KAM HING INTERNATIONAL HOLDINGS LIMITED
錦 興 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 02307

2026
Interim Report

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Tai Chin Chun *(Chairman)*
Mr. Tai Chin Wen *(Chief Executive Officer)*
Ms. Cheung So Wan *(Chief Operating Officer)*
Ms. Wong Siu Yuk

Independent Non-Executive Directors

Mr. Ho Gilbert Chi Hang
Mr. Ting Kay Loong
Mr. Wu Tak Lung

Audit Committee

Mr. Wu Tak Lung *(Chairman)*
Mr. Ho Gilbert Chi Hang
Mr. Ting Kay Loong

Remuneration Committee

Mr. Ting Kay Loong *(Chairman)*
Mr. Ho Gilbert Chi Hang
Mr. Wu Tak Lung
Mr. Tai Chin Chun
Mr. Tai Chin Wen

Nomination Committee

Mr. Ho Gilbert Chi Hang *(Chairman)*
Mr. Ting Kay Loong
Mr. Wu Tak Lung
Mr. Tai Chin Wen
Ms. Cheung So Wan

Company Secretary

Mr. Chang Man Kwong

Auditors

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Company Website

www.kamhingintl.com

Registered Office

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

23A, TML Tower
No. 3 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

Principal Share Registrar and Transfer Office in Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Stock Code

The Stock Exchange of Hong Kong Limited: 02307

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "Board") of directors (the "Directors") of Kam Hing International Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 (the "Period"). The interim financial information is not audited but has been reviewed by the audit committee of the Company (the "Audit Committee").

Market Review

In the first half of 2026, the global textile and garment industry remained under pressure from lingering geopolitical tensions, tariff uncertainties, and a cautious procurement stance among downstream retailers. Fluctuations in United States ("U.S.") trade policies and elevated energy costs continued to drive up raw material and logistics expenses, reinforcing broader inflationary headwinds. Reflecting weakened consumer confidence and inventory replenishment slowdowns, U.S. apparel imports contracted by nearly 12% year-on-year ("yoy") in the first quarter of 2026.

Domestically, consumer sentiment in the Chinese Mainland remained fragile. While retail sales of garments and knitwear by enterprises above designated size grew by 6.7% yoy in the first half of 2026, overall economic growth in the second quarter reached its slowest pace since late 2022. Persistent weakness in general consumer spending intensified price competition, placing sustained pressure on operating margins across the sector.

During the Period, the Renminbi ("RMB") appreciated by 3.1% against the U.S. dollar, reaching a three-year high and creating challenges for China-based export businesses. The RMB's strength elevated production costs, placing notable pressure on profitability for textile and garment manufacturers.

Business Overview

For the first half of 2026, the Group's textile and garment business were impacted by global macro uncertainties and volatility, which led to shorter, smaller order cycles from customers and lower production efficiency. Geopolitical confrontation between the U.S. and Iran pushed up global oil and fuel prices in the second quarter, and persistent appreciation of the RMB further aggravated cost burdens. These adverse impacts affected the Group's financial performance. Consequently, overall revenue of the Group for this Period decreased by approximately 3.7% yoy to approximately HK$1,774.7 million.

Business Overview (continued)

However, attributable to earlier structural optimisations and rigorous cost-control initiatives, the Group achieved significant operational leverage. Profit attributable to ordinary equity holders for the Period rose by 114.4% yoy to HK$13.7 million, yielding basic earnings per share of HK1.6 cents.

For the Period, revenue generated from textile business and garment business accounted for approximately 77.7% and 22.3% of the overall revenue respectively. The textile business was supported by the Group's production bases in China and Vietnam, while the factories in Cambodia mainly manufactured garment products. The Group continued with its established "China+Vietnam+Cambodia" production triangle to deliver flexible and integrated solutions for its global customers.

As a core anchor of this manufacturing strategy, the Vietnam textile production base completed its first phase expansion in April 2026. This milestone expanded the Group's offshore order capacity and enhanced its product portfolio, thereby attracting increased interest and facility visits from prospective international customers seeking non-China sourcing. The Vietnam operations are currently in a ramp-up phase and are expected to progressively scale up production and bolster operating margins. Meanwhile, the Group's production facilities in China and Cambodia continued to leverage their established cost efficiencies and reliable delivery capabilities to serve core customers, reinforcing the Group's market position amid persistent headwinds.

Prospects

Looking into the second half of 2026, the global economic recovery remains fragile. According to the July 2026 World Economic Outlook update by the International Monetary Fund, global GDP growth is projected at 3.0% for 2026, which is below the historical average of 3.5%, reflecting sustained pressures across the global operating environment. Supply chain complexity has been further exacerbated by renewed trade policy adjustments, including new tariff announcements by the U.S. administration in late July 2026, alongside ongoing Middle East instabilities. The RMB appreciation trend that prevailed in the first half of 2026 is forecast to persist through the remainder of 2026, with the market consensus pointing to a lower USD/RMB exchange rate by the year-end. This trend will continue to present operational and margin pressure for Chinese manufacturers and exporters.

