匯成國際控股有限公司
Huicheng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1146)

2026
Interim Report

Contents

CORPORATE INFORMATION

Executive directors

Mr. ZHANG Yongli
(Chairman & Chief Executive Officer)
Mr. SUN David Lee
Ms. HUANG Xiaoyun
(Chief Financial Officer)

Non-executive director

Mr. WANG Wei

Independent non-executive directors

Mr. KWONG Wilson Wai Sun
Mr. YEUNG Chi Wai
Mr. HO Ka Wang

Company secretary

Ms. KWAN Sau In

Authorised representatives

Ms. HUANG Xiaoyun
Ms. KWAN Sau In

Audit committee

Mr. KWONG Wilson Wai Sun
(Chairman)
Mr. YEUNG Chi Wai
Mr. HO Ka Wang

Remuneration committee

Mr. HO Ka Wang *(Chairman)*
Mr. ZHANG Yongli
Mr. KWONG Wilson Wai Sun

Nomination committee

Mr. ZHANG Yongli *(Chairman)*
Ms. HUANG Xiaoyun
Mr. KWONG Wilson Wai Sun
Mr. YEUNG Chi Wai
Mr. HO Ka Wang

Registered office

One Nexus Way
Camana Bay
Grand Cayman
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Cayman Islands

Head office in the PRC

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Principal place of business in Hong Kong

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Website

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Hong Kong branch share registrar and transfer office

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

Principal bankers

The Hongkong and Shanghai Banking Corporation Limited
CMB Wing Lung Bank
China Construction Bank (Asia)

Independent Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
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Quarry Bay
Hong Kong

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2026 (Unaudited)	2025 (Unaudited)	Change
Revenue (RMB million)	**72.1**	67.3	+7.1%
Gross profit (RMB million)	**50.0**	35.8	+39.7%
Operating loss (RMB million)	**(5.1)**	(51.3)	(90.1%)
Loss attributable to owners of the parent (RMB million)	**(12.1)**	(46.1)	(73.8%)
Loss per share –Basic (RMB cents)[1]	**(0.35)**	(1.34)	(73.9%)
Gross profit margin	**69.4%**	53.2%	+16.2 ppt
Operating loss margin	**(7.1%)**	(76.2%)	(69.1 ppt)
Net loss margin	**(17.3%)**	(68.6%)	(51.3 ppt)

	30 June 2026 (Unaudited)	31 December 2025 (Audited)	Change
Current ratio (times)[2]	**3.1**	3.6	(0.5 times)
Trade receivables turnover days (days)[3]	**31**	43	(12 days)
Trade payables turnover days (days)[4]	**80**	50	+30 days
Inventory turnover days (days)[5]	**585**	434	+151 days

Key ratios:

1. Basic loss per share = Loss attributable to owners of the parent/weighted average number of ordinary shares (the weighted average number of shares in the six months ended 30 June 2026 was 3,445,450,000 versus 3,445,450,000 in the same period of last year)

2. Current ratio = Current assets/current liabilities

3. Trade receivables turnover days = Average of opening and closing balances on trade receivables/revenue for the period x 180 days

4. Trade payables turnover days = Average of opening and closing balances on trade payables/cost of sales for the period x 180 days

5. Inventory turnover days = Average of opening and closing balances on inventory/cost of sales for the period x 180 days

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

During the six-month period ended 30 June 2026 (the "**Relevant Period**"), China's Gross Domestic Product ("**GDP**") growth rate decreased by 0.6 percentage points, from 5.3% for the six months ended 30 June 2025 to 4.7% for the Relevant Period. The growth rate of total retail sales of consumer goods also decreased by 3.7 percentage points from 5.0% for the six months ended 30 June 2025 to 1.3% for the Relevant Period. In particular, retail sales of the 100 key large-scale retail enterprises decreased by 1.1% as compared with the corresponding period of the previous year.

Despite the weak market sentiment, the Group's revenue increased by RMB4.8 million, from RMB67.3 million for the six months ended 30 June 2025 to RMB72.1 million for the Relevant Period. Loss attributable to owners of the parent also decreased by RMB34.0 million, from RMB46.1 million for the six months ended 30 June 2025 to RMB12.1 million for the Relevant Period.

FINANCIAL REVIEW

Revenue

We derive our revenue primarily from retail sales of our products to our end-consumers through self-operated retail points in department stores and shopping malls in major cities in the PRC, sales of products to third-party retailers who directly manage concession counters and retail stores in other cities in the PRC where we do not operate retail points, and sales of products through online channels. Our revenue is stated at the net invoiced value of goods sold after trade discounts.

The total revenue of the Group was RMB72.1 million for the Relevant Period, representing an increase of RMB4.8 million, or approximately 7.1%, as compared to RMB67.3 million for the six months ended 30 June 2025.

FINANCIAL REVIEW *(continued)*

Revenue *(continued)*

By sales channels

Revenue from sales of products through self-operated retail points increased by RMB3.3 million, or approximately 6.2%, from RMB53.2 million for the six months ended 30 June 2025 to RMB56.5 million for the Relevant Period and accounted for approximately 78.4% (six months ended 30 June 2025: 79.0%) of the total revenue. Such increase was mainly attributable to the improved sales performance of certain key stores, driven by the optimisation of product offerings. Within this channel, the revenue from outlet stores also increased by RMB4.4 million, or approximately 21.6%, from RMB20.4 million for the six months ended 30 June 2025 to RMB24.8 million for the Relevant Period.

Revenue from sales of products to third-party retailers increased by RMB2.2 million, or approximately 40.0%, from RMB5.5 million for the six months ended 30 June 2025 to RMB7.7 million for the Relevant Period and accounted for approximately 10.7% (six months ended 30 June 2025: 8.2%) of the total revenue. Such increase was mainly attributable to an increase in the number of retail points operated by the third-party retailers from 39 as at 30 June 2025 to 45 as at 30 June 2026.

Revenue from sales of products through online channels decreased by RMB0.7 million, or approximately 8.1%, from RMB8.6 million for the six months ended 30 June 2025 to RMB7.9 million for the Relevant Period and accounted for approximately 10.9% (six months ended 30 June 2025: 12.8%) of the total revenue. The decrease in revenue was primarily attributable to:

(i) a decrease in sales from WeChat stores by RMB0.3 million, or approximately 12.5%, from RMB2.4 million for the six months ended 30 June 2025 to RMB2.1 million for the Relevant Period;

(ii) a decrease in sales of products to online third-party retailers by RMB0.1 million, or approximately 10.0%, from RMB1.0 million for the six months ended 30 June 2025 to RMB0.9 million for the Relevant Period;

(iii) a decrease in sales from online discount platforms such as VIP.com by RMB0.5 million, or approximately 20.8%, from RMB2.4 million for the six months ended 30 June 2025 to RMB1.9 million for the Relevant Period; and partially offset by

(iv) an increase in sales of products through our e-shops on Tmall.com and JD.com by RMB0.2 million, or approximately 7.1%, from RMB2.8 million for the six months ended 30 June 2025 to RMB3.0 million for the Relevant Period.

FINANCIAL REVIEW *(continued)*

Revenue *(continued)*

By sales channels *(continued)*

The table below sets forth the breakdown of our revenue contributed by sales made through our self-operated retail points, retail points operated by third-party retailers and sales through online channels:

	Six months ended 30 June			
	2026		2025	
	Revenue RMB million	% of total revenue	Revenue RMB million	% of total revenue
Retail sales from self-operated retailers	56.5	78.4%	53.2	79.0%
Retail sales from retail points operated by third-party retailers	7.7	10.7%	5.5	8.2%
Sales through online channels	7.9	10.9%	8.6	12.8%
Total	72.1	100.0%	67.3	100.0%

By Brand

Revenue contributed by self-owned brands increased by RMB7.4 million, or approximately 14.7%, from RMB50.3 million for the six months ended 30 June 2025 to RMB57.7 million for the Relevant Period. Revenue from self-owned brands as a percentage of total revenue also increased from 74.7% for the six months ended 30 June 2025 to 80.0% for the Relevant Period.

