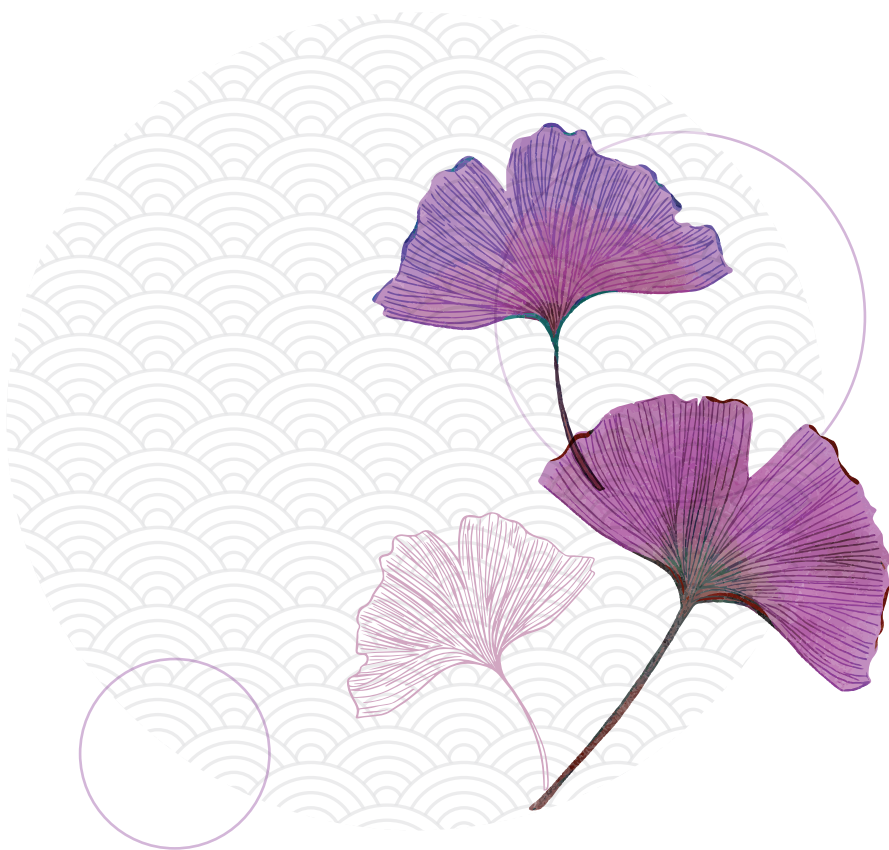




INTERIM REPORT 2026

TAN CHONG INTERNATIONAL LIMITED

陳唱國際有限公司

(Incorporated in Bermuda with limited liability)

Stock code: 693

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Management Review

RESULTS

The first half of 2026 played out against an increasingly volatile external backdrop, as the escalation of the Middle East conflict drove sustained energy price volatility and renewed inflationary pressure, while elevated trade tensions and policy uncertainty across major economies weighed on global growth. Within this environment, the Group delivered a markedly improved profit performance, with after-tax profit rising 68% even as revenue eased 5%, reflecting the combined effect of a softer automotive performance and continued strength from ETHOZ Group Limited and its subsidiaries ("ETHOZ Group") and ZERO Co., Ltd. and its subsidiaries ("ZERO Group").

The Group's revenue for the first half of 2026 was HK\$6.16 billion, a 5% decline from HK\$6.51 billion in the corresponding period of 2025. After-tax profit for the first half of 2026 was HK\$180.7 million, a 68% increase compared to HK\$107.7 million in the corresponding period of 2025.

The Group recorded robust EBITDA and positive operating cash flow during the first half of 2026, underscoring the strength of its underlying operating performance and cash-generating capability. EBITDA grew by 10% to HK\$738.7 million in the first half of 2026, up from HK\$673.6 million in the same period of 2025. Profit from operations was HK\$385.5 million for the first half of 2026 compared to HK\$329.8 million in the corresponding period of 2025, with an operating profit margin of 6.3% as compared to the 5.1% registered in the corresponding period of the previous year.

The decline in Group revenue was driven primarily by the automotive division, with Nissan sales in Singapore down 24% and Subaru sales down 48% across the Group's markets, amid a series of regulatory changes and ongoing supply constraints. Group profit, by contrast, was underpinned by continued strength at ETHOZ Group and ZERO Group.

The impact of the automotive sales decline on Group profitability was also partially offset by continued discipline in managing distribution and administrative costs, alongside a higher-margin new vehicle sales mix.

Excluding ZERO Group and ETHOZ Group, distribution costs fell by 22% and administrative expenses by 8% year-on-year, reflecting the ongoing right-sizing of the Group's automotive operations in response to a rapidly evolving industry landscape shaped by intensifying competition, new market entrants and shifting consumer preferences. This has positioned the business to compete from a leaner, more efficient base.

In the first half of 2026, a major strategic milestone was the launch of Subaru's battery electric vehicle ("BEV") portfolio - the Solterra XT and E-Outback. Both models debuted in Singapore and Hong Kong, while Taiwan introduced the Solterra XT in the first half, with the E-Outback scheduled to follow in the second half of 2026. The launches received strong critical acclaim and positive media reviews across all markets.

Rather than competing on price in segments driven primarily by consumer technology features, Subaru BEVs are positioned around driving performance and engineering quality, with brand value anchored in safety, reliability and its signature Symmetrical All-Wheel Drive system. This positioning matters more as government support for BEVs grows less uniform across the Group's markets.

RESULTS (continued)

Singapore, Malaysia, Thailand, and Hong Kong have each scaled back or ended BEV purchase and taxation incentives in 2026, narrowing the price advantage BEVs held over internal combustion engine ("ICE") and hybrid electric vehicle ("HEV") models. As these incentives are reduced or removed, the Group expects some of the novelty that drove BEV adoption to fade, supporting renewed interest in proven HEV models. Vietnam has expanded its preferential special consumption tax treatment to include self-charging HEVs, extending a benefit that was previously limited to plug-in HEVs. The Philippines has maintained its supportive policy stance toward HEVs, with import tariff exemptions and reduced excise tax treatment. These measures are well aligned with Subaru's strong HEV line-up and should support greater sales opportunities for the Forester 2.5 Strong Hybrid and Crosstrek 2.0 e-BOXER Hybrid.

Among the Group's subsidiaries, ETHOZ Group recorded a 9% revenue growth and a 91% growth in after-tax profit compared to the same period in 2025. ZERO Group reported marginal revenue growth and 6% increase in after-tax profit for the first half of 2026, compared to the same period in 2025.

Together, this growth underscores the resilience the Group's diversified business model provides against sector-specific headwinds.

The Group's net gearing ratio, which is computed by dividing the net debt with the total equity, was 46.8% as at 30 June 2026. The net debt recorded was HK\$5,829.3 million, as compared to HK\$5,376.8 million as of 31 December 2025. Net debt is comprised of borrowings of HK\$8,083.3 million and unsecured overdrafts of HK\$318.9 million, less cash and bank balances of HK\$2,572.9 million.

ROCE (Return on Capital Employed), calculated by dividing earnings before interest and taxes (EBIT) by the sum of total equity and non-current liabilities, improved to 2.5% in the first half of 2026, compared to 1.9% for the first half of 2025.

Net Asset Per Share as of 30 June 2026 was HK\$6.19, a decrease from the HK\$6.46 recorded at the end of December 2025, mainly due to the unrealised fair value loss on the Group's listed investments, recognised through other comprehensive income and deducted from the reserve balance.

