INTERIM* REPORT

True Art Can Only Spring From The Intimate Linking Of The Serious And The Playful.

BORN TO "Be Playful" IS MY NATURE

B.Duck™

2026

2250

STOCK CODE

BDUCK

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Interim Report
Interim Report
Interim Report

Sëmk®

B.DUCK SEMK HOLDINGS INTERNATIONAL LIMITED
Incorporated in the Cayman Islands with limited liability

For the people of all ages and shares the happiness and fun to everyone. We strive to develop this brand, adapting it into a stylish and functional lifestyle.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Hui Ha Lam
(Chairman of the Board and Chief Executive Officer)
Mr. Kwok Chun Kit
Mr. Sung Chi Keung
(Resigned on 2 April 2026)
Mr. Lyu Xingyuan

Non-Executive Director

Ms. Xu Wenya

Independent Non-Executive Directors

Ms. Leung Ping Fun Anita
Prof. Chan Ka Yin Karen, *JP*
Mr. Wu Di

REMUNERATION COMMITTEE

Ms. Leung Ping Fun Anita
(Chairperson)
Mr. Hui Ha Lam
Mr. Wu Di

NOMINATION COMMITTEE

Mr. Hui Ha Lam *(Chairman)*
Ms. Leung Ping Fun Anita
Prof. Chan Ka Yin Karen, *JP*

AUDIT COMMITTEE

Mr. Wu Di *(Chairman)*
Ms. Leung Ping Fun Anita
Prof. Chan Ka Yin Karen, *JP*

COMPANY SECRETARY

Ms. Mak Yuk Kiu
(Re-appointed on 2 April 2026)
Mr. Sung Chi Keung
(Resigned on 2 April 2026)

AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)

Mr. Hui Ha Lam
Ms. Mak Yuk Kiu
(Re-appointed on 2 April 2026)
Mr. Sung Chi Keung
(Resigned on 2 April 2026)

REGISTERED OFFICE

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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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North Point
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PRINCIPAL BANKERS

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99 Queen's Road Central
Hong Kong

Nanyang Commercial Bank, Limited
151 Des Voeux Road Central
Hong Kong

COMPANY WEBSITE

http://www.semk.net

LEGAL ADVISERS

As to Cayman Islands laws

Maples and Calder (Hong Kong) LLP
26th Floor
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AUDITOR

Pricewaterhouse Coopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

STOCK CODE

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FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Revenue	**72,191**	82,314
Loss for the period	**(19,840)**	(11,653)
Loss attributable to equity holders of the Company	**(19,468)**	(10,743)
Adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures[1]	**(19,110)**	(8,620)
Adjusted net loss margin under non-HKFRS financial measures (%)[2]	**(26.5)**	(10.5)

Notes:

(1) Adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures for each of the periods represented loss attributable to equity holders of the Company excluding Share Award Scheme expenses for the respective period.

(2) Adjusted net loss margin under non-HKFRS financial measures for each of the periods is calculated based on adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures divided by the revenue of the Group for the respective period.

	As at 30 June 2026 (unaudited)	As at 30 June 2025 (unaudited)
Segment gross profit margin (%)[(1)]	54.5	58.3
Return on equity (%)[(2)]	(17.9)	(6.4)
Return on total assets (%)[(3)]	(8.7)	(4.0)
Current ratio (times)[(4)]	1.6	1.9
Quick ratio (times)[(5)]	1.4	1.8
Gearing ratio (%)[(6)]	37.9	28.8
Net debt to equity ratio (%)[(7)]	0.9	N/A[(8)]

Notes:

(1) No gross profit margin can be determined for character licensing business segment. Segment gross profit margin for each of the periods is calculated based on revenue attributable to the Group's e-commerce and other businesses deducting cost of inventories sold divided by revenue attributable to the Group's e-commerce and other businesses for the respective period.

(2) Return on equity equals to loss for the period divided by total equity as at the end of the relevant period.

(3) Return on total assets equals to loss for the period divided by total assets as at the end of the relevant period.

(4) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective period.

(5) Quick ratio is calculated based on the total current assets less inventories divided by the total current liabilities as at the end of the respective period.

(6) Gearing ratio is calculated based on the total interest-bearing bank and other borrowings divided by total equity as at the end of the respective period.

(7) Net debt to equity ratio is calculated based on net debts as at the end of the respective period divided by total equity as at the end of the respective period. Net debt includes all interest-bearing bank and other borrowings (if any), net of cash and cash equivalents and time deposits.

(8) The Group was at a net cash position as the amount of cash and cash equivalents and time deposits exceeded the total interest-bearing bank and other borrowings of the Group, such that the net debt to equity ratio is not applicable.

CHAIRMAN'S STATEMENT

Dear Shareholders and Investors,

It is my pleasure that herein I, Hui Ha Lam, founder of B.Duck Semk Holdings International Limited ("**Company**" or "**B.Duck Semk**", together with its subsidiaries, the "**Group**") and father of B.Duck, am presenting to you the interim report of the Group for the six months ended 30 June 2026.

The first half of 2026 was an adjustment period in B.Duck Semk's strategic transformation. For the six months ended 30 June 2026, the Group recorded revenue of HK$72.2 million. During the Reporting Period, the Group continued to advance the various initiatives under its "IP+X+AI" ecosystem strategy. Certain businesses achieved phased progress, and although overall results came under short-term pressure, they were broadly in line with expectations for the transformation period.

With the continued in-depth application of AI technology, the Group has been advancing an upgrade of its model from "image licensing" to "delivering complete product design solutions". During the Reporting Period, the Group's character licensing business recorded revenue of HK$30.7 million, and the number of licensees with which business relationships have been established reached 659. An increasing number of licensees, including Lipton, China Post, Skyworth, KFC and Uniqlo UTme, have recognised the commercial value of B.Duck and have continued to deliver outstanding collaboration cases. Among the Top Global Licensors 2026 published by The License Global, an internationally recognised licensing industry media, B.Duck Semk, by virtue of the outstanding market performance of its core IP, B.Duck, once again made the list, ranking 45th globally, up one place from the 2025 ranking, thereby continuing to consolidate the leading position of original Chinese IPs in the global licensing industry.

Retail merchandise is one of the core vehicles for IP expression. During the Reporting Period, revenue from the Group's e-commerce and other business amounted to HK$41.5 million. In the first half of the year, the key themes of the merchandise retail business were "collaborations" and "breaking out of the circle". The launch of the B.Duck x TUTUMONKEY limited pop toys created a remarkable chemistry between two IPs of distinctly different styles, attracting substantial attention from young consumers; the co-branded products of Hidden Wooo, an ecosystem enterprise, and Tangle demonstrated the crossover potential of "pop toys + classic toys"; and the strategic cooperation with Haers (002615.SZ), an A-share listed company, has turned "daily necessities" into "lifestyle symbols". When a thermos flask is no longer merely a vessel for water, but a "social currency" through which young people express their individuality, the value ceiling of the category is broken.

In the first half of the year, the Group's real-scenery cultural tourism business segment entered a period of rapid growth. The landing of B.Duck Carnival at Zhongshan Municipal Park, the signing of a strategic cooperation agreement with Shijiazhuang Cultural Tourism Investment Group, and the unveiling of South China's first immersive B.Duck-themed municipal park at Foshan Zhongshan Park – the successive implementation of these projects marks the shift of our cultural tourism business from "single-point breakthroughs" to a "networked layout". During the Reporting Period, the Group's LBE business recorded ticketing revenue of HK$5.5 million, representing a year-on-year increase of 40.8%. The Group is building a three-dimensional cultural tourism model of "small city parks + medium-sized amusement parks + large-scale cultural tourism attractions", and implanting a retail segment inside the parks in the form of Cityfuns park stores, thereby achieving integrated "park + retail" operations and moving from "single-point breakthroughs" to a "networked layout".

The Group has continued to drive the penetration of AI technology throughout its business chain, and AI technology has gradually evolved from an auxiliary tool into a productivity factor. On the design side, AIGC has been deeply integrated into the product development process – from automatic colouring of 2D line drawings of IP characters and conversion into 3D materials, to one-click generation of product renderings from untextured 3D models – significantly shortening the design cycle and enabling designers to devote more energy to creative planning rather than repetitive execution; on the social media communication side, an AI-driven content production system has supported the day-to-day operations of multiple platforms in China and overseas, enabling the rapid batch generation and distribution of product videos. During the Reporting Period, B.Duck AIGC short videos of the Group on social media platforms including Xiaohongshu, Instagram and TikTok generated more than 3 billion views, attracting a total of 2.398 million new subscribers and followers, with a marked improvement in content and brand communication efficiency; on the hardware innovation side, the AI companion hardware project jointly developed by the Group and Yungang Companion Xinzhiren (雲港陪伴新智人) is progressing as planned, with the product currently in the development and testing stage, aiming to combine the emotional value of the B.Duck IP with AI interactive capabilities to provide users with intelligent products featuring emotion perception and companion functions. For the Group, AI is an efficiency tool, a product capability, and still more a bridge for the IP to establish a deeper connection with users.

On the overseas expansion front, the Thailand market has continued to serve as the "model market" for our globalisation strategy. B.Duck 20th Playful Bouncy Playland landed in Nonthaburi, the B.Duck inflatable playground at ICONSIAM in Thailand has become a popular weekend destination for local families, and the co-branded products with Play Plearn Kid, a popular children's creative education brand, were also successfully launched. The essence of "going global" is not to ship Chinese products overseas for sale, but to integrate the IP into the life scenarios of local consumers and become their "local brand". During the Reporting Period, the Group continued to deepen its presence in overseas markets. Behind these initiatives lies the transformation of Chinese IPs from "stepping out" to "integrating in".

We remain confident in the long-term prospects of the IP industry and in the brand value of B.Duck. We would like to extend our gratitude to our partners for their trust and collaboration, and to our shareholder and investor friends for their support and companionship.

B.Duck Semk

Hui Ha Lam
Chairman of the Board

28 August 2026

BUSINESS REVIEW

The Group is principally engaged in two areas of business: (i) the character licensing business, being the creation, design, licensing, brand management and marketing of the self-created B.Duck Family Characters across multiple channels, under which the Group licenses the B.Duck Family Characters and brands to its licensees and provides them with product design application services; and (ii) the e-commerce and other business, being the design, development, procurement and retail sales of B.Duck Family Characters-featured products through multiple channels.

During the six months ended 30 June 2026 ("**6M2026**"), the Group was in an adjustment period of its strategic transformation and continued to advance its "IP+X+AI" ecosystem strategy, with a number of business lines achieving phased progress. The Group recorded revenue of approximately HK$72.2 million for 6M2026, representing a decrease of approximately 12.3% as compared to approximately HK$82.3 million for the six months ended 30 June 2025 ("**6M2025**"), in line with the expectation for the transformation period.

IP Brand Assets

The Group continued to deepen its IP brand assets and advanced the upgrade of its licensing model from "image licensing" to the delivery of "complete product design solutions", thereby enhancing the average contribution per licensee. In the 2026 Top Global Licensors Report published by License Global, the Group ranked 45th globally, up one place from 46th in the 2025 report, further consolidating its leading position among Chinese original IPs in the global licensing industry. As at 30 June 2026, the Group had established business relationships with 659 licensees (31 December 2025: 619). An increasing number of licensees – including Lipton, China Post, Skyworth, KFC and Uniqlo UTme – recognised the commercial value of B.Duck. Revenue from the character licensing business decreased by approximately 20.1% to approximately HK$30.7 million for 6M2026 (6M2025: approximately HK$38.4 million).