The table below sets forth our revenue contributed by licensed brands and self-owned brands:

	Six months ended 30 June			
	2026		2025	
	Revenue RMB million	% of total revenue	Revenue RMB million	% of total revenue
Licensed brands	14.4	20.0%	17.0	25.3%
Self-owned brands	57.7	80.0%	50.3	74.7%
Total	72.1	100.0%	67.3	100.0%

FINANCIAL REVIEW *(continued)*

Cost of sales

Our cost of sales decreased by RMB9.4 million, or approximately 29.8%, from RMB31.5 million for the six months ended 30 June 2025 to RMB22.1 million for the Relevant Period. The decrease was mainly due to a decrease in inventory provisions of RMB10.6 million, from RMB14.1 million for the six months ended 30 June 2025 to RMB3.5 million for the Relevant Period.

Gross profit and gross profit margin

Our gross profit increased by RMB14.2 million, or approximately 39.7%, from RMB35.8 million for the six months ended 30 June 2025 to RMB50.0 million for the Relevant Period, primarily as a result of the increase in revenue and decrease in cost of sales. Our overall gross profit margin also increased from 53.2% for the six months ended 30 June 2025 to 69.4% for the Relevant Period. Excluding the impact of inventory provisions, our gross profit margin would have been 74.3% for the Relevant Period, with 74.1% for the six months ended 30 June 2025, remaining broadly stable year-on-year.

Other income and gains

Our other income and gains increased by RMB48.7 million, or approximately 438.7%, from RMB11.1 million for the six months ended 30 June 2025 to RMB59.8 million for the Relevant Period. The increase was mainly attributable to an increase in the fair value gain on the Group's investment in Shanghai Biren Technology Co., Ltd. ("**Shanghai Biren**") through Qingdao Huaxin Anchor Investment Center (Limited Partnership) of RMB42.3 million (six months ended 30 June 2025: Nil), primarily as a result of the increase in the share price of Shanghai Biren during the Relevant Period.

Selling and distribution expenses

Our selling and distribution expenses slightly decreased by RMB0.3 million, or approximately 0.5%, from RMB66.5 million for the six months ended 30 June 2025 to RMB66.2 million for the Relevant Period.

Rents and concession fees for occupying concession counters within department stores and department store charges decreased by RMB2.8 million, or approximately 14.1%, from RMB19.9 million for the six months ended 30 June 2025 to RMB17.1 million for the Relevant Period, which was primarily attributable to the closure of stores with relatively higher concession fee rates and the increased sales contribution from outlet stores, which generally have lower concession fee rates.

FINANCIAL REVIEW *(continued)*

Selling and distribution expenses *(continued)*

Labour costs relating to sales and marketing staff and outsourcing costs relating to sales and marketing activities increased from RMB21.3 million for the six months ended 30 June 2025 to RMB22.1 million for the Relevant Period, which was primarily attributable to an increase in performance bonuses for sales staff, which was in line with the increase in sales.

We incurred advertising and promotion expenses of RMB1.1 million (six months ended 30 June 2025: RMB1.5 million) during the Relevant Period for organising promotional activities and social media marketing to share our brand stories and product knowledge with our customers through Xiaohongshu (Little Red Book), Douyin, WeChat Channels, WeChat Official Accounts and Weibo.

Consumables and decoration fees for self-operated retail points decreased from RMB7.2 million for the six months ended 30 June 2025 to RMB6.2 million for the Relevant Period, which was primarily attributable to fewer self-operated retail points being opened during the Relevant Period.

The other selling and distribution expenses, including freight and vehicle expenses, sample expenses, travelling expenses, office expenses and other operating expenses, remained consistent during both periods.

Administrative expenses

The administrative expenses increased by RMB1.3 million, or approximately 5.4%, from RMB24.0 million for the six months ended 30 June 2025 to RMB25.3 million for the Relevant Period. The increase was mainly attributable to higher research and development expenses arising from the development of an AI-aided smart apparel patterning and manufacturing system in collaboration with Macau University of Science and Technology.

Other expenses

Other expenses mainly included:

(i) Impairment losses on properties of RMB16.8 million (six months ended 30 June 2025: Nil) in respect of certain of the Group's properties in Chinese Mainland and Hong Kong, primarily as a result of the continuous decrease in the sales prices or rental rates of the properties in those localities; and

(ii) processing costs incurred for external orders of RMB4.1 million (six months ended 30 June 2025: RMB2.8 million).

FINANCIAL REVIEW *(continued)*

Finance income

Our finance income decreased by RMB2.8 million, or approximately 42.4%, from RMB6.6 million for the six months ended 30 June 2025 to RMB3.8 million for the Relevant Period. The decrease was mainly attributable to the decrease in the balance of cash and cash equivalents, as well as the decrease in interest rates on bank deposits in Hong Kong and the PRC during the Relevant Period.

Loss before tax

As a result of the foregoing factors, the loss before tax decreased by RMB44.2 million, or approximately 95.7%, from RMB46.2 million for the six months ended 30 June 2025 to RMB2.0 million for the Relevant Period.

Income tax (expense)/credit

Income tax expense of RMB10.5 million for the Relevant Period (six months ended 30 June 2025: tax credit of RMB0.1 million) mainly represented deferred tax of RMB10.3 million arising from the fair value gains on the Group's investment in Shanghai Biren.

Loss for the period

The Group reported a loss for the period of RMB12.5 million for the Relevant Period (six months ended 30 June 2025: RMB46.1 million).

Loss attributable to owners of the parent

As a result of the foregoing, the loss attributable to owners of the parent decreased by RMB34.0 million, or approximately 73.8%, from RMB46.1 million for the six months ended 30 June 2025 to RMB12.1 million for the Relevant Period.

Working Capital Management

	30 June 2026	31 December 2025
Inventory turnover days	**585**	434
Trade receivables turnover days	**31**	43
Trade payables turnover days	**80**	50

FINANCIAL REVIEW *(continued)*

Working Capital Management *(continued)*

The increase in inventory turnover days by 151 days, from 434 days as at 31 December 2025 to 585 days as at 30 June 2026, was mainly attributable to an increase of 118 days in the turnover days of inventories aged within 1 year, primarily due to the slower sell-through of such inventories during the Relevant Period.

The decrease in trade receivables turnover days by 12 days, from 43 days as at 31 December 2025 to 31 days as at 30 June 2026, was mainly attributable to the Group's implementation of more stringent receivables collection measures.

The increase in trade payables turnover days by 30 days, from 50 days as at 31 December 2025 to 80 days as at 30 June 2026, was mainly attributable to the decrease in cost of sales during the Relevant Period, primarily due to the decrease in inventory provision as compared with the corresponding period in 2025. The average trade payables balance remained relatively stable during the Relevant Period.

Liquidity, financial position and cash flows

As at 30 June 2026, we had net current assets of approximately RMB464.1 million, as compared to RMB493.8 million as at 31 December 2025. The current ratio of our Group was 3.1 times as at 30 June 2026 (31 December 2025: 3.6 times).

The Group had no undrawn banking facilities as at 30 June 2026.

As at 30 June 2026, we had an aggregate amount of cash and cash equivalents and time deposits of approximately RMB257.1 million (31 December 2025: RMB298.1 million). The table below sets forth selected cash flow data from the interim condensed consolidated statement of cash flows:

FINANCIAL REVIEW *(continued)*

Liquidity, financial position and cash flows *(continued)*

	Six months ended 30 June 2026 RMB million	2025 RMB million
Net cash flows from/(used in) operating activities	**3.5**	(3.0)
Net cash flows from investing activities	**46.0**	74.8
Net cash flows used in financing activities	**(32.2)**	(0.9)
Net increase in cash and cash equivalents	**17.3**	70.9
Effect of foreign exchange rate changes, net	**(9.3)**	4.6
Cash and cash equivalents at the beginning of the period	**82.8**	100.8
Cash and cash equivalents at the end of the period	**90.8**	176.3

Operating activities

Net cash flows from operating activities increased by RMB6.5 million, from a net cash outflow of RMB3.0 million for the six months ended 30 June 2025 to a net cash inflow of RMB3.5 million for the Relevant Period, which was primarily attributable to a decrease of RMB8.6 million in cash outflows before changes in working capital, mainly as a result of the decrease in loss before tax.

Investing activities

Net cash flows from investing activities mainly represented a withdrawal of RMB59.7 million in short-term deposits with original maturities of over three months, structured bank deposits, deposits with financial institutions and financial assets at fair value through profit or loss, partially offset by an increase in capital contribution to an associate of RMB15.0 million.

