



CHTC FONG'S INTERNATIONAL COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 641)

A large, stylized globe is the central focus, rendered with a green and blue color scheme. It is overlaid with a complex network of white lines and dots, suggesting a global digital or communication network. The globe is positioned on the left side of the page, with the network lines extending across the entire background.

GREEN • INNOVATION • GLOBALISATION



2026
INTERIM
REPORT

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CORPORATE INFORMATION

CHAIRMAN EMERITUS

Mr. Fong Sou Lam

BOARD OF DIRECTORS

Executive Directors

Mr. Guan Youping (*Chairman*)

Mr. Chen Peng (*General Manager*)

Non-executive Director

Mr. Fong Kwok Leung, Kevin

Independent Non-executive Directors

Mr. Tong Wing Chi (*Lead INED*)

Dr. Jiang Gaoming

Dr. Chen Ying

COMPANY SECRETARY

Ms. Wong Bing Ni

AUTHORISED REPRESENTATIVES

Mr. Chen Peng

Ms. Wong Bing Ni

AUDIT COMMITTEE

Mr. Tong Wing Chi (*Committee Chairman*)

Dr. Jiang Gaoming

Dr. Chen Ying

REMUNERATION COMMITTEE

Dr. Chen Ying (*Committee Chairlady*)

Mr. Guan Youping

Mr. Chen Peng

Mr. Tong Wing Chi

Dr. Jiang Gaoming

NOMINATION COMMITTEE

Mr. Guan Youping (*Committee Chairman*)

Mr. Chen Peng

Mr. Tong Wing Chi

Dr. Jiang Gaoming

Dr. Chen Ying

LEGAL ADVISER

Reed Smith Richards Butler LLP

AUDITOR

SHINEWING (HK) CPA Limited

PRINCIPAL BANKERS IN HONG KONG

Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

PRINCIPAL BANKERS IN THE PEOPLE'S REPUBLIC OF CHINA

Industrial Bank Co., Ltd.
China CITIC Bank Corporation Limited
Bank of China Limited
China Everbright Bank Co., Ltd.
China Resources Bank of Zhuhai Co., Ltd.

BERMUDA PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
P.O. Box HM1179
Hamilton HM EX
Bermuda

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2203–2204
Orient International Tower
1018 Tai Nan West Street, Cheung Shan Wan
Kowloon, Hong Kong
Tel: (852) 2497 3300
Fax: (852) 2943 8451

WEBSITE ADDRESS

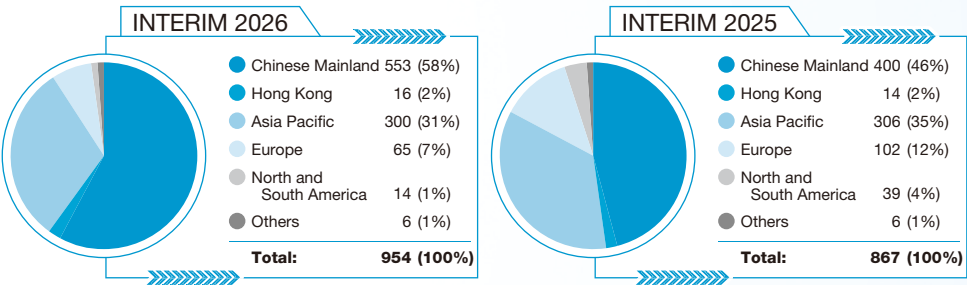
<https://www.fongs.com>

FINANCIAL HIGHLIGHTS

REVENUE BY BUSINESS SEGMENT (HK\$ MILLION)