Prospects (continued)

While the Group's multi-regional production footprint offers flexible cross-border sourcing options for global brand customers, the management maintains a highly cautious outlook for the second half of 2026. To mitigate potential demand contraction and persistent cost inflation, the Group is enforcing rigorous operational discipline and strict working-capital controls. The management is taking deliberate steps to diversify its customer profile toward non-U.S. markets in Europe and Asia to diminish geographic concentration risks. Additionally, in light of the macroeconomic uncertainties, the Group is adopting a conservative stance regarding future capital expenditure, reassessing the timeline and scope of the next phase of the Vietnam facility to safeguard net cash flow and balance sheet liquidity. The Group is also actively managing its asset portfolio to unlock liquidity and support financial flexibility. To manage foreign currency risk, the Group is closely monitoring its currency exposures and will deploy hedging instruments to mitigate volatility as appropriate. By prioritising asset efficiency, financial resilience, and strict cost control, the Group aims to navigate this challenging operating landscape and protect core enterprise value.

Financial Review

Revenue

Overall sales turnover during the Period was approximately HK$1,774.7 million, representing a decrease of approximately 3.7% (six months ended 30 June 2025: approximately HK$1,843.0 million). The decline was primarily attributable to weaker market sentiment amid a deteriorating global economic outlook. Heightened geopolitical tensions and escalating conflicts involving the U.S. dampened consumer confidence, reducing global spending power on non-essential product categories such as apparel, which in turn posed challenges to the Group's sales performance.

Gross Profit and Gross Profit Margin

Gross profit during the Period was approximately HK$209.9 million, representing an increase of approximately 0.2% (six months ended 30 June 2025: approximately HK$209.5 million). Gross profit margin increased to approximately 11.8% (six months ended 30 June 2025: approximately 11.4%). Gross profit slightly improved, mainly reflecting the benefits of the streamlining of manpower in the second half of last year, together with lower depreciation expenses.

Other Income and Gains, Net

Other income and gains, net during the Period of approximately HK$45.8 million (six months ended 30 June 2025: approximately HK$35.8 million) mainly comprised income received from provision of sewage treatment of approximately HK$20.9 million (six months ended 30 June 2025: approximately HK$14.8 million), rental income of approximately HK$3.7 million (six months ended 30 June 2025: approximately HK$1.9 million), fee income from freight handling services of approximately HK$3.2 million (six months ended 30 June 2025: approximately HK$3.6 million), subsidy income of approximately HK$3.1 million (six months ended 30 June 2025: approximately HK$4.2 million), and bank interest income of approximately HK$0.9 million (six months ended 30 June 2025: approximately HK$2.0 million). The remaining balance was mainly derived from sales of scrap and supply of electricity, water and steam.

Selling and Distribution Expenses

Selling and distribution expenses during the Period decreased to approximately HK$53.0 million (six months ended 30 June 2025: approximately HK$65.0 million). The decrease was in line with the decrease in sales amount, which, coupled with the Group's disciplined control over operating costs, led to a further decrease in the sales-related expense ratio.

Administrative Expenses

Administrative expenses, including salaries, depreciation and other related expenses, decreased to approximately HK$129.5 million during the Period (six months ended 30 June 2025: approximately HK$135.1 million). Amid ongoing global economic uncertainty, the Group has adopted a prudent approach to cost control. The Group remains committed to continuously optimising its organisational structure to enhance cost efficiency and operational effectiveness.

Other Operating Expenses, Net

During the Period, other operating expenses, net were approximately HK$38.8 million (six months ended 30 June 2025: approximately HK$13.6 million), mainly comprising operating expenses on sewage treatment of approximately HK$15.7 million (six months ended 30 June 2025: approximately HK$14.7 million), loss on disposal of items of property, plant and equipment of approximately HK$1.8 million (six months ended 30 June 2025: approximately HK$1.9 million) and foreign exchange loss of approximately HK$21.3 million (six months ended 30 June 2025: foreign exchange gain of approximately HK$3.0 million).

Finance Costs

Finance costs for the Period were approximately HK$19.4 million (six months ended 30 June 2025: approximately HK$22.4 million), comprising interest on bank loans of approximately HK$14.7 million (six months ended 30 June 2025: approximately HK$15.8 million), interest on trade loans and discounted bills of approximately HK$3.1 million (six months ended 30 June 2025: approximately HK$4.4 million), amortisation of bank charges on term loans of approximately HK$0.8 million (six months ended 30 June 2025: approximately HK$1.4 million) and interest on lease liabilities of approximately HK$0.8 million (six months ended 30 June 2025: approximately HK$0.8 million). The decrease in finance costs was primarily driven by the reduction in prevailing bank interest rates in Hong Kong compared to the same period last year.

Net Profit

Net profit attributable to ordinary equity holders of the Company for the Period was approximately HK$13.7 million (six months ended 30 June 2025: approximately HK$6.4 million). The increase in net profit was primarily attributable to expanded non-operating income including rental income and income from provision of sewage treatment alongside disciplined cost control across operations, which lowered both selling and administrative expenses, as well as the decrease in finance costs as mentioned above.

