TRISTATE

Tristate Holdings Limited

(Incorporated in Bermuda with limited liability)

Interim Report 2026

Stock code: 458

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Contents

Corporate Information

Honorary Chairlady
WANG KOO Yik Chun

Board of Directors
Executive Director
WANG Kin Chung, Peter
(Chairman and Chief Executive Officer)

Non-Executive Directors
MAK WANG Wing Yee, Winnie
WANG Shui Chung, Patrick

Independent Non-Executive Directors
LO Kai Yiu, Anthony
James Christopher KRALIK
Peter TAN
Chen LIN

Audit Committee
LO Kai Yiu, Anthony
(Chairman of Audit Committee)
MAK WANG Wing Yee, Winnie
James Christopher KRALIK

Nomination Committee
WANG Kin Chung, Peter
(Chairman of Nomination Committee)
LO Kai Yiu, Anthony
James Christopher KRALIK
Chen LIN

Remuneration Committee
James Christopher KRALIK
(Chairman of Remuneration Committee)
MAK WANG Wing Yee, Winnie
LO Kai Yiu, Anthony
Peter TAN

Share Option Committee
WANG Kin Chung, Peter
(Chairman of Share Option Committee)
MAK WANG Wing Yee, Winnie

Company Secretary
LEUNG Wai Yee

Auditor
KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

Legal Advisors
Reed Smith Richards Butler LLP *(Hong Kong Law)*
Appleby *(Bermuda Law)*

Principal Bankers
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Citibank, N.A.
Hang Seng Bank, Limited

Registered Office
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head Office and Principal Place of Business in Hong Kong
5th Floor, 66-72 Lei Muk Road
Kwai Chung, New Territories
Hong Kong
Tel : (852) 2279-3888
Fax : (852) 2480-4676
Website : http://www.tristateww.com

Corporate Communications
Company Secretary
Tristate Holdings Limited
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Kwai Chung, New Territories
Hong Kong
Tel : (852) 2279-3888
Fax : (852) 2423-5576
Email : cosec@tristateww.com

Listing Information
The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1988
Stock short name : Tristate Hold
Stock code : 458
Board lot : 1,000 shares

Principal Registrar and Transfer Office
Appleby Global Corporate Services (Bermuda) Limited
Canon's Court
22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

Branch Registrar and Transfer Office
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Tel : (852) 2862-8555
Fax : (852) 2865-0990/2529-6087

Condensed Consolidated Interim Financial Statements

The board of directors (the "**Board**") of Tristate Holdings Limited (the "**Company**") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2026 together with comparative figures for 2025.

Condensed Consolidated Interim Statement of Profit or Loss

For the six months ended 30 June 2026 – unaudited

		Six months ended 30 June	
	Note	**2026** ***HK$'000***	2025 *HK$'000*
Revenue	5&6	**1,543,455**	1,676,431
Cost of sales		**(907,883)**	(989,531)
Gross profit		**635,572**	686,900
Other net (loss)/gain	7	**(10,150)**	766
Selling and distribution expenses		**(325,463)**	(362,054)
General and administrative expenses		**(240,063)**	(278,218)
Profit from operations	8	**59,896**	47,394
Finance income	9	**1,833**	3,969
Finance costs	9	**(14,640)**	(27,676)
Profit before taxation		**47,089**	23,687
Income tax charge	10	**(21,667)**	(20,141)
Profit for the period		**25,422**	3,546
Attributable to:			
Equity shareholders of the Company		**23,543**	1,675
Non-controlling interests		**1,879**	1,871
Profit for the period		**25,422**	3,546
Earnings per share attributable to equity shareholders of the Company:	11		
Basic		**HK$0.086**	HK$0.006
Diluted		**HK$0.085**	HK$0.006

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2026 – unaudited

	Six months ended 30 June	
	2026 ***HK$'000***	2025 *HK$'000*
Profit for the period	**25,422**	3,546
Other comprehensive income, net of nil tax unless specified:		
Items that may be reclassified subsequently to profit or loss		
Fair value changes on cash flow hedges:		
(Losses)/gains arising during the period	**(458)**	430
Transferred to and included in the following line item in the condensed consolidated interim statement of profit or loss:		
General and administrative expenses	**142**	519
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	**(40,859)**	94,405
Other comprehensive income for the period	**(41,175)**	95,354
Total comprehensive income for the period	**(15,753)**	98,900
Attributable to:		
Equity shareholders of the Company	**(17,632)**	97,029
Non-controlling interests	**1,879**	1,871
Total comprehensive income for the period	**(15,753)**	98,900

The notes on pages 7 to 15 form part of the interim financial statements.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Financial Position

At 30 June 2026 – unaudited

	Note	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Non-current assets			
Property, plant and equipment	13	**617,856**	623,384
Intangible assets	14	**282,397**	294,264
Other long-term assets		**25,220**	23,277
Deferred tax assets		**23,211**	21,242
Defined benefit plan assets		**14,737**	14,737
Financial assets measured at fair value through profit or loss		**6,043**	6,043
Interest in an associate		**–**	–
		969,464	982,947
Current assets			
Inventories	15	**873,587**	709,558
Accounts receivable and bills receivable	16	**507,341**	488,057
Prepayments and other receivables		**128,720**	84,457
Current tax recoverable		**3,203**	3,103
Cash and bank balances	17	**320,093**	472,189
		1,832,944	1,757,364
Current liabilities			
Accounts payable and bills payable	18	**363,391**	337,280
Accruals and other payables and contract liabilities	19	**439,538**	434,000
Dividend payable	12(b)	**49,316**	–
Dividend payable to non-controlling interest		**–**	4,550
Lease liabilities		**102,448**	98,244
Forward foreign exchange contracts		**316**	–
Current tax liabilities		**20,832**	19,975
Bank borrowings	20	**87,000**	–
		1,062,841	894,049
Net current assets		**770,103**	863,315
Total assets less current liabilities		**1,739,567**	1,846,262

	Note	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Non-current liabilities			
Retirement benefits and other post retirement obligations		**31,879**	33,292
Licence fees payable		**174,587**	197,300
Lease liabilities		**129,167**	148,257
Deferred tax liabilities		**43,766**	42,937
		379,399	421,786
Net assets		**1,360,168**	1,424,476
Capital and reserves			
Share capital	21	**27,398**	27,348
Reserves		**1,302,878**	1,369,115
Total equity attributable to equity shareholders of the Company		**1,330,276**	1,396,463
Non-controlling interests		**29,892**	28,013
Total equity		**1,360,168**	1,424,476

The notes on pages 7 to 15 form part of the interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2026 – unaudited

	Attributable to equity shareholders of the Company				
	Share capital *HK$'000*	**Reserves** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 January 2026	**27,348**	**1,369,115**	**1,396,463**	**28,013**	**1,424,476**
Total comprehensive income for the period	**–**	**(17,632)**	**(17,632)**	**1,879**	**(15,753)**
Issue of shares under share option scheme	**50**	**308**	**358**	**–**	**358**
Share option scheme					
– value of employee services	**–**	**403**	**403**	**–**	**403**
Approved final dividend in respect of 2025	**–**	**(49,316)**	**(49,316)**	**–**	**(49,316)**
Balance at 30 June 2026	**27,398**	**1,302,878**	**1,330,276**	**29,892**	**1,360,168**

	Attributable to equity shareholders of the Company				
	Share capital *HK$'000*	Reserves *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2025	27,260	1,200,191	1,227,451	28,472	1,255,923
Total comprehensive income for the period	–	97,029	97,029	1,871	98,900
Issue of shares under share option scheme	88	676	764	–	764
Share option scheme					
– value of employee services	–	446	446	–	446
Dividend paid to non-controlling interest	–	–	–	(2,669)	(2,669)
Approved final dividend in respect of 2024	–	(46,491)	(46,491)	–	(46,491)
Balance at 30 June 2025	27,348	1,251,851	1,279,199	27,674	1,306,873

