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China Fortune Holdings Limited

中國長遠控股有限公司*

(Incorporated in Bermuda with limited liability, carrying on business in H.K. as CFH Limited)

(Stock Code: 110)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

INTERIM RESULTS

The board of directors (the "Board") of China Fortune Holdings Limited (the "Company") presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 (the "Reporting Period"), together with the comparative figures set out below. These condensed consolidated interim results have not been audited, but have been reviewed by the audit committee (the "Audit Committee") of the Company.

* *For identification purpose only*

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

		Six months ended	
		30/6/2026	30/6/2025
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*5*	**33,588**	40,548
Cost of sales		**(33,533)**	(39,474)
Gross profit		**55**	1,074
Other income		**721**	488
Other gains and losses, net		**(43)**	35
Selling and distribution costs		**–**	(20)
Administrative expenses		**(7,511)**	(7,966)
Finance costs	*6*	**(970)**	(999)
Loss before income tax		**(7,748)**	(7,388)
Income tax credit (expense)	*7*	**28**	(67)
Loss for the period	*8*	**(7,720)**	(7,455)
Loss for the period attributable to:			
Owners of the Company		**(6,642)**	(6,560)
Non-controlling interests		**(1,078)**	(895)
		(7,720)	(7,455)
Loss per share			
Basic and diluted	*9*	**(2.58) cents**	(2.61) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended	
	30/6/2026	30/6/2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period	**(7,720)**	(7,455)
Other comprehensive income that may be subsequently transferred to profit or loss		
Exchange differences arising on translation from functional currency to presentation currency	**372**	628
Total comprehensive expenses for the period	**(7,348)**	(6,827)
Total comprehensive expenses for the period attributable to:		
Owners of the Company	**(6,140)**	(5,882)
Non-controlling interests	**(1,208)**	(945)
	(7,348)	(6,827)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30/6/2026	31/12/2025
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-Current Assets			
Plant and equipment		**11**	16
Right-of-use assets		**395**	628
Interests in associates		**509**	405
Financial assets at fair value through profit or loss		**110**	107
Club membership		**680**	680
		1,705	1,836
Current Assets			
Inventories		**1,428**	1,378
Trade and other receivables	*10*	**20,042**	22,808
Amounts due from non-controlling shareholders of subsidiaries		**340**	328
Financial assets at fair value through profit or loss		**537**	557
Cash and cash equivalents		**2,272**	4,834
		24,619	29,905

	Notes	**30/6/2026**	31/12/2025
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Current Liabilities			
Trade and other payables	*11*	**34,281**	35,436
Amounts due to related parties	*13*	**6,005**	5,633
Amounts due to a non-controlling shareholder of a subsidiary		**29**	28
Short-term borrowings		**12,671**	16,177
Lease liabilities		**410**	505
		53,396	57,779
Net Current Liabilities		**(28,777)**	(27,874)
Total Assets less Current Liabilities		**(27,072)**	(26,038)
Capital and Reserves			
Share capital	*12*	**2,786**	2,536
Reserves		**(23,815)**	(23,909)
Equity attributable to owners of the Company		**(21,029)**	(21,373)
Non-controlling interests		**(6,043)**	(4,836)
		(27,072)	(26,209)
Non-Current Liabilities			
Lease liabilities		**–**	171
		–	171
Total equity and liabilities		**(27,072)**	(26,038)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended	
	30/6/2026	30/6/2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash (used in) generated from operating activities	**(4,617)**	1,614
Net cash generated from (used in) investing activities	**1**	(766)
Net cash generated from (used in) financing activities	**1,988**	(261)
Net (decrease) increase in cash and cash equivalents	**(2,628)**	587
Cash and cash equivalents at the beginning of the period	**4,834**	7,182
Effect of foreign exchange rate changes	**66**	122
Cash and cash equivalents at the end of the period	**2,272**	7,891

Notes:

1. GENERAL

The Company is an exempted company with limited liability incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the Group are distribution and trading of mobile phones and electronic products.

The functional currency of the Company is Renminbi ("RMB"). The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the shareholders, as the Company is listed in Hong Kong.

2. BASIS OF PREPARATION

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

These unaudited condensed consolidated financial statements should be read in conjunction with the Group's 2025 annual report, which have been prepared in accordance with HKFRS Accounting Standards.

Going concern assessment

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

During the six months ended 30 June 2026, the Group incurred a loss attributable to the owner of the Company of approximately HK$6,642,000 (2025: HK$6,560,000). In addition, as at 30 June 2026, its current liabilities exceeded its current assets by approximately HK$28,777,000 (31 December 2025: its current liabilities exceeded its current assets by approximately HK$27,874,000).