Product Ecosystem (X)

Retail merchandise is one of the core carriers of IP expression. During 6M2026, the key themes of the Group's merchandise retail business were "co-branding" and "breaking into new circles". The launch of the B.Duck x TUTUMONKEY limited pop toys created a synergy between two stylistically distinct IPs and attracted significant attention from young consumers. The co-branded product between the Group's associate company, Hidden Wooo, and Tangle showcased the cross-over potential of "pop toys + classic toys". The strategic cooperation with Haers transformed everyday items into trendy products. Revenue from the e-commerce and other business decreased by approximately 5.4% to approximately HK$41.5 million for 6M2026 (6M2025: approximately HK$43.9 million).

LBE and Cultural Tourism

The Group's LBE business entered a period of rapid growth during 6M2026. The B.Duck Global Carnival landed at Zhongshan Municipal Park, a strategic cooperation agreement was signed with Shijiazhuang Cultural Tourism Investment Group, and the first immersive B.Duck-themed municipal park in South China was unveiled at Foshan Zhongshan Park. These milestones mark the transition of the Group's cultural tourism business from "single-point breakthroughs" to a "networked layout". As part of the character licensing business, LBE-related ticketing income increased by approximately 40.8% to approximately HK$5.5 million for 6M2026 (6M2025: approximately HK$3.9 million).

AI Technology Foundation

The Group continued to embed AI technology across its business chain, with AI evolving from an auxiliary tool into a factor of production. At the design end, AIGC has been deeply integrated into the product development process, significantly shortening the design cycle. The Group is jointly developing an AI companion hardware product with Yungang Companion New Intelligence, which is currently under development and testing, aiming to combine B.Duck's IP emotional value with AI interaction capabilities to deliver an intelligent product with emotion perception and companionship functions.

Overseas Expansion

In overseas markets, Thailand continued to serve as the Group's benchmark market. The B.Duck 20th Playful Bouncy Playland was launched in Nonthaburi, the B.Duck inflatable park at ICONSIAM in Thailand became a popular weekend destination for local families, and co-branded products with the children's creative education brand Play Plearn Kid were launched. These initiatives reflect the Group's asset-light model of "IP licensing + local distribution", enabling B.Duck to integrate into local consumers' life scenarios.

The following table sets forth a breakdown of revenue by business segments:

	For the six months ended	
	30 June 2026 HK$'000	30 June 2025 HK$'000
Character licensing business	**30,695**	38,440
E-commerce and other business	**41,496**	43,874
Total	**72,191**	82,314

FINANCIAL REVIEW

Revenue by Business Segment

The Group's revenue from character licensing business decreased by approximately HK$7.7 million or approximately 20.1% from approximately HK$38.4 million for the six months ended 30 June 2025 ("**6M2025**") to approximately HK$30.7 million for the six months ended 30 June 2026 ("**6M2026**"). The decrease was mainly attributable to the decrease in minimum guarantee and excess royalties charged to licensees under merchandise licensing and LBE licensing, as well as the decrease in design consultation service fees. In addition to LBE licensing, the Group's LBE related ticketing income increased from approximately HK$3.9 million for the 6M2025 to approximately HK$5.5 million for the 6M2026, representing an increase of approximately 40.8%, as the Group expanded the scale of its self-operated LBE programs. In view of the success of the several self-operated LBE programs, the Group aims to increase the scale of the self-operated LBE programs in the near future and expects that the ticketing income will become an important revenue stream to the Group. The Group also intends to have pop-up stores in the LBE attractions for merchandise retail in order to create the demand for the Group's branded merchandise to increase the connection of the Group's IPs with the consumers.

The Group succeeded in increasing the number of licensees across different product categories for the 6M2026. The following table sets forth the movement of the number of licensees (exclusive of licensing agents) the Group had established business relationship with as at 31 December 2025 and 30 June 2026:

As at 30 June 2026	As at 31 December 2025
659	619

The Group's revenue from e-commerce and other business decreased by approximately HK$2.4 million or approximately 5.4% from approximately HK$43.9 million for 6M2025 to approximately HK$41.5 million for 6M2026. The decrease was primarily attributable to the decrease in e-commerce sales in both the PRC and overseas markets. For overseas markets, the Group pursues an asset-light model of IP licensing and distribution by local partners, with Southeast Asia as the primary market for in-depth cultivation.

Revenue by IPs

The Group's B.Duck Family Characters are targeted at consumers aged between 15 and 34 years old who are brand conscious and possess qualities such as trendiness, high purchasing power, tech-savviness and affinity with social media primarily located in Asia.

The following table sets forth a breakdown of the Group's revenue by IP character under its character licensing business:

	For the six months ended			
	30 June 2026		30 June 2025	
	HK$'000	%	HK$'000	%
The Group's self-created IP characters				
B.Duck	27,185	88.6	34,817	90.6
Buffy	1,378	4.5	1,518	3.9
B.Duck Baby	1,739	5.7	1,610	4.2
Licensed Characters	393	1.2	495	1.3
Total	30,695	100	38,440	100

B.Duck products are the Group's major product type. Revenue from B.Duck products, which contributed 88.6% of its licensing revenue in 6M2026, decreased by approximately 21.9% from approximately HK$34.8 million for 6M2025 to approximately HK$27.2 million for 6M2026.

Revenue by Customers' Geographical Location

The following table sets forth a breakdown of the Group's revenue by customers' geographical locations for 6M2025 and 6M2026:

	For the six months ended			
	30 June 2026		30 June 2025	
	HK$'000	**%**	HK$'000	%
Mainland China	**67,855**	**93.9**	76,347	92.8
Hong Kong	**1,264**	**1.8**	1,287	1.6
Southeast Asia and Taiwan Region	**2,853**	**4.0**	3,981	4.8
Others (Note)	**219**	**0.3**	699	0.8
Total	**72,191**	**100**	82,314	100

Note: Others include revenue generated from Brazil, Latin America and other countries.

Mainland China remains to be the largest revenue contributing region of the Group which accounted for approximately 93.9% of the Group's revenue for the 6M2026 (approximately 92.8% for the 6M2025). Due to the continuing expansion of the Group's presence in other Asia Pacific region, the Group's revenue from Hong Kong, Southeast Asia and Taiwan Region decreased from approximately 6.4% of the Group's revenue for the 6M2025 to 5.7% for the 6M2026. The Group aims to increase its global presence beyond Asia and the USA is one of the regions where the Group will be focusing on in the near future.

Revenue generated from Character Licensing Business

The following table sets forth a breakdown of the Group's revenue by service type under its character licensing business for 6M2025 and 6M2026:

	For the six months ended			
	30 June 2026		30 June 2025	
	HK$'000	%	HK$'000	%
Merchandise licensing				
Minimum guarantee	12,032	39.4	16,389	42.6
Excess royalties	1,058	3.4	1,112	2.9
Total royalty income	13,090	42.8	17,501	45.5
LBE licensing				
Minimum guarantee	993	3.2	2,487	6.5
Excess royalties	3,111	10.1	3,514	9.1
Total royalty income	4,104	13.3	6,001	15.6
LBE related ticketing income	5,471	17.8	3,886	10.1
Content and media licensing				
Minimum guarantee	574	1.9	81	0.2
Excess royalties	–	–	–	–
Total royalty income	574	1.9	81	0.2
Promotion licensing				
Minimum guarantee	749	2.4	28	0.1
Excess royalties	–	–	–	–
Total royalty income	749	2.4	28	0.1
Design consultation service fees	6,707	21.8	10,943	28.5
Total	30,695	100	38,440	100

Cost of Inventories Sold

Cost of inventories sold (comprising primarily cost of inventories for the Group's e-commerce and other business) amounted to approximately HK$18.9 million and HK$18.3 million for 6M2026 and 6M2025, respectively, which accounted for approximately 20.0% and 18.9% of its total operating expenses (comprising employee benefit expenses, depreciation and amortisation, promotions costs, online platform usage fee, cost of inventories sold and other expenses) for the respective periods. During the 6M2026, the gross profit margin of the e-commerce and other business of approximately 54.5% was comparable to the gross profit margin of 58.3% for the 6M2025. The Group generally sets the price of the merchandise it offers to its customers based on the merchandise procurement costs plus a profit margin. When the prices offered to the Group by its suppliers fluctuate, the selling prices of the merchandises would be adjusted correspondingly.

Employee Benefit Expenses

The employee benefit expenses amounted to approximately HK$32.7 million and HK$39.2 million for 6M2026 and 6M2025, respectively, representing approximately 34.7% and 40.6% of the Group's total operating expenses (comprising employee benefit expenses, depreciation and amortisation, promotion costs, online platform usage fee, cost of inventories sold and other expenses) for the respective periods. Below is the breakdown of the revenue from different business segments and their corresponding employee benefit expenses for the 6M2026 and 6M2025 respectively.

	Six months ended 30 June			
	2026		2025	
	Revenue HK$'000	Employee benefit expenses HK$'000	Revenue HK$'000	Employee benefit expenses HK$'000
Character licencing business	30,695	24,745	38,440	25,310
E-commerce and other business:				
– E-commerce sales in China (Apparels, gifts and accessories)	36,729	4,966	35,681	5,205
– E-commerce sales in overseas markets (Apparels, gifts and accessories, etc.)	2,340	537	3,667	1,448
– E-commerce sales in China (Pop toys)	545	550	1,675	1,086
Others	1,882	1,562	2,851	4,058
Share award scheme expenses	–	358	–	2,123
Total	72,191	32,718	82,314	39,230

The decrease in employee benefit expenses for the 6M2026 was mainly due to the decrease in manpower of both character licensing business and e-commerce and others business, offset by the decrease in share-based payment.

The employee benefit expenses/revenue ratio of the character licensing business increased from approximately 65.8% for the 6M2025 to approximately 80.6% for the 6M2026, which was mainly due to the decrease in revenue of the character licensing business.

The employee benefit expenses/revenue ratio of the e-commerce sales of apparels, gifts and accessories in China decreased from approximately 14.6% for the 6M2025 to approximately 13.5% for the 6M2026, demonstrating improved operational efficiency.

The employee benefit expenses/revenue ratio of the e-commerce sales of apparels, gifts and accessories, etc. in overseas market decreased from approximately 39.5% for the 6M2025 to approximately 22.9% for the 6M2026, demonstrating a better economy of scale and costs control of the business segment.

The employee benefit expenses/revenue ratio of the e-commerce sales of pop toys in China increased significantly from approximately 64.8% for the 6M2025 to approximately 100.9% for the 6M2026 because the Group recently commenced its e-commerce sales of pop toys in China in 2024 and more manpower is needed during the initial stage of development of this business segment.

Provision of Impairment Losses on Contract Assets and Financial Assets at Amortised Cost

The Group recorded a provision of impairment losses on contract assets and financial assets at amortised cost of approximately HK$0.8 million for 6M2026, as compared to approximately HK$1.1 million for 6M2025. Such provision was mainly attributable to the additional loss allowance recognised on trade receivables under the expected credit loss model, primarily reflecting the longer ageing of certain trade receivables which remained unsettled during the period, notwithstanding that the Group's gross trade receivables decreased from approximately HK$70.4 million as at 31 December 2025 to approximately HK$66.8 million as at 30 June 2026. The Group will continue to closely monitor the collectability of its trade receivables and implement stringent credit control policies to ensure their timely collection.

Other Income

Other income decreased by approximately 21.4% from approximately HK$4.6 million for 6M2025 to approximately HK$3.6 million for 6M2026, primarily due to the refund of other tax of approximately HK$1.2 million during the 6M2025.