The directors have declared an interim dividend of HK2.5 cents per share for the first half of 2026, compared to HK2 cents per share for the first half of 2025.

SIGNIFICANT INVESTMENTS

As of 30 June 2026, the Group had investments designated at fair value through other comprehensive income of HK\$1.15 billion. The investments consist of both listed and unlisted equity securities. Most of these investments are equity securities listed on the Tokyo Stock Exchange that were accumulated over the years as strategic long-term investments. The Group recorded an unrealised loss on its investments designated as at fair value through other comprehensive income of HK\$512 million, as compared to the unrealised loss of HK\$37 million for the corresponding six-month period in 2025. The loss is due to share price changes of its listed investments, which were marked to market and reported in the other comprehensive income statement for the period. Such unrealised fair value loss on its investments was not reclassified to the Group's consolidated statement of profit or loss.

Management Review (continued)

SINGAPORE

In Singapore, total industry volume ("TIV") expanded by 10% year-on-year in the first half of 2026 on the back of a recovery in the supply of Certificates of Entitlement ("COE"). TIV for passenger cars expanded by 13%, while that for commercial vehicles contracted by 9% amid regulatory changes affecting the segment.

Nissan

Nissan sales volume for the first half of 2026 declined 24% year-on-year compared to the first half of 2025, as the market absorbed a series of regulatory changes. Sales nonetheless improved 3% compared to the second half of 2025, pointing to a recovering trend through the year.

Passenger car sales declined by 11% year-on-year. This was largely due to changes in the Vehicular Emission Scheme ("VES") that took effect from 1 January 2026, which saw HEV models like Nissan e-POWER models either losing incentives or attracting penalties. Moreover, changes to the Preferential Additional Registration Fee ("PARF") rebate policy announced and implemented almost immediately in February 2026 also impacted Nissan sales further. While the new PARF rebate policy impacts all passenger cars, its impact is more significant to HEV models, which form the bulk of Nissan's current lineup.

Commercial vehicle sales declined 48% year-on-year, impacted by the phase-out of various incentives for the segment. The slowdown was largely due to the discontinuation of the incentives for Band B light commercial vehicles under the Commercial Vehicle Emission Scheme ("CVES"), as well as the discontinuation of the Early Turnover Scheme ("ETS") for light commercial vehicles. Both schemes took effect from 1 April 2025, which impacted the sales of its best-seller, the NV200 panel van. A record-high COE environment for commercial vehicles through the first half further exacerbated the situation, with light commercial vehicle sales as a segment falling 10%.

Looking to the second half of 2026, Nissan will introduce two significant model launches - the Model Year 2027 Serena e-POWER, its most popular model, and the Model Year 2027 X-Trail e-POWER towards the end of the third quarter of 2026. These launches position Nissan to capture a share of the expected continued TIV expansion, even as new brand entrants intensify competition. The Group remains cautiously optimistic while being mindful of the headwinds going forward.

Subaru

Subaru sales recorded a decline of 39% in the first half of 2026 compared with the first half of 2025, primarily due to unexpected and persistent delays in shipments and supply constraints affecting the Forester 2.5 Strong Hybrid, for which demand continued to exceed supply. During the period, the Group was able to fulfil only 74% of customer orders for the model.

However, the Group anticipates some easing of the backlog in the second half of 2026. Looking ahead, it remains optimistic about its sales prospects, supported by the expected stabilisation of Forester 2.5 Strong Hybrid inventory and sustained consumer demand for newly launched BEV models, the Solterra XT and E-Outback.

SINGAPORE (continued)

ETHOZ Group

ETHOZ Group registered a 91% increase in net profit in the first half of 2026 that included an exceptional property disposal gain. On a like-for-like basis, adjusted net profit increased by 17.7% year-on-year. This growth was driven primarily by higher rental and interest income as well as lower finance costs.

Total revenue increased 9% to HK\$483.4 million in the first half of 2026 from HK\$445.4 million in the corresponding period in 2025, largely due to a growth in receivables contributing to higher interest income and a rise in vehicle and equipment rental income, partially offset by a reduction in disposal of used vehicles.

The gradual decline in interest rates over the first half of 2026 has boosted profitability for ETHOZ Group with finance costs falling by 22.5%. However, recent developments in the Middle East and global supply disruptions have created persistent inflationary pressures that are causing rates to inch up towards the second half of the year, signalling headwinds for future borrowing costs.

Despite expectations of a challenging second half of 2026, marked by turbulent economic and geopolitical uncertainties with an unpredictable interest rate landscape, ETHOZ Group nonetheless remains resilient in driving stable and robust growth while navigating market adversities with prudence.

ETHOZ Group remains confident in the long-term potential of its core businesses and regional markets, reaffirming its commitment to sustainable growth in Singapore and across the region while strategically positioning itself to capitalise on emerging opportunities, with a new Thailand subsidiary incorporated in September 2025.

GREATER CHINA

Hong Kong's TIV increased by 81% in the first half of 2026 compared with the first half of 2025. The growth was primarily driven by strong market demand in the first quarter of 2026, as customers accelerated BEV purchases to benefit from the Government's First Registration Tax concession for BEVs traded in against non-BEV vehicles, which expired on 31 March 2026. Consequently, BEVs accounted for 92% of TIV in the first half of 2026, up from 84% in the first half of 2025, with BEV volumes nearly doubling year-on-year while non-BEV volumes declined, underscoring the extent to which the tax concession deadline concentrated demand into BEVs specifically.

The Group's Subaru operations recorded sales volume growth of 4% in the first half of 2026, as limited BEV supply constrained the Group's ability to capture the BEV-driven surge in demand during the peak purchasing window. While the Group expects TIV growth to moderate in the second half of 2026 following the tax concession expiry, it maintains a cautiously optimistic outlook supported by a diversified product portfolio comprising ICE vehicles, HEVs, and BEVs.

The Group's operations in China continued to face a challenging market environment in the first half of 2026 amidst elevated industry inventory levels and intensifying price competition. Against this backdrop, the Group's Subaru sales volume declined by 48% compared with the first half of 2025. In response, the Group remains focused on improving operational efficiency, preserving brand equity, and maintaining high service standards, rather than engaging in value-diluting price competition. These measures are intended to strengthen China's operational resilience and position the business to benefit from eventual market stabilisation.

Management Review (continued)

TAIWAN AND PHILIPPINES

Taiwan TIV expanded by 8% in the first half of 2026 compared with the first half of 2025, while the Group's Subaru sales volume decreased by 46%, mainly due to short supply for the Forester 2.5 and Crosstrek 2.0 during the period. Looking ahead, the Group expects sales performance to improve in the second half of 2026 as vehicle supply normalises and the product portfolio is strengthened with the planned launch of the Subaru E-Outback in the fourth quarter of 2026.

In the Philippines, the Group successfully launched the Subaru Crosstrek 2.0 e-BOXER Hybrid at the Philippine International Motor Show in June 2026, further expanding its HEV lineup in line with growing market preference for fuel-efficient and environmentally friendly vehicles. However, despite strong demand for HEV models, supply constraints, including the fulfilment of only 39.5% of customer orders for the popular Forester model, limited overall order fulfilment, resulting in a 41% year-on-year decline in sales volume for the first half of 2026.

Looking ahead, the Group remains optimistic about its sales outlook for the remainder of 2026, supported by the expected normalisation of HEV supply and the scheduled launch of the All-New Subaru Outback in the fourth quarter of 2026.