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of at least the next twelve months from 30 June 2026. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months from 30 June 2026, after taking into consideration of the measures and plans made by the Group as detailed below:

(i) On 31 March 2026, the Company entered into a conditional subscription agreements with certain independent third parties and pursuant to which the subscribers have conditionally agreed to subscribe, and the Company has conditionally to allot and issue, a total 25,000,000 shares of HK$0.26 each under the general mandate for the estimated gross proceed of approximately HK$6.50 million.

    The directors of the Company will consider to improve the financial position of the Group and to enlarge the capital base of the Company by further conducting fund raising exercises such as share placement, right issues or others as and when necessary;

(ii) In March 2026, Mr. Lau has provided an additional unsecured and non-interest bearing loan of approximately HK$3 million to the Group which is repayable on demand.

    The Company obtained a letter of undertaking (the "Letter of Undertaking") dated 31 March 2026 from Mr. Lau that: (i) Mr. Liu has agreed not to request the Group to repay the amount due to him of approximately HK$8.31 million (including the newly provided loan of HK$3 million as described above) until the Group has sufficient funds to meet any liabilities and financial obligations as and when they fall due in the coming twelve months from 31 December 2025; (ii) Mr. Lau has provided an loan facilities amounting to HK$50 million to the Group for a period of at least the next twelve months from 31 December 2025; and (iii) Mr. Lau has agreed to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for a period of at least the next twelve months from 31 December 2025;

(iii) The directors consider that Group has good track record and relationship with the lenders of the Group's bank and other borrowings and the availability of assets to be used as collateral and thus, the directors are confident that the banks and lenders will agree to renew its bank and other borrowings which will be matured within the next twelve months from 31 December 2025.

    Further, the Group is continuing and actively seeking for other new financing and borrowings so as to finance the settlement of its existing financial obligations and also to provide funds for its operating and capital expenditures; and

(iv) The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

In light of the above measures and plans implemented to date, the directors of the Company are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 30 June 2026 after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the development of its business. Accordingly, the directors of the Company are of the view that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its measures and plans as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its controlling shareholder.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the condensed consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except that certain financial instruments are measured at fair values.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2025, except for the adoption of new/revised standards effective as of 1 January 2026.

The HKICPA has issued a number of new/revised HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

(a) Adoption of new or revised HKFRS Accounting Standards — effective 1 January 2026

In the current period, the Group has applied for the first time the following new or revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2026:

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
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11

The adoption of the above new standards and amendments to standards that are effective from 1 January 2026 does not have any significant impact to the results and financial position of the Group.

(b) New or revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new or revised HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

New standards and amendments

HKFRS 18	Presentation and Disclosure in Financial Statements[1]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[1]
HKFRS 20	Regulatory Assets and Regulatory Liabilities[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2027.
2 Effective for annual periods beginning on or after 1 January 2029.
3 The effective date to be determined.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Directors anticipate that the application of new and amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

5. SEGMENT INFORMATION AND REVENUE

(a) Reportable segment and reconciliation of reportable segment revenue, profit or loss, assets and liabilities

The Group determines its operating segment based on the reports reviewed by the chief operating decision-makers (the "CODM"), being the executive directors of the Company throughout the six months ended 30 June 2026 that are used to make strategic decisions and also for the purposes of resource allocation and performance assessment.

During the six months ended 30 June 2026 and 2025, the Group has one reportable segment: mobile phones and electronic products business.

The following describe the operations of the Group's reportable segment:

- Mobile phones and electronic products business: Sales and marketing of mobile phones and electronic products and components.

(b) Geographical information

The following table sets forth the Group's revenue from customers that is mainly attributable to the mobile phones and electronic products business by geographical location of customers:

	Six months ended	
	30/6/2026	30/6/2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hong Kong	**33,583**	30,125
PRC	**5**	10,423
	33,588	40,548

The information about the Group's non-current assets by location of assets are detailed below:

	30/6/2026	31/12/2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Hong Kong	**1,048**	1,217
PRC	**547**	512
	1,595	1,729

(c) Revenue

In the following table, revenue is disaggregated by primary geographical market, major product and timing of revenue recognition.

