STAR SHINE HOLDINGS GROUP LIMITED
應星控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1440)

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

The board (the "**Board**") of directors (the "**Directors**") of Star Shine Holdings Group Limited (the "**Company**") announces the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Interim Period**"), together with the comparative figures for the six months ended 30 June 2025.

In this announcement, "we", "us", and "our" refer to the Company and where the context otherwise requires, the Group.

KEY FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Interim Period was approximately RMB162.8 million, representing a decrease of approximately 43.6% as compared with those for corresponding period in 2025.

- Gross profit of the Group for the Interim Period was approximately RMB32.1 million, representing an increase of approximately 14.8% as compared with those for corresponding period in 2025.

- Profit attributable to owners of the Company for the Interim Period was approximately RMB24.2 million.

- Basic and diluted earnings per share attributable to owners of the Company was approximately RMB1.92 cents for the Interim Period.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
	Note	**2026**	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	4	**162,793**	288,606
Cost of sales		**(130,648)**	(260,605)
Gross profit		**32,145**	28,001
Other income	5	**1,115**	753
Other gains/(losses), net	6	**24,438**	(1,183)
Selling and distribution expenses		**(5,129)**	(14,540)
Administrative expenses		**(23,343)**	(21,101)
Net provision for loss allowance on financial assets and contract assets	7	**(343)**	(721)
Impairment loss on property, plant and equipment		**–**	(4,447)
Share of results of a joint venture	13	**–**	(8,054)
Operating profit/(loss)		**28,883**	(21,292)
Finance income	8	**342**	954
Finance costs	8	**(2,114)**	(2,118)
Finance costs, net		**(1,772)**	(1,164)
Profit/(Loss) before income tax		**27,111**	(22,456)
Income tax expenses	10	**(2,862)**	(55)
Profit/(Loss) for the period attributable to owners of the Company		**24,249**	(22,511)
Earnings/(Loss) per share attributable to owners of the Company			
Basic and diluted *(RMB cents)*	11	**1.92**	(1.79)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	**24,249**	(22,511)
Other comprehensive loss:		
Item that may be subsequently reclassified to profit or loss		
– Exchange differences on translation of foreign operations	**(1,174)**	(1,496)
Total comprehensive income/(loss) for the period attributable to owners of the Company	**23,075**	(24,007)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	Note	**30 June 2026 RMB'000 (Unaudited)**	31 December 2025 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**64,688**	72,347
Right-of-use assets	*12*	**5,799**	5,604
Intangible assets		**669**	810
Interest in a joint venture	*13*	**–**	–
Prepayments	*14*	**–**	642
		71,156	79,403
Current assets			
Inventories	*15*	**3,136**	3,216
Contract assets	*16*	**3,600**	2,673
Trade and bills receivables	*16*	**33,801**	41,071
Prepayments, deposits and other receivables	*14*	**19,004**	21,236
Financial assets at fair value through profit or loss ("**FVPL**")	*17*	**56,495**	5
Pledged deposits		**2,470**	–
Cash and cash equivalents		**207,765**	243,352
		326,271	311,553
Total assets		**397,427**	390,956
EQUITY			
Equity attributable to owners of the Company			
Share capital		**10,511**	10,511
Reserves		**215,388**	193,738
		225,899	204,249
Perpetual securities		**18,064**	18,064
Total equity		**243,963**	222,313

	Note	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Other payables	*18*	**1,246**	1,271
Lease liabilities		**2,882**	2,787
Deferred tax liabilities		**562**	608
		4,690	4,666
Current liabilities			
Trade and bills payables	*19*	**59,099**	66,477
Other payables and accruals	*18*	**9,632**	14,920
Contract liabilities	*18*	**5,318**	802
Lease liabilities		**860**	739
Loans from ultimate holding company	*20*	**67,668**	77,683
Current income tax liabilities		**6,197**	3,356
		148,774	163,977
Total liabilities		**153,464**	168,643
Total equity and liabilities		**397,427**	390,956

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Star Shine Holdings Group Limited (the "**Company**") was incorporated in the Cayman Islands on 4 January 2019 as an exempted company with limited liability under the Companies Law Cap. 22, Law 3 of 1961 as consolidated and revised of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered address of the Company's registered office is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands. The Company's principal place of business in Hong Kong is situated at Unit C, 21/F, Lee & Man Commercial Center, 169 Electric Road, North Point, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") is principally engaged in (i) manufacturing of lace and provision of dyeing services, (ii) footwear business and (iii) intellectual property ("**IP**") related merchandise business.

In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is Glorious Way Investments Limited, a company incorporated in the British Virgin Islands (the "**BVI**"). The ultimate controlling shareholder is Mr. Tsoi Wing Sing.

This condensed consolidated interim financial information ("**Interim Financial Information**") is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**"), unless otherwise indicated.

2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements to the Rules Governing the Listing of Securities on the Stock Exchange.

Preparation of the Interim Financial Information requires the directors of the Company to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Interim Financial Information includes an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2025 and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations as issued by the HKICPA. They shall be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025 (the "**2025 Audited Financial Statements**").

In preparing the Interim Financial Information, significant judgements made by the directors of the Company in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2025 Audited Financial Statements.

The Interim Financial Information is unaudited, but has been reviewed by the Company's audit committee and the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA.

3 PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information has been prepared on a historical cost basis, except for the financial assets at FVPL, which are measured at fair value.

The accounting policies and methods of computation used in the Interim Financial Information are consistent with those followed in the preparation of the 2025 Audited Financial Statements.

The adoption of the new/revised HKFRS Accounting Standards which are relevant to the Group and effective for current period does not have any significant impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted new/revised HKFRS Accounting Standards that have been issued but are not yet effective. Except for HKFRS 18, the directors of the Company anticipate that the application of these amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. HKFRS 18 retains numbers of requirements of HKAS 1 and introduces the following new key requirements:

a. presentation of new defined subtotals in the income statement and statement of comprehensive income, i.e. operating profit and profit before financing and income taxes, and classifications of income and expenses into operating, investing, financing, income taxes and discontinued operations in the income statement and statement of comprehensive income, with some modifications for companies with specific business activities, e.g. banks, insurers and investment property companies;

b. identification of management-defined performance measures (MPMs) which are defined as subtotals of income and expenses used in public communications outside financial statements to communicate management's view of an aspect of the financial performance for the company as a whole and are not listed or required by HKFRS Accounting Standards and disclosures about MPMs in a single note to the financial statements; and

c. enhanced requirements for grouping (aggregation and disaggregation) of information in the primary financial statements and information disclosed in the notes to the financial statements.