Contingent Liabilities

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

Liquidity and Financial Resources

As at 30 June 2026, the Group's net current assets were approximately HK$800.6 million (31 December 2025: approximately HK$886.1 million). The Group regularly reviews its financial position and maintains a healthy financial position by financing its operations from internally generated resources and long-term bank loans. As at 30 June 2026, the Group had cash and cash equivalents of approximately HK$708.4 million (31 December 2025: approximately HK$665.9 million). Current ratio as at 30 June 2026 was approximately 1.5 times (31 December 2025: approximately 1.7 times).

As at 30 June 2026, total bank borrowings of the Group were approximately HK$993.7 million (31 December 2025: approximately HK$885.9 million). The Group's net debt gearing ratio (i.e. net debts divided by the sum of equity and net debts) as at 30 June 2026 was approximately 41.3% (31 December 2025: approximately 39.7%). Net debts comprise all interest-bearing bank borrowings, accounts and bills payables, an amount due to an associate, lease liabilities and accrued liabilities and other payables less cash and cash equivalents. Equity comprises owners' equity as stated in the condensed consolidated financial statements.

Capital Structure

The capital structure of the Company is composed of equity and debt.

As at 30 June 2026, there has been no change in the capital structure of the Company. The share capital of the Company comprises only ordinary shares.

Financing

As at 30 June 2026, the Group's long-term loans were approximately HK$396.7 million (31 December 2025: approximately HK$509.0 million), comprising term loans from banks.

Interim Dividend

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

Foreign Exchange Risk and Interest Rate Risk

Approximately 86.7% (six months ended 30 June 2025: approximately 84.2%) of the Group's sales was denominated in U.S. dollars. The remaining sales were denominated in Hong Kong dollars and Renminbi. The majority of the Group's cost of sales were denominated in U.S. dollars, Hong Kong dollars and Renminbi. The Group is therefore exposed to foreign exchange risk arising from currency exposures, primarily in respect to the Renminbi, which demonstrated a strengthening trend against the U.S. dollar during the Period. Such fluctuations may impact the Group's cost structure and overall profit margins. The management closely monitors the foreign exchange movements and determines the appropriate hedging activities when necessary.

The Group's borrowings were mainly maintained at a floating rate basis. The management will pay attention to the interest rate movements and employ necessary hedging instruments in a prudent and professional manner.

Charge of Group's Assets

As at 30 June 2026, HK$53.8 million (31 December 2025: HK$22.1 million) of deposits were pledged for bills payable of HK$153.5 million (31 December 2025: HK$78.0 million).

Capital Expenditure

During the Period, the Group invested approximately HK$82.2 million (six months ended 30 June 2025: approximately HK$52.8 million) in capital expenditure of which approximately 88.7% (six months ended 30 June 2025: approximately 97.8%) was used for the purchase of plant and machinery and the remaining was used for the construction of factory premises and purchase of other equipment.

As at 30 June 2026, the Group had capital commitments of approximately HK$26.9 million (31 December 2025: approximately HK$28.6 million) in the acquisition of items of property, plant and equipment and right-of-use assets and HK$176.2 million (31 December 2025: approximately HK$176.2 million) in the construction of new manufacturing facilities. All are funded or will be funded by internal resources.

Significant Investment

As at 30 June 2026, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets.

Material Acquisition and Disposal

During the Period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

Event After the Reporting Period

There were no significant events after the reporting period which would materially affect the Group's operations and financial performance.

Treasury Policy

The Group adopted conservative treasury policies in cash and financial management, and attached high importance to the risk control and transactions related to the Group's principal business. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's liquidity and financing requirements are reviewed regularly.

Equity Fund Raising Exercise

There was no equity fund raising or sale of treasury shares by the Company during the Period, nor were there any unutilised proceeds brought forward from any issue of equity securities or sale of treasury shares made in previous financial years.

Staff Policy

The Group had 3,151 (31 December 2025: 3,240) employees in the PRC, 3,286 (31 December 2025: 3,518) employees in Cambodia and 552 (31 December 2025: 361) employees in Hong Kong, Singapore, Vietnam and other territories as at 30 June 2026. Remuneration packages are generally structured by reference to market terms and individual qualification. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Discretionary bonuses are offered to the Group's staff depending on their performance and the results of the Group.

The Group operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) as well as medical insurance for all its employees in Hong Kong. The Group also participates in various defined contribution plans and insurance schemes in compliance with its statutory obligations under the relevant laws and regulations of the applicable jurisdictions. Also, the Group is obliged to provide its employees in the PRC with welfare schemes covering various insurance and social benefits. Staff benefits are also provided to the staff working in other countries according to the respective countries' statutory requirements. The Group has also implemented training programs for staff training and development covering various aspects.

Disclosure of Change of Directors' Information under Rule 13.51B(1) of the Listing Rules

The changes in information of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") are set out below:

Mr. Ho Gilbert Chi Hang, an independent non-executive Director, has been elected as a member of the Court of the University of Hong Kong for a period of three years from 16 April 2026.