The notes on pages 7 to 15 form part of the interim financial statements.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2026 – unaudited

	Note	Six months ended 30 June 2026 HK$'000	2025 HK$'000
Operating activities			
Profit before taxation		**47,089**	23,687
Adjustments for:			
Reversal of write-down of inventories to net realisable value, net	8	**(9,148)**	(13,686)
(Reversal of provision for)/ provision for impairment of receivables, net	8	**(20)**	1,869
Depreciation on property, plant and equipment	8	**28,442**	30,832
Depreciation of right-of-use assets	8	**54,806**	54,892
Amortisation of intangible assets	8	**8,128**	26,057
Net loss on disposal of property, plant and equipment	7	**3,573**	1,205
Impairment losses on property, plant and equipment	7	**10,828**	4,999
Finance income	9	**(1,833)**	(3,969)
Finance cost	9	**14,640**	27,676
Other operating activities		**(41,251)**	19,084
Changes in working capital:			
Increase in inventories		**(150,263)**	(38,815)
Increase in accounts receivable and bills receivable		**(16,184)**	(76,761)
(Increase)/decrease in prepayments and other receivables		**(43,502)**	193
Increase/(decrease) in accounts payable and bills payable		**24,748**	(39,911)
Decrease in accruals and other payables and contract liabilities		**(40,476)**	(99,089)
Decrease in retirement benefits and other post retirement obligations		**(454)**	(259)
Cash used in operations		**(110,877)**	(81,996)
Income tax paid		**(23,320)**	(26,640)
Net cash used in operating activities		**(134,197)**	(108,636)

	Note	Six months ended 30 June 2026 HK$'000	2025 HK$'000
Investing activities			
Interest received		**1,406**	3,545
Payment for the purchase of property, plant and equipment		**(38,587)**	(42,192)
Proceeds from disposals of property, plant and equipment		**173**	267
Acquisition of a subsidiary		**(244)**	–
Increase in pledged bank deposits		**–**	(884)
Net cash used in investing activities		**(37,252)**	(39,264)
Financing activities			
Capital element of lease rentals paid		**(57,945)**	(61,043)
Interest element of lease rentals paid		**(5,466)**	(4,685)
Interest paid		**(467)**	(389)
Proceeds from new bank borrowings		**114,636**	190,747
Repayment of bank borrowings		**(27,636)**	(114,247)
Dividend paid to non-controlling interests		**(4,550)**	(2,669)
Proceeds from issue of shares under share option scheme		**358**	764
Net cash generated from financing activities		**18,930**	8,478
Decrease in cash and cash equivalents		**(152,519)**	(139,422)
Cash and cash equivalents at beginning of the period	17	**459,616**	455,918
Effect on foreign exchange rate changes		**459**	19,514
Cash and cash equivalents at end of the period	17	**307,556**	336,010

The notes on pages 7 to 15 form part of the interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

1. General Information

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The address of its head office and principal place of business in Hong Kong is 5th Floor, 66-72 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The principal activities of the Group are (i) garment manufacturing and (ii) brands business.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 1988.

These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK$**" or "**Hong Kong dollars**"), unless otherwise stated. These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2026 were approved for issue by the Board on 25 August 2026.

These condensed consolidated interim financial statements have not been audited or reviewed by the external auditor.

2. Basis of Preparation and Accounting Policies

These interim financial statements have been prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the changes that are expected to be reflected in the 2026 annual financial statements. Details of the changes in accounting policies are set out in Note 3.

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. These condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2025 that is included in these interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditor has expressed an unqualified opinion on those financial statements in its report dated 17 March 2026.

3. Changes in Accounting Policies

The Group has applied the following amendments to HKFRS Accounting Standards issued by HKICPA to these interim financial statements for the current accounting period:

- Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*
- Annual Improvements to HKFRS Accounting Standards – Volume 11

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amendments to HKFRS Accounting Standards are discussed below.

Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*

The amendments cover various main aspects with the following amendments relevant to the Group:

The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an optional exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled in cash using an electronic payment system, provided that specific criteria are met.

The Group has elected to apply the derecognition of financial liabilities when the liabilities are settled in cash using qualifying electronic payment systems. The Group has applied these amendments consistently to all settlements made through the same qualifying electronic payment system. The amendments had no impact on the Group's interim financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11

The amendments include clarifications, simplifications or changes to improve consistency in HKFRS 1, *First-time Adoption of Hong Kong Financial Reporting Standards*, HKFRS 7, *Financial instruments: Disclosures* and its accompanying Guidance on implementing HKFRS 7, HKFRS 9, *Financial Instruments*, HKFRS 10, *Consolidated Financial Statements* and HKAS 7, *Statement of Cash Flows*. The amendments had no impact on the Group's interim financial statements.

4. Estimates

The preparation of these interim financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses on a year-to-date basis. Actual results may differ from these estimates.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

5. Segment Information

Reportable segments are reported in a manner consistent with internal reports of the Group that are regularly reviewed by the chief operating decision makers (the Chief Executive Officer and the senior management collectively) in order to assess performance and allocate resources. The Group manages its business by business units which are organised by business lines and geographical locations. The Group identified two reportable segments: (i) garment manufacturing and (ii) brands business. The chief operating decision makers assess the segment performance and allocate resources between segments based on the reported profit or loss before taxation.

Segment assets include all tangible assets, intangible assets and current assets employed by the segments. Segment liabilities include all current liabilities and non-current liabilities managed directly by the segments. Revenue and expenses are allocated to the reportable segments with reference to the sales generated by those segments and the expenses incurred by those segments or otherwise arising from the depreciation or amortisation of assets attributable to those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The segment information is as follows:

	Six months ended 30 June							
	Garment manufacturing		Brands business		Unallocated *(Note (ii))*		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue	**807,248**	880,004	**837,864**	879,741	**–**	–	**1,645,112**	1,759,745
Less: Inter-segment revenue	**(101,657)**	(83,314)	**–**	–	**–**	–	**(101,657)**	(83,314)
Revenue	**705,591**	796,690	**837,864**	879,741	**–**	–	**1,543,455**	1,676,431
Reportable segment EBITDA *(Note (i))*	**54,298**	84,276	**72,715**	78,135	**35,087**	1,763	**162,100**	164,174
Finance income	**–**	–	**1,007**	934	**826**	3,035	**1,833**	3,969
Finance costs								
– Interest on bank borrowings	**–**	–	**(50)**	–	**(417)**	(389)	**(467)**	(389)
– Interest on licence fees payable	**–**	–	**(8,707)**	(22,602)	**–**	–	**(8,707)**	(22,602)
– Interest on lease liabilities	**(2,410)**	(1,082)	**(2,934)**	(3,374)	**(122)**	(229)	**(5,466)**	(4,685)
Depreciation charge								
– Owned property, plant and equipment	**(8,466)**	(11,169)	**(16,266)**	(16,265)	**(3,710)**	(3,398)	**(28,442)**	(30,832)
– Right-of-use assets	**(9,398)**	(5,692)	**(41,941)**	(45,775)	**(3,467)**	(3,425)	**(54,806)**	(54,892)
Amortisation of intangible assets	**–**	–	**(8,128)**	(26,057)	**–**	–	**(8,128)**	(26,057)
Impairment losses of property, plant and equipment	**–**	–	**(10,828)**	(4,999)	**–**	–	**(10,828)**	(4,999)
Reportable segment profit/(loss) before taxation	**34,024**	66,333	**(15,132)**	(40,003)	**28,197**	(2,643)	**47,089**	23,687
Income tax charge							**(21,667)**	(20,141)
Profit for the period							**25,422**	3,546

Notes:

(i) EBITDA is defined as earnings before finance income, finance costs, income tax charge, depreciation, amortisation and impairment. EBITDA is a non-HKFRS Accounting Standards measure used by the management for monitoring business performance. It may not be comparable to similar measures presented by other companies.