Promotion Costs

The Group's promotion costs primarily comprise costs incurred for promotional campaigns, advertisements, brand management and marketing activities. For 6M2026 and 6M2025, the Group's promotion costs amounted to approximately HK$8.0 million and HK$12.1 million, respectively. Below is the breakdown of the revenue from different business segments and their corresponding promotion cost for the 6M2026 and 6M2025 respectively.

	Six months ended 30 June			
	2026		2025	
	Revenue	Promotion costs	Revenue	Promotion costs
	HK$'000	HK$'000	HK$'000	HK$'000
Character licencing business	30,695	2,147	38,440	2,853
E-commerce and other business:				
– E-commerce sales in China (Apparels, gifts and accessories)	36,729	5,513	35,681	6,139
– E-commerce sales in overseas markets (Apparels, gifts and accessories, etc.)	2,340	199	3,667	1,082
– E-commerce sales in China (Pop toys)	545	169	1,675	536
Others	1,882	10	2,851	1,517
Total	72,191	8,038	82,314	12,127

The promotion costs/revenue ratio of the character licensing business decreased from approximately 7.4% for the 6M2025 to approximately 7.0% for the 6M2026. The decrease was mainly due to more promotion being utilized for the promotion of the Group's LBE events in the 6M2025.

The promotion costs/revenue ratio of the e-commerce sales of apparels, gifts and accessories in China decreased from approximately 17.2% for the 6M2025 to approximately 15.0% for the 6M2026, which was mainly due to the Group achieving better cost efficiency as its e-commerce business in China matured.

The Group commenced its e-commerce sales of apparels, gifts and accessories, etc. in overseas market in 2022 and it is still in its early stage of development. The promotion costs/revenue ratio of the e-commerce sales of apparels, gifts and premium in overseas market decreased from approximately 29.5% for the 6M2025 to approximately 8.5% for the 6M2026. The higher promotion costs incurred is mainly due to the fact that the overseas markets are relatively new to the Group and its product portfolios in 2025.

The Group commenced its e-commerce sales of pop toys in the PRC in 2024. During the six months ended 30 June 2026, in light of the prevailing market and industry conditions of the pop toys market in the PRC, the Group strategically scaled back this business and tightened its promotional spending. As a result, revenue from e-commerce sales of pop toys in the PRC decreased by approximately 67.4% from approximately HK$1.7 million for the six months ended 30 June 2025 to approximately HK$0.5 million for the six months ended 30 June 2026, while the relevant promotion costs decreased by approximately 68.5% from approximately HK$536,000 to approximately HK$169,000 over the same period. The ratio of promotion costs to revenue remained relatively stable at approximately 32.0% and 31.0% for the respective periods, respectively.

Online Platform Usage Fee

The Group's online platform usage fee primarily represents sales commission and service fees payable to the e-commerce platforms for the Group's online sales under the e-commerce and other business. For 6M2026 and 6M2025, online platform usage fee amounted to approximately HK$4.9 million and approximately HK$3.5 million, respectively.

The online platform usage fee increased by approximately 39.3% during 6M2026 despite the decrease in e-commerce revenue, primarily due to the higher commission rates of the new platforms joined by the Group.

Operating Loss

As a result of the above, the Group's operating loss increased by approximately 91.3% from approximately HK$11.1 million for 6M2025 to approximately HK$21.1 million for 6M2026.

Other Expenses

The following table sets forth a breakdown of the Group's other expenses:

	For the six months ended			
	30 June 2026		30 June 2025	
	HK$'000	%	HK$'000	%
Travelling and transportation	1,007	4.8	1,363	8.5
Logistics and storage fee	2,814	13.4	1,925	12.0
Office expenses	2,441	11.6	2,732	17.1
Legal, audit and professional fee	7,324	34.8	5,241	32.7
Commission expense	2,043	9.7	1,422	8.9
Building management fee and rental expenses	3,256	15.5	663	4.1
Licensing fee	192	0.9	197	1.2
Others (Note)	1,996	9.3	2,467	15.5
Total	21,073	100	16,010	100

Note: Others include, among others, repair and maintenance, insurance expense, decoration expenses, sample fees, utilities and testing fee etc.

There was an increase in the other expenses from approximately HK$16.0 million for the 6M2025 to approximately HK$21.1 million for the 6M2026, mainly resulting from the increase in legal, audit and building management fee and rental expenses.

Legal, audit and professional fees mainly relates to audit fee and legal costs incurred in (i) the protection of trademarks, and (ii) legal proceedings of the Group. Agency fee represents (i) the commission of licensing agents, and (ii) licensing fee for the licensed characters obtained from independent licensors.

Finance Income, Net

Finance income, net, turned from a net income of approximately HK$0.2 million for 6M2025 to a net expense of approximately HK$0.7 million for 6M2026, primarily due to more the finance charges on lease liabilities and redemption liabilities.

Income Tax Expense

The income tax position shifted from an income tax expense of approximately HK$0.8 million in 6M2025 to an income tax credit of approximately HK$3.0 million in 6M2026, representing a change of approximately HK$3.7 million. This was primarily due to the decrease in taxable profits of the Group's subsidiaries in Mainland China in 6M2026 compared to 6M2025.

Non-HKFRS Financial Measures

Adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures is defined as loss for the period attributable to equity holders of the Company excluding Share Award Scheme expenses. As Share Award Scheme expenses are not related to the performance of the Group's operation, the Directors consider that the presentation of the Group's adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures by eliminating the impact of Share Award Scheme expenses can better reflect the operational performance during the respective periods. Furthermore, the Group's management also uses the non-HKFRS financial measures to assess the Group's operating performance and formulate business plans. The Group believes that the non-HKFRS financial measures provide useful information to the investors about its core business operations, which they can use to evaluate the Group's operating results and understand its consolidated results of operations in the same manner as the management. The following table sets forth a reconciliation of the Group's adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures for the periods indicated to that prepared in accordance with HKFRS measures:

	For the six months ended	
	30 June 2026 HK$'000	30 June 2025 HK$'000
Loss attributable to equity holders of the Company	(19,468)	(10,743)
Add:		
Share Award Scheme expenses (note i)	358	2,123
Adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures	(19,110)	(8,620)

Note i: The Share Award Scheme expenses disclosed herein exclude the portion of the Share Award Scheme expenses related to the non-controlling interests, amounting to nil for 6M2026 (nil for the 6M2025).

Having said the above, the presentation of the non-HKFRS financial measures is not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with HKFRS measures. The non-HKFRS financial measures have limitations as analytical tools and the Group's non-HKFRS financial measures may differ from the non – HKFRS financial measures used by other companies, and therefore the comparability of such information may be limited. The investors are encouraged to review the Group's financial information in its entirety.

Loss for the Period

As a result of the above, the Group recorded a loss attributable to the equity holders of the Company of approximately HK$19.5 million for 6M2026, as compared to a loss attributable to the equity holders of the Company of approximately HK$10.7 million for 6M2025, representing an increase of approximately 81.2%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company (the "**Shares**") were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 January 2022. Since then and up to 30 June 2026, the Company's equity only consists of ordinary Shares.

Details of the Company's share capital are set out in note 21 to the interim financial information in this report. As at 30 June 2026, the issued share capital of the Company amounted to US$25,208.875 divided into 1,008,355,000 Shares of US$0.000025 each.

Assets, Financial Resources and Capital Expenditures

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Group's liquidity and financing requirements are frequently reviewed. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development. A variety of the below resources are maintained to meet its working capital:

– Current assets and current liabilities

The Group's net current assets decreased from approximately HK$59.9 million as at 31 December 2025 to approximately HK$58.9 million as at 30 June 2026. The decrease was primarily attributable to the decrease in trade receivables, partially offset by the increase in deposits, prepayments and other receivables and the decrease in bank borrowings.

– Trade receivables and contract assets

As at 30 June 2026, the Group had gross trade receivables and contract assets amounting to approximately HK$66.8 million (31 December 2025: HK$70.4 million) and approximately HK$9.5 million (31 December 2025: HK$7.0 million) respectively, and loss allowance amounting to approximately HK$22.6 million (31 December 2025: HK$21.7 million). The total amount of net trade receivables and contract assets represented approximately 23.6% (31 December 2025: 22.7%) of the total assets.

As at 30 June 2026, net trade receivables and contract assets decreased to approximately HK$53.6 million from approximately HK$55.6 million as at 31 December 2025, primarily attributable to the decrease in revenue and the timely collection of trade receivables.

Provision for expected credit loss is made when the Group is not expected to collect all amounts due. The provision is determined by grouping together debtors with similar risk characteristics and collectively, or individually assessing them for likelihood of recovery. The provision matrix is determined based on the Group's historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. In making the judgement, the Group's management considers available reasonable and supportive forwarding-looking information such as actual or expected significant changes in the operating results of customers, and actual or expected significant adverse changes in business and customers' financial position. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed by the Group's management.

– Inventories

The Group's inventories comprise finished goods. The Group's inventories decreased from approximately HK$26.0 million as at 31 December 2025 to approximately HK$23.4 million as at 30 June 2026, primarily due to the sales of finished goods during the period.

– Cash and cash equivalents and time deposits at bank

The Group's cash and cash equivalents primarily comprise cash at bank and were denominated in HK$ and RMB. Cash and cash equivalents and time deposits at bank decreased from approximately HK$58.8 million as at 31 December 2025 to approximately HK$40.9 million as at 30 June 2026, primarily due to the repayment of loans.

– Right-of-use assets

The Group's right-of-use assets comprise the initial measurement of the corresponding lease liability in relation to its office, lease payments made at or before the commencement date and any initial direct costs. The Group's right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term. The Group's right-of-use assets decreased from approximately HK$10.2 million as at 31 December 2025 to approximately HK$7.7 million as at 30 June 2026, primarily due to the depreciation of such assets resulting from usage of offices and lease payments.

– Intangible assets

The Group's intangible assets consist mainly of trademarks. The Group's intangible assets slightly decreased from approximately HK$2.9 million as at 31 December 2025 to approximately HK$2.5 million as at 30 June 2026, primarily due to amortisation of the trademarks through continuing usage.

– Bank and other borrowings

The following table sets forth a breakdown of the Group's borrowings as at the dates indicated:

	As at	
	30 June 2026 HK$'000	31 December 2025 HK$'000
Non-current portion		
Other loan – secured	–	907
Current portion		
Bank borrowings – secured	39,476	46,461
Other loan – secured	2,466	3,546
	41,942	50,007
	41,942	50,914

The Group's bank and other borrowings as at 30 June 2026 were denominated in HK$ and RMB with fixed interest rates ranging from 3.1% to 14.4%. As at 30 June 2026, the weighted average effective interest rate of bank borrowing was 4.50% per annum. Particulars of the Group's borrowings are set out in the note 20 to the interim financial information in this report.

The Board will evaluate the Group's capital structure from time to time based on the Group's operations, its business growth, the relevant funding requirements and available financial resources. Details are set out in the note 5 to the interim financial information in this report.

PLEDGE OF ASSETS

The Group has certain assets with an aggregate net carrying amount of approximately HK$3.2 million pledged for bank and other borrowings as at 30 June 2026 (31 December 2025: HK$3.8 million).

GEARING RATIO

As at 30 June 2026 and 30 June 2025, the Group's gearing ratio was 37.9% and 28.8%, respectively. The gearing ratio is calculated based on the total interest-bearing borrowings divided by total equity.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2026.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group operates principally in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US$ and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group does not hold or issue any derivative financial instruments to manage its exposure to foreign currency risk. Majority of the revenue generated, and cost incurred from the local operations are primarily transacted in local functional currency and therefore foreign exchange transactional risks are minimal. Management manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposure.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group's capital expenditures consist of (i) purchases of property, plant and equipments and (ii) purchases of intangible assets. As at 30 June 2026, the Group did not have any material capital commitments.