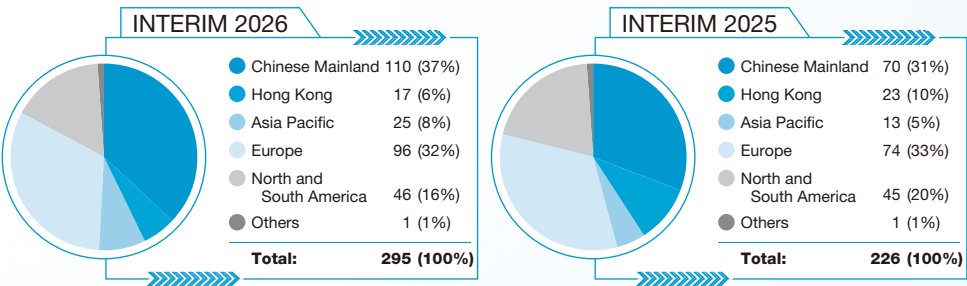
Manufacture and Sale of Dyeing and Finishing Machines

By geographical region



Manufacture and Sale of Stainless Steel Casting Products and Stainless Steel Supply Chain

By geographical region



The Board of Directors (the “**Board**”) of CHTC Fong’s International Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2026 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		For the six months ended 30 June	
	Note	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
Revenue	4	1,248,838	1,093,659
Cost of sales		(934,705)	(802,905)
Gross profit		314,133	290,754
Interest income		164	198
Other income		22,597	16,860
Other (losses) gains	6	(4,335)	1,756
Loss on deconsolidation of a subsidiary	16	(37,147)	–
Selling and distribution costs		(113,950)	(112,049)
Administrative and other expenses		(174,771)	(150,867)
Finance costs	5	(21,348)	(25,613)
Share of results of an associate		405	334
(Loss) profit before tax	6	(14,252)	21,373
Income tax expense	7	(5,559)	(4,978)
(Loss) profit for the period		(19,811)	16,395
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		18,190	12,687
Share of translation reserve of an associate		1,331	403
Other comprehensive income for the period		19,521	13,090
Total comprehensive (expense) income for the period		(290)	29,485

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2026

		For the six months ended 30 June	
		2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
	Note		
(Loss) profit for the period attributable to:			
Owners of the Company:		(19,802)	16,448
Non-controlling interests		(9)	(53)
		(19,811)	16,395
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		307	30,553
Non-controlling interests		(597)	(1,068)
		(290)	29,485
		HK cents	HK cents
(Loss) earnings per share			
Basic	8	(1.80)	1.49
Diluted	8	(1.80)	1.49

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Note	At 30 June 2026 (unaudited) HK\$'000	At 31 December 2025 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	10	1,413,532	1,394,222
Investment properties		230,979	236,500
Right-of-use assets		5,619	10,137
Prepaid lease payments		170,722	167,390
Goodwill		464,797	464,797
Intangible assets		91,776	91,912
Financial assets at fair value through other comprehensive income		20,108	19,371
Investment in an associate		36,575	34,840
Deposits for acquisition of property, plant and equipment		37,128	24,094
Other assets		42,450	40,894
Deferred tax assets		11,508	11,546
		2,525,194	2,495,703
Current assets			
Inventories		445,032	423,349
Trade and other receivables	11	409,783	361,586
Cash and bank balances		237,981	199,249
		1,092,796	984,184

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2026

		At 30 June 2026 (unaudited) HK\$'000	At 31 December 2025 (audited) HK\$'000
	Note		
Current liabilities			
Trade and other payables	12	1,166,187	1,083,806
Contract liabilities		199,386	216,898
Warranty provision		9,135	10,359
Lease liabilities		5,540	8,674
Tax liabilities		11,437	10,522
Bank and other borrowings	13	1,092,176	1,004,517
		2,483,861	2,334,776
Net current liabilities		(1,391,065)	(1,350,592)
Total assets less current liabilities		1,134,129	1,145,111
Non-current liabilities			
Bank and other borrowings	13	15,515	96,765
Deferred revenue		44,544	44,976
Deferred tax liabilities		26,854	26,925
Lease liabilities		282	1,940
		87,195	170,606
Net assets		1,046,934	974,505