Mr. Wu Tak Lung, an independent non-executive Director, has been appointed as an independent non-executive director of Asiaray Media Group Limited (stock code: 01993) with effect from 12 June 2026.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2026, the interests and short positions of the Directors or the chief executive of the Company in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, were as follows:

Directors' Interests and Short Positions in Shares and Underlying Shares (continued)

Long positions in ordinary shares and underlying shares of the Company:

Name of Director	Notes	Capacity and nature of interest: Beneficial owner (shares)	Interest of spouse (shares)	Interest in controlled corporation (shares)	Total interests (shares)	Approximate percentage of the Company's issued share capital (%)
Mr. Tai Chin Chun	1	3,000,000	1,000,000	332,600,000	336,600,000	38.69
Mr. Tai Chin Wen	2	2,000,000	1,000,000	96,000,000	99,000,000	11.38
Ms. Cheung So Wan	3	1,000,000	335,600,000	–	336,600,000	38.69
Ms. Wong Siu Yuk	4	1,000,000	98,000,000	–	99,000,000	11.38

Notes:

1. 332,600,000 shares are held by Exceed Standard Limited ("Exceed Standard"), a company incorporated in the British Virgin Islands (the "BVI") and beneficially owned by Mr. Tai Chin Chun, the chairman and an executive Director. Mr. Tai Chin Chun is also a director of Exceed Standard. As Ms. Cheung So Wan is his spouse, Mr. Tai Chin Chun is deemed to be interested in the 1,000,000 shares held by Ms. Cheung So Wan under the SFO.

2. 96,000,000 shares are held by Power Strategy Limited ("Power Strategy"), a company incorporated in the BVI and beneficially owned by Mr. Tai Chin Wen, an executive Director. Mr. Tai Chin Wen is also a director of Power Strategy. As Ms. Wong Siu Yuk is his spouse, Mr. Tai Chin Wen is deemed to be interested in the 1,000,000 shares held by Ms. Wong Siu Yuk under the SFO.

3. Ms. Cheung So Wan is deemed to be interested in the shares held by her spouse, Mr. Tai Chin Chun, under the SFO.

4. Ms. Wong Siu Yuk is deemed to be interested in the shares held by her spouse, Mr. Tai Chin Wen, under the SFO.

Directors' Interests and Short Positions in Shares and Underlying Shares (continued)

Save as disclosed above, as at 30 June 2026, none of the Directors or the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Persons who have an Interest or Short Position which is Discloseable under Divisions 2 and 3 of Part XV of The SFO

So far as is known to the Directors and the chief executive of the Company, as at 30 June 2026, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions in ordinary shares and underlying shares of the Company:

Name	**Capacity and nature of interest** (Note)	**Number of ordinary shares held**	**Percentage of the Company's issued share capital** (%)
Exceed Standard	Beneficial owner	332,600,000	38.23
Power Strategy	Beneficial owner	96,000,000	11.04

Note: The relationship between Exceed Standard and Mr. Tai Chin Chun, as well as that between Power Strategy and Mr. Tai Chin Wen are disclosed in the notes under the section headed "Directors' Interests and Short Positions in Shares and Underlying Shares" above.

Save as disclosed above, as at 30 June 2026, no person, other than the Directors or the chief executive of the Company whose interests are set out under the section headed "Directors' Interests and Short Positions in Shares and Underlying Shares" above, had an interest or short position in the shares or underlying shares of the Company that was recorded in the register required to be kept under section 336 of the SFO.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including the sale of treasury shares) during the Period. As at 30 June 2026, there were no treasury shares held by the Company.

Corporate Governance Practices

The Company is committed to maintaining good corporate governance practices. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders value. The Company has applied the principles and met the relevant code provisions set out in the Corporate Governance Code in Part 2 of Appendix C1 to the Listing Rules throughout the Period.

Audit Committee

The Audit Committee, comprising all the three independent non-executive Directors, namely Mr. Wu Tak Lung (as Chairman), Mr. Ho Gilbert Chi Hang and Mr. Ting Kay Loong, is primarily responsible for reviewing and supervising the financial reporting, risk management and internal control of the Group. The Audit Committee has discussed with the management the accounting policies adopted by the Group and reviewed the unaudited interim financial statements of the Group for the Period before recommending them to the Board for approval.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by Directors. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code for the Period.