MALAYSIA, THAILAND, VIETNAM, AND CAMBODIA

Across other ASEAN territories, the Group continues to execute a pivotal strategic transition from Completely Knocked-Down ("CKD") to Completely Built-Up ("CBU") operations. The transition is to further elevate the Subaru brand into a premium positioning through a broader and higher-specification product lineup.

In Malaysia, TIV saw slight growth of 4% in the first half of 2026 compared with the first half of 2025, while Subaru operations registered a 27% drop in sales volume, reflecting intensifying competition following the entry of multiple new brands and the adoption of aggressive pricing strategies across the market. Looking ahead, sales momentum is expected to improve in the second half of 2026, driven by strategic initiatives to support the CKD inventory sell-out as the market transitions towards CBU operations.

In Thailand, Subaru sales declined 97% year-on-year in the first half of 2026, against a 24% increase in TIV, following an unusually high base in the first half of 2025 when the Group sold out its remaining CKD inventory. This reflects a temporary supply gap as the market transitions to CBU operations, rather than a shift in underlying demand. The market preference has continued to shift towards HEVs and BEVs. The Group remains optimistic about its long-term growth prospects, supported by the launch of the Forester 2.5 Strong Hybrid in the fourth quarter of 2026.

Vietnam's TIV grew by 32% year-on-year in the first half of 2026, with the sole national automotive brand accounting for more than half of the volume increase. Despite stiff market competition, the Group achieved 18% sales growth in the first half of 2026, supported by strong demand across CKD and CBU Subaru Forester variants. The Group expects this positive momentum to continue into the second half of 2026, following the debut of the Forester 2.5 Strong Hybrid in the fourth quarter of the year.

Cambodia's TIV increased by 63% in the first half of 2026, propelled by new market entrants and preferential tax policies for vehicles manufactured in the United States. Facing unfavourable market dynamics for Japanese CBU vehicles, the Group's Subaru sales volume decreased by 64% year-on-year.

JAPAN

ZERO Group, the Group's vehicle transportation and logistics division, recorded marginal growth in revenue to HK\$4.2 billion for the first half of 2026. Net profit after tax for the first half of 2026 increased by 6% from the corresponding period of last year.

In terms of ZERO Group's reporting currency, Japanese Yen, revenue and net profit after tax increased by 8% and 13%, respectively, reflecting stronger underlying operating performance despite the impact of foreign exchange movements during the six-month period.

The revenue growth was driven by overall growth across all business segments, namely domestic automotive-related businesses, human resource businesses, general cargo businesses and overseas-related businesses. Revenue from the automotive-related businesses increased primarily due to higher handling volume, the review and optimisation of transport routes, a shift away from marine transport, improved vehicle utilisation efficiency and higher maintenance service revenue following the consolidation of Zero Plus Maintenance Co., Ltd. as a subsidiary in March 2025, as well as the commencement of contracted on-site operations at used vehicle auction sites operated by the USS Group in January 2026.

The increase in profit was broadly in line with the revenue growth and was mainly attributable to the improved performance of the automotive-related businesses, despite facing higher costs due to continued strategic investments to support future growth and increased vehicle maintenance and inspection expenses.

Looking ahead, ZERO Group will continue to expand its contracted vehicle transportation services by maintaining and increasing transportation capacity through securing and retaining frontline personnel. It also expects further contributions from the on-site operational services at the used vehicle auction sites operated by the USS Group, as well as from the operating results of Auto Carrier (Thailand) Co., Ltd. which became a consolidated subsidiary in April 2026. On the cost side, it expects increases in recruiting and labour costs due to inflationary pressures and labour shortages, as well as higher ocean freight rates. It also anticipates higher vehicle-related expenses and insurance premiums resulting from rising repair costs and parts prices, as well as higher system-related expenses associated with operational efficiency improvements and the replacement of ageing systems.

HIRE PURCHASE AND FINANCING BUSINESS

The Group provides commercial loans and acts as lessor, under hire purchase contracts and finance lease.

a) Hire purchase and finance lease

Hire purchase contracts and finance leases primarily relate to equipment financing across Singapore, China and Malaysia, reflecting the Group's core focus on asset-backed lending within these key markets.

As of 30 June 2026, net receivables from hire purchase and finance lease amounted to HK\$3.065 billion or 52% of total loans and advances with 8%, 90% and 2% attributable to Singapore, China and Malaysia respectively and accounted for by 7,505 customers. These customers are made up of 97%, 2% and 1% of Small and Medium Enterprises ("SME"), Sole Proprietors/Limited Partnerships and Non-profit or statutory-related organisations respectively.

Management Review (continued)

HIRE PURCHASE AND FINANCING BUSINESS (continued)

a) Hire purchase and finance lease (continued)

The ageing analysis of hire purchase and finance lease receivables is as follows: (i) balance with maturity of less than one year is HK\$1.339 billion; (ii) balance with maturity between one year and five years is HK\$1.717 billion; (iii) balance with maturity between five years and seven years is HK\$9 million.

b) Commercial loans

Commercial loans, which are only extended to 357 customers in Singapore, make up 48% of total loans and advances amounting to HK\$2.790 billion as of 30 June 2026. These customers are made up of 65% and 35% of SME and Sole Proprietors/Limited Partnerships respectively.

The three main types of commercial loans, namely Secured Commercial loans, ESG loans under the Enterprise Financing Scheme granted by Enterprise Singapore ("ESG") and Unsecured loans make up 95%, 2% and 3% of total portfolio respectively.

Secured Commercial loans are mostly secured by properties. Risk is mitigated by a low loan-to-value ratio of not more than 80% of good quality property value.

ESG loans are aimed to support the growth of SME sectors in Singapore with a risk sharing ratio of up to 90% to be borne by ESG.

Unsecured loans are very selectively offered to high quality clients with a strong ability to repay.

The ageing analysis of commercial loan receivables is as follows: (i) balance with maturity of less than one year is HK\$1.745 billion; (ii) balance with maturity between one year and three years is HK\$1.045 billion.

Major terms of loans granted

For the six-month period ended 30 June 2026, the hire purchase and lease period under the hire purchase and finance lease business range from one to eight years with interest rates charged ranging from 2.5% p.a. to 9% p.a.

Commercial loans are offered over a tenure of one to three years, with interest rates ranging from 6% p.a. to 10% p.a.

Risk management policies

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

HIRE PURCHASE AND FINANCING BUSINESS (continued)

Risk management policies (continued)

The Group is exposed to credit risks if any of the following occurs:

- A. Change of business model during loan tenure;
- B. Sudden headwinds specific to the industry;
- C. Poor management of cash flow during a difficult and uncertain business climate;
- D. Aggressive expansion plans leading to financial instability; and
- E. Failure in a greenfield investment.

The main ambits of its credit risk framework include: (A) Credit Approval and (B) Credit Monitoring (Existing Live Contracts).

(A) Credit Approval

Prior to onboarding a new customer, the Group performs screening checks such as Know Your Client, Anti-Money Laundering and Countering the Financing of Terrorism, before a credit proposal is submitted to the Credit Risk department for review.

The credit approval team for the Group, which is based at the headquarters in Singapore, adopts a holistic approach to assessing credit risk of the loan.

It considers a combination of quantitative and qualitative factors as provided in the table below. These factors are benchmarked against industry norms and reviewed by a competent team with over two decades of industry experience.

