Arts Group

2026 INTERIM REPORT

中期報告

Arts Optical International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 1120

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Profitability Analysis

For the six months ended 30 June 2026 (the "Reporting Period"), the Group's consolidated revenue recorded a robust increase of 20% to HK$714.4 million (2025: HK$594.9 million). Nevertheless, the Group reported a net loss attributable to owners of the Company of HK$13.4 million, representing a loss per share of 3.46 HK cents (2025: net loss attributable to owners of the Company of HK$15.0 million and loss per share of 3.89 HK cents).

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

Original design manufacturing ("ODM") division

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

Distribution division

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

MANAGEMENT DISCUSSION AND ANALYSIS

Lens division

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

Financial position and liquidity

Cash flows

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

Working capital management

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing position

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

Net asset value

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

Contingent liabilities

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

Charges on the Group's assets

As at 30 June 2026, the Group's investment properties and leasehold land and buildings were pledged as security for the Group's bank borrowings amounted to HK$277.4 million (31 December 2025: HK$299.6 million). Details of bank borrowings are set out in note 14 to the unaudited condensed consolidated financial statements.

Foreign currency exposure

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

Capital structure and treasury policies

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

PROSPECTS

Market outlook

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 30 June 2026) during the Reporting Period.

NOTIFIABLE TRANSACTIONS

On 12 June 2026, Stepper & Colors Opti Technology (Jiangsu) Company Limited (五彩司徠柏光學科技（江蘇）有限公司) (the "Purchaser"), an indirect non-wholly-owned subsidiary of the Company, entered into four equipment purchase contracts with Satisloh (Zhongshan) Ltd. and Satisloh Asia Ltd. (together, the "Vendors"), pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase the equipment for the Group's lens manufacturing facility in Danyang, Jiangsu Province, the People's Republic of China, at an aggregate consideration of RMB14,481,000 and EUR4,490,700 (equivalent to approximately HK$57,349,000 in aggregate). On aggregation, the four equipment purchase contracts constituted a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. For details, please refer to the Company's announcements dated 12 June 2026 and 17 June 2026.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL EXPENDITURE

As at 30 June 2026, the Group had capital commitments of HK$205.9 million. Details of capital commitments are set out in note 16 to the unaudited condensed consolidated financial statements. Save as disclosed in capital commitments, as of the date of this report, the Group did not have plans for material investments and capital expenditure.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the Reporting Period.

EMPLOYEE AND REMUNERATION POLICIES

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

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD

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

Ng Hoi Ying, Michael
Chairman

Hong Kong, 27 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**Unaudited 30 June 2026 HK$'000**	Audited 31 December 2025 HK$'000
Non-current assets			
Investment properties	10	**43,400**	48,600
Property, plant and equipment	11	**529,380**	519,943
Deposits paid for acquisition of property, plant and equipment		**19,758**	2,584
Intangible assets		**11,401**	12,187
Goodwill		**28,049**	27,304
Investments in associates		**115,259**	109,659
Investments in joint ventures		**–**	1,132
Equity investments at fair value through other comprehensive income ("FVTOCI")		**7,355**	7,355
Deferred tax assets		**8,104**	7,646
		762,706	736,410
Current assets			
Inventories		**256,113**	276,755
Debtors, deposits and prepayments	12	**426,351**	458,696
Current tax assets		**464**	288
Bank balances and cash		**158,649**	136,673
		841,577	872,412
Current liabilities			
Creditors and accrued charges	13	**509,487**	503,594
Contract liabilities		**24,655**	11,185
Refund liabilities		**4,323**	5,005
Lease liabilities		**3,285**	4,811
Bank borrowings	14	**182,521**	197,655
Current tax liabilities		**10,628**	9,242
		734,899	731,492
Net current assets		**106,678**	140,920
Total assets less current liabilities		**869,384**	877,330

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**Unaudited 30 June 2026 HK$'000**	Audited 31 December 2025 HK$'000
Non-current liabilities			
Sundry creditors	*13*	**19,090**	21,561
Lease liabilities		**12,166**	11,465
Bank borrowings	*14*	**134,345**	147,494
Deferred tax liabilities		**34,546**	35,230
		200,147	215,750
NET ASSETS		**669,237**	661,580
Capital and reserves			
Share capital	*15*	**38,626**	38,626
Reserves		**530,596**	531,089
Equity attributable to owners of the Company		**569,222**	569,715
Non-controlling interests		**100,015**	91,865
TOTAL EQUITY		**669,237**	661,580