(ii) Unallocated segment profit or loss for the period mainly included income and expenses arising from unallocated assets and liabilities for corporate purposes and head office expenses.

(iii) Under HKFRS 16, the Group as a lessee is required to recognise interest expenses accrued on the outstanding balance of the lease liability and the depreciation on the right-of-use assets, instead of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. In the cash flow statement, the Group as a lessee is required to classify rentals paid under the capitalised leases as financing cash outflows.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

5. Segment Information (Continued)

	Garment manufacturing		Brands business		Unallocated *(Note (ii))*		Total	
	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*	**At 30 June 2026** ***HK$'000***	At 31 December 2025 *HK$'000*	**At 30 June 2026** ***HK$'000***	At 31 December 2025 *HK$'000*	**At 30 June 2026** ***HK$'000***	At 31 December 2025 *HK$'000*
Reportable segment assets	**1,132,501**	799,693	**1,243,892**	1,361,821	**426,015**	578,797	**2,802,408**	2,740,311
Reportable segment liabilities	**500,768**	392,557	**748,565**	858,835	**192,907**	64,443	**1,442,240**	1,315,835

	Six months ended 30 June							
	Garment manufacturing		Brands business		Unallocated		Total	
	2026 ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*
Reversal of provision for/ (provision for) impairment of receivables, net	**9**	(1,699)	**11**	(170)	**–**	–	**20**	(1,869)
Reversal of write-down/ (write-down) of inventories to net realisable value, net	**(4,039)**	(2,780)	**13,187**	16,466	**–**	–	**9,148**	13,686
Net (loss)/gain on disposal of property, plant and equipment	**168**	255	**(3,745)**	(1,460)	**4**	–	**(3,573)**	(1,205)
Additions to property, plant and equipment (including right-of-use assets)	**51,721**	27,060	**24,719**	44,810	**66**	482	**76,506**	72,352
Modifications to right-of-use assets	**280**	37,675	**19,381**	5,012	**317**	7,181	**19,978**	49,868

The Group's revenue is mainly derived from customers located in the People's Republic of China (the "**PRC**"), the United Kingdom (the "**UK**"), Canada, Italy and Singapore, while the Group's right-of-use assets, production facilities, trademark, licence rights and other assets are located predominantly in the PRC, Switzerland, Thailand and Vietnam. An analysis of the Group's revenue by location of customers and an analysis of the Group's non-current assets by location of physical assets or the asset holding companies are as follows:

	Six months ended 30 June													
	PRC		UK		Canada		Italy		Singapore		Other countries		Total	
	2026 ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*	**2026** ***HK$'000***	2025 *HK$'000*
Revenue	**399,936**	483,648	**357,686**	340,460	**184,746**	248,396	**191,624**	183,000	**68,099**	73,276	**341,364**	347,651	**1,543,455**	1,676,431

Included in the revenue derived from the PRC was HK$7,848,000 (2025: HK$24,872,000) relating to revenue generated in Hong Kong.

For the six months ended 30 June 2026, revenue from two customers (2025: two customers) in the garment manufacturing segment accounted for more than 10% of the Group's total revenue and represented approximately 17% and 11% respectively (2025: 13% and 13% respectively) of the Group's total revenue.

	PRC		Switzerland		Thailand		Vietnam		Other countries		Total	
	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*	**At 30 June 2026** ***HK$'000***	At 31 December 2025 *HK$'000*	**At 30 June 2026** ***HK$'000***	At 31 December 2025 *HK$'000*	**At 30 June 2026** ***HK$'000***	At 31 December 2025 *HK$'000*	**At 30 June 2026** ***HK$'000***	At 31 December 2025 *HK$'000*	**At 30 June 2026** ***HK$'000***	At 31 December 2025 *HK$'000*
Non-current assets *(Note (i))*	**379,970**	401,130	**242,673**	244,689	**74,633**	71,154	**78,255**	58,000	**155,985**	171,995	**931,516**	946,968

Notes:

(i) Non-current assets excluded deferred tax assets and defined benefit plan assets.

(ii) Unallocated assets and liabilities mainly included centrally-managed cash and bank balances, bank borrowings, head office liabilities and property, plant and equipment for corporate purposes.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

6. Seasonality of Operations

The Group tends to record higher sales revenue in the second half of the year compared to the first half mainly due to the seasonality effect for Fall/Winter and holiday seasons shipments for both of its garment manufacturing and brands businesses. This tendency will continue with such order pattern from customers.

7. Other Net (Loss)/Gain

	Six months ended 30 June	
	2026 **HK$'000**	2025 HK$'000
Government subsidies	**61**	3,078
Impairment losses of property, plant and equipment *(Note)*	**(10,828)**	(4,999)
Net loss on disposal of property, plant and equipment	**(3,573)**	(1,205)
Net gain on derecognition of right-of-use assets and lease liabilities	**2,106**	1,666
Sundry income	**2,084**	2,226
	(10,150)	766

Note:

During the six months ended 30 June 2026, impairment losses of HK$10,828,000 were charged to other net (loss)/gain in respect of property, plant and equipment of certain underperformed cash generating units of the brands business.

8. Profit from Operations

Profit from operations is stated after charging/(crediting):

	Six months ended 30 June	
	2026 **HK$'000**	2025 HK$'000
Amortisation of intangible assets	**8,128**	26,057
Depreciation charge		
– Owned property, plant and equipment	**28,442**	30,832
– Right-of-use assets	**54,806**	54,892
Expenses relating to short-term leases and variable lease payments	**18,361**	19,471
(Reversal of provision for)/provision for impairment of receivables, net	**(20)**	1,869
Reversal of write-down of inventories to net realisable value, net	**(9,148)**	(13,686)
Staff cost and employment benefit expenses	**382,619**	378,438

9. Finance Income and Finance Costs

	Six months ended 30 June	
	2026 **HK$'000**	2025 HK$'000
Finance income		
Interest income from bank deposits	**1,406**	3,545
Imputed interest on long-term rental deposits	**427**	424
	1,833	3,969
Finance costs		
Interest on bank borrowings	**467**	389
Interest on licence fees payable	**8,707**	22,602
Interest on lease liabilities	**5,466**	4,685
	14,640	27,676

10. Income Tax Charge

	Six months ended 30 June	
	2026 **HK$'000**	2025 HK$'000
Current income tax *(Notes)*		
Hong Kong Profits Tax	**5,707**	5,564
Non-Hong Kong tax	**17,443**	9,942
(Over)/under-provisions for prior year	**(301)**	2,913
Deferred income tax	**(1,182)**	1,722
	21,667	20,141

Notes:

(i) The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2025: 16.5%) to the six months ended 30 June 2026, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime in Hong Kong.