Disaggregation of revenue from contracts with customers

	Trading of mobile phones and electronic products Six months ended	
	30/6/2026	30/6/2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Geographical market		
Trading of mobile phones and electronic products		
Hong Kong	**33,583**	30,125
PRC	**5**	10,423
	33,588	40,548
Major product		
Trading of mobile phones and electronic products		
Mobile phones and electronic products	**33,588**	40,548
Timing of revenue recognition		
Trading of mobile phones and electronic products		
At a point in time	**33,588**	40,548

6. FINANCE COSTS

	Six months ended 30/6/2026 HK$'000 (unaudited)	30/6/2025 HK$'000 (unaudited)
Interest on lease liabilities	**10**	9
Interest on short-term borrowings	**957**	988
Other interest expense	**3**	2
	970	999

7. INCOME TAX CREDIT (EXPENSE)

For the six months ended 30 June 2026 and 2025, the Group's certain operations are being carried out through its subsidiaries established in the PRC and subject to the Enterprises Income Tax (the "EIT") rate of 25%, unless preferential rates are applicable in the cities where the subsidiaries are located.

8. LOSS FOR THE PERIOD

	Six months ended 30/6/2026 HK$'000 (unaudited)	30/6/2025 HK$'000 (unaudited)
Loss before income tax is arriving at after charging (crediting):		
Staff costs		
Directors' emoluments	**1,400**	1,399
Other staff costs		
— Salaries and allowances for other staff	**3,025**	2,739
— Retirement benefit scheme contribution	**146**	183
	4,571	4,321
Auditor's remuneration	**577**	572
Cost of inventories recognised as expenses	**33,533**	39,474
Depreciation of plant and equipment	**6**	7
Depreciation of right-of-use assets	**236**	259
and after crediting:		
Interest income	**(1)**	(4)

9. LOSS PER SHARE

The calculation of the basic and diluted loss attributable to the owners of the Company for the six months ended 30 June 2026 is based on the loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss per share of HK$6,642,000 (30 June 2025: loss of HK$6,560,000).

The weighted average number of 257,147,048 ordinary shares for the purpose of calculating basic and diluted loss per share for the six months ended 30 June 2026 has been adjusted due to the subscription of new shares of the Company (30 June 2025: weighted average number of 251,699,534 ordinary shares).

No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the six months ended 30 June 2026 and 2025.

10. TRADE AND OTHER RECEIVABLES

	30/6/2026	31/12/2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**13,590**	15,616
Less: Allowance for credit loss	**(4,161)**	(4,015)
	9,429	11,601
Value-added-tax recoverable	**229**	202
Prepayments to suppliers	**30,965**	30,035
Other receivables and deposits	**7,465**	8,153
	38,659	38,390
Less: Allowance for credit loss	**(28,046)**	(27,183)
	10,613	11,207
Total trade and other receivables (net of allowances for credit loss)	**20,042**	22,808

The Group generally requests for full prepayment from its trade customers but it also allows credit period of 30 to 90 days for certain trade customers. The following is an aged analysis of trade receivables (net of allowance) presented based on the invoice date at the end of reporting period:

	30/6/2026	31/12/2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 30 days	**4,805**	5,221
31 to 90 days	**–**	–
91 to 365 days	**4,178**	4,995
Over 365 days	**446**	1,385
	9,429	11,601

11. TRADE AND OTHER PAYABLES

	30/6/2026	31/12/2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**18,595**	18,580
Value-added-tax payables	**267**	308
Prepayments from customers	**1,391**	1,153
Other payables and accruals	**12,878**	14,285
Amount due to an associate	**1,150**	1,110
	34,281	35,436

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period:

	30/6/2026	31/12/2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 90 days	**–**	–
Over 90 days	**18,595**	18,580
	18,595	18,580

12. SHARE CAPITAL

	Number of ordinary shares	Share capital *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 December 2025 and 30 June 2026	20,000,000,000	200,000
Issued and fully paid:		
At 31 December 2025	253,555,888	2,536
Subscription of new shares *(note)*	25,000,000	250
At 30 June 2026	**278,555,888**	**2,786**

Note:

Pursuant to the Company's announcements dated 31 March 2026 and 5 June 2026, the Company entered into subscription agreements with five subscribers, all being independent third parties (i.e. the 2026 Subscribers), pursuant to which the 2026 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 25,000,000 subscription shares (the "2026 Subscription Shares") at the subscription price of HK$0.26 each for a cash consideration of approximately HK$6.50 million (the "2026 Subscription").

The 2026 Subscription Shares represent (i) approximately 9.86% of the issued share capital of the Company immediately before the completion; and (ii) approximately 8.97% of the issued share capital of the Company as enlarged by the issue and allotment of the 2026 Subscription Shares immediately following the completion on 5 June 2026. Further details were set out in the Company's announcements dated 31 March 2026 and 5 June 2026.