Approval of the Unaudited Interim Financial Statements

The unaudited interim financial statements were approved and authorised for issue by the Board on 14 August 2026.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	**Six months ended 30 June 2026 HK$'000 (Unaudited)**	Six months ended 30 June 2025 HK$'000 (Unaudited)
REVENUE	2, 3	**1,774,724**	1,842,985
Cost of sales		**(1,564,867)**	(1,633,465)
Gross profit		**209,857**	209,520
Other income and gains, net	3	**45,773**	35,823
Selling and distribution expenses		**(52,988)**	(65,039)
Write-back of impairment on financial assets, net		**1,171**	224
Administrative expenses		**(129,533)**	(135,128)
Other operating expenses, net		**(38,819)**	(13,641)
Finance costs		**(19,362)**	(22,374)
Share of profits/(losses) of associates		**36**	(359)
PROFIT BEFORE TAX	4	**16,135**	9,026
Income tax expense	5	**(3,070)**	(2,716)
PROFIT FOR THE PERIOD		**13,065**	6,310
Attributable to:			
Ordinary equity holders of the Company		**13,744**	6,411
Non-controlling interests		**(679)**	(101)
		13,065	6,310
Interim dividend	6	**Nil**	Nil
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	7	**HK1.6 cents**	HK0.7 cent
Diluted	7	**HK1.6 cents**	HK0.7 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
PROFIT FOR THE PERIOD	**13,065**	6,310
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**13,065**	6,310
Attributable to:		
Ordinary equity holders of the Company	**13,744**	6,411
Non-controlling interests	**(679)**	(101)
	13,065	6,310

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**824,007**	822,042
Investment properties		**151,037**	151,037
Right-of-use assets		**185,458**	192,925
Goodwill		**18,785**	18,785
Intangible assets		**8,393**	8,700
Interests in associates		**5,176**	5,140
Properties under development		**53,674**	53,674
Prepayments		**27,326**	34,946
Long-term receivables		**41,145**	40,806
Deposits paid		**4,108**	5,243
Deferred tax assets		**40,986**	44,063
Total non-current assets		**1,360,095**	1,377,361
CURRENT ASSETS			
Inventories		**915,074**	770,838
Accounts and bills receivables	9	**500,697**	544,427
Prepayments, deposits and other receivables		**99,043**	119,395
Financial asset at fair value through profit or loss		**156**	124
Tax recoverable		**2,810**	2,810
Pledged deposits and restricted bank balances		**53,801**	22,093
Cash and cash equivalents		**708,373**	665,864
Total current assets		**2,279,954**	2,125,551

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

As at 30 June 2026

	Note	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
CURRENT LIABILITIES			
Accounts and bills payables	10	**724,771**	653,444
Accrued liabilities and other payables		**146,317**	197,319
Due to an associate		**947**	947
Tax payable		**3,267**	3,627
Lease liabilities		**7,098**	7,228
Interest-bearing bank borrowings		**596,993**	376,897
Total current liabilities		**1,479,393**	1,239,462
NET CURRENT ASSETS		**800,561**	886,089
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,160,656**	2,263,450
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**396,659**	508,965
Lease liabilities		**33,401**	36,698
Deferred tax liabilities		**26,677**	26,933
Total non-current liabilities		**456,737**	572,596
Net assets		**1,703,919**	1,690,854
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**86,992**	86,992
Reserves		**1,619,249**	1,605,505
		1,706,241	1,692,497
Non-controlling interests		**(2,322)**	(1,643)
Total equity		**1,703,919**	1,690,854

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to ordinary equity holders of the Company										
	Issued capital	Share premium	Capital reserve	Statutory surplus reserve	Asset revaluation reserve	Other reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2025	86,992	446,105	104,804	74,331	42,005	(11,979)	(100,741)	1,079,171	1,720,688	1,218	1,721,906
Profit for the period	–	–	–	–	–	–	–	6,411	6,411	(101)	6,310
Final 2024 dividend declared and paid	–	–	–	–	–	–	–	(6,089)	(6,089)	–	(6,089)
At 30 June 2025	86,992	446,105	104,804	74,331	42,005	(11,979)	(100,741)	1,079,493	1,721,010	1,117	1,722,127
At 1 January 2026	**86,992**	**446,105**	**104,804**	**74,331**	**127,287**	**(11,979)**	**(100,741)**	**965,698**	**1,692,497**	**(1,643)**	**1,690,854**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,744**	**13,744**	**(679)**	**13,065**
At 30 June 2026	**86,992**	**446,105**	**104,804**	**74,331**	**127,287**	**(11,979)**	**(100,741)**	**979,442**	**1,706,241**	**(2,322)**	**1,703,919**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
NET CASH FLOW FROM OPERATING ACTIVITIES	**48,892**	5,135
Purchases of items of property, plant and equipment	**(82,217)**	(52,779)
Acquisition of a subsidiary	**–**	(80,850)
(Increase)/decrease in pledged deposits	**(31,708)**	1,837
Other cash flow from/(used in) investing activities	**4,204**	(1,004)
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(109,721)**	(132,796)
Drawdown of bank loans	**765,204**	1,063,414
Repayment of bank loans	**(658,198)**	(961,984)
Principal portion of lease payments	**(3,668)**	(3,344)
Dividend paid	**–**	(6,089)
NET CASH FLOW FROM FINANCING ACTIVITIES	**103,338**	91,997
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**42,509**	(35,664)
Cash and cash equivalents at beginning of period	**665,864**	672,814
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**708,373**	637,150
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**708,373**	637,150

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The interim condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and with the disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the Period's financial information.