Financing activities

Net cash flows used in financing activities mainly represented a payment of 2025 Special Final Dividend of RMB27.5 million and principal portion of lease payments of RMB3.8 million.

FINANCIAL REVIEW *(continued)*

Pledge of group assets

As at 30 June 2026, Shanghai Ruiguo Fashion Co., Ltd.（上海瑞國服飾有限公司）, a wholly-owned subsidiary of the Company, had a bank borrowing of approximately RMB10,000,000, which was secured by a mortgage over one of the Group's office properties in Guangzhou.

Capital commitments and contingent liabilities

As of 30 June 2026, the Group had no significant capital commitments (31 December 2025: Nil) and no material contingent liabilities (31 December 2025: Nil).

Foreign exchange management

We conduct our business primarily in Hong Kong and the PRC, with most of our transactions denominated and settled in HK$ and RMB. To minimise foreign exchange risks, the Group has a hedging policy in place.

Material events after the Reporting Period

On 26 May 2026, the Company and Ms. Zhang Kailun (the "**Subscriber**") entered into the share subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 100,000,000 subscription shares at the subscription price of HK$0.1 per subscription share for a total consideration of HK$10,000,000 in cash (the "**Share Subscription**"). The Share Subscription will provide necessary funding to the Company for exploring business development and investment opportunities to enhance shareholders' value, and for replenishing cash resources resulting from the negative operating cash outflow and following the payment of the 2025 Final Dividend, as well as strengthening the Group's capital base, general working capital and financial flexibility. The relevant resolution has been passed by way of poll by the independent shareholders at the extraordinary general meeting on 3 August 2026. The completion of the Share Subscription has taken place in accordance with the terms and conditions of the share subscription agreement on 10 August 2026. For details, please refer to the Company's announcements dated 26 May 2026, 3 August 2026 and 10 August 2026 and the circular dated 10 July 2026.

OPERATION REVIEW

Retail and distribution network

As at 30 June 2026, our sales network comprised a total of 108 self-operated retail points, consisting of concession counters, consignment stores and standalone stores, and 45 retail points operated by our third-party retailers.

The following table sets forth the number of our self-operated retail points and retail points operated by our third-party retailers in Chinese Mainland and Taiwan by brand as at 30 June 2026 and 31 December 2025:

	As at 30 June 2026			As at 31 December 2025		
Brand	Self-operated retail points	Retail points operated by third-party retailers	Total retail points	Self-operated retail points	Retail points operated by third-party retailers	Total retail points
SBPRC	34	4	38	42	4	46
MCS	70	39	109	73	34	107
Others	4	2	6	7	–	7
Total	108	45	153	122	38	160

Self-operated retail points

As at 30 June 2026, we had a network of 103 self-operated concession counters (31 December 2025: 116 self-operated concession counters). A majority of the concession counters are located within mainstream department stores in the first and second tier cities in China, including Bailian (百聯), Golden Eagle (金鷹), MOI (茂業), Intime (銀泰), Wangfujing (王府井) etc., among which a total of 38 were outlet stores as at 30 June 2026 (31 December 2025: 41 outlet stores).

As at 30 June 2026, we had a network of 5 standalone stores (31 December 2025: 6 stores) which were located in shopping malls within major cities in the PRC to ensure a steady flow of consumers as well as to enhance our sales and brand awareness.

Retail points operated by third-party retailers

As at 30 June 2026, we had a total of 45 retail points that were operated by third-party retailers (31 December 2025: 38 retail points).

OPERATION REVIEW *(continued)*

Retail and distribution network *(continued)*

Online Channels

We primarily sell past season products through online channels which comprise (i) online discount platforms such as VIP.com; (ii) online third-party retailers; (iii) our self-operated e-shops on mainstream online platforms such as Tmall.com, JD.com etc.; and (iv) our WeChat stores.

During the Relevant Period, we continued to participate in the just-in-time delivery program (the "**JIT Program**") of VIP.com, which allows us to receive orders placed by customers on VIP.com and directly distribute the products to customers from our warehouse. We also actively expanded our network of online third-party retailers for the online sale of our products.

Branding

The continued implementation of a multi-brand strategy is critical to our sustainable business development and growth. We believe that our multi-brand strategy will allow us to capture more market segments, capitalise on a wider range of market opportunities and seek to increase our overall market share in China's menswear market.

During the Relevant Period, the Group continued to advance its AIGC initiatives and further enhanced the application of Artificial Intelligence Generated Content ("**AIGC**") technology in its digital marketing activities. The Group continued to operate the AIGC Production Unit within its Digital Marketing Department and further promoted the "AIGC Empowerment Initiative", which aims to enhance the efficiency and quality of digital marketing content production through the adoption of AIGC technology and by encouraging participation from the Group's personnel. The initiative continued to provide frontline sales staff with efficient and high-quality digital content for publication on social media platforms, including Xiaohongshu (Little Red Book), Douyin, WeChat Channels, WeChat Official Accounts and Weibo.

During the Relevant Period, the renowned artist Mr. Rock Ji（紀煥博先生）continued to serve as the brand ambassador for MCS, collaborating with the Group to promote the brand in the Greater China region.

OPERATION REVIEW *(continued)*

Business Digitalization

In early 2018, the Company launched a "digitally driven"(數字驅動)strategy and further introduced a "digital transformation"(數字化轉型)initiative in 2022, with the belief that advanced information technologies could generate significant value for the apparel retail industry.

We developed an O2O system that is tailored to our retail network and allows our customers to place orders for their desired products even when such products are out of stock at a particular retail location, which in turn enhances the shopping experience of our customers and drives sales. Sales generated through the self-developed O2O system increased by RMB2.6 million, or approximately 40.6%, from RMB6.4 million for the six months ended 30 June 2025 to RMB9.0 million for the Relevant Period.

We also operated a social network-based commerce and marketing program in collaboration with Weimob to facilitate the sale and delivery of our products through our WeChat stores. Total revenue derived from WeChat stores decreased by RMB0.3 million, or approximately 12.5%, from RMB2.4 million for the six months ended 30 June 2025 to RMB2.1 million for the Relevant Period.

During the Relevant Period, we continued to enhance our Customer Relationship Management (CRM) system and develop our customer loyalty program with the aim of further promoting customer loyalty, encouraging repeat purchases and cross-selling.

Properties under Development

The Group's property development segment comprises a property under development located at No. 833, Shuiyun Road, China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area. The site area of the project is approximately 5,819 square meters and the floor area is approximately 11,637 square meters, comprising a commercial area of approximately 3,435 square meters and a residential area of approximately 7,600 square meters.

OPERATION REVIEW *(continued)*

Properties under Development *(continued)*

The properties under development are indirectly wholly owned by the Company. As at 30 June 2026, the carrying amount of the properties under development was RMB208.0 million. The stage of completion was approximately 99.9%. Currently, the Group is in the process of applying for the pre-sale permit for commodity housing from the relevant governmental authorities.

The Board expects that the sale of the properties will commence during the second half of 2026. Upon completion of the sales, the Board expects that the Group will no longer engage in the property development business.

Significant Investments

In June 2025, Guangdong Junrui Industrial Co., Ltd.(廣東君瑞實業有限公司, "**Guangdong Junrui**", an indirect wholly-owned subsidiary of the Company), as limited partner, entered into a partnership agreement (the "**Partnership Agreement**") with Guangdong Yida Huishun Equity Investment Management Partnership (Limited Partnership)(廣東毅達匯順股權投資管理企業(有限合夥), "**Guangdong Yida**"), as the general partner 1, and Zhuhai Sinosure Joint Investment Co., Ltd.(珠海信保聯合投資有限公司, "**Zhuhai Sinosure**", a company indirectly owned as to 49% by the Company), as the general partner 2, in relation to the formation of Nanjing Yida Sinosure Equity Investment Partnership (Limited Partnership)(南京毅達信保股權投資合夥企業(有限合夥), formerly known as Nanjing Yida Keshun Industrial Upgrade and Merge and Acquisition Investment Partnership (Limited Partnership)(南京毅達科順產業升級併購投資合夥企業(有限合夥), the "**Partnership**"). Pursuant to the Partnership Agreement, the total capital contribution by all partners to the Partnership was RMB52,000,000, of which each of Guangdong Junrui, Guangdong Yida and Zhuhai Sinosure shall contribute RMB50,000,000, RMB1,000,000 and RMB1,000,000, respectively.