Quantitative Factors	Qualitative Factors
• Balance Sheet Evaluation • Profit & Loss Evaluation • Financial Ratios Evaluation • Cash Conversion Cycle Evaluation • Bank Statement Evaluation • New and Existing Projects Cash Flow • Loan-to-Value of Collateral	• Business Model/Modus Operandi • Management Team/Owners Profile and Risk Appetite • Track Records Based on Operating History • Market Positioning of Borrower • Major Customers and Suppliers • Industry or Sector Outlook

For its commercial loans business in particular, the Group obtains credit enhancements in the form of corporate guarantees, personal guarantees, vendor buyback guarantees and/or property securities.

The Credit Risk Policy formalises limits for single obligor/group obligor exposure and for each industry which are reviewed monthly.

(B) Credit Monitoring (Existing Live Contracts)

The Group reviews its portfolio on a regular basis to ensure that it is serviced promptly, with no deterioration in asset quality.

Management Review (continued)

HIRE PURCHASE AND FINANCING BUSINESS (continued)

Risk management policies (continued)

(B) Credit Monitoring (Existing Live Contracts) (continued)

The Credit Control Department is responsible for following up with customers on the following:

- A. Daily: each Credit Control officer makes at least 55 calls, which are logged into the system and reviewed by the supervisor in charge.
- B. Daily review of Direct Debit Authorisation rejections, following which the Credit Control officer contacts the customer to arrange the next deduction.
- C. Monthly review of collection ratio reports and ageing meetings with senior management.
- D. Site visits where appropriate.
- E. Issuance of reminders, late payment interest letters and demand letters where required, including to repossess properties where applicable.

Loan impairment policies and impairment assessments

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower;
- A breach of contract such as a default after credit terms are exceeded or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; and
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Amounts outstanding from loans and advances are assessed for impairment regularly by reviewing the non-performing amounts. Non-performing customers are identified, discussed, and followed up during the monthly ageing meetings. Management includes the non-performing amounts as part of the IFRS 9 provision requirements.

As at 30 June 2026, impairment loss allowance of HK\$61.7 million (31 December 2025: HK\$60.1 million) has been made for loans and advances and finance lease. Bad debt written off was 0.3% for the first six months ended 30 June 2026.

PROSPECTS

Looking ahead, the Group expects the operating environment in the second half of 2026 to remain challenging, shaped by an uncertain global interest rate trajectory and persistent inflationary pressure stemming from the ongoing conflict in the Middle East and the resulting energy price volatility. Trade tensions and policy uncertainty across major economies are likely to continue weighing on business and consumer sentiment across the Group's markets.

Against this backdrop, the Group enters the second half of 2026 from a position of relative strength, having taken decisive steps in the first half to control costs, improve operational efficiency, and align its automotive distribution business with a rapidly evolving competitive and regulatory landscape. The Group expects this leaner cost base, together with an improving new vehicle pipeline and easing supply constraints across key markets, to support improved sales performance in the second half.

ETHOZ Group and ZERO Group are expected to remain key profit contributors, with both subsidiaries maintaining their positive growth trajectories into the second half.

Having delivered improved profitability in the first half despite a challenging market, the Group is confident this momentum can be sustained into the second half, underpinned by the resilience of its diversified business model.

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2026 (Unaudited)

	Note	Six months ended 30 June	
		2026	2025
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	6,158,422	6,507,897
Cost of sales		(4,934,783)	(5,280,452)
Gross profit		1,223,639	1,227,445
Other net income		92,905	73,772
Distribution costs		(404,198)	(463,273)
Administrative expenses		(499,770)	(494,616)
Other operating expenses		(27,106)	(13,560)
Profit from operations		385,470	329,768
Finance costs		(74,515)	(96,042)
Share of profits of an associate		1,084	544
Profit before taxation	4	312,039	234,270
Income tax expense	5	(131,309)	(126,557)
Profit for the period		180,730	107,713
Attributable to:			
Equity shareholders of the Company		81,941	11,683
Non-controlling interests		98,789	96,030
Profit for the period		180,730	107,713
Earnings per share	7		
Basic and diluted (cents)		4.07	0.58

The notes on pages 19 to 35 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 6.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2026 (Unaudited)

	Six months ended 30 June	
	2026	2025
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Profit for the period	180,730	107,713
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit retirement obligations	(3,101)	5,799
Equity investments designated at fair value through other comprehensive income - net movement in fair value reserves (non-recycling) during the period	(511,838)	(37,153)
	(514,939)	(31,354)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of:		
- subsidiaries outside Hong Kong	(58,152)	716,249
- an associate outside Hong Kong	115	(159)
	(58,037)	716,090
Other comprehensive income for the period	(572,976)	684,736
Total comprehensive income for the period	(392,246)	792,449
Attributable to:		
Equity shareholders of the Company	(456,166)	589,615
Non-controlling interests	63,920	202,834
Total comprehensive income for the period	(392,246)	792,449

The notes on pages 19 to 35 form part of these financial statements.

Consolidated Statement of Financial Position

at 30 June 2026 (Unaudited)

	Note	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Non-current assets			
Investment properties		4,926,737	4,935,162
Property, plant and equipment		5,288,314	5,448,000
Intangible assets		155,906	166,843
Goodwill		45,478	46,485
Interest in an associate		60,746	59,547
Investments designated as at fair value through other comprehensive income	8	1,153,574	1,668,935
Loans and advances	9	2,770,687	2,472,014
Receivables, deposits and prepayments		186,178	192,675
Deferred tax assets		96,648	78,580
		<u>14,684,268</u>	<u>15,068,241</u>
Current assets			
Inventories		1,083,096	1,512,885
Trade debtors	10	1,069,482	871,567
Loans and advances	9	3,084,410	3,024,926
Other debtors, deposits and prepayments		782,585	701,290
Amounts due from related companies		7	117
Cash and bank balances	11	<u>2,572,908</u>	<u>2,517,101</u>
		8,592,488	8,627,886
Non-current assets held for sale		–	77,259
		<u>8,592,488</u>	<u>8,705,145</u>
Current liabilities			
Unsecured bank overdrafts	11	318,907	186,375
Borrowings		5,953,177	5,565,237
Trade creditors	12	544,547	758,015
Other creditors and accruals		931,957	1,032,797
Amounts due to related companies		3,001	1,177
Lease liabilities		190,318	197,916
Current taxation		118,286	110,869
Provisions		<u>12,606</u>	<u>12,294</u>
		8,072,799	7,864,680
Net current assets		<u>519,689</u>	<u>840,465</u>
Total assets less current liabilities		<u>15,203,957</u>	<u>15,908,706</u>

The notes on pages 19 to 35 form part of these financial statements.