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Special reserve *HK$'000* *(Note a)*	Other reserve *HK$'000* *(Note b)*	Exchange reserve *HK$'000*	Financial assets at FVTOCI reserve *HK$'000*	Property revaluation reserve *HK$'000*	Retained profits *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2025 (audited)	38,626	118,706	(3,269)	3,625	35,244	(2,177)	39,176	290,090	520,021	84,974	604,995
Total comprehensive income/(expense) for the period (unaudited)	–	–	–	–	29,003	–	–	(15,035)	13,968	6,833	20,801
Acquisition of additional interests in a subsidiary (unaudited)	–	–	–	(1,317)	–	–	–	–	(1,317)	597	(720)
Contributions from non-controlling shareholders in respect of capital increase of a subsidiary (unaudited)	–	–	–	–	–	–	–	–	–	2,922	2,922
Changes in equity for the period (unaudited)	–	–	–	(1,317)	29,003	–	–	(15,035)	12,651	10,352	23,003
At 30 June 2025 (unaudited)	38,626	118,706	(3,269)	2,308	64,247	(2,177)	39,176	275,055	532,672	95,326	627,998
At 1 January 2026 (audited)	38,626	118,706	(3,269)	(80)	68,164	(2,177)	39,176	310,569	569,715	91,865	661,580
Total comprehensive income/(expense) for the period (unaudited)	–	–	–	–	12,888	–	–	(13,381)	(493)	9,535	9,042
Dividends paid to non-controlling shareholders of a subsidiary (unaudited)	–	–	–	–	–	–	–	–	–	(1,385)	(1,385)
Changes in equity for the period (unaudited)	–	–	–	–	12,888	–	–	(13,381)	(493)	8,150	7,657
At 30 June 2026 (unaudited)	38,626	118,706	(3,269)	(80)	81,052	(2,177)	39,176	297,188	569,222	100,015	669,237

Notes:

(a) Special reserve represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and the surplus account of Allied Power Inc. pursuant to the group reorganisation in 1996.

(b) Other reserve arose from the acquisition of additional interests in subsidiaries from non-controlling interests and the disposal of partial interests in subsidiaries to non-controlling interests and third parties without losing control.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Unaudited Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**85,972**	(3,066)
Cash receipt in respect of deregistration of a joint venture	**1,075**	–
Purchase of property, plant and equipment	**(17,862)**	(31,362)
Proceeds from disposal of property, plant and equipment	**1,125**	1,914
Interest received	**47**	126
Repayment of consideration payable	**–**	(556)
Deposits paid for acquisition of property, plant and equipment	**(18,017)**	(10,122)
NET CASH USED IN INVESTING ACTIVITIES	**(33,632)**	(40,000)
Acquisition of further interests in a subsidiary	**–**	(720)
Dividend paid to non-controlling shareholders of a subsidiary	**(1,385)**	–
Contributions from non-controlling shareholders in respect of increase in capital	**–**	2,922
New bank borrowings raised	**32,199**	53,588
Interest paid on bank borrowings	**(5,379)**	(3,662)
Interest paid on lease liabilities	**(814)**	(1,423)
Repayments of bank borrowings	**(60,482)**	(3,590)
Repayments of lease liabilities	**(3,452)**	(3,798)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(39,313)**	43,317
NET INCREASE IN CASH AND CASH EQUIVALENTS	**13,027**	251
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**136,673**	152,354
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**8,949**	2,235
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**158,649**	154,840

1. BASIS OF PREPARATION

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

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

2. NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

New and amended standards adopted by the Group

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

- Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7;

- Annual Improvements to HKFRS Accounting Standards – Volume 11; and

- Contracts Referencing Nature–dependent Electricity – Amendments to HKFRS 9 and HKFRS 7.

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

3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair values:

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value.

3. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy:

Description	**Fair value measurements as at 30 June 2026 (unaudited) Level 3** *HK$'000*
Recurring fair value measurements:	
Financial assets	
Financial assets at FVTOCI	
Unlisted equity securities	**7,355**
Investment properties	
Commercial units – Hong Kong	**43,400**
Total	**50,755**

Description	Fair value measurements as at 31 December 2025 (audited) Level 3 *HK$'000*
Recurring fair value measurements:	
Financial assets	
Financial assets at FVTOCI	
Unlisted equity securities	7,355
Investment properties	
Commercial units – Hong Kong	48,600
Total	55,955

3. FAIR VALUE MEASUREMENTS (continued)

(b) Reconciliation of financial assets measured at fair value based on level 3 (unaudited):