4 SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in (i) manufacturing of lace and provision of dyeing services, (ii) footwear business and (iii) IP related merchandise business.

The executive directors of the Company have been identified as the chief operating decision-maker ("**CODM**"). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segment based on these reports. The Group has three reportable operating segments being:

(i) Lace and Dyeing – principally engaged in the manufacturing of lace and provision of dyeing services based on customers' orders for lingerie, lace and swimwear fabrics;

(ii) Footwear – principally engaged in design, research and development, sourcing, merchandising, quality control and sales of casual and sports footwear; and

(iii) IP Merchandise – principally engaged in the design, manufacturing, promotion and sale of a diverse range of products collaborating with international and reputable IP partners, together with products designed by licensed and self-owned patent design.

Segment revenue represents revenue derived from (i) Lace and Dyeing, (ii) Footwear and (iii) IP Merchandise.

Segment results, which are the measures reported to the CODM for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of other income, other gains/(losses), net, administrative expenses, net provision for loss allowance on financial assets and contract assets, impairment loss on property, plant and equipment, share of results of a joint venture and finance income/(costs), net.

Segment assets include property, plant and equipment, right-of-use assets, intangible assets, interest in a joint venture, inventories, contract assets, trade and bills receivables, prepayments, deposits and other receivables, financial assets at FVPL and cash and cash equivalents. All assets are allocated to operating segments other than unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities include trade and bills payables, other payables and accruals, contract liabilities, lease liabilities, loans from ultimate holding company, current income tax liabilities and deferred tax liabilities. All liabilities are allocated to operating segments other than unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(a) Segment revenue and results

The followings are analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2026 (Unaudited)

	Lace and Dyeing	Footwear	IP Merchandise	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers and reportable segment revenue	43,585	72,520	46,688	–	162,793
Gross profit	25	13,897	18,223	–	32,145
Selling and distribution expenses	(966)	(3,601)	(562)	–	(5,129)
Segment results	(941)	10,296	17,661	–	27,016
Other income	1,018	95	–	2	1,115
Other gains/(losses), net	(371)	(283)	35	25,057	24,438
Administrative expenses	(3,107)	(7,816)	(4,246)	(8,174)	(23,343)
Net provision for loss allowance on financial assets and contract assets	(343)	–	–	–	(343)
Finance income/(costs), net	248	5	(181)	(1,844)	(1,772)
(Loss)/Profit before income tax	(3,496)	2,297	13,269	15,041	27,111
Income tax credit/(expenses)	24	(644)	(2,242)	–	(2,862)
(Loss)/Profit for the period	(3,472)	1,653	11,027	15,041	24,249
Other information					
Depreciation of property, plant and equipment	7,157	585	–	–	7,742
Depreciation of right-of-use assets	41	379	–	–	420
Additions to non-current segment assets	1,411	32	–	–	1,443
Write-down of inventories	646	–	–	–	646
Written-off of property, plant and equipment	1,275	–	–	–	1,275
Research and development expenditures	3,152	1,858	–	–	5,010

For the six months ended 30 June 2025 (Unaudited)

	Lace and Dyeing	Footwear	IP Merchandise	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers and reportable segment revenue	39,733	248,873	–	–	288,606
Gross (loss)/profit	(382)	28,383	–	–	28,001
Selling and distribution expenses	(703)	(13,837)	–	–	(14,540)
Segment results	(1,085)	14,546	–	–	13,461
Other income	420	333	–	–	753
Other losses, net	(891)	(177)	–	(115)	(1,183)
Administrative expenses	(3,283)	(13,349)	–	(4,469)	(21,101)
Net provision for loss allowance on financial assets and contract assets	(721)	–	–	–	(721)
Impairment loss on property, plant and equipment	(4,447)	–	–	–	(4,447)
Share of results of a joint venture	–	–	–	(8,054)	(8,054)
Finance income/(costs), net	518	(117)	–	(1,565)	(1,164)
(Loss)/Profit before income tax	(9,489)	1,236	–	(14,203)	(22,456)
Income tax credit/(expenses)	17	(72)	–	–	(55)
(Loss)/Profit for the period	(9,472)	1,164	–	(14,203)	(22,511)
Other information					
Depreciation of property, plant and equipment	5,682	431	–	–	6,113
Depreciation of right-of-use assets	41	1,040	–	–	1,081
Additions to non-current segment assets	1,934	2,562	–	–	4,496
Write-down of inventories	565	–	–	–	565
Impairment loss on property, plant and equipment	4,447	–	–	–	4,447
Research and development expenditures	3,295	2,692	–	–	5,987
Commission and handling charges	–	8,770	–	–	8,770

(b) Segment assets and liabilities

The followings are analysis of the Group's assets and liabilities by reportable and operating segments:

	Lace and Dyeing	**Footwear**	**IP Merchandise**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2026 (Unaudited)					
Property, plant and equipment	**62,346**	**2,342**	**–**	**–**	**64,688**
Right-of-use assets	**2,267**	**3,532**	**–**	**–**	**5,799**
Intangible assets	**371**	**298**	**–**	**–**	**669**
Financial assets at FVPL	**–**	**–**	**–**	**56,495**	**56,495**
Other assets	**117,505**	**85,510**	**65,378**	**1,383**	**269,776**
Total assets	**182,489**	**91,682**	**65,378**	**57,878**	**397,427**
Current income tax liabilities	**3,511**	**712**	**1,974**	**–**	**6,197**
Deferred tax liabilities	**439**	**123**	**–**	**–**	**562**
Other liabilities	**28,152**	**72,337**	**39,300**	**6,916**	**146,705**
Total liabilities	**32,102**	**73,172**	**41,274**	**6,916**	**153,464**
At 31 December 2025 (Audited)					
Property, plant and equipment	69,211	3,136	–	–	72,347
Right-of-use assets	2,307	3,297	–	–	5,604
Intangible assets	476	334	–	–	810
Financial assets at FVPL	–	1	–	4	5
Other assets	150,306	93,836	7,922	60,126	312,190
Total assets	222,300	100,604	7,922	60,130	390,956
Current income tax liabilities	3,330	–	26	–	3,356
Deferred tax liabilities	463	145	–	–	608
Other liabilities	14,771	68,952	736	80,220	164,679
Total liabilities	18,564	69,097	762	80,220	168,643