(ii) Taxation for subsidiaries outside Hong Kong is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

11. Earnings per Share

Basic earnings per share for the six months ended 30 June 2026 is calculated by dividing the profit attributable to equity shareholders of the Company of HK$23,543,000 (2025: HK$1,675,000) by the weighted average number of 273,535,916 (2025: 272,775,684) ordinary shares in issue for the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

Diluted earnings per share for the six months ended 30 June 2026 is calculated by dividing the profit attributable to equity shareholders of the Company of HK$23,543,000 (2025: HK$1,675,000) by the weighted average number of 275,463,518 (2025: 275,577,537) ordinary shares (diluted) as calculated below:

	2026	2025
Weighted average number of ordinary shares in issue for the period	**273,535,916**	272,775,684
Effect of deemed issue of ordinary shares under the Company's share option scheme	**1,927,602**	2,801,853
Weighted average number of ordinary shares (diluted)	**275,463,518**	275,577,537

12. Dividends

(a) Dividend payable to shareholders of the Company attributable to the interim period:

On 25 August 2026, the Board resolved not to declare an interim dividend for the six months ended 30 June 2026 (2025: Nil).

(b) Dividend payable to shareholders of the Company attributable to the previous financial year:

The final dividend for the year ended 31 December 2025 of HK$0.18 per share was approved by the shareholders at the Company's annual general meeting held on 23 June 2026 (the "**2026 AGM**"), and was recognised as dividend payable of approximately HK$49,316,000 at 30 June 2026. The dividend was paid on 17 July 2026. There is a difference between the amount of final dividend disclosed in the 2025 annual financial statements and the above-mentioned amount of dividend payable at 30 June 2026 due to the increase in the number of issued shares at the relevant dividend record date following the exercise of share options under the share option scheme of the Company.

13. Property, Plant and Equipment

(a) Right-of-use assets

During the six months ended 30 June 2026, the Group recognised additions to right-of-use assets of HK$37,919,000 (six months ended 30 June 2025: HK$30,160,000) primarily in relation to leases for the use of factory, offices and retail stores and modifications to right-of-use assets of HK$19,978,000 (six months ended 30 June 2025: HK$49,868,000) in relation to leases for the use of retail stores, factories and offices.

The leases of retail stores contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Chinese Mainland and Hong Kong where majority of the Group's stores operate.

The amount of fixed and variable lease payments for retail stores for the reporting period is summarised below:

	Six months ended 30 June 2026		
	Fixed payments	**Variable payments**	**Total payments**
	HK$'000	***HK$'000***	***HK$'000***
Retail stores – Chinese Mainland	**32,065**	**6,214**	**38,279**
Retail stores – Hong Kong	**908**	**176**	**1,084**
Retail stores – Europe	**10,492**	**–**	**10,492**

	Six months ended 30 June 2025		
	Fixed payments	Variable payments	Total payments
	HK$'000	*HK$'000*	*HK$'000*
Retail stores – Chinese Mainland	41,819	7,064	48,883
Retail stores – Hong Kong	1,434	407	1,841
Retail stores – Europe	8,172	–	8,172

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with a cost of HK$38,587,000 (six months ended 30 June 2025: HK$42,192,000). Items of property, plant and equipment with a net book value of HK$3,746,000 were disposed of by the Group during the six months ended 30 June 2026 (six months ended 30 June 2025: HK$1,472,000), resulting in a loss on disposal of HK$3,573,000 (six months ended 30 June 2025: a loss on disposal of HK$1,205,000).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

14. Intangible Assets

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Licence rights *(Note (i))*		
Opening net book amount	**114,669**	417,436
Amortisation	**(8,128)**	(52,146)
Derecognition	**–**	(220,929)
Impairment losses	**–**	(30,633)
Exchange differences	**(134)**	941
Closing net book amount	**106,407**	114,669
Trademark *(Note (ii))*		
Opening net book amount	**179,595**	158,022
Exchange differences	**(3,605)**	21,573
Closing net book amount	**175,990**	179,595
Total intangible assets	**282,397**	294,264

Notes:

(i) Licence rights represent capitalisation of the minimum contractual obligation payable to brand licensors at the time of inception.

(ii) Trademark represents "C.P. Company" trademark which is regarded as having an indefinite useful life and there is no foreseeable limit to the period over which it is expected to generate cash flows for the Group as it is expected that the value will not be reduced through usage.

15. Inventories

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Raw materials	**208,921**	89,396
Work-in-progress	**221,105**	137,773
Finished goods	**416,974**	450,021
Goods in transit	**26,587**	32,368
	873,587	709,558

Increases in raw materials and work-in-progress reflected seasonal requirements for the shipments of the garment manufacturing segment for the second half of the year.

16. Accounts Receivable and Bills Receivable

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Accounts receivable at amortised cost, net of loss allowance	**393,153**	404,724
Accounts receivable to be sold at fair value through other comprehensive income (recycling)	**114,188**	83,333
	507,341	488,057

At the end of the reporting period, the ageing of accounts receivable and bills receivable, based on the invoice date, is as follows:

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Less than 3 months	**493,655**	470,150
3 months to 6 months	**12,330**	16,801
Over 6 months	**12,434**	12,278
	518,419	499,229
Less: Loss allowance	**(11,078)**	(11,172)
	507,341	488,057

The majority of accounts receivable are with customers having an appropriate credit history and are on open account. The Group grants its customers credit terms mainly ranging from 45 days to 90 days (31 December 2025: 45 days to 90 days). All of the accounts receivable and bills receivable are expected to be recovered within one year.

The carrying amounts of the accounts receivable and bills receivable approximate their fair values. The maximum exposure to credit risk is the fair value of the above receivables. The Group does not hold any collateral as security.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

16. Accounts Receivable and Bills Receivable (Continued)

As part of the Group's cash flow management, the Group may sell some of the accounts receivable to financial institutions under customer's vendor financing programme before the accounts receivable are due for payment. The Group derecognises the accounts receivable sold on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties.

At 30 June 2026 and 31 December 2025, the fair value changes on accounts receivable at fair value through other comprehensive income (recycling) were insignificant and accordingly, no fair value changes were recognised in equity as fair value to other comprehensive income reserve.

17. Cash and Bank Balances

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Short-term bank deposits	**83,049**	227,647
Cash at bank and on hand	**224,507**	231,969
Cash and cash equivalents in the consolidated cash flow statement	**307,556**	459,616
Pledged bank deposits *(Note)*	**12,537**	12,573
Cash and bank balances in the consolidated statement of financial position	**320,093**	472,189

Note:

At 30 June 2026, bank deposits of HK$12,537,000 (31 December 2025: HK$12,573,000) were pledged to secure bank facilities granted to the Group.

18. Accounts Payable and Bills Payable

At the end of the reporting period, the ageing of accounts payable and bills payable, based on the invoice date, is as follows:

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Less than 3 months	**333,355**	276,157
3 months to 6 months	**9,782**	27,425
Over 6 months	**20,254**	33,698
	363,391	337,280

The majority of payment terms with suppliers are within 60 days. All of the accounts payable and bills payable are expected to be settled within one year or on demand.

The carrying amounts of accounts payable and bills payable approximate their fair values.

19. Accruals and Other Payables and Contract Liabilities

(a) Accruals and other payables

Accruals and other payables mainly consist of accrued employee benefit expenses, current portion of licence fees payable, deposits received and payables for other operating expenses.

(b) Contract liabilities

When the Group receives advances before the delivery of goods, this will give rise to contract liabilities upon receipt in advance, until the revenue is recognised on the sale of goods. The payment arrangement is negotiated on a case by case basis with customers. At 30 June 2026, all of the contract liabilities of HK$31,320,000 (31 December 2025: HK$21,637,000) are expected to be settled within one year.

20. Bank Borrowings

At 30 June 2026, bank borrowings were denominated in Hong Kong dollars and were repayable within one year. The carrying amounts of bank borrowings approximate their fair values.