OPERATION REVIEW *(continued)*

Significant Investments *(continued)*

In May 2026, Guangdong Junrui, as a limited partner entered into a revised partnership agreement (the "**Revised Partnership Agreement**") with Golden Bean Investment (Guangdong) Partnership Enterprise (Limited Partnership)（金豆子投資（廣東）合夥企業（有限合夥）, "**Golden Bean**"), as a limited partner, Guangdong Yida, as general partner 1, and Zhuhai Sinosure, as general partner 2. Pursuant to the Revised Partnership Agreement, the total capital contribution by all partners to the Partnership was increased to RMB100,000,000, of which Guangdong Junrui, Golden Bean, Guangdong Yida and Zhuhai Sinosure contributed RMB50,000,000, RMB48,000,000, RMB1,000,000 and RMB1,000,000, respectively.

During the Relevant Period, Guangdong Junrui made a capital contribution of RMB15,000,000 to the Partnership, following its capital contribution of RMB35,000,000 in 2025. Accordingly, as at 30 June 2026, Guangdong Junrui had fully satisfied its capital contribution obligation to the Partnership.

OPERATION REVIEW *(continued)*

Significant Investments *(continued)*

Investments made by the Partnership

During the Relevant Period, the Partnership completed three investments, bringing the total number of investments to seven as at 30 June 2026, as detailed below:

Investee 5

1. **Investee:** A technology company incorporated in the PRC

2. **Principal of business:** The company focuses on the development of a "general-purpose embodied intelligence foundation model" and operates three principal business lines: (i) the research and development of embodied intelligence foundation models; (ii) the research, development and manufacturing of robotic hardware; and (iii) the development and provision of end-to-end data pipeline solutions and services.

3. **Investment amount:** RMB20 million

4. **Closing date:** 17 June 2026

5. **Synergies with the Company:** The Group believes that the investment can generate potential synergies with its principal business, particularly in the areas of warehouse operations and apparel manufacturing. The embodied intelligence technologies and robotic solutions developed by the investee company can be applied to warehouse operations, including product handling, sorting and picking, as well as to selected processes along the apparel production lines. Such applications may enhance operational efficiency, reduce reliance on manual labour and improve the Group's capabilities in warehouse and production automation.

OPERATION REVIEW *(continued)*

Significant Investments *(continued)*

Investments made by the Partnership *(continued)*

Investee 6

1. **Investee:** A technology company incorporated in the PRC

2. **Principal of business:** The company is principally engaged in the research and development and manufacturing of aerospace servo controllers, which are primarily used in rocket attitude control, booster systems and other related applications.

3. **Investment amount:** RMB3 million

4. **Closing date:** 23 June 2026

5. **Synergies with the Company:** The investment was made as a financial investment and was not directly related to the Group's principal business. While the Group continues to prioritise investment opportunities that may generate synergies with its principal business, the Group may also make selected financial investments in companies operating in emerging and high-technology sectors, with a view to achieving potential investment returns and diversifying its investment portfolio.

OPERATION REVIEW *(continued)*

Significant Investments *(continued)*

Investments made by the Partnership *(continued)*

Investee 7

1. **Investee:** A technology company incorporated in the PRC

2. **Principal of business:** The company is principally engaged in the development of AI high-speed networking chips and network interface cards (NICs), with a focus on AI infrastructure, particularly high-speed network interconnectivity.

3. **Investment amount:** RMB20 million

4. **Closing date:** 23 June 2026

5. **Synergies with the Company:** The Group believes that the investment may generate potential synergies with its digital transformation initiatives. As the Group continues to enhance its digital capabilities and explore the application of artificial intelligence in areas such as product development, smart manufacturing, digital marketing, customer relationship management and retail operations, the AI high-speed networking technologies developed by the investee company may, in the longer term, support the Group's AI-related computing and data processing requirements.

OPERATION REVIEW *(continued)*

Outsourcing

In order to enable our management team to continuously focus on our core business operations, we outsourced substantially all of our sales staff in self-operated retail points and the production workers in our manufacturing plant in Dezhou to a third-party outsourcing service company. As at 30 June 2026, approximately 518 sales representatives, store managers and production workers were employed by the outsourcing service company and provided services to the Group (31 December 2025: 554).

Employee information

As at 30 June 2026, the Group had approximately 191 full-time employees (31 December 2025: 194). Staff costs, including directors' remuneration, totalled RMB13.2 million for the Relevant Period (six months ended 30 June 2025: RMB9.2 million).

Corporate Social Responsibility

Being a responsible corporate citizen is a fundamental part of our culture. During the Relevant Period, we continued to explore opportunities to reduce the consumption of paper, electricity and other resources in order to minimise our environmental impact where practicable.

Prospects

The Board will focus on the following initiatives in the second half of 2026:

- Clearing aged inventories and optimising cash flow, which remain our top priorities;

- Increasing the volume and quality of digital marketing content through our "AIGC Empowerment Initiative" to enhance our brand presence across social media platforms such as Xiaohongshu (Little Red Book), Douyin, WeChat Channels, WeChat Official Accounts and Weibo;

- Expanding our sales network by developing both online and conventional third-party retailers;

- Driving sales growth among VIP customers by leveraging our CRM program;

- Commencing the sale of the properties under development; and

- Exploring new business opportunities, including brand licensing, group purchasing etc.

INTERIM DIVIDENDS

The Board does not recommend to declare any interim dividends for the Relevant Period (six months ended 30 June 2025: Nil).

OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 30 June 2026, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") contained in Appendix C3 to the Listing Rules, were as follows:

Long Positions in Ordinary Shares and Underlying Shares of the Company:

Name of director	Nature of interest	Number of Ordinary Shares Owned	Percentage of the Company's Issued Share Capital (Note 2) (%)
Mr. ZHANG Yongli	Beneficial owner	12,570,000	0.36
	Corporate interest (Note 1)	839,748,000	24.37
Mr. SUN David Lee	Beneficial owner	3,852,000	0.11
Ms. HUANG Xiaoyun	Beneficial owner	497,896,000	14.45
Mr. Wang Wei	Beneficial owner	3,400,000	0.10
Mr. KWONG Wilson Wai Sun	Beneficial owner	3,400,000	0.10
Mr. YEUNG Chi Wai	Beneficial owner	3,400,000	0.10
Mr. HO Ka Wang	Beneficial owner	3,400,000	0.10

DISCLOSURE OF INTERESTS *(continued)*

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures *(continued)*

Long Positions in Ordinary Shares and Underlying Shares of the Company: *(continued)*

Notes:

(1) CEC Outfitters Limited, holding 839,748,000 shares (long position) of the Company, was wholly owned by Vinglory Holdings Limited ("**Vinglory**") and Vinglory was wholly owned by Mr. ZHANG Yongli.

(2) The percentage is calculated based on the total number of 3,445,450,000 shares in issue of the Company as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, none of the directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded 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' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2026, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or were otherwise notified to the Company:

Long Position in Ordinary Shares and Underlying Shares of the Company:

Name	**Nature of Interest**	Notes	**Number of Shares**	**Percentage of the Company's Issued Share Capital** (Note 3) (%)
Mr. ZHANG Yongli	Corporate interest	(1)	839,748,000	24.37
	Beneficial owner	(1)	12,570,000	0.36
Vinglory Holdings Limited	Corporate interest	(1)	839,748,000	24.37
CEC Outfitters Limited	Beneficial owner	(1)	839,748,000	24.37
Ms. HUANG Xiaoyun	Beneficial owner	(2)	497,896,000	14.45
Ms. ZHANG Kailun	Beneficial owner		173,000,000	5.02

DISCLOSURE OF INTERESTS *(continued)*

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares *(continued)*

Long Position in Ordinary Shares and Underlying Shares of the Company: *(continued)*

Notes:

(1) CEC Outfitters Limited, holding 839,748,000 shares (long position) of the Company, was wholly owned by Vinglory and Vinglory was wholly owned by Mr. ZHANG Yongli. Mr. ZHANG Yongli held interests in a total of 12,570,000 shares (long position) of the Company.