(c) **Disaggregation of revenue from contracts with customers within HKFRS 15 by the timing of revenue is as follows:**

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time		
− provision of services	**43,585**	39,733
At a point in time		
− sales of footwear	**72,520**	248,873
− sales of IP related merchandise	**46,688**	−
	162,793	288,606

In the view of the Group's CODM, there is no seasonality of operations.

(d) **Segment revenue by operating geographical location**

The Group's revenue by geographical location, which is determined by the location of operation, is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Chinese Mainland and Hong Kong	**162,793**	288,606

(e) **Information about major customers**

Revenue derived from customers individually contributing over 10% of the Group's total revenue during the six months ended 30 June 2026 and 2025 is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**77,944**	36,886
Customer B	**36,980**	210,291

Revenue from Customer A for the six months ended 30 June 2026 was derived from both the Footwear and IP Merchandise segments *(six months ended 30 June 2025: solely from the Footwear segment)*, while revenue from Customer B was derived solely from the Footwear segment for the six months ended 30 June 2026 and 2025.

(f) Non-current assets by geographical location

No geographical analysis on segment assets is provided as substantially all of the Group's non-current assets were located in the Chinese Mainland.

5 OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**915**	272
Others	**200**	481
	1,115	753

Note: Government grants are all income related and there exists no unfulfilled conditions or other contingencies attaching to these government grants.

6 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Written-off of property, plant and equipment	**(1,275)**	(891)
Exchange differences	**(1,556)**	(307)
Fair value gain on financial assets at FVPL	**27,269**	15
	24,438	(1,183)

7 PROFIT/(LOSS) BEFORE INCOME TAX

The Group's profit/(loss) before income tax is arrived at after charging:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff cost (including directors' remuneration)		
Salaries, allowances and benefits in kind	**24,791**	26,734
Pension scheme contributions	**3,036**	2,089
Total staff costs (charged to "Cost of sales", "Administrative expenses" and "Selling and distribution expenses", as appropriate) *(Note)*	**27,827**	28,823
Cost of inventories	**103,118**	233,894
Amortisation of intangible assets	**141**	102
Depreciation of property, plant and equipment and right-of-use assets (charged to "Cost of sales" and "Administrative expenses", as appropriate)	**8,162**	7,194
Write-down of inventories (charged to "Cost of sales")	**646**	565
Auditor's remuneration	**313**	280
Net provision for loss allowance on financial assets and contract assets	**343**	721
Impairment loss on property, plant and equipment	**–**	4,447
Impairment loss on loans to a joint venture (charged to "Administrative expenses")	**2,519**	–
Research and development expenditures	**5,010**	5,987
Commission and handling charges	**–**	8,770

Note: During the six months ended 30 June 2026 and 2025, there were no forfeited contributions in respect of contribution previously made which were available to reduce the Group's existing level of contributions to the relevant defined contribution retirement plans.

8 FINANCE COSTS, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income	**342**	954
Finance costs		
Unwinding of discount on other payables	**(7)**	(7)
Interest expenses on lease liabilities	**(72)**	(144)
Charges on bills payables	**(204)**	(401)
Interest expenses on loans from ultimate holding company	**(1,831)**	(1,566)
	(2,114)	(2,118)
Finance costs, net	**(1,772)**	(1,164)

9 DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2026 and 2025.

10 TAXATION

Taxation has been provided at the appropriate rates prevailing in the jurisdictions in which the Group operates.

The group entities incorporated in the Cayman Islands and the BVI are exempted from corporate income tax of those jurisdictions.

During the six months ended 30 June 2026 and 2025, Fujian Deyun Technology Co., Ltd* (福建德運科技有限公司), the Group's subsidiary in the People's Republic of China (the "**PRC**"), has been qualified for high and new technology enterprises status and subject to a preferential income tax rate of 15% during the valid period.

For the entities recognised as a micro and small enterprise ("**MSE**") in the PRC, they can enjoy a preferential tax rate of 20%. Putian Yingchuang Trading Company Limited*(莆田盈創貿易有限公司) the Group's subsidiary in the PRC, was recognised as a MSE for the six months ended 30 June 2026 and 2025.

The State Taxation Administration of the PRC announced in March 2021 that enterprises engaging in research and development activities would be entitled to claim at maximum 200% of their research and development expenses as "Super Deduction". The directors of the Company consider the eligibility of the PRC subsidiaries and recognise the additional tax deduction for the six months ended 30 June 2026 and 2025.

No provision for tax in the PRC has been made as the subsidiaries operating in the PRC incurred loss for tax purpose during the six months ended 30 June 2026 and 2025.

* *For identification purpose only*

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the first Hong Kong dollars ("**HK$**") 2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%.

During the six months ended 30 June 2026 and 2025, one of the Group's subsidiaries in Hong Kong, was a qualifying entity under the two-tiered profits tax rates regime. The profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits for the six months ended 30 June 2026 and 2025.

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong Profits tax	**2,902**	–
Deferred tax (credit)/expenses	**(40)**	55
Income tax expenses	**2,862**	55

11 EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated by dividing the earnings/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2026 and 2025.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period attributable to owners of the Company *(RMB'000)*	**24,249**	(22,511)
Weighted average number of ordinary shares in issue *(thousands of shares) (Note)*	**1,259,790**	1,260,000
Basic and diluted earnings/(loss) per share *(RMB cents)*	**1.92**	(1.79)

Note: The weighted average number of ordinary shares for the six months ended 30 June 2026 is derived after taking into account the effect of the repurchased shares.