13. AMOUNTS DUE TO RELATED PARTIES

	30/6/2026	31/12/2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Mr. Lau Siu Ying	**5,562**	5,310
Ms. Lau Zi Yin, Michelle	**443**	323
	6,005	5,633

The balances are unsecured, non-interest bearing and repayable on demand.

14. DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2026 and 2025.

REVIEW AND OUTLOOK

Revenue

For the six months ended 30 June 2026 (the "Period"), the Group recorded total revenue of HK$33.6 million, which was approximately HK$6.9 million or 17.0% lower than the revenue of HK$40.5 million reported for the six months ended 30 June 2025. The decrease in Group's revenue was solely due to the decrease in revenue from mobile phones and electronic products trading business in PRC and Hong Kong. The Group's revenue was derived from mobile phones and electronic products trading business in PRC and Hong Kong in both reporting periods.

During the Period, revenue from mobile phones and electronic products trading business was HK$33.6 million, solely contributed from Hong Kong.

For the six months ended 30 June 2025, revenue from mobile phones and electronic products trading business was HK$40.5 million, contribution from Hong Kong and PRC was HK$30.1 million and HK$10.4 million respectively, representing 74.3% and 25.7% of the total revenue of the Group.

The decrease in revenue for the Period can be attributed to a modest recovery in the market, despite the ongoing global economic slowdown that previously affected wholesale and retail sales of mobile phones and electronic products in the PRC and Hong Kong. While the Group's sales still faced challenges as Chinese consumers continued to be cautious with their spending, there were signs of stabilization in the retail market for mobile phones and electronic products in the PRC.

Compared with 2025, the Group's revenue contribution from the PRC decreased from 25.7% to 0%, Hong Kong increased from 74.3% to 100%. The main reason is that the cessation of third-party distribution arrangement in the PRC and solely focus on mobile phones trading and distribution business in Hong Kong.

Gross profit and gross profit margin

The Group's gross profit and gross profit margin were HK$55 thousand or 0.2% and HK$1.1 million or 2.7% for the six months ended 30 June 2026 and 2025, respectively. The decrease in gross profit and gross profit margin was mainly due to the Group's cessation of trading and distribution of routers and related electronic products in the PRC.

Other income

Other income was approximately HK$0.7 million for the Period, as compared to approximately HK$0.5 million for the six months ended 30 June 2025. The Group's other income mainly consisted of information technology system integration service for the both reporting periods.

Other gains and losses, net

There was net other losses of HK$43 thousand for the Period and net other gains of HK$35 thousand for the six months ended 30 June 2025. For the Period, the net other losses mainly consisted of fair value loss on financial assets at fair value through profit or loss of HK$40 thousand (2025: fair value loss of HK$24 thousand).

Selling and distribution costs

No selling and distribution costs were recorded for the Period, as compared to HK$20 thousand for the six months ended 30 June 2025. The Group's selling and distribution costs primarily comprised logistics and transportation, rental expenses and travelling expenses.

Administrative expenses

The Group's administrative expenses decreased by HK$0.5 million or 6.3% from approximately HK$8.0 million for the six months ended 30 June 2025 to approximately HK$7.5 million for the Period. The Group's administrative expenses mainly included salaries and allowances, rental expenses, legal and professional fees and travelling expenses.

The decrease of administrative expenses of HK$0.5 million was principally attributable to the decrease in legal and professional fee, entertainment expenses and travelling expenses due to strict expenses policy implemented.

Finance costs

During the six months ended 30 June 2026 and 2025, finance costs were amounted to approximately HK$1.0 million and HK$1.0 million, respectively. The Group's finance costs mainly consisted of the interest on lease liabilities and interest on short-term borrowings.

Income tax credit/(expense)

The Group's income tax credit amounted to HK$28 thousand for the Period (2025: income tax expense: HK$67 thousand).

Loss for the period attributable to owners of the Company

As a result of the factors set out above, loss attributable to the owners of the Company amounted to HK$6.6 million for the Period, as compared to HK$6.6 million in previous corresponding period.

Loss per share

The basic loss per share was HK$2.58 cents for the Period, as compared to the basic loss per share of HK$2.61 cents in previous corresponding period.