HUMAN RESOURCES

As at 30 June 2026, the Group had a total of 162 employees, including 50 licensing and sales personnel, 52 designers and 60 administrative and others personnel. For the six months ended 30 June 2026, the Group incurred staff costs (including remuneration, payrolls, allowances and benefits) of approximately HK$32.7 million.

Human resources is the key to maintain the design capabilities of a character licensing company. A team with strong design and operation talent and rich experience in licensing market is vital for continuous development of a character and enhancing its commercial value. As the character licensing industry is relatively new in Mainland China, special talents for character licensing business are in shortage. The Group takes high input of capital and time for new entrants to build a qualified team for character licensing business.

The Group recruits the employees based on a number of factors such as their relevant work experience, educational background, language ability and vacancies. Competitive remuneration package is offered to retain elite employees, including salaries, medical insurance, discretionary bonuses as well as mandatory provident fund schemes for employees in Hong Kong. The Group also provides training to certain employees to strengthen staff commitment and enhance their skills and technical knowledge at work. The Company has also adopted a share option scheme and a share award scheme to recognise and acknowledge the contributions made by the Group's employees, to attract skilled and experienced personnel, to incentivise them to stay with the Company and to motivate them to strive for the future development and expansion of the Company and its subsidiaries, by providing them with the opportunity to acquire equity interests in the Company.

As at 30 June 2026, the Group had 162 full-time employees. The following table sets forth a breakdown of its employees by function and by geographical location as at 30 June 2026:

No. of employees by function	Hong Kong and overseas	Mainland China	Total
Management	4	2	6
Design	7	45	52
AIGC	–	7	7
Licensing	2	17	19
Sales	–	31	31
Branding	1	11	12
Human resources and administration	3	13	16
Finance	2	7	9
Merchandise management	–	10	10
Total	19	143	162

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Company's prospectus dated 30 December 2021 (the "**Prospectus**") and this report, the Group had no other concrete plans for material investments or capital expenditure in the coming year as of the date of this report. The Company will make announcement about any future investment in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2026.

EVENT AFTER THE REPORTING PERIOD

Termination of Share Acquisition and Convertible Loan Investment

On 29 August 2025 (after trading hours), the Company and its indirect wholly-owned subsidiary, Semk Licensing (Shenzhen) Limited*（德盈商貿(深圳)有限公司）("**Semk Licensing**"), entered into the Share Acquisition and Convertible Loan Investment Agreement ("**Share Acquisition and Convertible Loan Investment Agreement**") with Shenzhen Yincang Waou Culture Technology Co., Ltd.*（深圳隱藏哇偶文化科技有限公司）("**Yincang Waou**"), Shenzhen Waou Cultural Media Co., Ltd.*（深圳市哇偶文化傳媒有限公司）("**Waou Cultural Media**"), Dongguan San Kou Supply Chain Management Co., Ltd.*（東莞市三口供應鏈管理有限公司）("**San Kou Supply Chain**"), Mr. Huang Jiale（黃嘉樂）("**Mr. Huang**"), Shenzhen Haidengwu Cultural Corporation (Limited Partnership)*（深圳嗨燈屋文化合夥企業(有限合夥)）("**Haidengwu Culture**") and its eight limited partners (collectively, the "**Haidengwu Partners**"), pursuant to which the Company conditionally agreed to acquire approximately 27.74% of the issued share capital of a Cayman company (to be established in a restructuring by Mr. Huang and the Haidengwu Partners through their respective offshore holding vehicles) for a total consideration of RMB38.6 million, payable in cash and through the issuance of consideration shares. Concurrently, the Company (or its designee) conditionally agreed to provide a convertible loan of RMB10.05 million to the target group.

On 28 August 2026, the Company, SEMK Licensing, Yincang Waou, Waou Cultural Media, San Kou Supply Chain, Mr. Huang, Haidengwu Culture and the Haidengwu Partners entered into a termination agreement (the "**Termination Agreement**"), pursuant to which the parties thereto agreed to terminate the Share Acquisition and Convertible Loan Investment Agreement with effect from the date of the Termination Agreement. The Board was of the view that the termination of the Share Acquisition and Convertible Loan Investment Agreement would not have any material adverse impact on the existing business and operations of the Group.

For more details, please refer to the Company's announcements dated 29 August 2025, 21 October 2025 and 28 August 2026.

Save as disclosed above, there were no other material events subsequent to 30 June 2026 which would materially affect the Group's operation and financial performance as of the date of this report.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 28 January 2026, the Company entered into a placing agreement (the "**Placing Agreement**") with Grand China Securities Limited (the "**Placing Agent**"), pursuant to which the Placing Agent agreed, on a best effort basis, to procure not less than six placees (the "**Placees**") to purchase up to 67,568,000 new ordinary shares of US$0.000025 each in the share capital of the Company (the "**Placing Shares**") at the placing price of HK$0.74 per Placing Share (the "**Placing**"). The Placing was completed on 25 February 2026, with a total of 27,362,000 Placing Shares (with an aggregate nominal value of US$684.05) successfully placed to not less than six independent third-party Placees at HK$0.74 per Placing Share. The closing price of the Shares on the date of the Placing Agreement was HK$0.82. The actual net proceeds from the Placing, after deducting placing commission, professional fees and all related expenses, amounted to approximately HK$19.6 million (the "**Net Proceeds**"), representing HK$0.716 net per Placing Share. The Directors considered that the Placing represented an opportunity to raise additional funding for the Group's business operations, strengthen its financial position, broaden its shareholder base and provide working capital without any interest burden.

As at 30 June 2026, the Group has utilised the Net Proceeds from the Placing as set out in the table below:

Intended application of the Net Proceeds	Percentage of total Net Proceeds	Planned allocation	Unutilised amount as at 1 January 2026	Amount Utilised during the six months ended 30 June 2026	Unutilised amount as at 30 June 2026	Expected time for utilising the amount
		HK$ in million	HK$ in million	HK$ in million	HK$ in million	
Developing IP-related products manufacturing	50%	9.8	–	9.8	–	–
Expanding urban entertainment projects	30%	5.9	–	3.7	2.2	December 2026
General working capital	20%	3.9	–	2.8	1.1	December 2026
Total	100%	19.6	–	16.3	3.3	

The Company has allocated the actual Net Proceeds proportionally in accordance with the percentages (50%, 30% and 20%) previously disclosed in the Company's announcements dated 28 January 2026 and 25 February 2026 (the "**Announcements**"). There has been no material change or delay in the use of Net Proceeds. The Company intends to continue to apply the Net Proceeds in the manner consistent with that mentioned above.

The unutilised Net Proceeds have been placed in short-term interest-bearing accounts with licensed banks in Hong Kong. In the event that the Directors decide to use such Net Proceeds in a manner different from that stated in the Announcements, the Company will issue further announcement in compliance with the Listing Rules.

SIGNIFICANT INVESTMENT HELD

Save as disclosed in other section of this report, the Group did not have any significant investments held as at 30 June 2026.

DIVIDEND

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

FUTURE OUTLOOK

B.Duck Semk is committed to building an "IP+X+AI" ecosystem platform – with the B.Duck IP brand assets at its core, co-building a diversified IP product matrix (X) with leading consumer brands, technology companies and channel platforms through licensing collaborations, strategic cooperation and joint ventures, and leveraging AI technology to enhance IP content production efficiency and consumer interaction experience.

IP: Continuous deepening of brand assets

B.Duck Semk continues to promote the preservation and appreciation of its IP assets. (1) Driving the expansion of a multi-character and brand matrix: on the foundation of the principal B.Duck IP, accelerating the commercialisation of sub-IPs such as Buffy (young females), Cimmy (trendsetters) and B.Duck Baby (maternity and infant), and activating independent fan communities for each sub-IP through character awards, limited collaborations and social media interactions. (2) Improving the quality and efficiency of the licensee network, upgrading from "image licensing" to "delivering complete product design solutions for brand partners", thereby increasing the average output contribution of each licensee. (3) Global brand building: relying on the IP's capacity for cross-cultural communication, continuously enhancing recognition on a global scale.

X: Diversification of the product ecosystem

B.Duck Semk establishes deeply bound relationships with leading enterprises in various categories through models such as licensed collaborations and strategic cooperation, exchanging brand licensing + design capabilities + channel synergy for product manufacturing and distribution resources. (1) pop toys and collectibles: cooperating with pop toys manufacturers to develop B.Duck IP blind boxes, figurines, MEGA collectible series and others, and rapidly scaling volume by leveraging partners' mould development and retail channel capabilities. (2) Cups, flasks and daily consumer goods: establishing a joint venture with Haers to enter the domestic retail market and overseas customisation channels with the trendy cups and flasks category. (3) AI intelligent hardware: cooperating with leading technology companies to embed the B.Duck IP into AI companion robot products, achieving a leap from software to hardware through a complementary model of "IP design + AI technology + hardware manufacturing". (4) Food and beverage collaborations: carrying out IP collaborations with FMCG brands in tea drinks, instant food, snacks and other categories, rapidly penetrating high-frequency consumption scenarios through an "asset-light licensing + sales share" model. (5) Games and digital entertainment: entering categories such as mobile game crossovers, console game merchandise and virtual items through the IP licensing model.

AI: Technology foundation and experience-upgrade engine

AI is the core technology foundation for B.Duck Semk's leap from "static IP licensing" to "dynamic IP operations". On the content production side, B.Duck Semk's self-developed generative AI tools have been fully applied in day-to-day work, empowering the efficient production of digital content such as IP character gallery design, product planning and short videos, reducing the marginal content cost of the multi-character matrix and achieving digital activation of IP assets. On the product and interaction side, AI is not only embedded as an underlying technology in IP co-branded hardware (such as AI companion robots), endowing B.Duck characters with voice interaction, emotion recognition and personalised feedback capabilities, thereby upgrading the IP from a visual symbol into an intelligent companion that can converse and provide companionship; at the same time, B.Duck Semk is exploring the construction of a B.Duck AI Agent, integrating its own e-commerce and social media channels to provide consumers with full-chain intelligent services from IP content browsing and product recommendations to after-sales interaction. In the future, AI will deeply connect the closed loop of "IP content – product consumption – user data", and through the accumulation and feedback of user behaviour data, reverse-drive the iteration of IP character personas and the development of co-branded products, making AI a complementary source of creative inspiration connecting IP assets and the X ecosystem.

Cultural tourism (LBE): Integration of immersive real-scenery entertainment and retail

B.Duck Semk is building a three-dimensional cultural tourism model of "small city parks + medium-sized amusement parks + large-scale cultural tourism attractions", and implanting a retail pop-up store segment inside the parks in the form of Cityfuns park stores, thereby achieving integrated "park + retail" operations. Small city parks are high-frequency brand touchpoints; medium-sized amusement parks are replicable flagship projects; and large-scale cultural tourism attractions, represented by the Huangguoshu B.Duck Colorful Rafting Park, serve as strategic anchors for brand upgrade, converting "one-off check-ins" into "repeat visits" and building cultural tourism projects into local traffic engines and landmarks of joy.