Amendments to HKFRS 9, and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

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

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the fabric segment engages in the production and sale of knitted fabric, sales of dyed yarns and provision of related subcontracting services;

(b) the garment segment engages in the production and sale of garment products and provision of related subcontracting services; and

(c) the "others" segment includes the provision of sewage treatment services, the provision of air and ocean freight handling services and the property investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

2. OPERATING SEGMENT INFORMATION (continued)

	Fabric HK$'000	Garment HK$'000	Others HK$'000	Total HK$'000
Six months ended 30 June 2026 (Unaudited)				
Segment revenue:				
Revenue from external customers	1,379,556	395,168	–	1,774,724
Intersegment sales	117,532	3,646	–	121,178
	1,497,088	398,814	–	1,895,902
Elimination of intersegment sales				(121,178)
				1,774,724
Segment profit	32,769	824	110	33,703
Bank interest income	902	11	15	928
Finance costs (other than interest on lease liabilities)	(18,427)	(105)	–	(18,532)
Share of profits of associates	–	36	–	36
Profit before tax	15,244	766	125	16,135
Income tax (expense)/credit	(2,981)	22	(111)	(3,070)
Profit for the period	12,263	788	14	13,065
As at 30 June 2026 (Unaudited)				
Assets and liabilities				
Segment assets	2,804,402	672,514	116,971	3,593,887
Interests in associates	–	5,176	–	5,176
Deferred tax assets	40,482	504	–	40,986
Total assets	2,844,884	678,194	116,971	3,640,049
Segment liabilities	(786,391)	(119,792)	(9,618)	(915,801)
Interest-bearing bank borrowings	(972,285)	(21,367)	–	(993,652)
Deferred tax liabilities	(23,467)	–	(3,210)	(26,677)
Total liabilities	(1,782,143)	(141,159)	(12,828)	(1,936,130)
Other segment information:				
Six months ended 30 June 2026 (Unaudited)				
Depreciation of property, plant and equipment	67,330	5,940	1,680	74,950
Depreciation of right-of-use assets	5,520	1,787	401	7,708
Amortisation of intangible assets	362	–	–	362
Capital expenditure	80,246	1,971	–	82,217

2. OPERATING SEGMENT INFORMATION (continued)

	Fabric HK$'000	Garment HK$'000	Others HK$'000	Total HK$'000
Six months ended 30 June 2025 (Unaudited)				
Segment revenue:				
Revenue from external customers	1,432,714	410,271	–	1,842,985
Intersegment sales	130,083	–	–	130,083
	1,562,797	410,271	–	1,973,068
Elimination of intersegment sales				(130,083)
				1,842,985
Segment profit/(loss)	29,828	(283)	(574)	28,971
Bank interest income	1,943	70	21	2,034
Finance costs (other than interest on lease liabilities)	(21,551)	(69)	–	(21,620)
Share of losses of associates	–	(359)	–	(359)
Profit/(loss) before tax	10,220	(641)	(553)	9,026
Income tax (expense)/credit	(3,099)	165	218	(2,716)
Profit/(loss) for the period	7,121	(476)	(335)	6,310
As at 31 December 2025 (Audited)				
Assets and liabilities				
Segment assets	2,525,084	648,609	280,016	3,453,709
Interest in associates	–	5,140	–	5,140
Deferred tax assets	42,712	504	847	44,063
Total assets	2,567,796	654,253	280,863	3,502,912
Segment liabilities	(774,349)	(115,088)	(9,826)	(899,263)
Interest-bearing bank borrowings	(885,862)	–	–	(885,862)
Deferred tax liabilities	(2,137)	–	(24,796)	(26,933)
Total liabilities	(1,662,348)	(115,088)	(34,622)	(1,812,058)
Other segment information:				
Six months ended 30 June 2025 (Unaudited)				
Depreciation of property, plant and equipment	83,493	5,784	1,996	91,273
Depreciation of right-of-use assets	5,189	1,528	401	7,118
Capital expenditure	51,417	1,190	172	52,779

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) *Revenue from external customers*

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Korea	**747,009**	815,989
Chinese Mainland	**337,845**	262,248
Hong Kong	**175,998**	132,745
Singapore	**158,091**	164,003
Taiwan	**112,340**	90,856
Vietnam	**34,524**	49,114
United Kingdom	**24,876**	38,774
United States	**5,685**	76,654
Others	**178,356**	212,602
	1,774,724	1,842,985

The revenue information above is based on the location of the customers.

(b) *Non-current assets*

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Chinese Mainland	**853,381**	900,606
Vietnam	**203,963**	162,744
Cambodia	**137,284**	143,032
Hong Kong	**60,973**	64,329
Singapore	**3,578**	2,996
	1,259,179	1,273,707

The non-current assets information above is based on the locations of assets and excludes certain non-current assets such as goodwill, long-term receivables and deferred tax assets.

2. OPERATING SEGMENT INFORMATION (continued)

Information about a major customer

Revenue from customer amounted to over 10% of the Group's total revenue is as follows:

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Customer A	**359,904**	348,155

Revenue from major customer comes from the sale of knitted fabric and dyed yarn.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and services rendered by the Group.