There were no differences between the basic and diluted earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2026 and 2025.

12 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Office equipment *RMB'000*	Furniture and fixture *RMB'000*	Leasehold improvement *RMB'000*	Motor vehicles *RMB'000*	Sub-total *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
Six months ended 30 June 2026 (Unaudited)									
Opening net carrying amount	20,900	45,528	1,544	546	1,228	2,601	72,347	5,604	77,951
Additions	–	1,412	31	–	–	–	1,443	538	1,981
Depreciation	(887)	(6,048)	(171)	(123)	(275)	(238)	(7,742)	(420)	(8,162)
Written-off	–	(1,275)	–	–	–	–	(1,275)	–	(1,275)
Exchange realignment	–	–	(7)	(26)	(44)	(8)	(85)	77	(8)
Closing net carrying amount	20,013	39,617	1,397	397	909	2,355	64,688	5,799	70,487
At 30 June 2026 (Unaudited)									
Cost	43,705	230,142	6,282	689	1,560	3,940	286,318	11,759	298,077
Accumulated depreciation and impairment loss	(23,692)	(190,525)	(4,885)	(292)	(651)	(1,585)	(221,630)	(5,960)	(227,590)
Net carrying amount	20,013	39,617	1,397	397	909	2,355	64,688	5,799	70,487
At 31 December 2025 (Audited)									
Cost	43,705	241,481	6,258	715	1,604	3,948	297,711	11,144	308,855
Accumulated depreciation and impairment loss	(22,805)	(195,953)	(4,714)	(169)	(376)	(1,347)	(225,364)	(5,540)	(230,904)
Net carrying amount	20,900	45,528	1,544	546	1,228	2,601	72,347	5,604	77,951

During the six months ended 30 June 2026 and 2025, depreciation expenses have been charged to cost of sales, and administrative expenses as below:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of sales	**6,368**	5,361
Administrative expenses	**1,794**	1,833
	8,162	7,194

13 INTEREST IN A JOINT VENTURE

In December 2025, a joint venture of the Group commenced legal proceedings in the High Court of the Hong Kong Special Administrative Region against 3 defendants, including Asia Partners IFBD Limited ("**Asia Partners**") in relation to disputes arising from the joint venture. The claims mainly relate to (i) loss of income generated from the joint venture business; and (ii) excessive expenditure and costs incurred both as a result of the alleged wrongdoings of the defendants (the "**Alleged Acts**"). The quantified portion of the claims is approximately HK$12,142,000 (approximately RMB10,966,900), with further amounts to be assessed. At the date of approval of the Interim Financial Statements, the legal proceedings are still ongoing. The directors of the Company, with reference to the available independent legal advice, consider that it is premature to assess the likely outcome of the proceedings.

The museum event, being the principal business project of the joint venture, operated for approximately one year and was closed in early June 2026 as planned. The joint venture is presently focused on pursuing the legal proceedings referred to above. Any potential recoveries from the legal proceedings will be recognised only when they become virtually certain.

During the six months ended 30 June 2026, the Group provided financial support to the joint venture, amounting to approximately RMB2,519,000, for operating expenses of the joint venture. Due to the Alleged Acts of the defendants and the resulting deterioration in the joint venture's operations, the management of the Group has assessed the recoverable amount of its loans to the joint venture and determined that it is not recoverable. Accordingly, an impairment loss of approximately RMB2,519,000 has been recognised for the six months ended 30 June 2026.

Commitments

The Group has the following unrecognised commitments relating to its interest in a joint venture.

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Commitments to contribute funding or resources for:		
Financial support if called	–	19,211

During the six months ended 30 June 2026, the Group provided financial support of approximately RMB2,519,000 to the joint venture under the above commitment, and the remaining commitment expired upon the closure of the museum event in early June 2026.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
Current portion		
Prepayments to suppliers	**286**	1,991
Other prepayments	**693**	1,034
Deposit for IP merchandising business *(Note)*	**14,335**	14,860
Other receivables	**3,280**	3,136
Deposits	**492**	334
	19,086	21,355
Less: Loss allowance	**(82)**	(119)
	19,004	21,236
Non-current portion		
Prepayments for acquisition of property, plant and equipment	**–**	642

Note: The Group has provided a deposit of approximately RMB14,335,000 *(31 December 2025: RMB14,860,000)* for IP merchandising business opportunity. The Group's ultimate holding company has fully undertaken the amount and agreed to indemnify against any losses related to the deposit which is denominated in Euro ("**EUR**").

In October 2025, a wholly-owned subsidiary of the Group commenced legal proceedings in the High Court of the Hong Kong Special Administrative Region seeking recovery of the deposit against 2 defendants, including Asia Partners for breach of agreement. The defendants denied the claims and have filed a counterclaim of EUR4,200,000. At the date of approval of the Interim Financial Statements, the directors of the Company, with reference to the available independent legal advice and based on the evidence currently available, consider that there are valid grounds for the claim and the defence to counterclaim. At the date of approval of the Interim Financial Statements, the proceedings are still ongoing.

At 30 June 2026 and 31 December 2025, the carrying amounts of prepayments, deposits and other receivables approximated their fair values.

15 INVENTORIES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**10,524**	9,958
Less: Allowance on inventories	**(7,388)**	(6,742)
	3,136	3,216

Allowance on inventories amounting to approximately RMB646,000 was recognised in the condensed consolidated income statement and included in cost of sales for the six months ended 30 June 2026 *(six months ended 30 June 2025: RMB565,000).*

16 CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract assets	**3,622**	2,695
Less: Loss allowance on contract assets	**(22)**	(22)
Contract assets, net	**3,600**	2,673
Trade receivables	**36,251**	43,325
Bills receivables	**409**	225
Less: Loss allowance on trade receivables	**(2,859)**	(2,479)
Trade and bills receivables, net	**33,801**	41,071
	37,401	43,744

Contract assets represent the Group's rights to consideration for work completed but unbilled for its business. The contract assets are transferred to trade receivables when the rights become unconditional, which generally take one to three months. The balances of contract assets fluctuated during the six months ended 30 June 2026 and the year ended 31 December 2025 as the Group provided varying amount of goods or services that were unbilled before the period/year-ends.