Consumer reach

In the domestic market, Douyin, Xiaohongshu and Tmall serve as the core online channels, while self-operated stores, city amusement parks, distributor networks and partners' own stores serve as offline touchpoints, covering Gen Z and parent-child family audiences. For overseas markets, based on the brand recognition of B.Duck and the licensee network in Southeast Asia, Japan and Korea, and Europe and America, expansion is pursued through an asset-light model of "IP licensing + distribution by local partners". In emerging markets, Southeast Asia is the primary market for in-depth cultivation, with strategic attention also paid to regions with policy dividends, cutting in and integrating into the life scenarios of local consumers with IP licensing and brand operation capabilities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability.

CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (the "**CG Code**"). During the six months ended 30 June 2026, save for the deviation from code provisions C.2.1 and D.1.2 of the CG Code as disclosed below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code and the Directors will use their best endeavours to procure the Company to comply with the CG Code and make disclosure of any deviation from the CG Code in accordance with the Listing Rules.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. Mr. Hui Ha Lam ("**Mr. Hui**") is the chairman of the Board and the chief executive officer of the Company. Considering that Mr. Hui has been operating and managing the Group since its foundation, the Board believes that it is in the best interest of the Group to have Mr. Hui taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

In respect of code provision D.1.2 of the CG Code, the Company did not provide all members of the Board with monthly updates. However, the Company has based on business situation, provided to the Board from time to time, updated business information to enable the Board as a whole and each Director to discharge their duties. The Company considers that such business information arising out of the ordinary business provided to the Board from time to time instead of monthly updates are sufficient for the Board to discharge its duties. In the event if there are any significant updates, the Company will update all the Directors as early as practicable for discussion and resolution.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 Listing Rules as its own code of conduct regarding directors' securities transactions. The Directors are reminded of their obligations under the required standard of dealings set out in the Model Code on a regular basis. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended 30 June 2026 and up to the date of this report. The Group's senior management who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the six months ended 30 June 2026 and up to the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2026, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "**SFO**")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept 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:

Long Position:

Name of Director	The Company/ Name of associated corporations	Capacity/ Nature of interest	Number of shares held/ interested	Percentage of the issued share capital
Hui Ha Lam	The Company	Beneficial owner	20,804,000	2.06%
		Interest of a controlled corporation	653,200,000 (Note 1)	64.78%
	Semk Global Investment Ltd (Note 2)	Interest of a controlled corporation	50,000	100%
	Semk Products (Holdings) Limited (Note 2)	Beneficial owner	1,120,000	100%

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Name of Director	The Company/ Name of associated corporations	Capacity/ Nature of interest	Number of shares held/ interested	Percentage of the issued share capital
Lyu Xingyuan	The Company	Beneficial owner	378,000	0.04%
	B.Duck Infinity Laboratory (Shenzhen) Co., Ltd* 小黃鴨智玩科技(深圳)有限公司	Beneficial owner	125,000	2.5%

Notes:

1. As at 30 June 2026, Mr. Hui Ha Lam is the sole beneficial owner of Semk Products (Holdings) Limited which in turn wholly owns Semk Global Investment Ltd. By virtue of the SFO, he is deemed to be interested in the 553,200,000 Shares owned by Semk Global Investment Ltd and 100,000,000 Shares owned by Semk Products (Holdings) Limited. Mr. Hui Ha Lam is the sole director of each of Semk Products (Holdings) Limited and Semk Global Investment Ltd.

2. As at 30 June 2026, Semk Global Investment Ltd., which was the immediate holding company of the Company, and Semk Products (Holdings) Limited, which was the ultimate holding company of the Company, were associated corporations of the Company.

Save as disclosed above, as at 30 June 2026, none of the Directors and the chief executive of the Company nor their associates had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2026, to the best knowledge of the Directors and the senior management of the Company, the following persons (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provision of Division 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept by the Company pursuant to section 336 of Part XV of the SFO:

Long Position:

Name of shareholder	Capacity/Nature of interest	Number of Shares held/interested in	Approximate percentage of the issued share capital
Semk Global Investment Ltd (Note 1)	Beneficial owner	553,200,000	54.86%
Semk Products (Holdings) Limited (Note 1)	Interest of a controlled corporation	553,200,000	54.86%
	Beneficial owner	100,000,000	9.92%
Lam Ngan Shan (Note 1)	Interest of spouse	674,004,000	66.84%
City Legend International Limited (Note 2)	Beneficial owner	83,601,000	8.29%

Name of shareholder	Capacity/Nature of interest	Number of Shares held/interested in	Approximate percentage of the issued share capital
Phoenix Ocean Developments Limited (Note 2)	Interest of a controlled corporation	83,601,000	8.29%
Overseas Chinese Town (Asia) Holdings Limited (Note 2)	Interest of a controlled corporation	83,601,000	8.29%
Pacific Climax Limited (Note 2)	Interest of a controlled corporation	83,601,000	8.29%
Overseas Chinese Town (HK) Company Limited (Note 2)	Interest of a controlled corporation	83,601,000	8.29%
深圳華僑城股份有限公司(Note 2)	Interest of a controlled corporation	83,601,000	8.29%
華僑城集團有限公司(Note 2)	Interest of a controlled corporation	83,601,000	8.29%

Notes:

1. The entire issued share capital of Semk Global Investment Ltd is held by Semk Products (Holdings) Limited, which is in turn wholly-owned by Mr. Hui Ha Lam, the chairman of the Board, executive Director and the chief executive officer of the Company. By virtue of the provisions of Part XV of the SFO, Semk Products (Holdings) Limited is deemed to be interested in all the Shares beneficially owned by Semk Global Investment Ltd, and Mr. Hui Ha Lam is deemed to be interested in all the Shares in which Semk Products (Holdings) Limited is deemed to be interested (and therefore in all the Shares beneficially owned by Semk Global Investment Ltd). Besides, Ms. Lam Ngan Shan is the spouse of Mr. Hui Ha Lam. By virtue of the provisions of Part XV of the SFO, Ms. Lam Ngan Shan is deemed to be interested in the same Shares in which Mr. Hui Ha Lam is deemed to be interested.

2. Based on the notice of disclosure of interests filed on 26 January 2022, City Legend International Limited is interested in 83,601,000 Shares. City Legend International Limited is wholly-owned by Phoenix Ocean Developments Limited, which is in turn wholly-owned by Overseas Chinese Town (Asia) Holdings Limited. Overseas Chinese Town (Asia) Holdings Limited is owned as to 70.94% by Pacific Climax Limited, which is wholly-owned by Overseas Chinese Town (HK) Company Limited. Overseas Chinese Town (HK) Company Limited is wholly-owned by 深圳華僑城股份有限公司, a company owned as to 47.01% and 0.96% by 華僑城集團有限公司 and 深圳華僑城資本投資管理有限公司. 深圳華僑城資本投資管理有限公司 is wholly-owned by 華僑城集團有限公司.

Save as disclosed above, as at 30 June 2026, the Directors and the senior management of the Company are not aware of any other person who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

SHARE SCHEMES

Share Option Scheme

The Company adopted a share option scheme (the "**Share Option Scheme**") which was approved by a resolution of the shareholders of the Company passed on 20 December 2021. No option under the Share Option Scheme has been granted since its adoption. 100,000,000 share options were available for grant under the Share Option Scheme at the beginning and the end of the six months ended 30 June 2026.

Share Award Scheme

On 5 September 2022, the Company adopted a share award scheme (the "**Share Award Scheme**") as amended and supplemented by an amendment deed dated 8 September 2022 (the "**Amendment Deed**") entered into between the Company and the trustee who was appointed by the Company to assist with the administration of the Share Award Scheme (the "**Trustee**"). According to the Amendment Deed, only existing Shares may be awarded to a selected participant under the Share Award Scheme as awarded Shares (the "**Awarded Shares**"). 32,384,000 Shares and 30,352,750 Shares were held by the Trustee under the Share Award Scheme at the beginning and the end of the six months ended 30 June 2026, respectively. During the six months ended 30 June 2026, no Awarded Shares were granted.

Movements of Awarded Shares

During the six months ended 30 June 2026, the movements of the Awarded Shares granted under the Share Award Scheme were as follows:

Grantee name/categories	Date of grant	Vesting date	Market price of award Shares at date of grant based on closing price of Shares as at date of grant (HK$)	Purchase price of the Awarded Shares (HK$)	Closing price of Shares immediately before the date of grant (HK$)	Closing price of Shares immediately before the vesting date (HK$)	Weighted average closing price of the Shares immediately before the date on which the Awarded Shares were vested (HK$)	Number of Unvested Awarded Shares at 1 January 2026	Number of Awarded Shares granted during the six months ended 30 June 2026	Number of Awarded Shares vested during the six months ended 30 June 2026	Number of Awarded Shares lapsed during the six months ended 30 June 2026	Number of Awarded Shares cancelled during the six months ended 30 June 2026	Number of Unvested Awarded Shares at 30 June 2026
Eligible employees – (Non-connected employees):													
	31 October 2023	30 April 2026	1.510	1.681	1.560	0.62	0.61	2,072,500	–	2,031,250	41,250	–	–
Five highest paid employees in aggregate													
	31 October 2023	30 April 2026	1.510	1.681	1.560	0.62	0.61	857,500	–	857,500	–	–	–

The number of share awards available for grant under the limit of the Share Award Scheme as at 1 January 2026 and 30 June 2026 were 87,466,500 and 90,243,950.

No Shares may be issued in respect of the options under the Share Option Scheme or share awards under the Share Award Scheme during the six months ended 30 June 2026.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including treasury shares (as defined in the Listing Rules)) during the six months ended 30 June 2026. The Company did not hold any treasury shares (as defined in the Listing Rules) as of 30 June 2026.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the public float as required under the Listing Rules during the six months ended 30 June 2026.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") on 15 December 2021 with written terms of reference in compliance with the Listing Rules and the CG Code. As of the date of this report, the Audit Committee comprises all independent non-executive Directors, namely Mr. Wu Di, Ms. Leung Ping Fun Anita and Prof. Chan Ka Yin Karen, *JP*, with Mr. Wu Di being the chairman of the Audit Committee.

The primary responsibilities of the Audit Committee include, among others, (i) monitoring the integrity of the Company's financial statements, annual report and interim report, and reviewing the significant financial reporting judgments contained in them; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group, (iii) nominating and monitoring the work of external auditors; (iv) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (v) developing and reviewing the Group's policies and practices on corporate governance with legal and regulatory requirements and requirements under the Listing Rules; and (vi) developing, reviewing and monitoring the code of conduct applicable to the Group's Directors and employees.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2026 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the Listing Rules, and that adequate disclosures have been made.