Financial assets at fair value through profit or loss

As at 30 June 2026 and 31 December 2025, the Group held (i) an unlisted equity investment (30 June 2026: HK$0.1 million; 31 December 2025: HK$0.1 million); and (ii) listed equity investments in the PRC (30 June 2026: HK$0.5 million; 31 December 2025: HK$0.6 million) engaged in different business.

As at 30 June 2026, unlisted equity investment represented an investment of 4.8% in an entity which focuses on artificial intelligence base data service provider in the PRC.

As at 30 June 2026, listed equity investments in the PRC mainly represented the Group's listed equity investments in the ordinary shares of entities listed on Shanghai/ Shenzhen Stock Exchange.

Inventories

As at 30 June 2026, HK$1.4 million of inventories were recognised, while HK$1.4 million of inventories were recognised as at 31 December 2025. The inventories represented the mobile phones and electronic products not yet delivered and recognised as inventories during the Period.

Trade and other receivables

Trade and other receivables of the Group decreased by HK$2.8 million, from approximately HK$22.8 million as at 31 December 2025 to approximately HK$20.0 million as at 30 June 2026. The decrease was primarily due to a decrease in trade receivables of HK$2.2 million as at 30 June 2026, which can be attributed to the customers' subsequent settlements of trade receivables as at 31 December 2025.

Cash and cash equivalents

The total cash and cash equivalents amounted to approximately HK$2.3 million as at 30 June 2026 as compared to approximately HK$4.8 million as at 31 December 2025, without any deposit pledged to banks. The decrease of cash and cash equivalents was mainly, due to cash used in operating activities which offset to the subscriptions of new shares under general mandate of approximately HK$6.50 million which have been completed in June 2026. The Group is financed by a combination of its equity capital and cash flow generated from its operation.

The Group has adopted a prudent financial management approach towards its financial and treasury policies. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group may utilise the balance of cash for appropriate investment in accordance with the Group's strategic direction and development.

During the Period, there was no material change in the funding and treasury policy of the Group. The Group considers there is no material potential currency exposure as the majority of its revenue and expenses are derived and incurred in Hong Kong dollars in Hong Kong and Renminbi in PRC. It is the treasury policy of the Group to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group currently does not have a foreign currency hedging policy.

Trade and other payables

The trade and other payables of the Group decreased by approximately HK$1.1 million from approximately HK$35.4 million as at 31 December 2025 to approximately HK$34.3 million as at 30 June 2026.

The trade and other payables was mainly consisted of trade payables of HK$18.6 million and HK$18.6 million as at 30 June 2026 and 31 December 2025, respectively, balances mainly due to delayed payments to suppliers.

Balances also consisted of value-added-tax payables (30 June 2026: HK$0.3 million; 31 December 2025: HK$0.3 million), prepayment from customers (30 June 2026: HK$1.4 million; 31 December 2025: HK$1.2 million), other payables and accruals (30 June 2026: HK$12.9 million; 31 December 2025: HK$14.3 million) and amount due to an associate (30 June 2026: HK$1.2 million; 31 December 2025: HK$1.1 million).

Other payables and accruals mainly consisted of accruals for directors' emoluments, staff costs, auditor's remuneration, legal and professional fees and rental payable. The decrease in other payables and accruals was mainly due to the settlement of various operational expenses and payables during the Period.

Short-term borrowings

As at 30 June 2026, the Group had outstanding short-term borrowings of approximately HK$12.7 million (31 December 2025: HK$16.2 million). They were all unsecured, bearing fixed interest rates ranging from 3.84% to 18.00% per annum.

Liquidity and gearing ratio

The net liabilities of the Group attributable to owners of the Company as at 30 June 2026 amounted to HK$27.1 million as compared of that of HK$26.2 million as at 31 December 2025. As at 30 June 2026, the Group had net current liabilities of approximately HK$28.8 million as compared to that of HK$27.9 million as at 31 December 2025.

As at 30 June 2026, the Group had a current ratio of 0.46 time (31 December 2025: 0.52 time). The Group's gearing ratios (defined as total short-term borrowings and lease liabilities divided by total equity) as at 30 June 2026 and as at 31 December 2025 were (48.3%) and (64.3%), respectively.

Capital commitments

As at 30 June 2026, the Group did not have any capital expenditure contracted for but not provided in the unaudited consolidated financial statements in respect of leasehold improvements (31 December 2025: Nil).

Contingent liabilities

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

Material acquisitions and disposals of subsidiaries or associates

During the Period, the Group did not have material acquisitions and disposals of subsidiaries or associates.

Future plans for material investments and acquisitions at capital assets

As at 30 June 2026, the Group did not have any plans for material investments or acquisitions of capital assets.