Description	Financial assets at FVTOCI– Unlisted equity securities *HK$'000*	Investment properties *HK$'000*	2026 Total *HK$'000*
At 1 January 2026	7,355	48,600	55,955
Total gains or losses recognised in profit or loss *(#)*	–	(5,200)	(5,200)
At 30 June 2026	7,355	43,400	50,755
(#) Include unrealised gains or losses recognised in profit or loss attributable to assets held at end of reporting period	–	(5,200)	(5,200)

3. FAIR VALUE MEASUREMENTS (continued)

(b) Reconciliation of financial assets measured at fair value based on level 3 (unaudited): (continued)

Description	Financial assets at FVTOCI– Unlisted equity securities *HK$'000*	Investment properties *HK$'000*	2025 Total *HK$'000*
At 1 January 2025	7,355	50,700	58,055
Total gains or losses recognised in profit or loss *(#)*	–	(1,100)	(1,100)
At 30 June 2025	7,355	49,600	56,955
(#) Include unrealised gains or losses recognised in profit or loss attributable to assets held at end of reporting period	–	(1,100)	(1,100)

The total gains or losses recognised in profit or loss including those of assets held at end of reporting period are presented in other gains and losses in the condensed consolidated statement of profit or loss and other comprehensive income for both periods.

3. FAIR VALUE MEASUREMENTS (continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2026:

The Group's chief financial officer (the "CFO") is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The CFO reports directly to the board (the "Board") of directors of the Company (the "Directors") for these fair value measurements. Discussions of valuation processes and results are held between the CFO and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Key unobservable inputs used in level 3 fair value measurements are mainly:

- reversion yield (estimated based on the capitalisation of rental income potential, nature of the property and prevailing market condition);
- monthly market rent (estimated based on time, location and individual factors such as frontage and size, between the comparable and the property);
- market rent unit price (estimated based on unit price, infrastructure, scale, geographical location, traffic, environment and security between the comparables and the property); and
- discount for lack of marketability (estimated based on the volatility of share price of listed entities in similar industries).

3. FAIR VALUE MEASUREMENTS (continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2026: (continued)

Level 3 fair value measurements					Fair value – Assets	
Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Investment properties – Commercial units – Hong Kong	Income capitalisation approach	Reversion yield	3.8 % (31 December 2025: 3.4%)	Decrease	**43,400**	48,600
		Monthly market rent	Office portion: HK$34.8 (31 December 2025: HK$35.4) per square foot per month on lettable area basis Car parking space portion: HK$3,500 (31 December 2025: HK$3,500) per car parking space per month	Increase		
Financial assets at FVTOCI	Discount cash flow	Discount rate	13% (31 December 2025: 13%)	Decrease	**7,355**	7,355
		Discount of lack of marketability	15.6% (31 December 2025: 15.6%)	Decrease		

There were no changes in the valuation techniques used.

4. REVENUE AND SEGMENT INFORMATION

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

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

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

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results

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

For the six months ended 30 June 2026 (unaudited)

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

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the six months ended 30 June 2025 (unaudited)

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

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

5. FINANCE COSTS

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

6. INCOME TAX EXPENSE

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

6. INCOME TAX EXPENSE (continued)

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

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

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

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

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

7. LOSS FOR THE PERIOD

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

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

8. DIVIDENDS

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

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

9. LOSS PER SHARE

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

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

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

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

10. INVESTMENT PROPERTIES

	30 June 2026 *HK$'000* (unaudited)	31 December 2025 *HK$'000* (audited)
At 1 January	**48,600**	50,700
Decrease in fair value recognised in profit or loss	**(5,200)**	(2,100)
At 30 June/31 December	**43,400**	48,600

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

In determining the fair value of investment properties, it is the Group's policy to engage independent professional valuers (the "Valuer") to perform the valuation. The Group works closely with the Valuer to establish the appropriate valuation technique and key inputs to the model.

The valuations were carried out by Vigers Appraisal & Consulting Limited ("Vigers") as at 30 June 2026 and 2025. Vigers is an independent firm of professional valuers, not connected with the Group, and possesses the appropriate qualifications and recent experience in valuing comparable properties in the area.

The valuations were determined using the income capitalisation approach for the Hong Kong properties as at 30 June 2026 and 2025. Under the income capitalisation approach, market rentals for all lettable units were capitalised with reference to achieved rents for those units and rents for comparable properties nearby. The capitalisation rate was derived from reversion yield and current and contracted monthly rents of similar properties, and adjusted for factors specific to each property based on the valuers' expertise. The valuation techniques are unchanged from the prior period.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired property, plant and equipment of approximately HK$21,995,000 (six months ended 30 June 2025: HK$51,440,000).