(2) Ms. HUANG Xiaoyun held interests in a total of 497,896,000 shares (long position) of the Company.

(3) The percentage is calculated based on the total number of 3,445,450,000 shares in issue of the Company as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, no person, other than the directors and chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 (including sales of treasury shares, as defined under the Listing Rules).

As of 30 June 2026, there were no treasury shares held by the Company.

CORPORATE GOVERNANCE

Corporate governance practices

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board is of the view that throughout the six months ended 30 June 2026, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules, with the exception of code provision C.2.1.

According to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision because both the chairman and chief executive officer ("**CEO**") positions of the Company are held by Mr. Zhang Yongli. The Board believes that vesting the roles of chairman and CEO in the same person provides the Group with strong and consistent leadership and allows for efficient business planning and decisions under the current situation.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has devised its own code of conduct regarding directors' dealings in the Company's securities and securities transactions by employees who are likely to be in possession of inside information of the Company (the "**Code of Conduct**") on terms no less exacting than the Model Code.

All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard set out in the Model Code and the Code of Conduct for the six months ended 30 June 2026.

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, there is no change in information of directors since the date of the 2025 annual report of the Company.

AUDIT COMMITTEE

The audit committee of the Company has discussed with the management regarding the risk management and internal control systems and financial reporting matters related to the preparation of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2026. It has also reviewed the said unaudited interim condensed consolidated financial statements in conjunction with the Company's external auditors.

APPRECIATION

Dedicated and loyal employees are our most valuable asset. I would like to take this opportunity to thank our colleagues on behalf of the Board for their contribution and support, and our management and staff members of the Group for their hard work and loyal service throughout the challenging period. I would also like to express our sincere appreciation to our shareholders, customers and suppliers as well as our business partners for their continuing support.

By Order of the Board
Huicheng International Holdings Limited

ZHANG Yongli
Chairman
Hong Kong

25 August 2026

EY 安永

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF HUICHENG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 74, which comprises the condensed consolidated statement of financial position of HUICHENG INTERNATIONAL HOLDINGS LIMITED(the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2026 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

25 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
REVENUE	5	**72,056**	67,316
Cost of sales		**(22,051)**	(31,530)
Gross profit		**50,005**	35,786
Other income and gains	6	**59,758**	11,128
Selling and distribution expenses		**(66,237)**	(66,496)
Administrative expenses		**(25,309)**	(24,019)
Impairment(reversal of impairment) losses on financial assets, net		**(181)**	3,463
Other expenses		**(23,174)**	(11,159)
Operating loss		**(5,138)**	(51,297)
Finance income	7	**3,763**	6,574
Finance costs		**(478)**	(343)
Share of losses of:			
Associates		**(188)**	(1,120)
LOSS BEFORE TAX	8	**(2,041)**	(46,186)
Income tax (expense)/credit	9	**(10,495)**	61
LOSS FOR THE PERIOD		**(12,536)**	(46,125)
Attributable to:			
Owners of the parent		**(12,075)**	(46,063)
Non-controlling interests		**(461)**	(62)
		(12,536)	(46,125)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the period	11	**RMB(0.35)cents**	RMB(1.34)cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
LOSS FOR THE PERIOD	**(12,536)**	(46,125)
OTHER COMPREHENSIVE LOSS/(INCOME)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**(13,773)**	(3,490)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(13,773)**	(3,490)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**3,776**	1,235
Equity investments designated at fair value through other comprehensive income: Changes in fair value	**(86)**	20,352
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**3,690**	21,587
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(10,083)**	18,097
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(22,619)**	(28,028)
Attributable to:		
Owners of the parent	**(22,141)**	(27,960)
Non-controlling interests	**(478)**	(68)
	(22,619)	(28,028)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026 RMB'000 (Unaudited)**	31 December 2025 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**193,071**	217,636
Investment properties		**34,368**	38,090
Right-of-use assets		**37,860**	40,625
Investments in associates		**113,366**	98,751
Equity investments designated at fair value through other comprehensive income	13	**194**	280
Other intangible assets	12	**18,273**	18,536
Deferred tax assets		**582**	2,768
Total non-current assets		**397,714**	416,686
CURRENT ASSETS			
Inventories	14	**70,790**	72,589
Properties under development	15	**208,036**	205,831
Trade receivables	16	**9,304**	15,444
Prepayments and other receivables	17	**63,303**	61,475
Financial assets at fair value through profit or loss	18	**76,805**	33,034
Time deposits	19	**166,233**	215,241
Cash and cash equivalents	19	**90,818**	82,817
Total current assets		**685,289**	686,431
CURRENT LIABILITIES			
Trade payables	20	**9,450**	10,193
Other payables and accruals	21	**84,367**	56,763
Interest-bearing bank and other borrowings		**2,500**	–
Lease liabilities		**4,589**	5,403
Tax payable		**120,251**	120,245
Total current liabilities		**221,157**	192,604

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
30 June 2026

	Note	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NET CURRENT ASSETS		**464,132**	493,827
TOTAL ASSETS LESS CURRENT LIABILITIES		**861,846**	910,513
NON-CURRENT LIABILITIES			
Lease liabilities		**312**	1,474
Interest-bearing bank and other borrowings		**12,357**	15,357
Deferred tax liabilities		**11,435**	3,292
Total non-current liabilities		**24,104**	20,123
Net assets		**837,742**	890,390
EQUITY			
Equity attributable to owners of the parent			
Share capital	22	**280,661**	280,661
Reserves		**558,309**	610,479
		838,970	891,140
Non-controlling interests		**(1,228)**	(750)
Total equity		**837,742**	890,390

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the parent											
	Share capital RMB'000 (note 22)	Share Premium RMB'000	Capital redemption reserve RMB'000	Merger reserve RMB'000	Acquisition reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2025 (audited)	280,661	(24,978)	543	389,848	(182,362)	-	53,497	22,588	351,343	891,140	(750)	890,390
Loss for the period	-	-	-	-	-	-	-	-	(12,075)	(12,075)	(461)	(12,536)
Other comprehensive loss for the period:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(86)	-	-	-	(86)	-	(86)
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	(9,980)	-	(9,980)	(17)	(9,997)
Total comprehensive loss for the period	-	-	-	-	-	(86)	-	(9,980)	(12,075)	(22,141)	(478)	(22,619)
Special dividend declared	-	-	-	-	-	-	-	-	(30,029)	(30,029)	-	(30,029)
At 30 June 2026 (unaudited)	280,661	(24,978)*	543*	389,848*	(182,362)*	(86)*	53,497*	12,608*	309,239*	838,970	(1,228)	837,742

* These components of equity comprise the consolidated reserves of RMB558,309,000(31 December 2025: RMB610,479,000) in the interim condensed consolidated statement of financial position as at 30 June 2026.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the six months ended 30 June 2025

	Attributable to owners of the parent											
	Share capital RMB'000 (note 22)	Share Premium RMB'000	Capital redemption reserve RMB'000	Merger reserve RMB'000	Acquisition reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025 (audited)	280,661	(24,978)	543	389,848	(182,362)	(40,519)	53,497	29,417	464,953	971,060	1,510	972,570
Loss for the period	–	–	–	–	–	–	–	–	(46,063)	(46,063)	(62)	(46,125)
Other comprehensive loss for the period:												
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	20,352	–	–	–	20,352	–	20,352
Exchange differences on translation of financial statements	–	–	–	–	–	–	–	(2,249)	–	(2,249)	(6)	(2,255)
Total comprehensive income/(loss) for the period	–	–	–	–	–	20,352	–	(2,249)	(46,063)	(27,960)	(68)	(28,028)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	2,000	2,000
Transfer to retained earnings	–	–	–	–	–	20,167	–	–	(20,167)	–	–	–
At 30 June 2025 (unaudited)	280,661	(24,978)	543	389,848	(182,362)	–	53,497	27,168	398,723	943,100	3,442	946,542