Consolidated Statement of Financial Position (continued)

at 30 June 2026 (Unaudited)

	Note	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Non-current liabilities			
Borrowings		2,130,117	2,142,311
Lease liabilities		241,024	371,767
Defined benefit plan obligations		48,417	49,606
Deferred tax liabilities		287,037	288,649
Provisions		36,873	42,071
		<u>2,743,468</u>	<u>2,894,404</u>
NET ASSETS		<u>12,460,489</u>	<u>13,014,302</u>
CAPITAL AND RESERVES			
Share capital	13	1,006,655	1,006,655
Reserves		<u>10,187,540</u>	<u>10,763,330</u>
Total equity attributable to equity shareholders of the Company		11,194,195	11,769,985
Non-controlling interests		<u>1,266,294</u>	<u>1,244,317</u>
TOTAL EQUITY		<u>12,460,489</u>	<u>13,014,302</u>

The notes on pages 19 to 35 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2026 (Unaudited)

	Attributable to equity shareholders of the Company						Attributable to equity shareholders of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Stock compensation reserve HK\$'000	Translation reserve HK\$'000	Contributed surplus HK\$'000	Fair value reserve (non-recycling) HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2025 (Audited)	1,006,655	550,547	9,549	14,964	51,122	377,690	1,143,109	1,821	7,897,215	11,052,672	1,116,032	12,168,704
Changes in equity for the six months ended 30 June 2025												
Profit for the period	–	–	–	–	–	–	–	–	11,683	11,683	96,030	107,713
Other comprehensive income	–	–	–	–	611,270	–	(36,380)	–	3,042	577,932	106,804	684,736
Total comprehensive income for the period	–	–	–	–	611,270	–	(36,380)	–	14,725	589,615	202,834	792,449
Equity-settled share based transactions	–	–	–	979	–	–	–	–	–	979	887	1,866
Dividends declared and approved during the period	–	–	–	–	–	–	–	–	(110,732)	(110,732)	–	(110,732)
Dividends paid by non-wholly owned subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(18,117)	(18,117)
Balance at 30 June 2025 (Unaudited)	1,006,655	550,547	9,549	15,943	662,392	377,690	1,106,729	1,821	7,801,208	11,532,534	1,301,636	12,834,170
Balance at 1 January 2026 (Audited)	1,006,655	550,547	9,549	17,045	436,708	377,690	1,230,443	7,259	8,134,089	11,769,985	1,244,317	13,014,302
Changes in equity for the six months ended 30 June 2026												
Profit for the period	–	–	–	–	–	–	–	–	81,941	81,941	98,789	180,730
Other comprehensive income	–	–	–	–	(26,609)	–	(509,872)	–	(1,626)	(538,107)	(34,869)	(572,976)
Total comprehensive income for the period	–	–	–	–	(26,609)	–	(509,872)	–	80,315	(456,166)	63,920	(392,246)
Equity-settled share based transactions	–	–	–	1,175	–	–	–	–	–	1,175	1,066	2,241
Dividends declared and approved during the period	–	–	–	–	–	–	–	–	(120,799)	(120,799)	–	(120,799)
Dividends paid by non-wholly owned subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(43,009)	(43,009)
Balance at 30 June 2026 (Unaudited)	1,006,655	550,547	9,549	18,220	410,099	377,690	720,571	7,259	8,093,605	11,194,195	1,266,294	12,460,489

The notes on pages 19 to 35 form part of these financial statements.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2026 (Unaudited)

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	20,784	437,778
Net cash used in investing activities	(98,117)	(163,035)
Net cash generated from / (used in) financing activities	60,987	(61,526)
Net (decrease) / increase in cash and cash equivalents	(16,346)	213,217
Cash and cash equivalents at 1 January	2,297,510	1,854,338
Effect of exchange differences	(27,163)	97,748
Cash and cash equivalents at 30 June	2,254,001	2,165,303

The notes on pages 19 to 35 form part of these financial statements.

Notes to the Unaudited Consolidated Financial Statements

1 Basis of preparation

The unaudited consolidated interim financial statements have been prepared in accordance with the requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board.

The unaudited consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements.

2 Changes in accounting policies

The International Accounting Standards Board (“IASB”) has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. None of these developments have had a material effect on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Unaudited Consolidated Financial Statements (continued)

3 Revenue and Segment Reporting

Revenue represents the sales value of goods sold, services provided to customers, rental income, interest income on loans and advances, management service fees, agency commission and handling fees and warranty income, net of goods and services taxes where applicable, is analysed as follows:

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
- Sale of goods	1,227,827	1,616,714
- Rendering of services	4,366,980	4,374,302
- Agency commission and handling fees	19,351	25,672
- Warranty income	1,315	1,620
Revenue from other sources		
- Gross rentals from investment properties that are fixed	74,076	67,399
- Interest income on loans and advances	262,588	237,987
- Rental income for motor vehicles held for leasing	206,285	184,203
	<u>6,158,422</u>	<u>6,507,897</u>

Notes to the Unaudited Consolidated Financial Statements (continued)

3 Revenue and Segment Reporting (continued)

(a) Disaggregation of revenue (continued)

Disaggregation of revenue from contracts with customers by geographical markets is as follows:

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Disaggregated by geographical location of customers		
- Singapore	1,002,487	1,109,908
- PRC	208,336	187,228
- Thailand	81,291	225,597
- Japan	4,190,461	4,167,682
- Taiwan	244,439	336,782
- Others	431,408	480,700
	<u>6,158,422</u>	<u>6,507,897</u>

3 Revenue and Segment Reporting (continued)

(b) Segment results

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2026 and 2025 is set out below.

	Motor vehicle distribution and dealership business		Heavy commercial vehicle, industrial equipment distribution and dealership business		Property rentals and development		Transportation		Other operations		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	HK\$'000	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)	(Unaudited)
Disaggregated by timing of revenue recognition												
Point in time	1,145,720	1,538,894	24,697	25,063	–	–	–	–	76,761	78,429	1,247,178	1,642,386
Over time	116,106	139,203	33,406	34,155	62,940	58,870	4,190,461	4,167,682	508,331	465,601	4,911,244	4,865,511
Revenue from external customers	1,261,826	1,678,097	58,103	59,218	62,940	58,870	4,190,461	4,167,682	585,092	544,030	6,158,422	6,507,897
EBITDA	(44,323)	(87,886)	5,933	5,331	51,507	86,326	429,353	416,402	296,257	253,461	738,727	673,634

(c) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total segment EBITDA	738,727	673,634
Depreciation and amortisation	(361,713)	(356,653)
Interest income	8,456	12,787
Finance costs	(74,515)	(96,042)
Share of profits of an associate	1,084	544
Consolidated profit before taxation	312,039	234,270

Notes to the Unaudited Consolidated Financial Statements (continued)

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance costs	74,515	96,042
Depreciation		
- owned property, plant and equipment	203,859	198,774
- right-of-use assets	144,563	146,074
Amortisation of intangible assets	13,291	11,805
Dividend income	(25,204)	(38,373)
Gain on disposal of property, plant and equipment	<u>(45,984)</u>	<u>(5,817)</u>

5 Income tax expense

The analysis of income tax expense is as follows:

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	1,129	784
Singapore	23,584	22,478
Others	106,596	103,295
	<u>131,309</u>	<u>126,557</u>

The Group's applicable tax rate represents the weighted average of the statutory corporate income tax rates, which mainly range between 16.5% (2025: 16.5%) and 31.52% (2025: 31.52%), in the tax jurisdictions in which the Group operates.

6 Dividends

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(i) Dividends attributable to the period:		
Interim dividend declared of HK\$0.025		
(2025: HK\$0.02) per ordinary share	<u>50,333</u>	<u>40,266</u>
The interim dividend has not been recognised as a liability as of the end of the reporting period.		
(ii) Dividends paid during the period:		
Final dividend approved in respect of prior year		
of HK\$0.06 (2025: HK\$0.055) per ordinary share	<u>120,799</u>	<u>110,732</u>

Notes to the Unaudited Consolidated Financial Statements (continued)

7 Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2026 is based on the profit attributable to equity shareholders of the Company of HK\$81,941,000 (2025: HK\$11,683,000) and the number of 2,013,309,000 ordinary shares (2025: 2,013,309,000) in issue during the period.

Diluted earnings per share for the periods ended 30 June 2026 and 2025 is the same as the basic earnings per share as there were no dilutive securities outstanding during the periods presented.