An analysis of revenue is as follows:

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Revenue from contracts with customers		
Production and sale of knitted fabric, sale of dyed yarns and provision of related subcontracting services	**1,379,556**	1,432,714
Production and sale of garment products and provision of related subcontracting services	**395,168**	410,271
	1,774,724	1,842,985

3. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 June 2026

Segments	Fabric HK$'000	Garment HK$'000	Total HK$'000
Types of goods or services			
Sale of goods	1,378,878	377,603	1,756,481
Subcontracting services	678	17,565	18,243
Total	1,379,556	395,168	1,774,724
Geographical markets			
Korea	747,009	–	747,009
Chinese Mainland	156,032	181,813	337,845
Hong Kong	85,895	90,103	175,998
Singapore	112,665	45,426	158,091
Taiwan	112,340	–	112,340
Vietnam	34,524	–	34,524
United Kingdom	–	24,876	24,876
United States	4	5,681	5,685
Others	131,087	47,269	178,356
Total	1,379,556	395,168	1,774,724
Timing of revenue recognition			
At a point in time	1,379,556	395,168	1,774,724

3. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

Disaggregated revenue information (continued)

For the six months ended 30 June 2025

Segments	Fabric HK$'000	Garment HK$'000	Total HK$'000
Types of goods or services			
Sale of goods	1,425,433	390,718	1,816,151
Subcontracting services	7,281	19,553	26,834
Total	1,432,714	410,271	1,842,985
Geographical markets			
Korea	815,989	–	815,989
Chinese Mainland	104,666	157,582	262,248
Singapore	129,763	34,240	164,003
Hong Kong	107,377	25,368	132,745
Taiwan	90,856	–	90,856
United States	3	76,651	76,654
Vietnam	49,114	–	49,114
United Kingdom	–	38,774	38,774
Others	134,946	77,656	212,602
Total	1,432,714	410,271	1,842,985
Timing of revenue recognition			
At a point in time	1,432,714	410,271	1,842,985

3. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains is as follows:

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Other income		
Fee income from sewage treatment	**20,914**	14,831
Fee income from freight handling services	**3,209**	3,622
Rental income	**3,650**	1,875
Subsidy income	**3,136**	4,212
Bank interest income	**928**	2,034
Others	**13,904**	9,347
	45,741	35,921
Gains/(losses), net		
Fair value gains/(losses):		
Financial assets at fair value through profit or loss – held for trading	**32**	(98)
Total other income and gains, net	**45,773**	35,823

4. PROFIT BEFORE TAX

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

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Cost of inventories sold and services provided	**1,564,867**	1,633,465
Research and development costs	**14,426**	20,595
Depreciation of items of property, plant and equipment	**74,950**	91,273
Depreciation of right-of-use assets	**7,708**	7,118
Amortisation of intangible assets	**362**	–
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**247,781**	257,365
Pension scheme contributions	**25,814**	29,475
	273,595	286,840
Loss on disposal of items of property, plant and equipment	**1,839**	1,908
Write-back of impairment, net:		
Write-back of impairment of accounts receivables, net	**(1,171)**	(224)
Fair value (gains)/losses:		
Financial assets at fair value through profit or loss – held for trading	**(32)**	98
Foreign exchange differences, net	**21,323**	(3,043)

5. INCOME TAX

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Current tax – Hong Kong		
Over-provision in prior years	**–**	(165)
Current tax – Elsewhere		
Charge for the period	**607**	318
(Over)/under-provision in prior years	**(358)**	476
Deferred tax expense	**2,821**	2,087
Total tax charge for the period	**3,070**	2,716

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at the rate of 16.5% (six months ended 30 June 2025: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (six months ended 30 June 2025: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2025: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2025: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Pursuant to the Corporate Income Tax Law of the PRC effective on 1 January 2008, the corporate income tax rate is 25% for all enterprises in the Chinese Mainland.

For the periods ended 30 June 2026 and 30 June 2025, with the status of a High New Technology Enterprise, a subsidiary of the Group was entitled to a preferential tax rate of 15%.

For the period ended 30 June 2025, for Macau, the first Macau Pataca 600,000 (equivalent to approximately HK$583,000) of assessable profits of the Macau subsidiary are exempted from Macau complementary tax and the remaining assessable profits are subject to the statutory rate of 12%.

For Vietnam, the Vietnamese subsidiary is subject to a corporate income tax rate of 20% (six months ended 30 June 2025: 20%).

6. DIVIDEND

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

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount for the Period is based on the profit for the period attributable to ordinary equity holders of the Company of HK$13,744,000 (six months ended 30 June 2025: HK$6,411,000) and the weighted average number of ordinary shares of 869,919,000 (six months ended 30 June 2025: 869,919,000) outstanding during the Period.

The Group had no potentially dilutive ordinary shares during the periods ended 30 June 2026 and 30 June 2025.