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2026

	Notes	**2026 RMB'000 (Unaudited)**	2025 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(2,041)**	(46,186)
Adjustments for:			
Depreciation of property, plant and equipment	8	**8,247**	9,220
Depreciation of investment properties	8	**1,348**	1,485
Depreciation of right-of-use assets	8	**4,451**	2,755
Amortisation of other intangible assets	8	**93**	93
Write-down of inventories to net realisable value	8	**13,827**	25,048
Share of losses of associates		**188**	1,120
Fair value gains, net: Financial assets at fair value through profit or loss	8	**(42,313)**	(83)
Impairment of other intangible assets	8	**–**	6,223
Impairment of items of property, plant and equipment	8	**14,379**	–
Impairment of items of investment properties	8	**2,374**	–
Impairment/(reversal of impairment) of trade receivables, net	8	**450**	(2,494)
Reversal of impairment of other receivables and prepayments, net	8	**(269)**	(969)
Finance costs		**478**	343
Finance income	7	**(3,763)**	(6,574)
Dividend income from equity investments at fair value through other comprehensive income		**–**	(1,163)
Loss on disposal of items of property, plant and equipment		**30**	59
		(2,521)	(11,123)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

For the six months ended 30 June 2026

	Notes	**2026 RMB'000 (Unaudited)**	2025 RMB'000 (Unaudited)
Increase in inventories		**(12,028)**	(10,276)
Decrease in trade receivables		**5,690**	9,655
Increase in prepayments, other receivables		**(742)**	(5,205)
Decrease/(increase) in trade payables		**(743)**	4,144
Decrease in other payables and accruals		**13,855**	9,803
Cash generated from/(used in) operations		**3,511**	(3,002)
Net cash generated from/(used in) operating activities		**3,511**	(3,002)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from equity investments at fair value through other comprehensive income		**–**	1,163
Proceeds from disposal of items of property, plant and equipment		**(30)**	(59)
Purchase of items of property, plant and equipment		**(2,423)**	(751)
Decrease in short term deposits with original maturity of over three months		**49,008**	13,123
Interest received from bank deposits		**3,755**	5,719
Interest received from structured bank deposits and investment income on wealth management products		**–**	13
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**–**	45,292
Decrease in structured bank deposits and deposits in financial institutes and financial assets at fair value through profit or loss		**10,673**	10,268
Investment in an associate		**(15,000)**	–

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

For the six months ended 30 June 2026

	Notes	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Net cash flows generated from investing activities		**45,983**	74,768
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injected by non-controlling interests		**–**	2,000
Repayment of loan from bank		**(500)**	–
Principal portion of lease payments		**(3,765)**	(2,847)
Payment for deferred expenses related to issue new shares		**(471)**	–
Dividends paid		**(27,450)**	–
Net cash flows used in financing activities		**(32,186)**	(847)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**17,308**	70,919
Cash and cash equivalents at beginning of period		**82,817**	100,816
Effect of foreign exchange rate changes, net		**(9,307)**	4,576
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**90,818**	176,311
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	**90,818**	176,311
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and condensed consolidated statement of cash flows	19	**90,818**	176,311

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2026

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 7 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands. The address of its principal place of business is Room 1303, 13/F., New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 December 2011 (the "**Listing Date**").

The principal activity of the Company is investment holding. The Group is principally engaged in the business of design, manufacture, marketing and sale of apparel products and accessories in the People's Republic of China (the "**PRC**", or "**China**" which excludes, for the purpose of this report, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan) with a focus on menswear. The Group also engages in the business of property development in the PRC. There has been no significant change in the Group's principal activities during the six months ended 30 June 2026.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

These interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated. The interim condensed consolidated financial information does not include all the 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standards the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*

The nature and impact of the amended IFRS Accounting Standards are described below:

(a) Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(b) Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) *Annual Improvements to IFRS Accounting Standards* – Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the apparel products and accessories segment engaged in the business of the design, manufacture, marketing and sale of apparel products and accessories in the PRC with a focus on menswear; and

(b) the property development segment engaged in the business of the development of properties in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2026 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	72,056	–	72,056
Reconciliation:			
Elimination of intersegment sales			–
Revenue			72,056
Segment results	(41,069)	–	(41,069)
Reconciliation:			
Elimination of intersegment results			(4,988)
Finance income			3,763
Dividend income and unallocated gains			48,192
Corporate and other unallocated expenses			(7,939)
Loss before tax			(2,041)

4. OPERATING SEGMENT INFORMATION *(continued)*

30 June 2026 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Segment assets	826,920	283,304	1,110,224
Reconciliation:			
Elimination of intersegment receivables			(287,366)
Elimination of capitalised interest expense			(53,677)
Corporate and other unallocated assets			313,822
Total assets			1,083,003
Segment liabilities	106,452	294,487	400,939
Reconciliation:			
Elimination of intersegment payables			(287,366)
Corporate and other unallocated liabilities			131,688
Total liabilities			245,261

Six months ended 30 June 2026 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Other segment information			
Impairment losses of trade receivables, net	(450)	–	(450)
Reversal of impairment losses of other receivables, net	269	–	269
Depreciation and amortisation	14,139	–	14,139
Capital expenditure*	218	2,205	2,423

* Capital expenditure consists of additions to property, plant and equipment and properties under development.

4. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2025 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	67,316	–	67,316
Reconciliation:			
Elimination of intersegment sales			–
Revenue			67,316
Segment results	(47,597)	1	(47,596)
Reconciliation:			
Elimination of intersegment results			(4,913)
Finance income			6,574
Dividend income and unallocated gains			5,891
Corporate and other unallocated expenses			(6,142)
Loss before tax			(46,186)

4. OPERATING SEGMENT INFORMATION *(continued)*

30 June 2025 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Segment assets	873,796	269,248	1,143,044
Reconciliation:			
Elimination of intersegment receivables			(235,401)
Elimination of capitalised interest expense			(43,786)
Corporate and other unallocated assets			285,162
Total assets			1,149,019
Segment liabilities	34,947	279,711	314,658
Reconciliation:			
Elimination of intersegment payables			(235,401)
Corporate and other unallocated liabilities			123,220
Total liabilities			202,477

4. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2025 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Other segment information			
Reversal of impairment losses of trade receivables, net	2,494	–	2,494
Reversal of impairment losses of other receivables, net	969	–	969
Depreciation and amortisation	13,553	–	13,553
Capital expenditure*	335	416	751

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2026 **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)
Taiwan	**922**	1,948
Chinese Mainland	**71,134**	65,368
Total	**72,056**	67,316

The revenue information above is based on the locations of the customers.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

(b) Non-current assets

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Hong Kong	30,298	42,301
Chinese Mainland	366,640	371,337
	396,938	413,638

The non-current assets information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the interim period presented.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue from contracts with customers		
Sale of goods	72,056	67,316

5. REVENUE *(continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of goods		
Sale of apparel and accessories	**72,056**	67,316
Timing of revenue recognition		
Goods transferred at a point in time	**72,056**	67,316

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognised from performance obligations satisfied in previous periods:		
Sale of apparel products and accessories	**4,261**	5,493

(ii) Performance obligation

Information about the Group's performance obligation is summarised below:

Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for third-party retailers, where payment in advance is normally required.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2026 **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)
Other income		
Government subsidies	**748**	–
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	**3,699**	4,398
Dividend income from equity investments at fair value through other comprehensive income	**–**	971
Royalty income	**7,306**	1,912
Service and processing income	**3,870**	2,975
Sundry income	**–**	31
	15,623	10,287
Other gains		
Exchange gains	**1,051**	271
Financial assets at fair value through profit or loss(note)	**42,313**	83
Others	**771**	487
	44,135	841
	59,758	11,128

Note: This represents fair value gains on financial assets at fair value through profit or loss and netting off an accrued financial consulting fee of RMB12,470,000 charged by Zhuhai Sinosure Joint Investment Co., Ltd (note 24(a)).