During the six months ended 30 June 2026, the Group entered into a new lease agreement for use of factory for 3 years. The Group has recognised an addition of right-of-use assets of HK$3,150,000 included in additions of property, plant and equipment and lease liabilities of HK$3,150,000 respectively.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

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

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

During the six months ended 30 June 2026, the Group reversed the impairment allowance of HK$606,000 (six months ended 30 June 2025: HK$761,000).

12. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

Trade receivables due from the associate

As at 30 June 2026, included in the Group's trade receivables balance is an amount due from the Group's associate of HK$73,816,000 (31 December 2025: HK$63,515,000) net of allowance for expected credit losses of HK$821,000 (31 December 2025: HK$706,000). This balance is repayable on credit terms comparable to those offered to the Group's similarly size customers. As at 30 June 2026, the amount outstanding is unsecured with carrying amount of HK$20,311,000 (31 December 2025: HK$9,624,000) which is past due balance.

13. CREDITORS AND ACCRUED CHARGES

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

13. CREDITORS AND ACCRUED CHARGES (continued)

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

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

Trade payables due to the associate

As at 30 June 2026, included in the Group's trade payables balance is an amount due to the Group's associate of HK$63,000 (31 December 2025: HK$4,000), which is repayable on credit terms comparable to those offered by suppliers of similar size and standing. The amount outstanding is unsecured and not past due at the end of the reporting period.

14. BANK BORROWINGS

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

14. BANK BORROWINGS (continued)

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

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

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

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

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

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

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

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

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

15. SHARE CAPITAL

	Number of shares		Nominal value	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
			HK$'000	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Ordinary shares of HK$0.1 each				
Authorised:				
At beginning and end of period	**1,000,000,000**	1,000,000,000	**100,000**	100,000
Issued and fully paid:				
At beginning and end of period	**386,263,374**	386,263,374	**38,626**	38,626

16. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– set up cost of investment in subsidiaries	**132,507**	129,715
– buildings under construction	**13,072**	26,020
– plant and machinery	**57,404**	21,108
– leasehold improvements	**2,956**	6,541
	205,939	183,384

17. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sales of prescription frames and sunglasses to an associate	**66,246**	53,177
Purchase of prescription frames, sunglasses and raw materials from an associate	**59**	48
Repayments of lease liability to an associate	**1,129**	1,317

The Directors are of the opinion that the above transactions with the associates were conducted in the usual course of business.

Other than the above, the details of trade receivables balance from and trade payables balance to the associates are shown in notes 12 and 13 respectively. No guarantee has been given to or received from the associates.

17. RELATED PARTY TRANSACTIONS (continued)

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Short-term benefits	**5,603**	5,906
Post-employment benefits	**296**	346
	5,899	6,252

The remuneration of Directors and key executives was determined by the remuneration committee of the Company having regard to the performance of individuals and market trends. The shareholders of the Company authorised the remuneration committee to fix the remuneration of the Directors, including independent non-executive directors at the annual general meeting.

18. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board on 27 August 2026.

SUPPLEMENTARY INFORMATION

DIVIDENDS

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code throughout the Reporting Period.

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

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

ISSUE OF EQUITY SECURITIES

The Company did not issue any equity securities for cash or sell any treasury shares for cash during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Shares in the Company (Long Positions)

	Number of issued ordinary shares held				Approximate percentage of issued share capital of the Company
Name of director/ chief executive	Personal interests	Family interests	Other interests	Total	
Ng Hoi Ying, Michael	2,856,000	62,833,347	153,600,000 *(Note a)*	219,289,347	56.77%
Ng Yat Shan	3,766,000	–	–	3,766,000	0.97%
Ng Kim Ying	21,703,000	–	–	21,703,000	5.62%
Wu Zhihong	62,833,347	156,456,000 *(Note b)*	–	219,289,347	56.77%

Notes:

(a) These shares were held by Ratagan International Company Limited ("Ratagan"). The entire issued share capital of Ratagan was held by Maritime Overseas Assets Limited which was wholly-owned by HSBC International Trustee Limited as trustee of The Arts 2007 Trust, a discretionary trust, the settlor of which is Mr. Ng Hoi Ying, Michael and the beneficiaries of which included Mr. Ng Hoi Ying, Michael.