At 30 June 2026 and 31 December 2025, the carrying amounts of trade and bills receivables approximated their fair values.

The Group grants credit up to 90 days *(31 December 2025: up to 90 days)* upon issuance of invoice.

At 30 June 2026 and 31 December 2025, the ageing analysis of trade and bills receivables, based on invoice date, was as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
1 to 3 months	**33,186**	40,786
Over 3 months	**3,474**	2,764
	36,660	43,550
Less: Loss allowance on trade receivables	**(2,859)**	(2,479)
	33,801	41,071

17 FINANCIAL ASSETS AT FVPL

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Mandatorily measured at FVPL		
– Trading securities in Hong Kong	**48,324**	–
– Financial products issued by banks	**8,171**	5
	56,495	5

In accordance with HKFRS 13 Fair Value Measurement, the Group defines the three levels of fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Assets measured at fair value	**Fair value measurement at 30 June 2026 categorised into**		
	Level 1	**Level 2**	**Level 3**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Financial assets at FVPL:			
Trading securities in Hong Kong	**48,324**	**–**	**–**
Financial products issued by banks	**–**	**–**	**8,171**

Assets measured at fair value	Fair value measurement at 31 December 2025 categorised into		
	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)
Financial assets at FVPL:			
Financial products issued by banks	–	–	5

During the six months ended 30 June 2026 and 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

Financial products issued by banks

Financial products issued by banks were short-term and redeemable on-demand investment products.

The fair value of financial products issued by banks has been estimated and reported by the banks on a regular basis. The unobservable input is the expected annual return rate fixed in the investment contracts. These expected annual return rates were up to approximately 3.29% at 30 June 2026 *(31 December 2025: 1.16%)*.

The movements of financial products issued by banks during the six months ended 30 June 2026 and year ended 31 December 2025 in the balance of these Level 3 fair value measurements are as follows:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
At the beginning of the reporting period	**5**	8,006
Addition	**43,697**	97,005
Disposal	**(35,600)**	(105,000)
Changes in fair value	**134**	(6)
Exchange realignment	**(65)**	–
At the end of the reporting period	**8,171**	5

18 CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Current portion		
Payables for acquisition of property, plant and equipment	**2,042**	2,056
Commission payables	**–**	1,923
Other payables	**2,352**	2,970
Accruals for auditor's remuneration	**313**	1,028
Accruals for employee benefit expenses	**2,650**	4,703
Accruals for professional fees	**765**	856
Other accruals	**148**	296
Other tax payables	**1,362**	1,088
	9,632	14,920
Contract liabilities	**5,318**	802
	14,950	15,722
Non-current portion		
Other payables	**1,246**	1,271

At 30 June 2026 and 31 December 2025, the carrying amounts of other payables and accruals approximated their fair values.

19 TRADE AND BILLS PAYABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade and bills payables		
Trade payables *(Note (a))*		
To related parties	**3,539**	1,077
To third parties	**53,090**	60,416
	56,629	61,493
Bills payables *(Note (b))*	**2,470**	4,984
	59,099	66,477

Note (a): The trade payables are interest free and with normal credit terms up to 30 days *(31 December 2025: up to 30 days).*

Note (b): At 30 June 2026, the bills payables with maturity date within one year carry fixed interest rate ranging from approximately 1.9% to 2.0% *(31 December 2025: 1.9% to 2.02%)* per annum. The bills payables are guaranteed by a related party which the family members of the directors of the Company have control and/or significant influence over the related company.

At 30 June 2026 and 31 December 2025, the carrying amounts of trade and bills payables approximated their fair values.

At 30 June 2026 and 31 December 2025, the ageing analysis of trade and bills payables, based on invoice/issue date, was as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
1 to 3 months	**44,075**	63,981
Over 3 months	**15,024**	2,496
	59,099	66,477

20 LOANS FROM ULTIMATE HOLDING COMPANY

At 30 June 2026, the balances amounting to approximately RMB64,018,000 *(31 December 2025: RMB66,884,000)* are unsecured, fixed interest rate ranging from approximately 5.7% to 6.5% per annum *(31 December 2025: 5.7% to 6.5% per annum)* and repayable on demand. The remaining balances are unsecured, non-interest bearing and repayable on demand. The amount represents advances to the Group for its working capital requirements.

At 30 June 2026 and 31 December 2025, the carrying amounts of the loans from ultimate holding company approximated their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are primarily engaged in three main business segments: (i) lace and dyeing segment (including manufacturing of lace and provision of dyeing services), (ii) footwear segment and (iii) intellectual property ("**IP**") merchandise segment. For our lace and dyeing segment, we primarily manufacture and sell lace products to customers producing branded lingerie products on an order-by-order basis; and serve lace and swimwear manufacturers who provide their fabrics for dyeing before further fabrication. For our footwear segment, we oversee the design, research and development and sourcing of footwear. We create high-quality, innovative footwear through Original Equipment Manufacturer and Original Design Manufacturer solutions to tailor to customer needs. The Group controls the footwear products before transferring to customers with experienced team, taking primary responsibility from product development, sales, order fulfillment, logistic management, quality control and inventory management, and setting prices. For our IP merchandise segment, we collaborate with international and reputable IP partners to introduce a diverse range of products to the market. Furthermore, the Group has enhanced product diversity through both licensed and proprietary patented designs, thereby broadening its revenue channels.

The Group's revenue decreased by approximately 43.6% from approximately RMB288.6 million for the six months ended 30 June 2025 to approximately RMB162.8 million for the Interim Period, primarily driven by the deterioration in our footwear business segment which accounted for approximately 44.5% of the total revenue *(for the six months ended 30 June 2025: approximately 86.2%)* where the decrease in footwear revenue was primarily due to the impact of the United States ("**U.S.**") reciprocal tariffs on footwear sales, which has persisted since 2025 and intensified further during the first half of the year. However, benefiting from the strong performance of the IP merchandise segment with profit of approximately RMB11.0 million and the fair value gains of approximately RMB27.3 million arising from the Group's strategic investments, the Group recorded a net profit of approximately RMB24.2 million for the Interim Period, as compared to the net loss of approximately RMB22.5 million for the six months ended 30 June 2025.