Employees and remuneration policies

As at 30 June 2026, the Group has in total 23 employees as compared to 27 employees as at 31 December 2025. All employees were remunerated according to the nature of their job duties and market trend. The Group provided staff welfare and fund contribution to its employees in accordance with the prevailing regulations in the PRC and Hong Kong.

During the Period, the Group has adopted the 2026 Share Option Scheme which would be expired on 26 June 2036 under which the Company may grant share options to the participants, including directors and employees, to subscribe for shares of the Company. For details of the 2026 Share Option Scheme, please refer to the announcement of the Company dated 23 April 2026 and the circular of the Company dated 4 June 2026 for further information.

Saved for aforementioned, there was no other change in the remuneration policy and bonus scheme.

Significant investments held by the group

As at 30 June 2026, the Group maintained an unlisted equity investment and three listed equity investments in the PRC at fair value through profit and loss with a total fair value of HK$0.6 million (31 December 2025: HK$0.7 million).

Subscriptions of new shares under general mandate

On 31 March 2026, the Company entered into subscription agreements with five independent third parties (the "2026 Subscribers"), pursuant to which the 2026 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 25,000,000 shares at the subscription price of HK$0.26 each for a cash consideration of approximately HK$6.50 million ("the 2026 Subscriptions"). The 2026 Subscribers were China Dingli Capital Holdings Group Limited, Mr. Chen Wei (陳維), Mr. Tsang Chiu Ming (曾昭明), Mr. Lei Yongjia (雷勇佳) and Mr. Liao Jianjun (廖建軍).

On 5 June 2026, the 2026 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the 2026 Subscriptions of approximately HK$6.46 million will be applied as general working capital of the Group. Further details were set out in the Company's announcements dated 31 March 2026 and 5 June 2026.

Charge of assets

As at 30 June 2026, the Group had no charge on assets (31 December 2025: Nil).

DIVIDEND

The Board does not recommend the payment of any interim dividend for the Period (2025: Nil).

OPERATIONAL REVIEW

Market Overview

According to statistics from the Ministry of Industry and Information Technology of the People's Republic of China ("MIIT"), there are approximately 1.8 billion mobile phone subscribers in the PRC. Competition among major mobile phone manufacturers remains intense, and many are streamlining distribution by selling directly to provincial distributors and leading retailers to improve margins. As a result, distributors are increasingly adopting multi channel distribution models, including "national distribution", "provincial distribution", "direct to retail" and "direct to operator".

Mobile carriers are a key part of the mobile phone industry ecosystem. Recent industry restructuring and the rollout of 5G licenses have heightened competition among carriers. By partnering with retailers, particularly large telecommunications chain stores, carriers can leverage deeper insights into customer behaviour and spending patterns to deliver more professional, convenient and integrated services. Consequently, large telecommunications chain stores are expected to become a primary sales channel for bundled mobile phone offerings.

The PRC mobile phone market is largely mature, but the 5G economy continues to expand rapidly. Nationwide 5G commercialisation and broader data plans from telecom operators have driven fast infrastructure rollout and higher data use. By the end of 2025, about 4.8 million 5G base stations had been deployed and over 1.18 billion users had adopted 5G services, well over half of the country's mobile subscribers. This wide 5G coverage is increasing demand for new services and higher data consumption, creating opportunities for device makers and service providers.

During 2025, PRC added around 700,000 5G base stations and plans further rollouts in 2026, while continuing investment in 6G research to preserve its lead in mobile communications. Although 6G remains at the R&D stage and global 5G rollout is ongoing, the country's large internet and smartphone user base and dense 5G network support continued innovation and market opportunity. The mobile phone market eased in 2025 due to trade tensions, economic uncertainty and soft consumer spending. Continued 5G rollout and early 6G development should help mitigate these challenges and support a gradual recovery. Meanwhile, our network and business restructuring efforts are designed to improve business operations, strengthen financial results and position the Group for sustainable growth.

Business Review

Mobile Phones and Electronic Products Business

The trading and distribution of mobile phones and electronic products remained the Group's primary business in current period, solely contributing to our overall revenue. This business is anticipated to be experiencing steady growth in the coming years and will continue to be a core part of the Group's business moving forward.

During the Period, the Group's mobile phones trading and distribution business in Hong Kong performed well, supported by steady customer demand across wholesale and retail channels. Segment revenue in Hong Kong increased compared with the corresponding period in 2025. Demand remained resilient as new flagship handset models were released and product cycles refreshed. The Group continued to manage supply and inventory effectively to meet market needs in a competitive environment while preserving operating margins. Conversely, segment revenue from the PRC decreased during the Period, directly reflecting the planned cessation of the prior third-party distribution arrangement as the Group recalibrates its business focus across key target markets.