On behalf of the Board

Hui Ha Lam
Chairman of the Board

Hong Kong, 28 August 2026

* *For identification purposes only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Revenue	6	**72,191**	82,314
Other income	7	**3,578**	4,551
Net fair value changes of financial assets at fair value through profit or loss	17	**(1,188)**	–
Other losses, net	7	**(552)**	(201)
Cost of inventories sold		**(18,869)**	(18,274)
Employee benefit expenses	8	**(32,718)**	(39,230)
Promotion costs		**(8,038)**	(12,127)
Online platform usage fee		**(4,863)**	(3,491)
Depreciation and amortisation		**(8,796)**	(7,515)
Provision of impairment losses on contract assets and financial assets at amortised cost	6, 15, 16	**(820)**	(1,071)
Other expenses	9	**(21,073)**	(16,010)
Operating loss		**(21,148)**	(11,054)
Finance income	10	**941**	1,357
Finance costs	10	**(1,667)**	(1,189)
Finance income, net	10	**(726)**	168
Share of net losses of investments accounted for using the equity method		**(918)**	–
Loss before income tax		**(22,792)**	(10,886)
Income tax credit/(expense)	11	**2,952**	(767)
Loss for the period		**(19,840)**	(11,653)
Loss attributable to:			
– Equity holders of the Company		**(19,468)**	(10,743)
– Non-controlling interests		**(372)**	(910)
		(19,840)	(11,653)

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Loss for the period		(19,840)	(11,653)
Other comprehensive loss:			
Item that may be reclassified to profit or loss:			
– Currency translation differences		481	(706)
Item that will not be subsequently reclassified to profit or loss:			
– Currency translation differences		319	(38)
		800	(744)
Total comprehensive loss for the period		(19,040)	(12,397)
Total comprehensive loss attributable to:			
– Equity holders of the Company		(18,987)	(11,449)
– Non-controlling interests		(53)	(948)
		(19,040)	(12,397)
Loss per share			
– Basic (expressed in HK cents per share)	13	(2.02)	(1.15)
– Diluted (expressed in HK cents per share)	13	(2.02)	(1.15)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		14,670	18,984
Intangible assets		2,536	2,924
Investment in associates		12,019	482
Right-of-use assets		7,679	10,180
Deferred income tax assets		13,097	12,227
Deposits, prepayments and other receivables	16	14,225	19,436
Financial assets at fair value through profit or loss	17	9,134	10,016
		73,360	74,249
Current assets			
Inventories	14	23,361	25,957
Trade receivables	15	44,293	48,789
Contract assets		9,332	6,855
Deposits, prepayments and other receivables	16	35,751	30,724
Cash and cash equivalents		40,947	58,848
		153,684	171,173
Total assets		227,044	245,422

At 30 June 2026

	Notes	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Equity and liabilities			
Equity attributable to holders of the Company			
Share capital	21	196	191
Share premium		260,120	240,511
Capital reserve		(33,883)	(33,883)
Retained earnings		(67,360)	(47,892)
Other reserves		(64,785)	(65,624)
		94,288	93,303
Non-controlling interests		16,365	16,418
Total equity		110,653	109,721

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		4,387	6,417
Deferred income tax liabilities		71	470
Redemption liabilities		17,117	16,607
Borrowings	20	–	907
		21,575	24,401
Current liabilities			
Contract liabilities		8,970	6,837
Trade payables	18	8,265	8,457
Accruals and other payables	19	27,951	35,773
Current income tax liabilities		1,729	4,055
Amount due to a shareholder	23(b)	2,395	1,710
Borrowings	20	41,942	50,007
Lease liabilities		3,564	4,461
		94,816	111,300
Total liabilities		116,391	135,701
Total equity and liabilities		227,044	245,422

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to the holders of the Company									
(Unaudited)	Share capital HK$'000 (Note 21)	Share premium HK$'000	Capital reserve HK$'000	Share-based payment reserve HK$'000	Shares held for Share Award Scheme HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total HK$'000
Balance at 1 January 2025	191	240,511	(33,883)	11,517	(64,320)	(2,254)	39,808	191,570	1,345	192,915
Comprehensive income										
Loss for the period	–	–	–	–	–	–	(10,743)	(10,743)	(910)	(11,653)
Other comprehensive income										
Currency translation differences	–	–	–	–	–	(706)	–	(706)	(38)	(744)
Total other comprehensive income	–	–	–	–	–	(706)	(10,743)	(11,449)	(948)	(12,397)
Transactions with owners in their capacity of owners										
Equity-settled share-based payments under Sharebased payment reserve	–	–	–	2,123	–	–	–	2,123	–	2,123
Release of vested shares	–	–	–	(12,926)	13,447	(521)	–	–	–	–
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	(65)	(65)
Capital injection from noncontrolling interest	–	–	–	–	–	–	–	–	401	401
Total transactions with owners in their capacity of owners	–	–	–	(10,803)	13,447	(521)	–	2,123	336	2,459
Balance at 30 June 2025	191	240,511	(33,883)	714	(50,873)	(3,481)	29,065	182,244	733	182,977

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to the holders of the Company									
(Unaudited)	Share capital HK$'000 (Note 21)	Share premium HK$'000	Capital reserve HK$'000	Share-based payment reserve HK$'000	Shares held for Share Award Scheme HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total HK$'000
Balance at 1 January 2026	191	240,511	(33,883)	2,837	(50,873)	(17,588)	(47,892)	93,303	16,418	109,721
Comprehensive income										
Loss for the period	-	-	-	-	-	-	(19,468)	(19,468)	(372)	(19,840)
Other comprehensive income										
Currency translation differences	-	-	-	-	-	481	-	481	319	800
Total other comprehensive income	-	-	-	-	-	481	(19,468)	(18,987)	(53)	(19,040)
Transactions with owners in their capacity of owners										
Equity-settled share-based payments under Sharebased payment reserve	-	-	-	358	-	-	-	358	-	358
Placing of new shares	5	19,609	-	-	-	-	-	19,614	-	19,614
Release of vested shares	-	-	-	(3,067)	3,191	(124)	-	-	-	-
Total transactions with owners in their capacity of owners	5	19,609	-	(2,709)	3,191	(124)	-	19,972	-	19,972
Balance at 30 June 2026	196	260,120	(33,883)	128	(47,682)	(17,252)	(67,360)	94,288	16,365	110,653

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net cash used in operations	**(11,853)**	(1,615)
Income tax paid	**–**	(2,636)
Net cash used in operating activities	**(11,853)**	(4,251)
Cash flows from investing activities		
Injection to associate company	**(12,446)**	–
Additions to property, plant and equipment	**(380)**	(7,987)
Redemption of time deposits	**–**	40,000
Proceeds from disposal of property, plant and equipment	**–**	–
Interest received	**941**	1,357
Net cash (used in)/generated from investing activities	**(11,885)**	33,370

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Cash flows from financing activities		
Proceeds from issuance of shares	**19,614**	–
Injection from non-controlling shareholders	**–**	336
Proceeds from borrowings	**–**	9,839
Repayments of borrowings	**(8,972)**	(3,031)
Interest paid on borrowings	**(547)**	(731)
Repayments of lease liabilities	**(4,671)**	(3,731)
Interest paid on lease liabilities	**(190)**	(335)
Advance from a shareholder	**671**	–
Net cash generated from financing activities	**5,905**	2,347
Net (decrease)/increase in cash and cash equivalents	**(17,833)**	31,466
Cash and cash equivalents at beginning of the period	**58,848**	22,985
Effect of foreign exchange rate changes on cash and cash equivalents	**(68)**	292
Cash and cash equivalents at the end of the period	**40,947**	54,743

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

B.Duck Semk Holdings International Limited (the "Company") was incorporated in the Cayman Islands ("Cayman Islands") on 10 December 2020 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in the provision of licensing services, design consultation services and trading of licensed brand products in Hong Kong and the Mainland China.

The interim condensed consolidated financial information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") unless otherwise stated.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2026 has 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").

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the annual report for the year ended 31 December 2025 and any public announcements made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) Amended standards adopted by the Group for the annual reporting periods commencing on 1 January 2026:

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
Annual Improvements	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026

3 ACCOUNTING POLICIES *(Continued)*

(a) Amended standards adopted by the Group for the annual reporting periods commencing on 1 January 2026: *(Continued)*

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity	1 January 2026
Amendments to HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements	1 January 2026

The amended standards listed above did not have any impact to the Group's interim condensed consolidation financial information in the current and prior periods.

3 ACCOUNTING POLICIES *(Continued)*

(b) New and amended standards and interpretations issued but are not yet effective for the annual reporting periods commencing 1 January 2026 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

3 ACCOUNTING POLICIES *(Continued)*

(b) New and amended standards and interpretations issued but are not yet effective for the annual reporting periods commencing 1 January 2026 and have not been early adopted by the Group: *(Continued)*

		Effective for annual periods beginning on or after
Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

3 ACCOUNTING POLICIES *(Continued)*

(b) New and amended standards and interpretations issued but are not yet effective for the annual reporting periods commencing 1 January 2026 and have not been early adopted by the Group: *(Continued)*

The Group is in the process of making an assessment of the impact of these new standards and amendments of standards, and has concluded on a preliminary basis that the adoption of these new and amended standards is not expected to have a significant impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the critical accounting estimates and judgements applied were consistent with those described in the annual consolidated financial statements for the year ended 31 December 2025.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

There have been no changes in the risk management policies since 31 December 2025.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

5.1.1 Credit risk

The Group is exposed to credit risk in relation to its trade receivables, contract assets, deposits and other receivables, amounts due from related companies and cash and cash equivalents. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

The credit risk on cash and cash equivalents are limited because cash are placed in banks with sound credit ratings.

The Group is exposed to concentration of credit risk as at 30 June 2026 and 31 December 2025 that other receivables, contract assets and trade receivables which totalled approximately HK$13,058,000 (2025: HK$17,358,000) and HK$35,832,000 (2025: HK$39,699,000) respectively were due from the largest customer of the Group and accounted in total for 22% (2025: 24%) of the total assets of the Group. The management considered the business relationship and the historical settlement pattern by the customer, as well as the inventory pledged for the other receivables, that the credit risk is manageable.

It is the Group's policy that all customers who wish to have credit terms are subject to credit verification procedures. The management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of the customers' profiles and subsequent settlement to ensure that adequate impairment is made for the irrecoverable amount.

Receivables are written-off when there is no reasonable expectation of recovery.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

5.1.1 Credit risk *(Continued)*

Loss allowance for trade receivables and contract assets

The Group applied the simplified approach in HKFRS 9 to measuring expected credit loss which uses a lifetime expected credit loss for trade receivables and contract assets. Except for trade receivables and contract assets with known insolvencies or significant outstanding balances which are assessed individually, the Group determines the expected credit loss on the remaining balances by using a provision matrix grouped by common risk characteristic.

Measurement of expected credit loss

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

5.1.1 Credit risk *(Continued)*

	Gross carrying amount of trade receivables and contract assets (HK$'000)	Credit loss allowance (HK$'000) (Notes 6(c) and 15)	Expected loss rate
As at 30 June 2026			
Character licensing			
Individual assessment	56,579	(20,747)	36.7%
Collective assessment			
Not yet past due and past due up to 30 days	10,979	(217)	2.0%
Past due 31-60 days	140	(11)	7.9%
Past due 61-90 days	1,196	(143)	12.0%
Past due 91-120 days	393	(80)	20.4%
Past due 121-180 days	1,073	(320)	29.8%
Past due over 180 days	1,482	(626)	42.2%
Total	15,263	(1,397)	9.2%
E-commerce and other			
Collective assessment			
Not yet past due and past due up to 30 days	3,119	(172)	5.5%
Past due 31-60 days	288	(25)	8.6%
Past due 61-90 days	579	(68)	11.7%
Past due 91-120 days	109	(19)	17.6%
Past due 121-180 days	46	(10)	21.8%
Past due over 180 days	268	(188)	70.1%
Total	4,409	(482)	10.9%

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

5.1.1 Credit risk *(Continued)*

	Gross carrying amount of trade receivables and contract assets (HK$'000)	Credit loss allowance (HK$'000) (Note 6(c) and 15)	Expected loss rate
As at 31 December 2025			
Character licensing			
Individual assessment	54,971	(19,374)	35.2%
Collective assessment			
Not yet past due and past due up to 30 days	12,796	(422)	3.3%
Past due 31-60 days	379	(47)	12.4%
Past due 61-90 days	966	(154)	15.9%
Past due 91-120 days	1,115	(288)	25.8%
Past due 121-180 days	333	(109)	32.4%
Past due over 180 days	1,447	(796)	55.1%
Total	17,036	(1,816)	
E-commerce and other			
Collective assessment			
Not yet past due and past due up to 30 days	4,361	(302)	6.9%
Past due 31-60 days	645	(55)	8.5%
Past due 61-90 days	31	(4)	12.9%
Past due 91-120 days	9	(2)	22.2%
Past due 121-180 days	35	(8)	22.9%
Past due over 180 days	224	(107)	47.8%
Total	5,305	(478)	

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

5.1.1 Credit risk *(Continued)*

Other financial assets at amortised cost

The Group adopts general approach for expected credit losses of deposits and other receivables and amounts due from related parties. The Group considers that the credit risk on these financial assets have not significantly increased since initial recognition. Therefore, these financial assets are classified in stage one and only 12-month expected credit losses are considered. Considering the history of default, financial position of these debtors and forward looking factor, the expected credit loss is immaterial.