7. FINANCE INCOME

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	**3,755**	5,719
Interest income on structured bank deposits, deposits in financial institutes and investment income on wealth management products	**–**	13
Others	**8**	842
	3,763	6,574

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	For the six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cost of inventories sold		**18,541**	17,414
Depreciation of property, plant and equipment	12	**8,247**	9,220
Depreciation of investment properties		**1,348**	1,485
Depreciation of right-of-use assets		**4,451**	2,755
Amortisation of other intangible assets*	12	**93**	93
Employee benefit expenses (including Directors' remuneration):			
Wages and salaries		**12,156**	8,093
Pension scheme contributions		**1,066**	1,098
		13,222	9,191
Outsourced labor costs		**16,442**	15,778
Processing cost**		**4,136**	2,780
Impairment of other intangible assets**	12	**–**	6,223
Impairment of property, plant and equipment**	12	**14,379**	–
Impairment of items of investment properties**		**2,374**	–
Impairment/(reversal of impairment) losses of trade receivables, net***		**450**	(2,494)
Reversal of impairment losses of other receivables, net***		**(269)**	(969)
Fair value gains, net:			
Financial assets at fair value through profit or loss		**(42,313)**	(83)
Lease payments not included in the measurement of lease liabilities		**13,247**	17,717
Write-off of inventories provisions#		**(10,317)**	(10,932)
Write-down of inventories to net realisable value#		**13,827**	25,048
Exchange differences, net		**(1,051)**	(271)

8. LOSS BEFORE TAX *(continued)*

* The amortisation of other intangible assets is included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss.

** The impairment of other intangible assets, property, plant and equipment, and investment properties and processing cost are included in "Other expenses" in the interim condensed consolidated statement of profit or loss.

*** The Impairment/(reversal of impairment) losses of trade receivables and reversal of impairment of other receivables are included in "Impairment(reversal of impairment) losses on financial assets, net" in the interim condensed consolidated statement of profit or loss.

The write-down of inventories to net realisable value and write-off of inventories provisions are included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company incorporated in the Cayman Islands and its subsidiary incorporated in the BVI are exempted from taxation.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the six months ended 30 June 2026.

In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries registered in the PRC are subject to Corporate Income Tax ("**CIT**") at a statutory rate of 25% on their respective taxable income for the six months ended 30 June 2026 and the six-month period ended 30 June 2025.

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	**165**	–
Deferred	**10,330**	(61)
Total tax charge/(credit) for the period	**10,495**	(61)

10. DIVIDEND

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

The special final dividend for the year ended 31 December 2025 of HK$34,455,000 was approved by shareholders of the Company at the annual general meeting held on 26 May 2026, of which HK$31,604,000 was subsequently paid on 30 June 2026.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share is based on the loss for the six months ended 30 June 2026 attributable to owners of the parent of RMB12,075,000 (six months ended 30 June 2025: the loss of RMB46,063,000) and the weighted average number of ordinary shares of 3,445,450,000 (six months ended 30 June 2025: 3,445,450,000) shares in issue during the six months ended 30 June 2026.

The calculation of basic loss per share is based on:

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Losses		
Loss attributable to owners of the parent, used in the basic loss per share calculation	**(12,075)**	(46,063)

	Number of shares For the six months ended 30 June	
	2026	2025
Shares		
Weighted average number of ordinary shares in issue	**3,445,450,000**	3,445,450,000

12. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Other intangible assets RMB'000
Unaudited		
Opening net book amount at 1 January 2026	**217,636**	**18,536**
Additions	**218**	**–**
Disposals	**(167)**	**–**
Depreciation and amortisation provided during the six months ended 30 June 2026	**(8,247)**	**(93)**
Impairment	**(14,379)**	**–**
Exchange realignment	**(1,990)**	**(170)**
Closing net book amount at 30 June 2026	**193,071**	**18,273**
Audited		
Opening net book amount at 1 January 2025	226,542	24,930
Additions	10,334	–
Disposals	(284)	–
Depreciation and amortisation provided during the year	(17,886)	(184)
Impairment	–	(6,223)
Exchange realignment	(1,070)	13
Closing net book amount at 31 December 2025	217,636	18,536

As at 30 June 2026, one certificate of ownership in respect of a certain building with net carrying amount of approximately RMB2,126,000 (31 December 2025: RMB2,356,000) has not been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

12. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS *(continued)*

The Group has performed impairment test for certain buildings as at 30 June 2026 based on the fair value less disposal cost. Based on the result of impairment test, the recoverable amounts of certain buildings were RMB33,366,000, which were lower than their carrying amounts of RMB47,745,000 as at 30 June 2026. The fair value of the buildings is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly (Level 2). The valuation technique used to measure fair value is market approach, with the observable input of the quoted market price of comparable buildings. Accordingly, management had determined that there was an impairment of the certain buildings, and recognised impairment losses of RMB14,379,000 (2025: Nil), which were recorded within other expenses in the consolidated statement of profit or loss.

The Group classified the trademarks of "London Fog", "Artful Dodger", "Zoo York", "MCS", "Henry Cotton's" and "Marina Yachting" as intangible assets with indefinite lives. The Group has performed impairment reviews of the carrying values of trademarks as at 30 June 2026 based on a value in use calculation using cash flow projections from financial budgets covering a five-year period approved by senior management. For the period ended 30 June 2026, the discount rates applied to the cash flow projection were 18% (2025: 18.0%) for "London Fog" and 18% (2025: 18.0%) for "MCS" and cash flows beyond the five-year period were extrapolated using a growth rate of 0% (2025: 0%) which does not exceed the projected long term average growth rate for the relevant industry in Chinese Mainland. Based on the result of the impairment test during the Relevant Period management determined that there was no impairment of the trademarks. (2025: RMB5,088,000 and RMB1,135,000 for "MCS" and "Marina Yachting", respectively.), which were recorded within other expenses in the consolidated statement of profit or loss.

Assumptions were used in the value in use calculation of the trademarks. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the trademarks.

Budgeted gross profit margins

Budgeted gross profit margins are based on average values achieved historically. These are adjusted over the budget period in accordance with anticipated efficiency improvements and expected market developments.

12. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS *(continued)*

Discount rates

The discount rates used are before tax and reflect specific risks relating to the Menswear cash-generating unit and the trademarks with indefinite lives.

13. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Listed equity investment, at fair value		
Changsha BuBu Gao	**194**	280
	194	280

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

14. INVENTORIES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Raw materials	**3,643**	3,368
Work in progress	**6,779**	1,932
Finished goods	**60,368**	67,289
	70,790	72,589

15. PROPERTIES UNDER DEVELOPMENT

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Properties under development	**208,036**	205,831

The Group's properties under development are located in the PRC and situated on leasehold land with long-term leases. Properties under development are classified under current assets as they are expected to be realised in the Group's normal operating cycle.

16. TRADE RECEIVABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables	**19,004**	24,694
Impairment	**(9,700)**	(9,250)
	9,304	15,444

The Group's trading terms with its customers are mainly on credit, except for third-party retailers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

16. TRADE RECEIVABLES *(continued)*

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 1 month	**5,032**	12,837
1 to 2 months	**1,309**	1,431
2 to 3 months	**762**	474
Over 3 months	**2,201**	702
	9,304	15,444

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
At beginning of period/year	**9,250**	11,150
Impairment/(reversal of impairment) losses, net	**450**	(1,900)
At end of period/year	**9,700**	9,250

17. PREPAYMENTS AND OTHER RECEIVABLES

	Note	**30 June 2026 RMB'000 (Unaudited)**	31 December 2025 RMB'000 (Audited)
Prepayments		**15,742**	14,209
Deposits and other receivables		**73,513**	56,096
Other current assets		**5,369**	5,135
Deposit and other receivables from related parties	25(b)	**3,791**	22,226
Deferred expense related to issue new shares		**471**	–
Deposits in financial institutes		**339**	–
		99,225	97,666
Impairment allowance		**(35,922)**	(36,191)
		63,303	61,475

The movement in the loss allowance for impairment of prepayments and other receivables is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
At beginning of period/year	**36,191**	27,884
(Reversal of impairment)/impairment losses, net	**(269)**	8,307
At end of period/year	**35,922**	36,191

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Qingdao Huaxin Anchor Investment Center (Limited Partnership) (青島華芯錨點投資中心(有限合夥))	**74,349**	19,796
深圳高投毅達創業投資合伙企業(有限合伙)	**1,400**	1,400
Wealth management products, at fair value	**1,056**	11,838
Total	**76,805**	33,034

The above financial assets at fair value at 30 June 2026 were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

19. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Cash and bank balances	**90,818**	82,817
Time deposits	**166,233**	215,241
	257,051	298,058
Less:		
Time deposits with original maturity of more than three months when acquired	**(166,233)**	(215,241)
Cash and cash equivalents	**90,818**	82,817

19. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS *(continued)*

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The bank balances and short-term deposits are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

An ageing analysis of the trade payables as at 30 June 2026 and 31 December 2025, based on the invoice date, is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade payables		
Payables to third parties		
Within 30 days	**8,156**	7,242
31 to 90 days	**–**	1,790
91 to 180 days	**688**	–
Over 181 days	**606**	1,161
	9,450	10,193

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days.