In 2024, a master distribution arrangement has been entered to distribute branded routers and related electronic products across the PRC, Hong Kong, and Macau. That arrangement has since been terminated, and the Group is now focused on developing and launching its own router brand. The Group plans to expand distribution of its proprietary routers and electronic products in key markets, capitalising on strong, growing demand for internet services in the PRC. Our next-generation edge cloud routers are AI-driven devices offering content distribution, cloud storage, and related services, designed to deliver efficient, user-centered network solutions and support innovation in AI edge cloud computing. The proprietary router business in the PRC is at an early pre-launch stage as the Group focuses on product R&D, system integration, and channel setup. Consequently, this business segment did not contribute any revenue or profit during the Period. The sales and margins are expected to develop as commercial volumes build, supply chain efficiencies are realised, and channel partnerships deepen.

The Group will continue to maintain a cost-disciplined investment approach in product development, distribution, and after-sales support to capture future demand and build a sustainable, value-added revenue stream.

Prospects and Outlook

The PRC economy is still showing signs of slowdown due to the ongoing US-China trade war. The Group believes that the consumption and retail sectors will continue to be impacted by this trade conflict, which presents an uncertain outlook for the coming years. While the mobile phone market in the PRC remains strong, its growth is clearly slowing down as a result of the trade pressure from the US, which is hindering economic growth in the PRC.

However, the continued economic growth in the PRC is fuelled by a high internal consumption. As the world's largest mobile handset market, there were approximately 1.8 billion handset subscribers in the PRC which benefit from preferential mobile internet traffic policies. The significant increase in 5G users and internet users implies that there are huge business opportunities in both mobile application and mobile commerce. Since the Group has been in the related mobile phone industry for decades, big data, mobile phone operating system and mobile internet would be surely the key business areas that the Group is interested in.

As the technology for 5G telecommunications has advanced, it is now ready for widespread deployment. Recent developments in the Chinese market, along with our proactive approach to building a strong 5G presence, position us to take advantage of the expanding global economy. The Group will closely monitor changes and explore opportunities in Hong Kong and ASEAN trading markets.

As 5G technology becomes increasingly prevalent, it will significantly enhance customer experiences. This advancement will facilitate real-time intelligence and support for smart devices and applications. Additionally, the evolving dynamics of the mobile phone market, including challenges faced by wholesalers and retailers, may prompt customers to seek alternatives that could impact our overall performance.

Looking ahead, the Group will continue to focus on technological advancements and market diversification to strengthen our competitive edge. By aligning strategies with emerging trends and maintaining operational efficiency, the Group aims to deliver long-term value to our stakeholders and ensure robust growth in the years to come.

USE OF PROCEEDS

The 2025 Subscriptions

Subscriptions of new shares under general mandate

On 8 January 2025, the Company entered into subscription agreements with two subscribers, all being independent third parties (i.e. the 2025 Subscribers), pursuant to which the 2025 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 16,000,000 subscription shares at the subscription price of HK$0.26 each for a cash consideration of approximately HK$4.16 million. The 2025 Subscribers were Mr. Lei Yongjia (雷勇佳) and Ms. Cheung Ha (張霞).

The closing price per Share as quoted on the Stock Exchange on 8 January 2025, being the date of the subscription agreements, was HK$0.18. The net proceeds from the 2025 Subscriptions, after deduction of relevant costs and expenses, is estimated to be approximately HK$4.12 million. The net subscription price per subscription share, after deduction of relevant costs and expenses, is estimated to be approximately HK$0.258 per subscription share. Under the 2025 Subscriptions, the Company issued 16,000,000 ordinary shares with aggregate nominal value of HK$160,000.

On 22 January 2025, the 2025 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the 2025 Subscriptions of approximately HK$4.12 million will be applied as general working capital of the Group. Further details were set out in the Company's announcements dated 8 January 2025 and 22 January 2025.

During the Period and up to the date of this announcement, there is no change to the intended use of the net proceeds disclosed as above. The net proceeds from the 2025 Subscriptions have been utilised in accordance with the intended use disclosed as above.