For the consideration receivables from transfer of trademarks, the management makes periodic individual assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

During the period ended 30 June 2026, the management considered there was significant increase in credit risk of other receivables due from a third party amounting to HK$65,220,000. Consequently, lifetime expected credit losses of approximately HK$52,162,000 were recognised as at 30 June 2026. Note 16 provides details the reconciliation of loss allowance for deposits and other receivables under general approach.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

5.1.2 Liquidity risk

The Group measures and monitors its liquidity through the maintenance of prudent ratio regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group also maintains a prudent level of liquid assets and committed banking facilities to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the ordinary course of business.

The following tables show the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities based on contractual undiscounted cash flows and the earliest date the Company can be required to pay. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

5.1.2 Liquidity risk *(Continued)*

	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
As at 30 June 2026 (Unaudited)				
Trade payables	8,265	–	–	8,265
Other payables (Note i)	15,642	–	–	15,642
Lease liabilities	3,500	4,086	410	7,996
Amount due to a shareholder	2,395	–	–	2,395
Borrowings	42,498	74	–	42,572
Redemption liabilities	–	–	22,099	22,099
	72,300	4,160	22,509	98,969
As at 31 December 2025 (Audited)				
Trade payables	8,457	–	–	8,457
Other payables (Note i)	24,088	–	–	24,088
Lease liabilities	4,798	3,848	2,786	11,432
Amount due to a shareholder	1,710	–	–	1,710
Borrowings	50,814	1,100	149	52,063
Redemption liabilities	–	–	21,589	21,589
	89,867	4,948	24,524	119,339

Note i: Other payables exclude accrued salary and other benefits and value-added tax and other tax payable disclosed herein.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

5.1.2 Liquidity risk *(Continued)*

The table below summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
As at 30 June 2026 (Unaudited)	20,709	8,245	13,618	–	42,572
As at 31 December 2025 (Audited)	25,277	9,082	17,704	–	52,063

The directors of the Company have given careful consideration to its available liquid assets and sources of financing in assessing whether the Group will have sufficient financial resources to support its operation. As at 30 June 2026, the Group had cash and cash equivalents of approximately HK$40,947,000.

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net debts to equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents and time deposits. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.

The net debts to equity ratio at end of the reporting period was as follows:

	As at 30 June 2026 HK'000 (Unaudited)	As at 31 December 2025 HK'000 (Audited)
Debts	**41,942**	50,914
Cash and cash equivalents	**(40,947)**	(58,848)
Net Debts	**995**	(7,934)
Total equity	**110,653**	109,721
Net debts to equity ratio	**0.9%**	N/A

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation

The carrying values of investment in life insurance contract, financial assets at fair value through profit or loss and accruals, provision and other payables are a reasonable approximation of their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

6 REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue, which is also the Group's turnover, represents amounts received and receivable from the provision of licensing services, design consultation services and sales of licensed brand products. An analysis of revenue is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Revenue		
Recognised over time		
Provision of licensing services	**18,517**	23,611
Provision of design consultation services	**6,707**	10,943
	25,224	34,554
Recognised at a point in time		
Sales of licensed brand products	**41,496**	43,874
LBE-related ticketing income	**5,471**	3,886
	46,967	47,760
Total revenue	**72,191**	82,314

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Revenue *(Continued)*

For the six months ended 30 June 2026 and 2025, there was no individual customer contributed over 10% of the Group's total revenue.

(b) Segment information

The directors of the company have been identified as the chief operating decision makers ("CODM") of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The directors of the Company assess the Group's business as two reporting segments based on respective revenue and loss after tax before unallocated expenses for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as this condensed consolidated financial information. Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the CODM.

The CODM identifies two reportable segments based on the nature of products and services, namely character licensing and e-commerce and other. The character licensing business is mainly engaged in the provision of licensing services, design consultation services and sales of LBE-related tickets, whilst e-commerce and other business is mainly engaged in the trading of licensed brand products through online platforms and offline channels.

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

	Character licensing HK$'000	E-commerce and other HK$'000	Total HK$'000
For the six months ended 30 June 2026 (Unaudited)			
Gross revenue	30,843	41,496	72,339
Inter-segment revenue	(148)	–	(148)
Revenue from external sales	30,695	41,496	72,191
Segment results	(12,850)	(6,632)	(19,482)
Unallocated:			
– Share-based payment			(358)
Loss after income tax			(19,840)
For the six months ended 30 June 2025 (Unaudited)			
Gross revenue	40,175	47,783	87,958
Inter-segment revenue	(1,735)	(3,909)	(5,644)
Revenue from external sales	38,440	43,874	82,314
Segment results	(8,381)	(1,149)	(9,530)
Unallocated:			
– Share-based payment			(2,123)
Loss after income tax			(11,653)

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

The amount of revenue by customers' location is shown in the following table:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Mainland China	**67,855**	76,347
Hong Kong	**1,264**	1,287
Southeast Asia and Taiwan Region	**2,853**	3,981
Others	**219**	699
	72,191	82,314

The total amount of non-current assets excluding deferred tax assets located in the Mainland China as at 30 June 2026 and 31 December 2025 are HK$43,585,000 and HK$38,684,000, respectively, and the total amount of non-current assets excluding deferred tax assets located in Hong Kong and others as at 30 June 2026 and 31 December 2025 are HK$16,678,000 and HK$23,338,000, respectively.

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Assets and liabilities related to contracts with customer

The Group has recognised the following assets and liabilities related to contracts with customer:

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Contract assets	**9,471**	6,957
Less: loss allowance for contract assets	**(139)**	(102)
	9,332	6,855
Contract liabilities	**8,970**	6,837

LBE related ticketing income

Proceeds received from coins sold for future entry to LBE attractions are recognised as contract liabilities until the coins are redeemed or expired. Revenue is recognised, and control of services passes to customers, upon redemption of coins for admission. One single performance obligation exists under these contracts. As at 30 June 2026, the outstanding contract liability balance was approximately HK$2,040,000 (31 December 2025: HK$1,517,000).

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Assets and liabilities related to contracts with customer *(Continued)*

Movement on the provision for impairment of contract assets is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Beginning of the period	**(102)**	(1,233)
(Provision)/reversal of loss allowance for contract assets	**(34)**	779
Currency translation differences	**(3)**	(27)
End of the period	**(139)**	(481)

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Assets and liabilities related to contracts with customer *(Continued)*

Unfulfilled performance obligation

Aggregate amount of the transaction price allocated to contracts that are partially or fully unfulfilled as at the end of the period and are expected to be fulfilled in the following time bands. The amounts disclosed below do not include variable consideration.

	As at 30 June 2026 HK$'000 (unaudited)	As at 31 December 2025 HK$'000 (audited)
Within 1 year	**20,916**	20,101
1 – 2 years	**4,354**	10,241
2 – 3 years	**497**	1,422
3 – 4 years	**–**	29
	25,767	31,793

7 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended 30 June	
	2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Other income		
Sample sales	768	536
Management fee income (Note 23)	–	901
Government subsidies (Note i)	524	194
Compensation received (Note ii)	957	614
Gain on termination of leases	33	–
Sundry income	1,296	326
Other tax refund	–	1,232
E-commerce solutions service (Notes 23, iii)	–	748
	3,578	4,551
Other losses, net		
Net foreign exchange losses	(552)	(201)
	(552)	(201)

Note i: Government subsidies comprise grant received from various local governments in Mainland China and Hong Kong. There are no unfulfilled conditions or contingencies in relation to the grants.

Note ii: The amounts represented compensation received from legal action against third parties for infringement of the Group's trademark.

Note iii: The Group provided operation support to the e-commerce business of ENS Toys (Huizhou) Limited.

8 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Salaries, allowances and benefits (including directors' emoluments)	**27,927**	32,495
Pension costs – defined contribution plan	**4,433**	4,612
Share-based payment (Note 22)	**358**	2,123
	32,718	39,230

9 OTHER EXPENSES

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Travelling and transportation	**1,007**	1,363
Office expenses	**2,441**	2,732
Legal and professional fee	**6,267**	4,243
Rental expenses – short term leases	**1,645**	180
Logistics and storage fee	**2,814**	1,925
Insurance expense	**276**	232
Building management fee	**1,611**	483
Licensing fee	**192**	197
Commission expense	**2,043**	1,422
Auditor's remuneration:		
– Audit fee	**819**	728
– Non-audit service	**238**	270
Others	**1,720**	2,235
	21,073	16,010

10 FINANCE INCOME, NET

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Finance income		
Interest income from bank deposits	**367**	513
Other interest income	**574**	844
	941	1,357
Finance costs		
Finance charges on lease liabilities	**(585)**	(335)
Finance charges on redemption liabilities	**(510)**	–
Bank charges	**(78)**	(123)
Interest expenses	**(494)**	(731)
	(1,667)	(1,189)
Finance income, net	**(726)**	168

11 INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current income tax:		
– Hong Kong profits tax	**43**	–
– Mainland China corporate income tax	**(2,129)**	672
– Withholding tax	**27**	20
	(2,059)	692
Deferred income tax	**(893)**	75
	(2,952)	767

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11 INCOME TAX CREDIT/(EXPENSE) *(Continued)*

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30 June 2026 and 2025.

In accordance with the two-tiered profits tax regime effective from 1 January 2018, Hong Kong profits tax has calculated at 8.25% on the first HK$2,000,000 for one of the subsidiaries in Hong Kong, and 16.5% on the remaining balance of the estimated assessable profits.

The statutory income tax rate applicable to entities in the Mainland China is 25%.

The Group is also subject to withholding tax at the rate of 7% and 10%, respectively, on management fee and design fee charged from the Group's Hong Kong subsidiaries to the Group's Mainland China subsidiaries.

No overseas profits tax has been calculated as the Company incorporated in the Cayman Islands is exempted from tax.

As at 30 June 2026 and 31 December 2025, there were no deferred income tax provided in relation to the unremitted earnings as the Group's management has approved that the Mainland China subsidiaries have no intention and are not probable to declare dividend in the foreseeable future and the Group is able to control the timing of the reversal of the temporary differences and it is decided that the unremitted earnings will not be remitted in the foreseeable future.

12 DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2026.

13 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2026 and 2025.

	Six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)
Loss attributable to holders of the Company *(HK$'000)*	**(19,468)**	(10,743)
Weighted average number of ordinary shares in issue	**964,755,288**	937,787,514
Basic loss per share *(expressed in HK cents per share)*	**(2.02)**	(1.15)

13 LOSS PER SHARE *(Continued)*

(b) Diluted

Diluted loss per share during the six months ended 30 June 2026 and 2025 equal to basic losses per share as the inclusion of the potential ordinary shares in the calculation of dilutive loss per share would be anti-dilutive.