21. Share Capital

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Authorised: 500,000,000 (2025: 500,000,000) shares of HK$0.10 each	**50,000**	50,000

Issued and fully paid ordinary share capital:

	Six months ended 30 June 2026		Year ended 31 December 2025	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
At 1 January	**273,478,253**	**27,348**	272,601,253	27,260
Shares issued under share option scheme	**497,000**	**50**	877,000	88
At 30 June/31 December	**273,975,253**	**27,398**	273,478,253	27,348

22. Capital Commitments

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Contracted but not provided for in respect of property, plant and equipment	**8,852**	19,879

Capital commitments at 30 June 2026 and 31 December 2025 mainly included commitments relating to the construction of a 3-storey logistics facility in Hefei by a wholly-owned subsidiary of the Group.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

23. Related Party Transactions

The following significant related party transactions were carried out in the normal course of the Group's business during the reporting period:

(a) Lease arrangements with a related company

	Amounts owed by the Group to a related company		Related interest expense	
	At 30 June	At 31 December	**Six months ended 30 June**	
	2026	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Lease liabilities due to a related company	**2,827**	4,646	**(100)**	(200)

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Rental payment to TDB under new tenancy agreement	**1,920**	960
Rental payment to TDB under former tenancy agreement	**–**	960

Notes:

(i) In January 2025, the Group entered into a new tenancy agreement (the "**new tenancy agreement**") with TDB Company Limited ("**TDB**") in respect of the lease of certain properties from TDB for factory, storage and ancillary office uses at monthly rent of HK$320,000 for two years from 1 April 2025 up to (and including) 31 March 2027, upon the expiry of the former tenancy agreement on 31 March 2025 (the "**former tenancy agreement**"). The subject lease was determined with reference to comparable rental transactions and offerings as available in the relevant market with similar age, size, use and attributes. At the date of the new tenancy agreement, the Group recognised right-of-use asset and lease liability in relation to this lease.

(ii) At the date of the new tenancy agreement, the entire issued share capital of TDB, a related company, was held by a discretionary trust of which two directors of the Company were eligible beneficiaries.

(b) Transactions with key management

Key management personnel remuneration is set out below:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Salaries, allowances and bonuses	**11,399**	10,276
Defined contribution plans	**323**	312
Share-based compensation expense – share options granted	**360**	351
	12,082	10,939

24. Fair Value of Financial Instruments

Fair value estimation

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the end of each reporting period. The fair value of financial assets measured at fair value through profit or loss (option to acquire equity interest of a company) is determined with reference to the pricing of a recent valuation. The fair value of financial 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.

Financial instruments are measured in the statement of financial position at fair value. HKFRS 13, *Fair value measurement*, requires disclosure of fair value measurements according to the following fair value measurement hierarchy:

– Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

Forward foreign exchange contracts were measured at fair value and classified as Level 2 valuations at 30 June 2026 and 31 December 2025. These forward foreign exchange contracts had been fair valued using forward exchange rates that were quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives. There was no change in valuation techniques during the period.

Option to acquire equity interest of a company was measured at fair value and classified as Level 2 valuations at 30 June 2026 and 31 December 2025. The option had been fair valued with reference to the pricing of a recent valuation.

Accounts receivable at fair value through other comprehensive income ("**FVOCI**") (recycling) were measured at fair value and classified as Level 2 valuations at 30 June 2026 and 31 December 2025. The fair value of accounts receivable at FVOCI (recycling) was determined by using the risk-adjusted rates quoted by the banks ranging from 4.83% to 6.00% per annum at 30 June 2026 (31 December 2025: 5.00% to 6.17% per annum).

There was no transfer of financial assets between fair value hierarchy classifications for the period ended 30 June 2026 and the year ended 31 December 2025. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2026

25. Event after the Reporting Period

On 1 July 2026, the Company announced that the Group was in dispute with the relevant licensors (being affiliates of Authentic Brands Group). On 24 July 2026, the Company further announced that the licensors of the Nautica and Spyder brands had on 23 July 2026 served formal termination notices in respect of the Nautica and Spyder licence agreements with claims for additional royalty payments of approximately US$17 million, which claims are being disputed by the Group. In response to the disputes, the Group has sought legal advice and taken legal actions to defend its rights and legitimate interests, including filing applications to the New York court for injunction orders to restrain the enforcement of the two termination notices. On 6 August 2026, the licensors took unilateral action to collect the aforesaid claimed sum by the drawdown of the full amount (aggregating US$7.5 million) of two standby letters of credit, which were arranged by the Group with a bank as security for payment obligations under the licence agreements. The Group has been working with its legal advisers and will continue to vigorously defend its interests against the licensors' claims for the terminations and additional royalties (including the amount drawn down as aforesaid). Since the disputes remain ongoing and unresolved as of the date of approval of these interim financial statements, the Group cannot at this stage ascertain the ultimate financial impact of the event on the Group.

Management Discussion and Analysis

In this management discussion and analysis, we present the business review and a discussion on the financial performance of the Group for the six months ended 30 June 2026.

Overview

For the six months ended 30 June 2026, the Group recorded a profit attributable to equity shareholders of HK$24 million compared to HK$2 million for the six months ended 30 June 2025. The increase in profit was mainly attributable to the reduction in losses of our brands business following the termination of the Reebok licence and higher exchange gains recorded by the Group, which were partially offset by the decline in profit of our garment manufacturing business.

Garment Manufacturing

In the first half of the year, our garment manufacturing business experienced a decline in revenue and profit due to reduced demand from some customers and the skewing of certain customer orders towards the second half of the year. During the reporting period, the Group continued to implement measures to improve production efficiency and competitiveness through maximising automation and streamlining operations. Our production facilities located in China, Thailand, Vietnam and Myanmar allow us to serve international customers with manufacturing flexibility, stability and agility. In the first quarter of 2026, to meet growing customer demand, we expanded our capacity in Vietnam with an additional factory located in Hung Yen Province of Vietnam.

Own Brands

In the first half of 2026, C.P. Company delivered sustained profitability, underpinned by a resilient revenue stream. During the reporting period, the brand's revenue rose 9% year-on-year on a reported basis and declined by less than 1% excluding currency impact. Wholesale revenue saw a single-digit decrease at constant exchange rates, mainly due to anticipated corrections in our mature markets like the UK and France, which had experienced the strongest growth in recent years. Such decline was partially offset by the encouraging wholesale sales increases in Korea, Italy and other European markets. In France, we established a direct operation to regain control of the market in January 2026. E-commerce reported low double-digit growth in the reporting period. Most key qualitative metrics, such as average order value, discount rates and returns, were all on a positive trend and provided clear insight into our e-commerce business. The retail channel revenue recorded low double-digit growth, mainly driven by the good performance of our outlet stores. At 30 June 2026, the brand operated thirteen directly managed retail stores and outlets in the upmarket streets of London, Paris, Milan, Bologna, Amsterdam, Cannes, Lyon, Hamburg and Riccione, as well as outlet locations in Serravalle, Mendrisio, Noventa di Piave and Metzingen. Supported by these resilient revenues, C.P. Company achieved low double-digit profit growth in the first half of the year.

At 30 June 2026, our unique French-concept premium ladies' wear brand, Cissonne, operated two retail stores and used online platforms to market its products. We will continue taking our own brand as the foundation, using online platforms as the venue, and adopting a pull-type operation model for this brand. We determine target customer groups and products based on data to drive production, thereby reducing inventory and increasing sales flexibility.

Licensed Brands

In the first half of 2026, the licensed brands business recorded a reduction in losses mainly due to Reebok's deficit narrowing during the six-month sell-off period following its licence termination on 31 December 2025.