The table below sets out the net proceeds and the actual usage up to 30 June 2026:

	Allocation of net proceeds as disclosed in the 2025 Subscriptions	Unutilised amount as at 31 December 2025	Utilised amount during the six months ended 30 June 2026	Unutilised amount as at 30 June 2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
General working capital	4,120	–	–	–

The 2026 Subscriptions

Subscriptions of new shares under general mandate

On 31 March 2026, the Company entered into subscription agreements with five independent third parties (the "2026 Subscribers"), pursuant to which the 2026 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 25,000,000 shares at the subscription price of HK$0.26 each for a cash consideration of approximately HK$6.50 million ("the 2026 Subscriptions"). The 2026 Subscribers were China Dingli Capital Holdings Group Limited, Mr. Chen Wei (陳維), Mr. Tsang Chiu Ming (曾昭明), Mr. Lei Yongjia (雷勇佳) and Mr. Liao Jianjun (廖建軍).

The closing price per Share as quoted on the Stock Exchange on 31 March 2026, being the date of the subscription agreements, was HK$0.195. The net proceeds from the 2026 Subscriptions, after deduction of relevant costs and expenses, is estimated to be approximately HK$6.46 million. The net subscription price per subscription share, after deduction of relevant costs and expenses, is estimated to be approximately HK$0.258 per subscription share. Under the 2026 Subscriptions, the Company issued 25,000,000 ordinary shares with aggregate nominal value of HK$250,000.

On 5 June 2026, the 2026 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the 2026 Subscriptions of approximately HK$6.46 million will be applied as general working capital of the Group. Further details were set out in the Company's announcements dated 31 March 2026 and 5 June 2026.

During the Period, there is no change to the intended use of the net proceeds disclosed as above.

The table below sets out the net proceeds and the actual usage up to 30 June 2026:

	Allocation of net proceeds as disclosed in the 2026 Subscriptions	**Utilised amount during the six months ended 30 June 2026**	**Utilised amount up to 30 June 2026**	**Unutilised amount as at 30 June 2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
General working capital	6,460	4,310	4,310	2,150

OTHER INFORMATION

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

During the Period and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (or sale of treasury shares). As at 30 June 2026, the Company did not hold any treasury shares (as defined under the Listing Rules).

Material Events after the Reporting Period

Save as disclosed in this announcement and up to the date of this announcement, there is no material events after the Reporting Period.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Period, with deviations as stated below:

Code Provision C.2.1 and B.2.2

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual but Mr. Lau Siu Ying ("Mr. Lau") currently assumes both roles of the Chairman and the Chief Executive Officer of the Company.

Code Provision B.2.2 states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, Mr. Lau, being the Chairman of the Board, does not involve to retirement by rotation as Mr. Lau has been in charge of the overall management of the Company since its incorporation.

As a result, although Mr. Lau does not involve to retire by rotation and assumes both roles of the Chairman and the Chief Executive Officer of the Company, the Board considers that such arrangement at the current stage of development of the Group can facilitate the execution of its business strategies and maximise the effectiveness of its operations. Nevertheless, through the supervision from the Board including the Independent Non-executive Directors, the Board will review the structure from time to time in light of the prevailing circumstances and the interests of the shareholders should be adequately and fairly considered.

AUDIT COMMITTEE

The Company has formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. As at the date of this announcement, the Audit Committee comprises three Independent Non-executive Directors, Mr. Leung Wai Hung (Chairman of the Audit Committee), Dr. Law Chun Kwan and Dr. Lo Wai Shun.

The primary responsibilities of the Audit Committee include reviewing the reporting of financial and other information to the shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the auditors of the Company in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors. The Audit Committee has discussed with the management of the Group and reviewed the accounting principles and practices adopted by the Group and the unaudited interim condensed consolidated financial statements of the Group for the Period and this announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Securities Dealing Code on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules to regulate the Directors and employees' dealings in the Company's securities. Having made specific enquiry to all the Directors, all of them confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Period and up to the date of this announcement. No incident of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement was published on the website of the Stock Exchange at http://www.hkexnews.hk and on the Company's website at http://www.chinafortune.com. The interim report of the Company for the Period containing all the information required by Appendix D2 of the Listing Rules is expected to be published in September 2026 on the same websites and will be despatched to the shareholders of the Company by no later than 30 September 2026.

By Order of the Board
China Fortune Holdings Limited
Lau Siu Ying
Chairman and Chief Executive Officer

Hong Kong, 28 August 2026

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lau Siu Ying, Ms. Lau Zi Yin, Michelle and Mr. Li Jianwu; and three independent non-executive directors, namely Dr. Law Chun Kwan, Dr. Lo Wai Shun and Mr. Leung Wai Hung.