14 INVENTORIES

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Finished goods – Gross	28,497	30,929
Less: provision of inventories	(5,136)	(4,972)
Finished goods – Net	23,361	25,957

During the six months ended 30 June 2026, cost of inventories of HK$18,869,000 was recognised as an expense and included in "cost of inventories sold" within the condensed consolidated statement of comprehensive income (30 June 2025: HK$18,274,000).

During the six months ended 30 June 2026, an inventory impairment provision of HK$234,000 was recognised and included in "cost of inventories sold" within the condensed consolidated statement of comprehensive income (30 June 2025: a reversal of impairment of HK$2,046,000).

15 TRADE RECEIVABLES

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Trade receivables	**66,780**	70,355
Less: loss allowance	**(22,487)**	(21,566)
	44,293	48,789

The Group normally grants credit terms to its customers ranging from 0 to 30 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Current – 30 days	**5,050**	20,891
31 – 60 days	**428**	1,024
61 – 90 days	**1,775**	997
91 – 120 days	**502**	1,124
121 – 180 days	**1,119**	368
Over 180 days	**57,906**	45,951
	66,780	70,355

15 TRADE RECEIVABLES *(Continued)*

Movement on the credit loss allowance of trade receivables is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Beginning of the period	**(21,566)**	(18,493)
Written off	**–**	952
Provision of impairment loss on financial assets	**(786)**	(1,886)
Currency translation differences	**(135)**	(247)
End of the period	**(22,487)**	(19,674)

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Current portion:		
Consideration receivable from transfer of trademark	**46,887**	30,967
Value added tax recoverable	**10,853**	8,856
Deposits	**6,431**	5,281
Contract costs	**99**	85
Other receivables	**2,169**	2,115
Prepayment for inventories	**335**	1,864
Other prepayments	**6,971**	4,791
	73,745	53,959
Less: provision for impairment	**(37,994)**	(23,235)
	35,751	30,724
Non-current portion:		
Prepayment for trademarks	**8,619**	8,370
Other asset – investment in life insurance contract (Note i)	**1,441**	1,441
Consideration receivable from transfer of trademark	**18,333**	38,552
	28,393	48,363
Less: provision for impairment	**(14,168)**	(28,927)
	14,225	19,436

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Continued)

Movement on the credit loss allowance of deposit and other receivables is as follows:

	June 2026	June 2025
	HK$'000	HK$'000
Beginning of the period	**(52,162)**	(2,176)
Reversal of impairment loss on financial assets	**–**	36
End of the period	**(52,162)**	(2,140)

Note i:

As at 30 June 2026 and 31 December 2025, the Group held a life insurance policy for a director of the Group. The investment in life insurance contract is denominated in USD. The Group has the right to surrender the insurance partially or in full at any time after the first policy anniversary for cash value. Cash value represents the account value net of surrender charges.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended	
	30 June 2026 HK$'000 (unaudited)	30 June 2025 HK$'000 (unaudited)
Balance as at 1 January	**10,016**	9,000
Fair value loss	**(1,188)**	–
Currency translation difference	**306**	139
Balance as at 30 June	**9,134**	9,139

Financial assets at fair value through profit or loss include the following:

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Unlisted equity investments	**9,134**	10,016

On 19 April 2023, the Group has subscribed 20% equity interest in an unlisted entity incorporated in the PRC at consideration of RMB7,000,000 (equivalent to approximately HK$7,676,000). Due to the existence of certain preferential right granted by the investee, the investment is classified as financial assets at fair value through profit or loss as at 30 June 2026.

On 9 November 2023, the Group has subscribed 10% equity interest in an unlisted entity incorporated in the PRC at consideration of RMB1,000,000 (equivalent to approximately HK$1,097,000). Due to the lack of control or significant influence over the investee, the investment is classified as financial assets at fair value through profit or loss as at 30 June 2026.

18 TRADE PAYABLES

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Trade payables	**8,265**	8,457

The credit period granted by suppliers for trade payables generally around 60 days. The ageing analysis of the trade payables by invoice date is as follows:

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Up to 30 days	**2,099**	4,515
31 to 60 days	**20**	1,589
61 to 90 days	**885**	443
Over 90 days	**5,261**	1,910
	8,265	8,457

19 ACCRUALS AND OTHER PAYABLES

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Accrued expenses	5,919	8,082
Accrued salary and other benefits	4,706	6,178
Other payables	12,602	16,006
Value added tax and other tax payable	4,724	5,507
	27,951	35,773

20 BANK AND OTHER BORROWINGS

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Non-Current		
Other Borrowing	–	907
Current		
Bank borrowings – secured	39,476	46,461
Other Borrowing	2,466	3,546
	41,942	50,914

20 BANK AND OTHER BORROWINGS *(Continued)*

As at 30 June 2026, the carrying amounts of the borrowings approximate their fair values and are denominated in the HK$.

The amounts repayable based on the scheduled repayment date set out in the loan agreements ignoring the effect of any repayment on demand clause are as follows:

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Within 1 year	**20,305**	24,469
Between 1 to 2 years	**8,109**	8,256
Between 2 to 5 years	**13,528**	18,189
Over 5 years	**–**	–
	41,942	50,914

As at 30 June 2026, the weighted average effective interest rate of bank borrowing was 4.50% per annum.

As at 30 June 2026, there were no unutilised banking facilities (2025: nil). The banking facilities are secured by corporate guarantee provided by the Company.

21 SHARE CAPITAL

At 31 December 2025 (audited)	Number of ordinary shares	Share capital nominal value	Share premium
		HK$'000	HK$'000
Authorised:			
At 1 January 2025 (audited), 31 December 2025 (audited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	2,000,000,000	388	–
Issued and fully paid:			
At 1 January 2025 (audited) and 31 December 2025 (audited)	980,993,000	191	240,511
Issue of new shares under placing (Note i)	27,362,000	5	19,609
At 30 June 2026 (unaudited)	1,008,355,000	196	260,120

Note i: On 25 February 2026, the Company issued 27,362,000 ordinary shares at an issue price of HK$0.74 per share for gross proceeds of HK$20,247,880 pursuant to the placing. These shares rank pari passu in all respects with the shares in issue. The transaction costs directly attributable to issue of shares, including placing commission, professional fees and all related expenses, amounting to approximately HK$0.6 million, were treated as a deduction from share premium.

Note ii: As at 30 June 2026, 30,352,750 shares were held under the Share Award Scheme (31 December 2025: 32,384,000 shares).

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22 SHARE AWARD SCHEME

Futu Trustee Limited, a company incorporated in Hong Kong and authorised to undertake trust business in accordance with the laws of Hong Kong, was appointed as the trustee of the Company (the "Trustee") for the administration of the share award scheme of the Company ("Share Award Scheme").

The aggregate number of shares granted by the Group ("Awarded Shares") currently permitted to be awarded under the Share Award Scheme is limited to 10% of the issued share capital of the Company to be refreshed automatically from time to time.

Under the Share Award Scheme, the (i) employees of the Group; (ii) employees of holding companies, fellow subsidiaries or associated companies of the Company; and (iii) any persons who provide services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business ("Eligible Participant") may be selected by the Board to participate in the Share Award Scheme.

The Board may, from time to time, select any Eligible Participant for participation in the Share Award Scheme as a selected participant ("Selected Participant"), and grant such number of Awarded Shares to any Selected Participant at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

The Trustee holds the shares of the Company for the benefits of the Selected Participants before the Awarded Shares are vested.

22 SHARE AWARD SCHEME *(Continued)*

When a Selected Participant has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Trustee shall transfer the relevant vested Awarded Shares to that Selected Participant at no cost.

The Trustee shall not exercise the voting rights in respect of any shares of the Company held under the Trust, including, inter alia, the Awarded Shares and further shares of the Company acquired out of the income derived therefrom.

On 31 October 2023, 14,608,000 Awarded Shares were granted to the Selected Participants.

On 31 January 2024, 14,714,000 Awarded Shares were granted to two members of senior management of Shenzhen Dequ Technology Co., Ltd. ("Dequ Technology"), a then non-wholly owned subsidiary of the Group. All Awarded Shares were lapsed as of 31 December 2024 and 30 June 2025.

The fair value of the Awarded Shares was calculated based on the market price of the Company's shares at the respective grant dates. The Group recognised an expense of approximately HK$358,000 (2025: HK$4,246,000) for the six months ended 30 June 2026 in relation to these share awards.

As at 30 June 2026, 2,031,250 vested shares had been transferred to employees from shares held under the Share Award Scheme (30 June 2025: 8,560,000 shares).

23 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The directors of the Company are of the view that the following companies or individuals were related parties that had transactions or balances with the Group as at and during the six months ended 30 June 2026 and 2025:

Related parties	Relationship with the Group
Semk Products (Holdings) Limited	Ultimate holding company
ISA Global Licensing Limited	A company controlled by Mr. Hui Ha Lam
Kafutoy Industrial Co Limited	A company controlled by Mr. Hui Pak Shun and Ms. Ng Pui Ching, parents of Mr. Hui Ha Lam
ENS Toys (Huizhou) Limited ("ENS Toys")	A company controlled by Mr. Hui Ha Lam
Shenzhen Dream Studio Technology Co Limited ("Dream Studio")	A shareholder of an associate
SEMK Enterprises Co Ltd.	A company controlled by Mr. Hui Ha Lam
Dequ Technology	Associate
Mr. Hui Ha Lam	Controlling shareholder

23 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

The following transactions were carried out with related parties at terms mutually agreed by the relevant parties.

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Purchase of goods:		
– ENS Toys	**(13,304)**	(16,790)
Management fee income (Note 7):		
– ENS Toys	**–**	901
E-commerce solutions service (Note 7):		
– ENS Toys	**–**	748

23 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Rental expense – short term:		
– ENS Toys	**(381)**	–
– ISA Global Licensing Limited	**(133)**	(120)
Advertising expenses:		
– Dream Studio	**–**	(17)
Revenue:		
– Dequ Technology	**1,646**	–
– Dream Studio	**–**	5
Logistics and storage expense:		
– ENS Toys	**(1,630)**	–

23 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Trade:		
Prepayment and other receivable from a related party:		
– ENS Toys	408	–
Trade receivable		
– Dequ Technology	3,761	2,340
Trade payable		
– ENS Toys	–	(1,099)
Amount due to a shareholder		
– Mr. Hui Ha Lam	(2,395)	(1,710)
Other payable		
– ENS Toys	(926)	–
– ISA Global Licensing Limited	(333)	(200)
	(1,259)	(200)

23 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensation

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Salaries and allowances	**3,504**	3,340
Social security costs	**66**	46
Pension costs		
– Defined contribution plan	**59**	54
	3,629	3,440

24 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2026.

25 EVENTS AFTER THE REPORTING PERIOD

On 28 August 2026, the Company, Semk Licensing (Shenzhen) Limited (an indirect wholly-owned subsidiary of the Company), Shenzhen Yincang Waou Culture Technology Co., Ltd., Shenzhen Waou Cultural Media Co., Ltd., Dongguan San Kou Supply Chain Management Co., Ltd., Mr. Huang Jiale, Shenzhen Haidengwu Cultural Corporation (Limited Partnership) and its eight limited partners entered into a termination agreement, pursuant to which the parties agreed to terminate the Share Acquisition and Convertible Loan Investment Agreement entered into on 29 August 2025, in relation to the conditional acquisition of approximately 27.74% of the issued share capital of a Cayman company (to be established) for a total consideration of RMB38.6 million and the provision of a convertible loan of RMB10.05 million, with effect from the date of the termination agreement. The Board considered that the termination would not have any material adverse impact on the existing business and operations of the Group.

Save as disclosed above, there were no material events subsequent to 30 June 2026 which would materially affect the Group's operation and financial performance as of the date of this report.