Updates about the Licensed Brands and Event after the Reporting Period

Subsequent to period end, on 1 July 2026, the Company announced that the Group was in dispute with the relevant licensors of the Nautica, Spyder, and Reebok brands (being affiliates of Authentic Brands Group) regarding the distribution and/or sell-off of products of the three brands and their requests for additional royalty payments under the relevant licence agreements. On 24 July 2026, the Company further announced that the licensors of the Nautica and Spyder brands had on 23 July 2026 served formal termination notices in respect of the Nautica and Spyder licence agreements with claims for additional royalty payments of approximately US$17 million, which claims are being disputed by the Group.

In response to the disputes, the Group has sought legal advice and taken legal actions to defend its rights and legitimate interests, including filing applications to the New York court for injunction orders to restrain the enforcement of the two termination notices. On 6 August 2026, the licensors took unilateral action to collect the aforesaid claimed sum by the drawdown of the full amount (aggregating US$7.5 million) of two standby letters of credit, which were arranged by the Group with a bank as security for payment obligations under the licence agreements. The Group has been working with its legal advisers and will continue to vigorously defend its interests against the licensors' claims for the terminations and additional royalties (including the amount drawn down as aforesaid).

The terminations with regard to the Nautica and Spyder brands could have a material impact on the licensed brands business. Since the disputes remain ongoing and unresolved as of the date of this report, the Group cannot at this stage ascertain the ultimate financial impact of the event on the Group. Please also refer to Note 25 to the condensed consolidated interim financial statements on "Event after the Reporting Period".

Management Discussion and Analysis

Financial Highlights

	Note	First half 2026	First half 2025
Operating results ***(HK$ million)***			
Revenue		**1,543**	1,676
Gross profit		**636**	687
EBITDA		**162**	164
Depreciation on right-of-use assets	2	**(55)**	(55)
Interest on lease liabilities	2	**(5)**	(5)
Amortisation of licence rights	1	**(8)**	(26)
Interest on licence fees payable	1	**(9)**	(23)
Depreciation on owned property, plant and equipment		**(28)**	(31)
Impairment losses of property, plant and equipment		**(11)**	(5)
Income tax charge		**(22)**	(20)
Profit attributable to equity shareholders		**24**	2
Segment results ***(HK$ million)***			
Garment manufacturing EBITDA		**54**	84
Depreciation on right-of-use assets	2	**(9)**	(6)
Interest on lease liabilities	2	**(2)**	(1)
Depreciation on owned property, plant and equipment		**(8)**	(11)
Garment manufacturing results before tax		**34**	66
Brands business EBITDA		**73**	78
Depreciation on right-of-use assets	2	**(42)**	(46)
Interest on lease liabilities	2	**(3)**	(3)
Amortisation of licence rights	1	**(8)**	(26)
Interest on licence fees payable	1	**(9)**	(23)
Depreciation on owned property, plant and equipment		**(16)**	(16)
Impairment losses of property, plant and equipment		**(11)**	(5)
Brands business results before tax		**(15)**	(40)
Cash flow ***(HK$ million)***			
Cash used in operations		**(111)**	(82)
Income tax paid		**(23)**	(27)
Payment for the purchase of property, plant and equipment		**(39)**	(42)
Rental payments under capitalised leases	2	**(63)**	(66)

	At 30 June 2026	At 31 December 2025
Financial position ***(HK$ million)***		
Cash and bank balances	**320**	472
Bank borrowings	**87**	–
Total equity	**1,360**	1,424

Notes:

1. Licence related amortisation and imputed interest on licence fees payable are non-cash items recognised in accordance with our accounting policy for the long-term licences of various brands. The decrease in amortisation and interest expenses in the first half of 2026 was due to the termination of the Reebok licence on 31 December 2025.

2. Under HKFRS 16, the Group as a lessee is required to recognise interest expenses accrued on the outstanding balance of the lease liability and the depreciation on the right-of-use assets, instead of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. In the cash flow statement, the Group as a lessee is required to classify rentals paid under the capitalised leases as financing cash outflows.

Financial Review

Revenue

Total revenue of the Group for the first half of 2026 was HK$1,543 million (2025: HK$1,676 million), representing an 8% decrease compared to the same period in 2025.

Revenue from the garment manufacturing business for the period amounted to HK$705 million, an 11% decline compared to HK$796 million for the same period in 2025. The decrease was mainly attributable to reduced demand from some customers and the skewing of certain customer orders towards the second half of the year.

Revenue from the brands business was HK$838 million for the first half of 2026, representing a 5% decrease compared to HK$880 million for the first half of 2025. Revenue of C.P. Company increased by 9% at actual exchange rates. Revenue of the licensed brands decreased by 18% in the first half of 2026 compared to the same period last year mainly due to the termination of the Reebok licence on 31 December 2025 and the sluggish retail market in China.

Geographically, major markets of the Group are the PRC, the UK, Canada and Italy, which accounted for 26% (2025: 29%), 23% (2025: 20%), 12% (2025: 15%) and 12% (2025: 11%) of the Group's total revenue respectively. The change in proportion among different geographical markets in this first half of the year was mainly due to decreased revenue from certain garment manufacturing customers and from the licensed brands business in China.

The Group's business tends to be skewed towards the second half of the year mainly due to the seasonality effect for Fall/Winter and holiday seasons shipments for both our garment manufacturing and brands businesses. The Group expects that the pattern of recording a larger proportion of sales in the second half of the year will continue with such order pattern from customers.

Gross Profit

In the first half of 2026, the Group recorded an overall gross profit of HK$636 million (2025: HK$687 million), representing a gross profit margin of 41.2% (2025: 41.0%). The decrease in gross profit was mainly attributable to reduced turnover. The gross profit margin of the garment manufacturing business edged down compared to the same period last year due to the change in customer mix. The overall gross profit margin of the brands business edged up compared to the same period last year. The Group's overall gross profit margin remained stable.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly retail shop expenses, advertising and promotion expenses, commissions to retail partners and sales agents, and brand licence rights amortisation. Selling and distribution expenses decreased compared to the same period in 2025 mainly due to lower shop expenses and licence rights amortisation following the termination of the Reebok licence on 31 December 2025.

General and Administrative Expenses

For the six months under review, general and administrative expenses decreased compared to the same period of 2025, mainly due to stringent cost control and higher exchange gains in the period.

Income Tax Charge

Income tax was charged on the profits of subsidiary companies under our garment manufacturing and C.P. Company businesses.

Segment Results

In the reporting period, our garment manufacturing business recorded a profit decline due to reduced revenue. The combined losses of the brands business narrowed compared to the same period last year mainly due to the reduction in Reebok's losses following its licence termination on 31 December 2025. In this first half of the year, central function recorded an increase in profit, mainly attributable to higher exchange gains recognised.

Financial Resources and Liquidity

At 30 June 2026, cash and bank balances amounted to HK$320 million (31 December 2025: HK$472 million) which were mainly represented by United States dollars ("**US dollars**"), Renminbi and Euro bank deposits and balances.

At 30 June 2026, the Group had short-term bank borrowings of HK$87 million (31 December 2025: Nil). Short-term bank borrowings were denominated in Hong Kong dollars at 30 June 2026, bearing interest at fixed rates. At 30 June 2026, bank deposits of HK$13 million (31 December 2025: HK$13 million) were pledged to secure banking facilities granted to the Group. Gearing ratio of the Group is calculated as net borrowings divided by total capital. Net borrowings are calculated as total bank borrowings less cash and bank balances, while total capital comprises total equity plus net borrowings. The Group did not have net borrowings at 30 June 2026 and 31 December 2025, and accordingly, no information on gearing ratio at those dates is provided.