21. OTHER PAYABLES AND ACCRUALS

	Note	**30 June 2026 RMB'000 (Unaudited)**	31 December 2025 RMB'000 (Audited)
Contract liabilities		**28,578**	14,338
Other payables		**18,897**	17,000
Accruals		**7,504**	7,906
Other taxes payable		**16,227**	17,104
Payables to related parties	25(b)	**13,161**	415
		84,367	56,763

The other payables are non-interest-bearing and are due within one year.

22. SHARE CAPITAL

Shares	**30 June 2026 HK$'000 (Unaudited)**	31 December 2025 HK$'000 (Audited)
Issued and fully paid: 3,445,450,000 (31 December 2025: 3,445,450,000) ordinary shares	**344,545**	344,545
Equivalent to RMB'000	**280,661**	280,661

There was no movement of issued share capital during the six months ended 30 June 2026.

23. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to ten years.

At 30 June 2026, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within one year	**6,570**	7,050
In the second to fifth years, inclusive	**17,209**	18,537
After five years	**9,611**	12,485
	33,390	38,072

24. RELATED PARTY TRANSACTIONS

(a) Other transactions with related parties:

	Notes	For the six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Purchases of product tags			
Wuxi Hengye Software Technology Co., Ltd	(i)&(ii)	**57**	187
Royalty fees			
Shanghai Pancoat Trading Co., Ltd("**Shanghai Pancoat**")	(ii)	**236**	234
Rental expenses			
Huang Xiaoyun	(ii)&(iii)	**140**	146
Sales of products			
Shanghai Jegoplay Hongmeng Culture Development Co., Ltd	(ii)	**2,206**	1,816
Rental income			
Wuxi Hengye Software Technology Co., Ltd	(i)&(ii)	**255**	234
Financial consulting fees			
Zhuhai Sinosure Joint Investment Co., Ltd	(ii)&(iv)	**12,470**	–

24. RELATED PARTY TRANSACTIONS *(continued)*

(a) ***Other transactions with related parties:*** *(continued)*

(i) The key management member of Wuxi Hengye Software Technology Co., Ltd. ("**Wuxi Hengye**") is Zhang Yongli, the chairman and the chief executive officer of the Group. Sun Jing, the spouse of Zhang Yongli, is a non-controlling shareholder and holds 21.71% equity interest in Wuxi Hengye. The purchases were made on mutually agreed terms.

(ii) The transaction was made on mutually agreed terms.

(iii) Huang Xiaoyun is an executive director and the chief financial officer of the Group.

(iv) Zhuhai Sinosure Joint Investment Co., Ltd. is an associate of the Group. It provides financial consulting services to Guangdong Junrui Industrial Co., Ltd., a subsidiary of the Group, in connection with the investment in Qingdao Huaxin Anchor Investment Center (Limited Partnership) (the "**Investment**"). The financial consulting fee is determined based on a proportion of the gains derived from the Investment.

24. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with related parties:

	Notes	**30 June 2026 RMB'000 (Unaudited)**	31 December 2025 RMB'000 (Audited)
Other payable			
Zhuhai Sinosure Joint Investment Co., Ltd	(i)	**12,470**	–
Huang Xiaoyun	(ii)	**121**	196
Wuxi Hengye Software Technology Co., Ltd	(iii)	**100**	100
		12,691	296
Other receivable			
Zhejiang Dianshi Technology Co., Ltd	(iv)	**1,370**	1,265
Zhejiang Manqu Technology Co., Ltd.	(v)	**2,421**	2,422
		3,791	3,687
Other borrowings			
Shanghai Pancoat Trading Co., Ltd	(vi)	**5,126**	5,357
Interest payable			
Shanghai Pancoat Trading Co., Ltd	(vi)	**470**	119

24. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with related parties: *(continued)*

(i) Zhejiang Manqu Technology Co., Ltd. ("**Zhejiang Manqu**") is the subsidiary of the non-controlling shareholder of a subsidiary of the Group.

(ii) Huang Xiaoyun is an executive director and the chief financial officer of the Group. The balance at 30 June 2026 was related to the Group's procurement of rental services from Huang Xiaoyun.

(iii) The key management member of Wuxi Hengye is Zhang Yongli, the chairman and the chief executive officer of the Group. The balance was related to the rental deposit received for providing rental services to Wuxi Hengye. The balance is unsecured, interest-free and due in twelve months.

(iv) Zhejiang Dianshi Technology Co., Ltd is the non-controlling shareholder of a subsidiary of the Group. The balance was related to a loan granted by the Group. The loan bears interest at 5% per annum. The balance is unsecured and repayable on demand.

(v) Zhejiang Manqu is a subsidiary of the non-control shareholder of a subsidiary of the Group. The balance is unsecured, interest-free and has no fixed terms of repayment.

(vi) Shanghai Pancoat is the non-controlling shareholder of a subsidiary of the Group. The balance was related to a loan granted to the Group. The loan bears interest at 4.5% per annum and is due on 7 June 2028.

24. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel of the Group, including directors' remuneration, is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	**1,442**	1,472
Salaries, allowances and benefits in kind	**3,611**	3,237
Pension scheme contributions	**133**	155
Total compensation paid to key management personnel	**5,186**	4,864

Rental expenses from Huang Xiaoyun mentioned in 24(a) constituted connected transactions as defined in Chapter 14A of the Listing Rules. The Company is of the view that the transaction was de minimis transaction and was therefore fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules ("**Fully Exempt CT**").

25. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)	**30 June 2026 RMB'000 (Unaudited)**	31 December 2025 RMB'000 (Audited)
Financial assets				
Equity investments designated at fair value through other comprehensive income	**194**	280	**194**	280
Financial assets at fair value through profit or loss	**76,805**	33,034	**76,805**	33,034
	76,999	33,314	**76,999**	33,314

Management has assessed that the fair values of cash and cash equivalents, time deposits, structured bank deposits, trade receivables, trade payables, financial assets included in prepayments and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the value of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

25. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices.

The Group invests in unlisted investments, which represent wealth management products issued by banks in the PRC and HK. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value
As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000 (Unaudited)	Significant observable inputs Level 2 RMB'000 (Unaudited)	Significant unobservable inputs Level 3 RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Equity investments designated at fair value through other comprehensive income – listed	194	-	-	194
Financial assets at fair value through profit or loss	-	2,456	74,349	76,805
	194	2,456	74,349	76,999

25. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Assets measured at fair value *(continued)*

As at 31 December 2025

	Fair value measurement using		
	Quoted prices in active markets Level 1 RMB'000 (Audited)	Significant observable inputs Level 2 RMB'000 (Audited)	Total RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income – listed	280	–	280
Financial assets at fair value through profit or loss	33,034	–	33,034
	33,314	–	33,314

25. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Assets measured at fair value *(continued)*

The movements in fair value measurements within Level 3 during the period/year are as follows:

	For the six months ended 30 June 2026 RMB'000 (Unaudited)	For the year ended 31 December 2025 RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income – unlisted		
At 1 January	–	24,940
Total gains recognised in other comprehensive income	–	20,352
Purchases	–	280
Disposals	–	(45,292)
At end of period/year	–	280

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 30 June 2026 and 31 December 2025.

During the six months ended 30 June 2026, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2025: Nil).

26. EVENTS AFTER THE REPORTING PERIOD

On 10 August, 100,000,000 shares were duly allotted and issued by the Company to Ms. ZHANG Kailun ("**Subscriber**"), the daughter of Mr. ZHANG Yongli who is an executive Director, the chairman and chief executive officer and a substantial shareholder of the Company, at the price of HK$0.10 per share pursuant to the specific mandate sought from the Independent Shareholders at the extraordinary general meeting.

27. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026 were approved and authorised for issue in accordance with a resolution of the Board on 25 August 2026.