(b) Ms. Wu Zhihong is the spouse of Mr. Ng Hoi Ying, Michael and is therefore deemed to be interested in all the shares in which Mr. Ng Hoi Ying, Michael is interested pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUPPLEMENTARY INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, other than the interests disclosed under the heading "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 30 June 2026, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO recorded that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Shares in the Company (Long Positions)

Name of shareholder	Capacity	Number of issued ordinary shares held		Approximate percentage of issued share capital of the Company
HSBC International Trustee Limited	Trustee	153,600,000	*(Note a)*	39.77%
Maritime Overseas Assets Limited	Held by controlled corporation	153,600,000	*(Note a)*	39.77%
Ratagan International Company Limited	Beneficial owner	153,600,000	*(Note a)*	39.77%
David Michael Webb (deceased) and Karen Anne Webb	Held by controlled corporations	39,720,000	*(Note b)*	10.28%
Preferable Situation Assets Limited	Beneficial owner	23,168,600	*(Note c)*	6.00%

Notes:

(a) HSBC International Trustee Limited ("HSBCITL") was the trustee of The Arts 2007 Trust. The Arts 2007 Trust was a discretionary trust, the settlor of which is Mr. Ng Hoi Ying, Michael ("Mr. Ng") and the beneficiaries of which included Mr. Ng. Under The Arts 2007 Trust, 153,600,000 shares of the Company were held by Ratagan International Company Limited ("Ratagan"). The entire issued share capital of Ratagan was held by Maritime Overseas Assets Limited which was wholly-owned by HSBCITL.

(b) According to the individual substantial shareholder notices filed by Mr. David Michael Webb (deceased) ("Mr. Webb") and Mrs. Karen Anne Webb ("Mrs. Webb") on 2 June 2025, as at 31 May 2025 (i.e. the date of the relevant event as set out in the individual substantial shareholder notices filed on 2 June 2025), 23,168,600 shares of the Company were held by Preferable Situation Assets Limited ("PSAL") and 16,551,400 shares of the Company were held by Member One Limited ("MOL"). PSAL and MOL were wholly-owned by Mr. Webb and Mrs. Webb. Mr. Webb and Mrs. Webb were deemed to be interested in the 39,720,000 shares of the Company held by controlled corporations under Part XV of the SFO. Mr. Webb passed away on 13 January 2026.

(c) These shares were directly held by PSAL. Mr. Webb and Mrs. Webb were deemed to be interested in the 23,168,600 shares of the Company held by PSAL under Part XV of the SFO.

Save as disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO disclosed no other person as having notifiable interests or short positions in the issued share capital of the Company as at 30 June 2026.

CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules throughout the Reporting Period.

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

An Audit Committee has been established by the Company since 1998 and currently comprises Mr. Wong Chi Wai (the chairman of the Audit Committee), Mr. Lam Yu Lung and Dr. Fong Kin Kiu, all of whom are independent non-executive directors. The duties of the Audit Committee include (but are not limited to) the review of the interim and annual reports of the Group as well as of various auditing, financial reporting, risk management and internal control matters with the management and/or external auditor of the Company. The Group's interim report comprising its unaudited condensed consolidated financial statements for the Reporting Period has been reviewed by the Audit Committee, which was of the opinion that its preparation had complied with applicable accounting standards and requirements and that adequate disclosures were made.

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

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

CORPORATE INFORMATION

Board of directors

Executive directors

NG Hoi Ying, Michael *(Chairman)*
NG Yat Shan *(Chief executive officer)*
NG Kim Ying
WU Zhihong

Independent non-executive directors

WONG Chi Wai
LAM Yu Lung
FONG Kin Kiu
CHUNG Hil Lan Eric
(resigned on 29 June 2026)

Company secretary

CHOI Pui Yiu

Auditor

RSM Hong Kong, Certified Public Accountants
Registered Public Interest Entity Auditor

Legal advisers

Stephenson Harwood
Conyers Dill & Pearman

Registered office

Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

Head office and principal place of business in Hong Kong

Units A to G, 32nd Floor, King Palace Plaza
55 King Yip Street, Kwun Tong
Kowloon, Hong Kong

Principal share registrar

Codan Services Limited
Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

Hong Kong branch share registrar

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

Principal bankers

Bank of China (Hong Kong) Limited
Bank of China Limited Shenzhen Branch
China CITIC Bank Corporation Limited
Huizhou Branch
Dah Sing Bank, Limited
Hang Seng Bank Limited

Website

www.artsgroup.com

Arts Group

Arts Optical International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 1120