: net loss attributable to owners of the Company of HK$15.0 million and loss per share of 3.89 HK cents).

Despite the growth in revenue and gross profit during the Reporting Period, these improvements were offset by elevated local production costs resulting from the appreciation of Renminbi, together with a HK$5.2 million fair value loss on investment properties.

Original design manufacturing ("ODM") division

Revenue from the ODM division accounted for 65% of the Group's consolidated revenue during the Reporting Period (2025: 64%). Sales to ODM customers surged by 23%, increasing from HK$379.2 million for the first six months of 2025 to HK$465.7 million during the Reporting Period, primarily attributable to additional customer orders secured for the Vietnam manufacturing facility. Geographically, sales to Europe, the United States (the "US"), Asia and other regions accounted for 48%, 25%, 27% and 0% respectively of the ODM division's revenue during the Reporting Period (2025: 49%, 23%, 28% and 0% respectively). On the product side, the Group continued to maintain a fairly balanced sales mix between prescription frames and sunglasses. Sales of prescription frames, sunglasses and spare parts accounted for 45%, 50% and 5% respectively of the ODM division's revenue during the Reporting Period (2025: 45%, 49% and 6% respectively).

Distribution division

The Group's house brand and licensed brand products were sold to retailers through the Group's wholesale arms in the United Kingdom, France, South Africa, Mainland China, Germany, Italy and Malaysia, and to independent distributors in other countries. Revenue from the distribution division increased moderately by 2% to HK$147.0 million (2025: HK$144.2 million) and accounted for 21% (2025: 24%) of the Group's consolidated revenue during the Reporting Period. Sales to Europe, the US, Asia and other regions accounted for 67%, 7%, 14% and 12% respectively of the distribution division's revenue during the Reporting Period (2025: 66%, 8%, 15% and 11% respectively). STEPPER, the German brand owned by the Group, continued to be the most popular brand in our distribution division.

Lens division

Revenue from the lens division was HK$101.7 million (2025: HK$71.5 million) and accounted for 14% (2025: 12%) of the Group's consolidated revenue during the Reporting Period. Sales increased significantly by 42% as compared to the same period last year, mainly because the Group further invested in expanding its lens production facilities in both China and Malaysia during 2025. Currently, approximately 98% of the lens division's revenue is derived from Asia. The Group plans to progressively expand its lens business into other regions.

Financial position and liquidity

Cash flows

The Group recorded a net cash inflow from operating activities of HK$86.0 million during the Reporting Period (2025: outflow of HK$3.1 million), mainly driven by the strong increase in sales and the reduction in capital expenditure during the Reporting Period. Capital expenditure amounted to HK$17.9 million (2025: HK$31.4 million) during the Reporting Period. The net cash position of the Group (being the bank balances and cash less bank borrowings) improved by HK$50.3 million from negative balance of HK$208.5 million as at 31 December 2025 to negative balance of HK$158.2 million as at 30 June 2026.

Working capital management

As sales growth during the Reporting Period was mainly realised in the first quarter of 2026, the inventory balance and the total amount of trade receivables and bills receivables fell by 7% and 9% respectively. Inventory reduced from HK$276.8 million as at 31 December 2025 to HK$256.1 million as at 30 June 2026, while the total amount of trade receivables and bills receivables decreased from HK$415.3 million as at 31 December 2025 to HK$376.5 million as at 30 June 2026. The inventory turnover period (being the ratio of inventory balances to cost of sales) shortened from 113 days for the six months ended 30 June 2025 to 88 days for the Reporting Period. In contrast, the debtors turnover period (being the ratio of the total trade receivables and bills receivables to revenue) edged up slightly from 94 days for the six months ended 30 June 2025 to 96 days for the Reporting Period, consistent with the expansion in sales volume during the Reporting Period. There was no indication of any deterioration in collection of trade receivables when compared with the corresponding period last year. The Group's current ratio (being the ratio of total current assets to total current liabilities) remained stable at 1.2 as at both 30 June 2026 and 31 December 2025.

Gearing position

The Group maintained a moderate gearing position throughout the Reporting Period. The debt-to-equity ratio (expressed as the total of bank borrowings and lease liabilities divided by equity attributable to owners of the Company) decreased to 58% as at 30 June 2026 as compared to 63% as at 31 December 2025. The non-current liabilities of the Group comprised mainly bank borrowings which amounted to HK$134.3 million as at 30 June 2026 (31 December 2025: HK$147.5 million).

Net asset value

The Company had 386,263,374 shares in issue as at both 30 June 2026 and 31 December 2025 with equity attributable to owners of the Company of HK$569.2 million and HK$569.7 million as at 30 June 2026 and 31 December 2025 respectively. The net asset value per share (being the equity attributable to owners of the Company divided by the total number of shares in issue) was HK$1.47 as at both 30 June 2026 and 31 December 2025.

Contingent liabilities

As at 30 June 2026, the Group did not have significant contingent liabilities (31 December 2025: nil).

Charges on the Group's assets

As at 30 June 2026, the Group's investment properties and leasehold land and buildings were pledged as security for the Group's bank borrowings amounted to HK$277.4 million (31 December 2025: HK$299.6 million). Details of bank borrowings are set out in note 11.

Foreign currency exposure

The Group was mainly exposed to the fluctuation of Renminbi against both the United States dollar and the Hong Kong dollar. Save for the above, the Group had limited exposure to foreign exchange rate fluctuations as most of its transactions were conducted in either United States dollars, Hong Kong dollars or Renminbi. The Group continues to manage foreign exchange risk by closely monitoring the movements of the foreign currency rates and enters into forward contracts whenever appropriate.