8 Investments designated as at fair value through other comprehensive income

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Listed equity securities outside Hong Kong	1,146,980	1,662,053
Unlisted equity securities	6,594	6,882
	<u>1,153,574</u>	<u>1,668,935</u>

The Group designated its investments in equity securities at fair value through other comprehensive income under IFRS 9 as listed below. This designation was chosen as the investments are held for strategic purposes.

	Fair value		Dividend income recognised	
	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)	Six months ended 30 June 2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Investments in Subaru Corporation (Note)	1,100,894	1,608,517	23,969	37,483
Others	52,680	60,418	1,235	890
	<u>1,153,574</u>	<u>1,668,935</u>	<u>25,204</u>	<u>38,373</u>

Note: Fair value loss of HK\$507,624,000 (2025: HK\$35,622,000) was recognised in other comprehensive income for the six months ended 30 June 2026.

Subaru Corporation is mainly operating in two businesses, the Automotive business and the Aerospace business. In the area of Automotive, it is in the business of manufacture, repair and sales of passenger cars and their components. In the area of Aerospace, it is in the business of manufacture, repair and sales of airplanes, aerospace-related machinery and their components. The number of shares and percentage held of this investment are 9,533,000 shares and 1.3% of Subaru Corporation's issued shares respectively. The investment cost is JPY6.2 billion. This investment represents 4.7% of the Groups' total assets.

There were no transfers of any cumulative gain or loss within equity during the period.

Notes to the Unaudited Consolidated Financial Statements (continued)

9 Loans and advances

At 30 June 2026				
	Loan receivables HK\$'000 (Unaudited)	Finance lease receivables HK\$'000 (Unaudited)	Hire purchase debtors and instalments receivable HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Balance due				
- within one year	1,752,575	1,316,301	42,645	3,111,521
- between one year and five years	1,049,052	1,683,248	63,411	2,795,711
- after more than five years	–	4,941	4,632	9,573
	2,801,627	3,004,490	110,688	5,916,805
Less: Loss allowance	(11,336)	(48,206)	(2,166)	(61,708)
	2,790,291	2,956,284	108,522	5,855,097
Balance due				
- within one year	1,745,502	1,296,765	42,143	3,084,410
- between one year and five years	1,044,789	1,654,667	61,844	2,761,300
- after more than five years	–	4,852	4,535	9,387
	2,790,291	2,956,284	108,522	5,855,097
At 31 December 2025				
	Loan receivables HK\$'000 (Audited)	Finance lease receivables HK\$'000 (Audited)	Hire purchase debtors and instalments receivable HK\$'000 (Audited)	Total HK\$'000 (Audited)
Balance due				
- within one year	1,734,772	1,291,571	44,535	3,070,878
- between one year and five years	770,194	1,644,161	64,536	2,478,891
- after more than five years	–	2,633	4,600	7,233
	2,504,966	2,938,365	113,671	5,557,002
Less: Loss allowance	(9,221)	(48,457)	(2,384)	(60,062)
	2,495,745	2,889,908	111,287	5,496,940
Balance due				
- within one year	1,725,954	1,254,723	44,249	3,024,926
- between one year and five years	769,791	1,632,554	62,441	2,464,786
- after more than five years	–	2,631	4,597	7,228
	2,495,745	2,889,908	111,287	5,496,940

Notes to the Unaudited Consolidated Financial Statements (continued)

10 Trade debtors

As of the end of the reporting period, the ageing analysis of trade debtors, based on invoice date and net of loss allowances, is as follows:

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
0 - 30 days	917,209	718,263
31 - 90 days	138,751	129,701
Over 90 days	13,522	23,603
	<u>1,069,482</u>	<u>871,567</u>

The Group allows credit periods ranging from seven days to six months.

11 Cash and bank balances

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Bank deposits	521,777	725,339
Cash at bank	2,049,806	1,790,562
Cash in hand	1,325	1,200
Cash and bank balances in the consolidated statement of financial position	<u>2,572,908</u>	<u>2,517,101</u>
Less: Bank deposits with more than three months to maturity when placed	–	(33,216)
Unsecured bank overdrafts	<u>(318,907)</u>	<u>(186,375)</u>
Cash and cash equivalents in the condensed consolidated cash flow statement	<u>2,254,001</u>	<u>2,297,510</u>

12 Trade creditors

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
0 - 30 days	400,622	446,025
31 - 90 days	42,372	108,218
91 - 180 days	29,956	82,367
Over 180 days	71,597	121,405
	<u>544,547</u>	<u>758,015</u>

Notes to the Unaudited Consolidated Financial Statements (continued)

13 Share capital

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Authorised:		
3,000,000,000 ordinary shares of HK\$0.50 each	1,500,000	1,500,000
Issued and fully paid:		
2,013,309,000 ordinary shares of HK\$0.50 each, at the beginning and end of the period	1,006,655	1,006,655

14 Share based transactions

(a) *Share based transactions – 2015 Program*

The Group has a stock compensation program (the “2015 Program”) which was adopted on 26 November 2015. The 2015 Program is operated through a trustee which is independent of the Group. This is a performance-based scheme whereby on 18 December 2015, shares of a listed subsidiary are acquired by the trustee using funds contributed by the subsidiary. The shares are distributed by the trustee in accordance with the Rules on Distributions of Board Benefits of the subsidiary based on points given to each of the entitled directors and executive officers of the subsidiaries in view of their positions, performance and length of services; and to each of the entitled corporate auditors in view of their length of services only. Incidentally, the shares of the subsidiary shall be distributed to the entitled employees as a general rule when they leave their positions. Each point granted can be converted into one share of the subsidiary at distribution. No vesting condition is required after the points are granted.

The first grant date is 26 November 2015, in the years after, point is granted to the eligible recipient annually on 1 July. However, if the eligible recipient retires during the fiscal year, the point will be granted on the date of retirement in proportion. The initial period of the 2015 Program covered five-year period ended 30 June 2020. The subsidiary made an initial contribution of JPY499,940,000 (equivalent to HK\$32,040,000) to acquire 357,100 points which were expected to be awarded to employees for the initial period.

For each subsequent five-year period following the expiry of the initial period, the subsidiary will, in principle, make additional contributions to the trust to fund the acquisition of points reasonably expected to be required under the program. Such contributions are made in advance, after taking into consideration the number of points remaining in the trust. Further contribution to the trust fund is subject to approval by the board of the subsidiary.

Notes to the Unaudited Consolidated Financial Statements (continued)

14 Share based transactions (continued)

(a) *Share based transactions – 2015 Program (continued)*

In August 2025, the subsidiary made a further contribution of JPY50,700,000 (equivalent to HK\$2,641,000) to acquire 15,000 points, the maximum number of points to be awarded for the five-year period ending 30 June 2030.

(i) *The terms and conditions of the grants are as follows:*

	Number of points
Points granted to employees:	
On 26 November 2015	71,420
On 1 July 2016	60,000
On 1 July 2017	57,500
On 1 July 2018	63,000
On 1 July 2019	81,200
On 1 July 2020	81,200
On 1 July 2021	49,200
On 1 July 2022	6,000
On 1 July 2023	3,000
On 1 July 2024	3,000
On 1 July 2025	3,000

(ii) *The movements of number of points granted are as follows:*

	2026 Number of points	2025 Number of points
Outstanding at the beginning of the period	188,000	185,000
Forfeited during the period	–	–
Exercised during the period	–	–
Granted during the period	–	3,000
Outstanding at the end of the period	188,000	188,000
Exercisable at the end of the period	188,000	188,000

(iii) *Fair value of points and assumptions*

The fair value of services received in return for points granted is measured by reference to the fair value of points granted. The estimate of the fair value of the points granted is measured based on the Black-Scholes model.