OUTLOOK AND BUSINESS STRATEGY

In the medium to long term, heightened environmental awareness and the steadfast pursuit of dual-carbon objectives are expected to drive increasingly stringent regulatory measures. The enactment and impending implementation of key policies – notably the finalized Ecological and Environmental Code*, the 15th Five-Year Plan for the Construction of a Beautiful China*, the 15th Five-Year Plan Carbon Peaking Action Plan*, the Comprehensive Implementation Plan for the Pollutant Discharge Permit System*, and the highly specific Discharge Standard of Water Pollutants for the Textile Industry* – are set to significantly elevate environmental compliance requirements across industries.

* *For identification purpose only*

Facing these evolving regulatory pressures, the Group recognizes the challenges confronting its lace manufacturing and dyeing operations. To mitigate risks while maintaining operational viability, the Group is evaluating solutions that achieve both environmental compliance and cost efficiency. Concurrently, given the comparatively strong performance of the other segments and the development and applications of artificial intelligence (“**AI**”) across the world, the Group has initiated a strategic reallocation of resources, gradually reducing further resources in lace manufacturing and dyeing operations. This rebalancing aligns with market demand trends and strengthens the Group’s competitive position, with anticipated benefits to earnings quality and overall financial performance.

The external trading environment for China-sourced consumer goods weakened materially in the first half of 2026. According to first-quarter 2026 data from the General Administration of Customs (GACC) and the US-China Economic and Security Review Commission (USCC), Chinese exports to the United States fell by 16% year-on-year. The contraction was most visible in categories in which the Group and its peers operate – footwear, toys, apparel and low-value consumer items – where the effective U.S. import duty on China-origin goods now stacks a 10% baseline surcharge (replaced from 24 July 2026 with a 12.5% Section 301 forced-labor duty), plus product-specific Section 301 duties of 7.5% to 25%. As a direct consequence of sustained tariff pressure, U.S. footwear imports from China dropped to 964 million pairs in 2025, according to data from the US International Trade Commission (USITC) and the Footwear Distributors and Retailers of America (FDRA), and China’s share of U.S. footwear imports fell to a 35-year low in both value and volume. This has structurally accelerated buyer diversification into Vietnam, Indonesia, Cambodia and India, which in turn has intensified competition on unit pricing for sourcing-led operators headquartered in the region.

The global licensed-products market maintained its outperformance of general retail during the period. Licensing International, a leading global trade organization representing the brand licensing industry, reported that global sales of licensed merchandise and services reached US$389.8 billion in 2025 (a 5.45% increment year-on-year), against nominal global retail growth of 4.52%. Within this, Character/Entertainment – the property category most relevant to the Group’s IP product-development pipeline – grew 8% to US$161.8 billion, and anime, video games, comics, social media and related “new-media” properties now represent 34% of category revenues, essentially level with traditional Film and Scripted TV at 33%. North Asia was the fastest-growing region globally at a growth rate of 14.1%.

The Group's swift response to these macro changes has centred on product and client diversification, including the successful onboarding of major IP owners to enhance margins and significantly expand our product base. Following our first IP collaboration with Mr. Cristiano Ronaldo – one of the largest global IPs – the Group has continued to expand its IP business by entering into new licensing partnerships with established IP owners such as a popular global streaming platform and a premier global entertainment enterprise. Our approach is to take on end-to-end design, manufacturing and go-to-market execution, with launches sequenced through pop-up retail activations, direct-to-consumer online platforms and, ultimately, listings with major mass-market retailers. This "pop-up to retailer" merchandising funnel is deliberately designed to prove sell-through velocity before committing to full retail allocation.

Alongside these major IP licensing collaborations, the Group has also developed its own brands to further promote the Group. The new brands and IP recently launched by the Group include 8 Degree North and Bark n Bites. Building on our existing footwear business, we have also expanded our product base into apparel, accessories, lifestyle, toys and pet products.

Sector-Wide Pivot into AI Applications and Agentic Software – and Our Approach

Enterprise adoption of artificial intelligence transitioned decisively from pilot to production during the period, with implications for cost structure and workflow design across the manufacturing and supply-chain services industry. Worldwide end-user spending on AI models and platforms is projected to total US$64 billion in 2026, up 63.4% from US$39 billion in 2025, according to Gartner, Inc., a business and technology insights company. Spending on generative AI models is forecast to grow 117%, while AI platform spending will rise 36.9% in 2026. According to McKinsey's State of AI Trust in 2026 report, nearly two-thirds of organizations are experimenting with AI agents, and almost a quarter are actively scaling them inside at least one core business function. The integration of these tools into daily operations is accelerating rapidly; Gartner projects that 40% of enterprise applications will feature integrated, task-specific AI agents by the end of 2026, up from less than 5% in 2025. To capitalize on these operational efficiencies, global enterprise spending on digital transformation is forecast by International Data Corporation to reach US$3.9 trillion by 2027. In order to be in line with this industry direction, the Group is prioritising investment in AI infrastructure to streamline its sourcing, quotation, quality-inspection, inventory-management, product-design and merchandising workflows, and to reduce unit operating cost in the manufacturing and supply-chain segment. The intended outcome is a durable structural cost advantage rather than a one-off headcount saving.

The Group has made certain adjustments to its Board composition and brought in professionals to advise on and supervise the Group's investment into AI infrastructure and AI applications. The Group is proceeding carefully and conducting extensive research into how AI is reshaping the landscape of traditional manufacturing and supply-chain management. Looking forward, the Group will increase both capex and opex to streamline its existing workflows and, most importantly, will do so with proper governance and data-security controls in place.

In tandem with our technological upgrades, the Group is accelerating its e-commerce development by launching its own online shop for IP merchandise. To complement this direct-to-consumer channel and expand our market reach, we are entering into strategic collaborations with renowned third-party e-commerce and social commerce platforms. Through these partnerships, the Group distributes both our core IP merchandise and selected third-party branded electrical appliances. This multi-channel approach not only allows us to leverage our existing e-commerce capabilities but also provides a valuable opportunity to capitalize on the advanced operational and user-engagement models of these industry-leading platforms.