8. PROPERTY, PLANT AND EQUIPMENT

The changes in the net book value of property, plant and equipment for the six months ended 30 June 2026 are analysed as follows:

	HK$'000
At 1 January 2026 (Audited)	822,042
Additions	82,217
Depreciation	(74,950)
Disposals	(5,302)
At 30 June 2026 (Unaudited)	824,007

8. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 June 2026, the Group was in the process of applying for the building ownership certificates in respect of certain self-used properties with net book values of approximately HK$0.3 million (31 December 2025: approximately HK$0.5 million) and approximately HK$14.4 million (31 December 2025: approximately HK$16.0 million) situated in Nansha and Enping, Guangdong Province, the PRC, respectively. The Company's directors confirmed that, based on the advice from the Company's legal counsel, as the Group has properly obtained the land use right certificates in respect of the land on which the aforementioned self-used properties are erected, they are therefore of the opinion that there is no legal barrier or otherwise for the Group to obtain the building ownership certificates from the relevant Chinese Mainland authority.

9. ACCOUNTS AND BILLS RECEIVABLES

The Group's trading terms with its customers are generally on credit with terms of up to three months and are non-interest bearing (except for certain well-established customers with strong financial strength, good repayment history and creditworthiness, where the credit terms are extended to six months). The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts and bills receivables balances.

9. ACCOUNTS AND BILLS RECEIVABLES (continued)

An ageing analysis of the Group's accounts and bills receivables as at the end of the reporting period, based on the invoice date and issuance date, respectively, and net of loss allowance, is as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within 1 month	**318,886**	361,777
1 to 2 months	**93,125**	92,898
2 to 3 months	**38,023**	43,657
Over 3 months	**50,663**	46,095
	500,697	544,427

10. ACCOUNTS AND BILLS PAYABLES

An ageing analysis of the Group's accounts and bills payables as at the end of the reporting period, based on the invoice date and issuance date, respectively, is as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within 3 months	**641,436**	584,133
3 to 6 months	**81,950**	63,617
Over 6 months	**1,385**	5,694
	724,771	653,444

The accounts and bills payables are non-interest bearing and are normally settled on credit terms of one to five months.

11. COMMITMENTS

The Group had the following contractual commitments as at the end of the reporting period:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Contracted but not provided for:		
Purchases of machinery	**15,256**	10,942
Construction in progress	**11,649**	17,637
Construction of new manufacturing facilities	**176,207**	176,207
Construction of properties under development	**8,159**	8,159
	211,271	212,945

The Group had outstanding commitments amounting to HK$239,796,000 (31 December 2025: HK$172,976,000) as at the end of the reporting period in respect of irrevocable letters of credit.

12. RELATED PARTY TRANSACTIONS

(a) The Group is still in the process of applying for the land use planning for construction work permit, construction project and planning permit, and commencement of construction work permit in respect of a six-storey factory building, with a net book value of Nil (31 December 2025: Nil) as at 30 June 2026.

Each of Mr. Tai Chin Chun and Mr. Tai Chin Wen, directors of the Company, together with their respective spouses, who are deemed as the shareholders of the Company under the Securities and Futures Ordinance, have given joint and several indemnities in favour of the Group in respect of the aforementioned building.

(b) Outstanding balances with a related party:

As at 30 June 2026, included in the Group's accounts receivable were the amounts due from the associates of the Group of HK$21,282,000 (31 December 2025: HK$35,431,000), which were repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2026, included in the Group's accounts payable were the amounts due to associates of the Group of HK$17,054,000 (31 December 2025: amounts due to associates of the Group of HK$10,526,000), which were repayable within two months, which represents credit terms similar to those offered by the associates to its major customers.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
Short-term employee benefits	**10,899**	10,531
Post-employment benefits	**197**	201
	11,096	10,732

13. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

At 30 June 2026, the Group endorsed certain bank bills receivable in the PRC (the "Endorsed Bills") with a carrying amount of RMB63,000 (equivalent to HK$68,000) (31 December 2025: RMB1,863,000 (equivalent to HK$2,025,000)) to certain suppliers in order to settle the accounts payable or other payables due to or make prepayments to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated accounts payable or other payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of accounts payable or other payables settled and prepayments to suppliers made by the Endorsed Bills during the Period was RMB63,000 (equivalent to HK$68,000) (31 December 2025: RMB1,863,000 (equivalent to HK$2,025,000)) as at 30 June 2026.

Transferred financial assets that are derecognised in their entirety

At 30 June 2026, the Group endorsed certain bank bills receivable in the PRC (the "Derecognised Bills") which were originally endorsed or issued by its customers, to certain of its suppliers for settling the accounts payable or other payables due to such suppliers in aggregate of RMB65,637,000 (equivalent to HK$71,344,000) (31 December 2025: RMB18,058,000 (equivalent to HK$19,628,000)). The Derecognised Bills have a remaining maturity from one to six months at the end of the Period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors of the Company, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards related to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated accounts payable or other payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the periods ended 30 June 2026 and 30 June 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The Endorsement has been made evenly throughout the periods ended 30 June 2026 and 30 June 2025.