In terms of cash flow, the Group used more cash in operations in the first half of the year mainly due to lower cash receipts from the garment manufacturing business compared to the same period last year.

Shareholders' equity at 30 June 2026 decreased from 31 December 2025 mainly due to profit for the current period being offset by unfavourable exchange differences arising from translation of financial statements of overseas subsidiaries and the 2025 final dividend payable as approved at the 2026 AGM.

Most of the Group's receipts and payments are denominated in US dollars, Hong Kong dollars, Renminbi, Pound Sterling and Euro. The Group manages its related foreign exchange risk exposures through forward foreign exchange contracts. During the period, the Group had forward foreign exchange contracts to hedge against foreign exchange exposures arising from Pound Sterling denominated sales receipts of a European subsidiary.

Contingent Liabilities and Capital Commitments

Apart from the capital commitments disclosed in Note 22 to the condensed consolidated interim financial statements, there were no other material capital commitments or contingent liabilities at 30 June 2026.

Human Resources

The Group had about 6,550 employees at 30 June 2026 (31 December 2025: 5,980). Competitive remuneration and welfare packages are offered to employees. Those employees with outstanding performance are also awarded discretionary bonuses and/or share options.

Outlook

C.P. Company is built on a strong and resilient business foundation, underpinned by solid brand equity, and continues to demonstrate its ability to remain profitable amidst challenging market conditions. Although the European wholesale market is showing signs of recovery, evidenced by improving sell-through rates and positive feedback from sales campaigns, we anticipate that mature market corrections will continue and affect our wholesale revenue in the second half of the year. We expect this decline to be offset by growth in our direct-to-consumer (DTC) retail and e-commerce channels. To reinforce the brand image of C.P. Company, we will continue advancing multiple growth drivers, including featured events and strategic collaborations. Through our continued focus on a high-productivity DTC strategy, we expect to further enhance performance across our physical and digital stores, improve operational efficiency, and increase customer lifetime value. Our disciplined, data-driven approach has enabled us to protect margins, strengthen our market position, and maintain agility in an increasingly unpredictable retail landscape.

In the first half of 2026, our garment manufacturing business experienced a decline in both revenue and profit. Going into the second half, despite ongoing economic headwinds and heightened competition, we have seen increased orders from certain customers, which is expected to positively impact this segment's profitability. To maintain competitiveness and agility, we continue to streamline operations, enhance production efficiency through greater automation, minimise bottlenecks and waste, and enforce stringent cost controls. Our diversified production base, proprietary manufacturing systems, and flexible supply chain enable us to collaborate closely and effectively with our customers.

For the remainder of 2026, we will maintain a prudent and focused approach to business. We expect both our C.P. Company brand and garment manufacturing business will sustain their performance. The Group remains dedicated to continuously strengthening its capabilities in pursuit of long-term success. The Group has cash and available banking facilities to meet its working capital and operational requirements. We remain committed to rigorous cost management and will continue to prioritise operational efficiency, brand innovation, and product optimisation. Collectively, these efforts are designed to reinforce the Group's competitiveness and build a stable foundation for sustainable, long-term growth.

Disclosure of Interests

Directors' Interests in Securities

At 30 June 2026, the Directors and the chief executive of the Company had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") under Appendix C3 to the Listing Rules:

Interests in the shares of the Company

Name of Director	Long/short position	Number of shares held: Through controlled corporation	Total	Approximate percentage of issued share capital
Mr. WANG Kin Chung, Peter	Long position	182,577,000 *(Note 1)*	182,577,000	66.64% *(Note 2)*

Notes:

1. 182,577,000 shares were directly and beneficially held by Silver Tree Holdings Inc., a company 100% controlled by New Perfect Global Limited which in turn was a company wholly owned by Mr. WANG Kin Chung, Peter. Please refer to Note 1 to the "Substantial Shareholders" below for further details.

2. The approximate percentage was calculated on the basis of 273,975,253 shares of the Company in issue (excluding treasury shares, if any) at 30 June 2026.

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

Substantial Shareholders

At 30 June 2026, the following persons (other than the Directors or the chief executive of the Company) had the following interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Long/short position	Number of shares held: Directly held	Through spouse	Through controlled corporation	Total	Approximate percentage of issued share capital
New Perfect Global Limited	Long position	–	–	182,577,000 *(Note 1)*	182,577,000	66.64% *(Note 3)*
Silver Tree Holdings Inc.	Long position	182,577,000 *(Note 1)*	–	–	182,577,000	66.64% *(Note 3)*
SUN Lin	Long position	–	182,577,000 *(Note 2)*	–	182,577,000	66.64% *(Note 3)*

Notes:

1. 182,577,000 shares were directly and beneficially held by Silver Tree Holdings Inc., a company 100% controlled by New Perfect Global Limited which in turn was a company wholly owned by Mr. WANG Kin Chung, Peter. Therefore, Silver Tree Holdings Inc., New Perfect Global Limited and Mr. WANG Kin Chung, Peter were interested or deemed to be interested in the same block of 182,577,000 shares.

2. Ms. SUN Lin, the spouse of Mr. WANG Kin Chung, Peter, was deemed to be interested in the same block of 182,577,000 shares in which Mr. WANG Kin Chung, Peter was interested through his controlled corporations.

3. The approximate percentage was calculated on the basis of 273,975,253 shares of the Company in issue (excluding treasury shares, if any) at 30 June 2026.

Save as disclosed above, at 30 June 2026, no person (other than a Director or the chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Share Options

The share option scheme of the Company (the "**2016 Share Option Scheme**") was adopted by the shareholders at the annual general meeting of the Company held on 6 June 2016 for granting options to eligible persons to subscribe for shares of the Company. The 2016 Share Option Scheme was valid and effective for a period of ten years from the date of its adoption and had accordingly expired on 6 June 2026. However, options granted prior to such expiry shall (to the extent not already exercised) continue to be valid and exercisable in accordance with the 2016 Share Option Scheme. A summary of the principal terms of the 2016 Share Option Scheme was set out on page 69 of the 2025 annual report of the Company.

Movements in options under the 2016 Share Option Scheme during the six months ended 30 June 2026 are as follows:

		Number of options						
Date of grant *(Note 1)*	**Participant**	**At 1 January 2026**	**Granted during the period**	**Exercised during the period** *(Note 2)*	**Lapsed/ cancelled during the period** *(Note 3)*	**At 30 June 2026**	**Subscription price per share**	**Exercisable period**
7 June 2021	Employees	376,000	–	–	(376,000)	**–**	HK$1.000	7 June 2021 – 6 June 2026
	(in aggregate)	376,000	–	–	(376,000)	**–**	HK$1.000	7 June 2022 – 6 June 2026
		376,000	–	–	(376,000)	**–**	HK$1.000	7 June 2023 – 6 June 2026
		376,000	–	–	(376,000)	**–**	HK$1.000	7 June 2024 – 6 June 2026
6 June 2022	Employees	448,000	–	–	–	**448,000**	HK$0.910	6 June 2022 – 5 June 2027
	(in aggregate)	448,000	–	–	–	**448,000**	HK$0.910	6 June 2023 – 5 June 2027
		448,000	–	–	–	**448,000**	HK$0.910	6 June 2024 – 5 June 2027
		448,000	–	–	–	**448,000**	HK$0.910	6 June 2025 – 5 June 2027
19 June 2023	Employees	90,000	–	–	–	**90,000**	HK$0.720	19 June 2023 – 18 June 2028
	(in aggregate)	90,000	–	–	–	**90,000**	HK$0.720	19 June 2024 – 18 June 2028
		587,000	–	(497,000)	–	**90,000**	HK$0.720	19 June 2025 – 18 June 2028
		587,000	–	–	–	**587,000**	HK$0.720	19 June 2026 – 18 June 2028
24 June 2024	Employees	159,000	–	–	–	**159,000**	HK$2.820	24 June 2024 – 23 June 2029
	(in aggregate)	159,000	–	–	–	**159,000**	HK$2.820	24 June 2025 – 23 June 2029
		159,000	–	–	–	**159,000**	HK$2.820	24 June 2026 – 23 June 2029
		159,000	–	–	–	**159,000**	HK$2.820	24 June 2027 – 23 June 2029
24 June 2025	Employees	208,000	–	–	–	**208,000**	HK$2.492	24 June 2025 – 23 June 2030
	(in aggregate)	208,000	–	–	–	**208,000**	HK$2.492	24 June 2026 – 23 June 2030
		208,000	–	–	–	**208,000**	HK$2.492	24 June 2027 – 23 June 2030
		208,000	–	–	–	**208,000**	HK$2.492	24 June 2028 – 23 June 2030
4 June 2026	Employees	–	223,000	–	–	**223,000**	HK$1.950	4 June 2026 – 3 June 2031
(Notes 4 & 5)	(in aggregate)	–	223,000	–	–	**223,000**	HK$1.950	4 June 2027 – 3 June 2031
		–	223,000	–	–	**223,000**	HK$1.950	4 June 2028 – 3 June 2031
		–	223,000	–	–	**223,000**	HK$1.950	4 June 2029 – 3 June 2031
	Total	6,118,000	892,000	(497,000)	(1,504,000)	**5,009,000**		

Notes:

1. For each of such grants, the relevant options shall vest in four equal tranches, each of which accounts for 25% of the total options granted, on (i) the date of grant; (ii) the first anniversary of the date of grant; (iii) the second anniversary of the date of grant; and (iv) the third anniversary of the date of grant respectively. All these options are not subject to any performance target on vesting.

2. The weighted average closing price of the shares on the business day immediately before the date on which the options were exercised in the period was HK$1.95.

3. There was no cancellation of options during the period.

4. The closing price of the shares on the business day immediately before the date on which the options were granted in the period was HK$1.95.

5. With regard to the 892,000 options granted on 4 June 2026, the remuneration committee of the Company (the "**Remuneration Committee**") had reviewed the vesting arrangements and considered that the 2016 Share Option Scheme did not provide any restriction on the vesting period of options and that (a) only the first tranche (being 25%) of the options granted had a vesting period of less than 12 months; (b) the options were granted based on the grantees' performance achievements for the last financial year ended 31 December 2025; and (c) the options granted constituted part of the performance rewards to the grantees for the last financial year. Therefore, the Remuneration Committee was of the view that the relevant vesting arrangements (i.e. the vesting period of 25% of the options granted was less than 12 months) were appropriate for retaining, incentivising, rewarding, remunerating and compensating valuable employees and such grant of options was aligned with the purpose of the 2016 Share Option Scheme. Since the options granted were determined by reference to the performance targets achieved by the grantees for the last financial year, and the value of the options would be subject to future market price of the shares of the Company, which, in turn, would depend on the business performance of the Group to which the relevant grantees would directly contribute, the Remuneration Committee was of the view that such grant of options had already aligned the interests of the grantees with that of the Company and its shareholders as a whole and hence no additional performance target would be required to be attached to such options on vesting. Save for reviewing and recommending to the Board the grant of said options, the Remuneration Committee did not review nor approve any material matters relating to the 2016 Share Option Scheme in the period.

6. Without prejudice to the terms and conditions of the 2016 Share Option Scheme, the options granted to a grantee under the 2016 Share Option Scheme shall lapse automatically (to the extent not already exercised) if such grantee ceases to be an eligible participant of the 2016 Share Option Scheme by reason of termination of employment or engagement on the grounds of being guilty of serious misconduct or being convicted of any criminal offence involving integrity or honesty.

7. The Group's accounting policy on measurement of the fair value of the options was set out on pages 87 to 88 of the 2025 annual report of the Company. The fair value of the options granted in the period as measured using the Hull White Trinomial model (the "**HWT Model**") in accordance with HKFRS 2, *Share-based Payment*, was approximately HK$0.625 per option at the date of grant. The significant inputs used in the HWT Model were as follows:

Closing price of the shares at the date of grant	:	HK$1.950
Subscription price	:	HK$1.950
Expected dividend yield	:	9.230%
Expected volatility	:	67.810%
Annual risk-free interest rate	:	2.959%

   The expected volatility at the date of grant, which measured the standard deviation of expected share price returns, was based on the statistics of 1,260-day historical volatilities of comparable companies in the industry.

   The aggregate fair value of the options granted during the period amounted to approximately HK$558,000, which would be recognised as employee benefit expenses over the vesting periods together with a corresponding increase in equity. Such fair value would be subject to a number of assumptions and the limitations of the HWT Model.

8. The number of options available for grant under the 2016 Share Option Scheme at the beginning of the period was 19,171,725 and that at the end of the period was nil due to the expiry of the 2016 Share Option Scheme on 6 June 2026.

9. The number of shares that may be issued in respect of the options granted under the 2016 Share Option Scheme during the period divided by the weighted average number of shares of the Company in issue (excluding treasury shares, if any) for the period is approximately 0.0033.

Shareholders' Information and Corporate Governance

Compliance with Corporate Governance Code

Throughout the six months ended 30 June 2026, the Company applied the principles and complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules, except for deviations from code provisions C.2.1 and F.1.3.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the six months ended 30 June 2026 and up to the date of this report, Mr. WANG Kin Chung, Peter is the Chairman of the Board and the Chief Executive Officer, which constitutes a deviation from the said code provision C.2.1. Having been with the Group since 1999, Mr. WANG Kin Chung, Peter possesses extensive experience in the garment industry. In his dual leadership roles, he guides the Board in overall strategic planning and drives the Group's business development. The Board considers that having Mr. WANG Kin Chung, Peter in these dual roles is in the best interest of the Group as this allows the Board to benefit from a chairman with deep business knowledge who can effectively steer discussions and provide timely briefings on key issues and developments.

Code provision F.1.3 of the CG Code requires the chairman of the board to attend the annual general meeting. Mr. WANG Kin Chung, Peter, the Chairman of the Board, was not able to attend the 2026 AGM due to other important business commitments. In the absence of the Chairman of the Board, Mr. LO Kai Yiu, Anthony, an Independent Non-Executive Director of the Company, was elected to chair the 2026 AGM. He, together with another Board member and other attendees present at the 2026 AGM, was of sufficient calibre to ensure that meeting proceedings were properly conducted and questions from the shareholders of the Company were addressed.

Details of the corporate governance practices adopted by the Company were set out in the corporate governance report of the 2025 annual report of the Company.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Securities Transactions by Directors and Relevant Employees

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. All the Directors have confirmed, following specific enquiry by the Company of each of them, that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2026.

In addition, the Board has adopted the Model Code as written guidelines for relevant employees in respect of their dealings in the securities of the Company.

Change in Director's Information

There is no change in Director's information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of issue of the 2025 annual report of the Company and up to the date of this report.

Interim Dividend

The Board resolved not to declare an interim dividend for the six months ended 30 June 2026 (2025: Nil).

Audit Committee's Review of Financial Statements

The unaudited condensed consolidated interim financial statements and the interim report of the Company for the six months ended 30 June 2026 have been reviewed by the audit committee of the Company in conjunction with the management of the Group.

On behalf of the Board
WANG Kin Chung, Peter
Chairman and Chief Executive Officer

Hong Kong, 25 August 2026