Further, our strategic investments in selected newly listed companies are intended to help the Group conduct deeper and more extensive research into the fast-changing landscape of how AI is transforming traditional industries. The Group believes that these investments will deliver long-term strategic value rather than merely short-term gains.

Going forward, the Group will maintain disciplined capital allocation while identifying value accretive growth opportunities. Operational priorities include continuous improvement of production efficiency, rigorous cost management, full compliance with environmental regulations, and enhancement of research and development capabilities alongside quality control systems. These initiatives collectively support the Group's objectives of sustainable value creation for its shareholders and long-term competitiveness.

FINANCIAL REVIEW

Revenue

The Group derives its revenue from (i) manufacturing of lace and provision of dyeing services, (ii) footwear business and (iii) IP related merchandise.

Revenue by product types

Breakdown of the Group's revenue by product types is as follows:

	Six months ended 30 June			
	2026		2025	
	RMB'000	***% of revenue***	*RMB'000*	*% of revenue*
Dyeing	**39,426**	**24.2**	34,489	12.0
Lace				
– High density	**1,223**	**0.8**	1,948	0.7
– Regular density	**2,936**	**1.8**	3,296	1.1
Sub-total	**4,159**	**2.6**	5,244	1.8
Footwear	**72,520**	**44.5**	248,873	86.2
IP related merchandise	**46,688**	**28.7**	–	–
Total	**162,793**	**100.0**	288,606	100.0

Revenue by operating geographical regions

Breakdown of the Group's revenue by operating geographical regions is as follows:

	Six months ended 30 June			
	2026		2025	
	RMB'000	***% of revenue***	*RMB'000*	*% of revenue*
Chinese Mainland and Hong Kong	**162,793**	**100.0**	288,606	100.0

Dyeing

The dyeing revenue increased by approximately 14.3% from approximately RMB34.5 million for the six months ended 30 June 2025 to approximately RMB39.4 million for the Interim Period, primarily driven by price increment implemented at the beginning of the year.

Lace

The Group's lace products are classified into (i) regular density lace; and (ii) high density lace. The lace revenue decreased by approximately 20.7% from approximately RMB5.2 million for the six months ended 30 June 2025 to approximately RMB4.2 million for the Interim Period, primarily due to intensive competition resulting in decrease of orders from customers.

Footwear

The Group's revenue arising from footwear business decreased from approximately RMB248.9 million for the six months ended 30 June 2025 to approximately RMB72.5 million for the Interim Period, primarily attributable to the ongoing U.S.–China tariff dispute continues to weigh on the Group's footwear sales. The downward trend in orders, which began in the second half of 2025, has persisted, while overseas customers have adopted a more conservative procurement approach, resulting in sustained pressure on revenue from the footwear segment.

IP related merchandise

The Group's diverse range of IP related merchandise involves apparel, bags, accessories, pet-related products, and home décor. The Group recorded a revenue of approximately RMB46.7 million for its collaboration with a popular global streaming drama series and introduction of products with both licensed and proprietary patented designs. The Group is confident in generating more revenue by different new collaboration in the coming future.

Gross profit

The gross profit significantly improved by approximately 14.8% from approximately RMB28.0 million for the six months ended 30 June 2025 to approximately RMB32.1 million for the Interim Period, primarily due to the contribution from the strong performance of IP related merchandise business.

Other income

Other income increased from approximately RMB0.8 million for the six months ended 30 June 2025 to approximately RMB1.1 million for the Interim Period primarily due to the government grants related to job skills training.

Other gains/(losses), net

The Group recorded other gains of approximately RMB24.4 million for the Interim Period as compared to the other losses of approximately RMB1.2 million for the six months ended 30 June 2025, mainly due to fair value gain on investments.

Selling and distribution expenses

Selling and distribution expenses primarily consist of packaging expenses, commission and staff cost in relation to sales and marketing staff. Selling and distribution expenses significantly decreased by approximately 64.7% from approximately RMB14.5 million for the six months ended 30 June 2025 to approximately RMB5.1 million for the Interim Period, which was due to successful negotiation in the cancellation of commission.

Administrative expenses

Administrative expenses mainly consist of employment benefit expenses, professional fee, utilities and office expenses. Administrative expenses increased from approximately RMB21.1 million for the six months ended 30 June 2025 to approximately RMB23.3 million for the Interim Period, which was due to the impairment loss on loans to a joint venture.

Finance costs, net

Net finance cost increased from approximately RMB1.2 million for the corresponding period in 2025 to approximately RMB1.8 million for the Interim Period, primarily attributable to the decrease in interest income.

Impairment loss on property, plant and equipment

No impairment loss on property, plant and equipment was recorded for the Interim Period, as compared to approximately RMB4.4 million for the six months ended 30 June 2025. No impairment indicator was noted during the period. Nevertheless, as outlined in the outlook and business strategy, the industry continues to face numerous challenges. The Group will continue to closely monitor and assess in a timely manner whether further impairment is necessary.

Impairment loss on loans to a joint venture

The Group recorded an impairment loss on loans to a joint venture of approximately RMB2.5 million for the Interim Period. During the Interim Period, the Group provided financial support to the joint venture, amounting to approximately RMB2.5 million, for operating expenses of the joint venture. Due to the Alleged Acts of the defendants and the resulting deterioration in the joint venture's operations, the management of the Group has assessed the recoverable amount of its loans to the joint venture and determined that it is not recoverable.

Income tax expenses

The income tax expenses increased from approximately RMB0.1 million for the corresponding period in 2025 to approximately RMB2.9 million for the Interim Period which was consistent with the profit making position.

Net profit for the period

As a result of the above factors, the Group recorded a net profit of approximately RMB24.2 million for the Interim Period.

Dividends

The Board does not recommend the payment of dividend for the Interim Period *(six months ended 30 June 2025: nil).*

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

Net current assets

The Group had net current assets of approximately RMB177.5 million at 30 June 2026 *(31 December 2025: approximately RMB147.6 million).* The current ratio of the Group increased from approximately 1.9 times at 31 December 2025 to approximately 2.2 times at 30 June 2026.