Notes to the Unaudited Consolidated Financial Statements (continued)

14 Share based transactions (continued)

(a) Share based transactions – 2015 Program (continued)

(iii) Fair value of points and assumptions (continued)

	1 July 2025	1 July 2024
Fair value of points and assumptions		
Fair value at measurement date	JPY2,389	JPY1,636
Share price	JPY3,060	JPY1,854
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	32.3%	24.5%
Expected option life (expressed as weighted average life used in the modelling under Black-Scholes model)	5.9 years	3.0 years
Expected dividends	4.2%	4.2%
Risk-free interest rate (based on the yield of Japanese government bonds)	1.04%	0.39%

The expected volatility is based on the historic volatility (calculated based on the historical daily stock price of the period corresponding to the expected remaining period), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing prices of the subsidiary's shares immediately before the grant of the points on 1 July 2024 and 1 July 2025 were JPY1,854 (equivalent to HK\$92) and JPY3,060 (equivalent to HK\$152) per share respectively.

During the period ended 30 June 2026, the Group recognised a net expense of HK\$177,000 (2025: HK\$130,000) as equity settled share based payments in relation to the 2015 Program.

Notes to the Unaudited Consolidated Financial Statements (continued)

14 Share based transactions (continued)

(b) *Share based transactions – 2022 Program*

The Group has a stock compensation program which was adopted on 1 October 2022 (the “2022 Program”). The 2022 Program is operated through a trustee which is independent of the Group. This is a scheme whereby on 12 December 2022, shares of a listed subsidiary are acquired by the trustee using funds contributed by the subsidiary. The shares are distributed by the trustee in accordance with the Rules on Distributions of Board Benefits of the subsidiary based on points given to each of the entitled directors and executive officers of the subsidiaries in view of their positions, with restriction of transfer. For certain directors, 75% of the points granted can be converted into shares (one point per one share) and 25% of the points can be converted into cash based on prevailing market rate. For employees other than the certain directors, each point granted can be converted into one share of the subsidiary at distribution. For the equity portion, shares are granted at a fixed time each year and are subject to transfer restrictions until the eligible recipients are retired. The cash portion is settled based on the prevailing market price of the shares when the employees leave their positions.

The first grant date is 1 October 2022, in the years after, point is granted to the eligible recipient annually on 1 October. However, if the eligible recipient retires within 6 months of the benefit date, no share will be granted, in otherwise, the points will be granted on the date of retirement in proportion if they retire later than 6 months of the benefit date. The initial period of the 2022 Program covered the three-year period ended 30 June 2025. The subsidiary made an initial contribution of JPY292,824,000 (equivalent to HK\$17,506,000) to acquire 252,000 points, which were expected to be awarded to employees for the initial period.

For each subsequent five-year period following the expiry of the initial period, the subsidiary will, in principle, make additional contributions to the trust to fund the acquisition of points reasonably expected to be required under the program. Such contributions are made in advance, after taking into consideration the number of points remaining in the trust. Further contribution to the trust fund is subject to approval by the board of the subsidiary.

In August 2025, the subsidiary made a further contribution of JPY947,752,000 (equivalent to HK\$49,364,000) to acquire 280,400 points, the maximum number of points to be awarded for the five-year period ending 30 June 2030.

Notes to the Unaudited Consolidated Financial Statements (continued)

14 Share based transactions (continued)

(b) Share based transactions – 2022 Program (continued)

(i) The terms and conditions of the grants are as follows:

	Equity-settled portion	Cash-settled portion
	Number of points	Number of points
On 1 October 2022	35,000	8,500
On 1 October 2023	36,200	8,800
On 1 October 2024	34,000	8,000
On 1 October 2025	<u>35,000</u>	<u>8,000</u>

(ii) The movements of number of points and cash granted are as follows:

	2026		2025	
	Equity-settled portion	Cash-settled portion	Equity-settled portion	Cash-settled portion
	Number of points	Number of points	Number of points	Number of points
Outstanding at the beginning of the period	–	27,300	–	19,300
Exercised during the period	–	–	(35,000)	–
Granted during the period	–	–	35,000	8,000
Outstanding at the end of the period	<u>–</u>	<u>27,300</u>	<u>–</u>	<u>27,300</u>
Exercisable at the end of the period	<u>–</u>	<u>27,300</u>	<u>–</u>	<u>27,300</u>

Notes to the Unaudited Consolidated Financial Statements (continued)

14 Share based transactions (continued)

(b) Share based transactions – 2022 Program (continued)

(iii) Fair value of points and assumptions

The fair value of services received in return for points granted is measured by reference to the fair value of points granted. The estimate of the fair value of the points granted is measured based on the Black-Scholes model.

	1 October 2025	1 October 2024
Fair value of points and assumptions		
Fair value at measurement date	JPY2,387	JPY1,948
Share price	JPY3,110	JPY2,415
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	32.0%	27.4%
Expected option life (expressed as weighted average life used in the modelling under Black-Scholes model)	5.7 years	5.1 years
Expected dividends	4.7%	4.2%
Risk-free interest rate (based on the yield of Japanese government bonds)	1.29%	0.49%

The expected volatility is based on the historic volatility (calculated based on the historical daily stock price of the period corresponding to the expected remaining period), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing prices of the subsidiary's shares immediately before the grant of the points on 1 October 2024 and 1 October 2025 were JPY2,415 (equivalent to HK\$120) and JPY3,110 (equivalent to HK\$150) per share respectively.

During the period ended 30 June 2026, the Group recognised a net expense of HK\$2,064,000 (2025: HK\$1,736,000) for the equity-settled share based payment and HK\$8,000 (2025: HK\$683,000) was recorded for the cash-settled share based payments in relation to the 2022 Program.

Notes to the Unaudited Consolidated Financial Statements (continued)

15 Fair value measurement of financial instruments

(i) Financial instruments carried at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

	Fair value measurement as at 30 June 2026 categorised into				Fair value measurement as at 31 December 2025 categorised into			
	Fair value at 30 June 2026 (Unaudited)	Level 1	Level 2	Level 3	Fair value at 31 December 2025 (Audited)	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group								
Recurring fair value measurements								
Assets								
Equity securities designated as at fair value through other comprehensive income								
- Listed outside Hong Kong	1,146,980	1,146,980	—	—	1,662,053	1,662,053	—	—
- Unlisted	6,594	—	—	6,594	6,882	—	—	6,882
	<u>1,153,574</u>	<u>1,146,980</u>	<u>—</u>	<u>6,594</u>	<u>1,668,935</u>	<u>1,662,053</u>	<u>—</u>	<u>6,882</u>

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

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2026 and 31 December 2025.

Notes to the Unaudited Consolidated Financial Statements (continued)

15 Fair value measurement of financial instruments (continued)

(iii) Information about Level 3 fair value measurements

The fair value of unlisted equity securities is determined by adjusted net asset value approach. The fair value measurement is positively correlated to the share of net assets of the unlisted equity securities.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	HK\$'000
Unlisted equity securities:	
At 1 January 2025 (audited)	6,828
Additions during the year	56
Exchange adjustments	(2)
At 31 December 2025 and 1 January 2026 (audited)	<u>6,882</u>
Disposals during the period	(99)
Exchange adjustments	(189)
At 30 June 2026 (unaudited)	<u><u>6,594</u></u>

16 Capital commitments

Capital commitments outstanding at 30 June 2026 not provided for in the financial statements were as follows:

	At 30 June 2026 HK\$'000 (Unaudited)	At 31 December 2025 HK\$'000 (Audited)
Authorised and contracted for	<u>7,060</u>	<u>7,885</u>

17 Connected transactions

The following is a summary of significant transactions carried out in the normal course of business between the Group and its related companies during the period:

	Six months ended 30 June 2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Sale of goods and services to related companies	197	445
Purchase of goods and services from related companies	<u>7,621</u>	<u>11,219</u>

All the sales and purchases and services rendered were on normal commercial terms.