Capital structure and treasury policies

The total shareholders' fund of the Group (comprising the Company's ordinary share capital, the Group's reserves and non-controlling interests) amounted to HK$669.2 million as at 30 June 2026 (31 December 2025: HK$661.6 million). As at 30 June 2026, the Group had current assets of HK$841.6 million (31 December 2025: HK$872.4 million) and current liabilities of HK$734.9 million (31 December 2025: HK$731.5 million). The Group generally finances its operations through internally generated cash flows and credit facilities provided by its principal bankers in Hong Kong and Mainland China. As at 30 June 2026, the Group had outstanding bank borrowings of HK$316.9 million (31 December 2025: HK$345.1 million). As at 30 June 2026, the Group maintained bank balances and cash of HK$158.6 million (31 December 2025: HK$136.7 million). The Group's treasury policies are designed to ensure the availability of adequate financial resources to support its operations and investment activities, while prudently and efficiently managing financial risks. The Group maintains a diversified funding base and addresses risks, including interest rate risk and foreign currency risk, through appropriate risk management strategies. The Group also seeks to uphold a healthy balance sheet and strong liquidity position, thereby enhancing its financial flexibility and resilience.

PROSPECTS

Market outlook

Mirroring the economic landscape prevailing in 2025, geopolitical tensions continued through the first half of 2026. Trade frictions and macroeconomic volatility continued to impede global economic growth, while military conflicts in Europe and the Middle East further amplified macroeconomic uncertainties. Against such a business backdrop, customers have become increasingly price-sensitive to products. Although the Group expects to face substantial operational headwinds over the next few years, management maintains a cautiously optimistic outlook.

The vigorous growth of both the lens division and smart eyewear segment underscores their rising strategic significance under the Group's long-term development blueprint. The Group will continue to deploy resources to advance these businesses going forward.

The Group remains committed to navigating prevailing uncertainties through prudent decision-making, targeted strategic resource allocation and flexible measures in response to shifting market conditions. Upholding rigorous financial discipline and strengthening operational resilience will be our top priorities to secure the Group's sustainable long-term development.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2026, the Group employed approximately 3,400 (31 December 2025: 3,500) full-time staff in Mainland China, Hong Kong, Europe, Southeast Asia and South Africa. The Group remunerates its employees based on their performance, experience, qualifications and prevailing market salaries while performance bonuses are granted on a discretionary basis after considering individual performance and the operating results of the Group. Other employee benefits include insurance and medical coverage, subsidised educational and training programmes as well as provident fund schemes.

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD

Save as disclosed herein, there are no important events affecting the Group which have occurred after the end of financial period for the Reporting Period and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Reporting Period.

Mr. Chung Hil Lan Eric ("Mr. Chung") resigned as an independent non-executive director of the Company with effect from 29 June 2026 due to his retirement. Following the resignation of Mr. Chung and with effect from 29 June 2026: (i) Mr. Chung ceased to be a member of the Audit Committee, a member of the Nomination Committee and the chairman of the Remuneration Committee; and (ii) Dr. Fong Kin Kiu, an independent non-executive director, was appointed as a member of the Audit Committee and the chairman of the Remuneration Committee.

An Audit Committee has been established by the Company since 1998 and currently comprises Mr. Wong Chi Wai (the chairman of the Audit Committee), Mr. Lam Yu Lung and Dr. Fong Kin Kiu, all of whom are independent non-executive directors. The duties of the Audit Committee include (but are not limited to) the review of the interim and annual reports of the Group as well as of various auditing, financial reporting, risk management and internal control matters with the management and/or external auditor of the Company.

A Remuneration Committee has been established by the Company since 2003 and currently comprises Dr. Fong Kin Kiu (the chairman of the Remuneration Committee), Mr. Wong Chi Wai and Mr. Lam Yu Lung, all of whom are independent non-executive directors. The major roles and functions of the Remuneration Committee include the determination of remuneration of the executive directors, independent non-executive directors and senior management as well as the review and approval of the management's remuneration proposals with reference to the Board's corporate goals and objectives.

A Nomination Committee has been established by the Company since 2012 and currently comprises Mr. Lam Yu Lung (the chairman of the Nomination Committee), Mr. Wong Chi Wai and Dr. Fong Kin Kiu, all of whom are independent non-executive directors. The duties of the Nomination Committee include (but are not limited to) reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive directors, making recommendations to the Board on the appointment or re-appointment of directors and determining the nomination criteria and nomination procedures of appointment of new and replacement directors, re-election of directors and nomination from shareholders.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, as defined under the Listing Rules) during the Reporting Period. As at 30 June 2026, the Company did not hold any treasury shares (as defined under the Listing Rules).

REVIEW OF INTERIM RESULTS

The unaudited interim results and the interim report of the Group for the Reporting Period have been reviewed by the Audit Committee, which was of the opinion that its preparation had complied with applicable accounting standards and requirements and that adequate disclosures were made.

PUBLICATION OF INTERIM REPORT

The 2026 interim report will be despatched to the shareholders of the Company and will also be available on the Company's website at www.artsgroup.com and Hong Kong Exchanges and Clearing Limited's HKExnews website at www.hkexnews.hk in mid-September 2026.

DIRECTORS

As at the date of this announcement, the Board comprises seven directors, four of whom are executive directors, namely Mr. Ng Hoi Ying, Michael, Ms. Ng Yat Shan, Mr. Ng Kim Ying and Ms. Wu Zhihong, and three are independent non-executive directors, namely Mr. Wong Chi Wai, Mr. Lam Yu Lung and Dr. Fong Kin Kiu.

By Order of the Board
Arts Optical International Holdings Limited
Ng Hoi Ying, Michael
Chairman

Hong Kong, 27 August 2026