Cash and cash equivalents, borrowings and pledge of assets

The Group funds its business and working capital requirements by using a balanced mix of internal resources and borrowings. The Group will adjust its mix of funding depending on the costs of funding and its actual needs.

At 30 June 2026, the Group had cash and cash equivalents of approximately RMB207.8 million *(31 December 2025: approximately RMB243.4 million)* and they were denominated in RMB, USD and HK$.

At 30 June 2026, the Group had borrowings of approximately RMB67.7 million *(31 December 2025: approximately RMB77.7 million).*

At 30 June 2026 and 31 December 2025, the Group had no undrawn banking facilities.

At 30 June 2026, the Group had pledged deposit of approximately RMB2.5 million *(31 December 2025: nil).*

Gearing ratio

At 30 June 2026, the Group had a gearing ratio of approximately 0.3 *(31 December 2025: approximately 0.4)*, calculated by dividing total debt (borrowings and lease liabilities) by total equity.

Capital structure

At 30 June 2026, the Company's issued share capital was HK$12,600,000 and the number of issued shares of the Company was 1,260,000,000 ordinary shares (including 230,000 treasury shares) of HK$0.01 each.

Capital expenditure

During the Interim Period, the Group incurred cash flows on capital expenditure for the purchase of equipment and intangible assets in the amount of approximately RMB0.8 million *(six months ended 30 June 2025: approximately RMB4.8 million).*

Foreign exchange risks and hedging

The majority of assets and liabilities of the Group are denominated in RMB, USD and HK$, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than RMB, which is the functional currency of the major operating companies within the Group. During the Interim Period, the Group did not hedge its foreign currency exposure. The Group regularly monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

At 30 June 2026, the Group's capital commitments related to the financial support to the joint venture was nil *(31 December 2025: approximately RMB19.2 million)* and purchase of properties, plant and equipment was approximately RMB0.4 million *(31 December 2025: approximately RMB0.9 million).*

CONTINGENT LIABILITIES

At 30 June 2026, the Group did not have any material contingent liabilities *(31 December 2025: nil).*

EMPLOYEES AND REMUNERATION POLICY

The Group's employees are generally remunerated by way of fixed salary and they may also be entitled to a number of welfare benefits, including but not limited to job-nature based subsidy, performance-based bonus, paid leave and share options. The Group also make contributions to mandatory social security funds for its employees. The Group utilises an appraisal system for its employees and considers the appraisal results of individual employees when conducting their salary review and determining the amount of bonuses. To enhance the performance of the employees, the Group provides its employees with adequate and regular trainings.

At 30 June 2026, the Group had 399 employees *(31 December 2025: 485 employees)* and the Group's total employee benefit expenses (including directors' emoluments) for the Interim Period amounted to approximately RMB27.8 million *(six months ended 30 June 2025: approximately RMB28.8 million).*

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed herein, the Group did not have any significant investments, material acquisitions and disposals during the Interim Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS

During the Interim Period, the Group had no specific plan for major investment or acquisition of major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

EVENT AFTER THE INTERIM PERIOD

Saved as disclosed herein, the Group does not have any important events after the Interim Period and up to the date of this announcement.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 19 December 2025 (the "**Adoption Date**"), which became effective on 22 December 2025. The purposes of the Share Option Scheme are to (a) recognise and acknowledge the contributions that employee participants (the "**Participants**") have or may have made or may make to any member(s) of the Group (whether directly or indirectly); (b) attract, retain and motivate Participants to strive for future developments and expansion of the Group; (c) enhance the Group's business and employees relationship; and/or (d) provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants. The Share Option Scheme remains valid for a period of ten years commencing on the Adoption Date.

Since the Adoption Date and during the Interim Period, no share options had been granted or agreed to be granted under the Share Option Scheme. As a result, at 1 January 2026 and 30 June 2026, the number of options available for grant under the scheme mandate was 126,000,000.

Since no share options granted during the period between the Adoption Date and 30 June 2026, the total number of shares that may be issued in respect of options granted under the Share Option Scheme during the Interim Period divided by the weighted average number of Shares in issue (excluding treasury shares) for the period was not applicable.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

At the annual general meeting (the "**AGM**") on 23 May 2025, the Company's shareholders granted a general mandate to the Directors of the Company to repurchase Shares of the Company (the "**Repurchase Mandate**"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued shares of the Company as at the date of the AGM.

During the Interim Period, the Company repurchased, under the Repurchase Mandate, a total of 230,000 shares on the Hong Kong Stock Exchange, representing approximately 0.018% of the total issued shares (i.e. 1,260,000,000 shares) at 30 June 2026, with the aggregate consideration paid (excluding transaction cost) amounting to approximately HK$1.65 million which was paid out from the Company's retained profits. All Shares repurchased during the Interim Period were held as treasury Shares. During the Interim Period, no treasury shares have been resold and accordingly, there were 230,000 shares held by the Company in treasury.

Details of the shares repurchased during the Interim Period are as follows:

Month	Number of shares repurchased	Purchase price paid per share Highest (HK$)	Purchase price paid per share Lowest (HK$)	Aggregate Consideration (excluding transaction cost) (HK$)
January 2026	230,000	7.48	7.00	1,650,250

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the Interim Period, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters with the management of the Group.

AUDITOR

Forvis Mazars CPA Limited, the external auditor of the Company, has reviewed the unaudited condensed consolidated interim financial information of the Group for the Interim Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted a set of corporate governance practices which aligns with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has complied with the code provisions set out in the CG Code for the Interim Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as mentioned in Appendix C3 to the Listing Rules.

All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions during the Interim Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.starshineholdings.com). The interim report of the Company for the Interim Period will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board
STAR SHINE HOLDINGS GROUP LIMITED
Tsoi Wing Sing
Chairman

Hong Kong, 27 August 2026

As of the date of this announcement, the Board comprises of Mr. Tsoi Wing Sing, Mr. Lin Minqiang, and Ms. Tsoi Lam Ki as executive Directors, and Mr. Chow Kit Ting, Dr. Chiu Kwok Hung, Justin, Mr. Mak Ming Hoi, and Mr. Lian Xiongwei as independent non-executive Directors.