Other Information

Interim Dividend

The Board is pleased to declare an interim dividend of HK\$0.025 (2025: HK\$0.02) per ordinary share on the shares in issue amounting to a total of HK\$50,333,000 (2025: HK\$40,266,000), which will be payable on 24 September 2026 to shareholders of the Company whose names appear on the register of members of the Company on 11 September 2026. Dividend warrants will be sent to shareholders of the Company on 24 September 2026.

Closure of Register of Members

The register of members of the Company will be closed on 11 September 2026 on which day, no transfer of shares will be effected and registered.

In order to qualify for the entitlement of the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 10 September 2026.

Directors' Interests and Short Positions in Shares

The directors of the Company ("Directors") who held office as at 30 June 2026 had the following interests in the issued share capital of the Company at that date as recorded in the register of directors' interests and short positions required to be kept under section 352 of the Securities and Futures Ordinance ("SFO"):

	Ordinary shares of HK\$0.50 each					Total number of shares held	Percentage of total issued shares
	Personal interests	Family interests (Note 1)	Corporate interests (Note 2)	Joint interests			
				(Note 3)	(Note 4)		
Executive Directors:							
Tan Eng Soon	183,903,000	—	348,544,700	54,489,972	—	586,937,672	29.15%
Tan Kheng Leong	2,205,000	210,000	—	—	—	2,415,000	0.12%
Sng Chiew Huat	900,000	—	—	—	—	900,000	0.04%
Glenn Tan Chun Hong	99,000	—	—	—	—	99,000	0.0049%
Gillian Tan Tsui Lyn	—	—	—	—	4,490,000	4,490,000	0.22%
Lee Chow Yoke	15,000	36,000	—	—	—	51,000	0.0025%

Directors' Interests and Short Positions in Shares (continued)

Notes:

- (1) These shares are beneficially owned by the spouses of Tan Kheng Leong and Lee Chow Yoke respectively, and hence they are deemed to be interested in these shares respectively.
- (2) These shares are beneficially owned by corporations controlled by Tan Eng Soon.
- (3) These shares are owned by Tan Eng Soon jointly with another persons.
- (4) These shares are held by Tan Eng Soon jointly with Gillian Tan Tsui Lyn.
- (5) All the interests disclosed above represent long position in the shares.

Save as disclosed above, none of the Directors or chief executives of the Company, or any of their spouses or children under eighteen years of age, had any beneficial or non-beneficial interests or short positions in shares of the Company or any of its subsidiaries or associates (within the meaning of the SFO) as at 30 June 2026, and there was no right granted to or exercised by any Directors or chief executives of the Company, or any of their spouses or children under eighteen years of age, during the six months ended 30 June 2026 to subscribe for shares, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix C3 of the Listing Rules of the Stock Exchange.

At no time during the six months ended 30 June 2026 was the Company, any of its subsidiaries or any of its fellow subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other Information (continued)

Substantial Interests in the Share Capital of the Company

The Company has been notified of the following interests (other than a Director) in the Company's issued shares as at 30 June 2026 amounting to 5% or more of the ordinary shares in issue:

Name	Long/short positions	Note	Ordinary shares held	Percentage of total issued shares
Tan Chong Consolidated Sdn. Bhd.	Long	(1)	705,819,720	35.05%
Promenade Group Private Limited	Long	(2)	212,067,000	10.53%
Time Strategy Group Private Limited	Long	(3)	104,497,700	5.19%
Tan Heng Chew	Long	(4)	100,692,856	5.00%
Khor Swee Wah	Long	(4)	100,692,856	5.00%
Wang Shu Erh	Long	(4)	100,692,856	5.00%

Notes:

- (1) The share capital of Tan Chong Consolidated Sdn. Bhd. is held by Tan Eng Soon as to approximately 22.85% and Tan Kheng Leong as to approximately 15.38%. The remaining shareholding is held by certain members of the Tan family who are not Directors.
- (2) Tan Eng Soon is the sole shareholder of Promenade Group Private Limited.
- (3) Tan Eng Soon is the controlling shareholder of Time Strategy Group Private Limited.
- (4) Based on the disclosure of interests filed, Tan Heng Chew has personal, corporate and family interests of 50,981,686 shares, 37,848,000 and 11,863,170 shares respectively, making a total interests of 100,692,856 shares. Khor Swee Wah and Wang Shu Erh, being spouses of Tan Heng Chew, are deemed to be interested in all the shares held by Tan Heng Chew.

Save as disclosed above, no persons, other than a Director whose interests are set out above, had registered interests in the share capital of the Company that was required to be recorded in the register under section 336 of the SFO.

Purchase, Sale or Redemption of the Company's Listed Securities

There were no purchase, sale or redemption of the Company's shares (including sales of treasury shares (the "Treasury Shares") within the meaning under the Listing Rules) by the Company or any of its subsidiaries during the six months ended 30 June 2026. As at 30 June 2026, the Company did not hold any Treasury Shares.

Audit Committee

The Audit Committee has reviewed with management the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2026.

Directors' Securities Transactions

Pursuant to the Model Code requirements as set out in Appendix C3 of the Listing Rules of the Stock Exchange, all Directors confirmed that they have complied with the required standard and its code of conduct regarding directors' securities transactions for the six months ended 30 June 2026.

Changes in Directors' Information

Mr. Ng Kim Tuck, an independent non-executive of the Company, was appointed as an independent non-executive director of Lotte Chemical Titan Holding Berhad, a company listed on Bursa Malaysia Securities Berhad, with effect from 26 May 2026. He also serves as the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee of Lotte Chemical Titan Holding Berhad.

Other Information (continued)

Corporate Governance Code

No Director is aware of any information which would reasonably indicate that the Company is not, or was not, at any time during the six months ended 30 June 2026, acting in compliance with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules of the Stock Exchange, save for the code provision C.2.1 of the Corporate Governance Code. During the six months ended 30 June 2026, Mr. Tan Eng Soon holds the offices of chairman of the Board (the “Chairman”) and the Chief Executive Officer. The Chairman had been instrumental in listing the Group. He has in-depth professional knowledge of, and extensive experience in the automobile industry and full cognizance of the workings of the business operations of the Group. In view of this, the Board would like him to continue with some executive functions. The balance of power and authority is ensured by the participation and input of the other Board members who are highly qualified and experienced professionals. The roles of the respective executive Directors and senior management who are in charge of different disciplinary functions complement the role of the Chairman and Chief Executive Officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to make and implement decisions promptly and efficiently.

By Order of the Board

Sng Chiew Huat

Finance Director

Hong Kong, 26 August 2026

Website: <http://www.tanchong.com>

As at the date of this report, the executive Directors are Mr. Tan Eng Soon, Mr. Glenn Tan Chun Hong, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat, Ms. Gillian Tan Tsui Lyn and Mr. Lee Chow Yoke. The independent non-executive Directors are Mr. Ng Kim Tuck, Mr. Prechaya Ebrahim and Mr. Charles Tseng Chia Chun.