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2026

		At 30 June 2026 (unaudited) HK\$'000	At 31 December 2025 (audited) HK\$'000
	Note		
Capital and reserves			
Total equity attributable to owners of the Company			
Share capital	14	55,011	55,011
Share premium and reserves		991,923	991,616
		1,046,934	1,046,627
Non-controlling interests		–	(72,122)
Total equity		1,046,934	974,505

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company									Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Fair value reserve (non- recycling) HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Contributed surplus HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	
At 1 January 2026	55,011	152,122	2,504	(161,948)	(33,156)	1,006,512	25,582	1,046,627	(72,122)	974,505
Loss for the period	-	-	-	-	-	(19,802)	-	(19,802)	(9)	(19,811)
Other comprehensive income (expense) for the period, net of tax	-	-	-	-	20,109	-	-	20,109	(588)	19,521
Total comprehensive income (expense) for the period	-	-	-	-	20,109	(19,802)	-	307	(597)	(290)
Deconsolidation of a subsidiary	-	-	-	-	-	-	-	-	72,719	72,719
At 30 June 2026	55,011	152,122	2,504	(161,948)	(13,047)	986,710	25,582	1,046,934	-	1,046,934
At 1 January 2025	55,011	152,122	2,504	(159,492)	(34,073)	1,002,052	25,582	1,043,706	(70,231)	973,475
Profit (loss) for the period	-	-	-	-	-	16,448	-	16,448	(53)	16,395
Other comprehensive income (expense) for the period, net of tax	-	-	-	-	14,105	-	-	14,105	(1,015)	13,090
Total comprehensive income (expense) for the period	-	-	-	-	14,105	16,448	-	30,553	(1,068)	29,485
At 30 June 2025	55,011	152,122	2,504	(159,492)	(19,968)	1,018,500	25,582	1,074,259	(71,299)	1,002,960

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
Net cash generated from (used in) operating activities	92,701	(5,002)
Net cash used in investing activities	(13,852)	(46,381)
Net cash (used in) generated from financing activities	(43,091)	104,865
Net increase in cash and cash equivalents	35,758	53,482
Cash and cash equivalents at beginning of the period	199,249	254,266
Exchange gain on cash and cash equivalents	2,974	8,151
Cash and cash equivalents at end of the period	237,981	315,899
Analysis of balances of cash and cash equivalents		
Cash and bank balances	237,981	313,890
Assets classified as held for sales		
Cash and bank balances	—	2,009

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Directors of the Company (the “**Directors**”) consider that the Company’s parent company is China Hi-Tech Holding Company Limited, a company incorporated in Hong Kong and its ultimate holding company is China National Machinery Industry Corporation (中國機械工業集團有限公司), a state-owned enterprise established in the People’s Republic of China (the “**PRC**”) under the direct supervision and administration of, and is beneficially owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of dyeing and finishing machines, and manufacture and sale of stainless steel casting products and stainless steel supply chain.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have 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 the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual period beginning on 1 January 2026 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRSs in the current period had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on the performance of each group company. Specifically, the Group’s reportable segments under HKFRS 8 are aggregation of operating segments based on types of goods delivered or services provided, as follows:

1. Manufacture and sale of dyeing and finishing machines
2. Manufacture and sale of stainless steel casting products and stainless steel supply chain

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 June 2026 (unaudited)

	Manufacture and sale of dyeing and finishing machines HK\$'000	Manufacture and sale of stainless steel casting products and stainless steel supply chain HK\$'000	Total HK\$'000
Revenue			
External sales	954,069	294,769	1,248,838
Inter-segment sales	1,230	44,394	45,624
Segment revenue	955,299	339,163	1,294,462
Elimination			(45,624)
Group revenue			1,248,838
Results			
Segment profit	10,134	33,540	43,674
Interest income			164
Loss on deconsolidation of a subsidiary			(37,147)
Finance costs			(21,348)
Share of results of an associate			405
Loss before tax			(14,252)

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the six months ended 30 June 2025 (unaudited)

	Manufacture and sale of dyeing and finishing machines HK\$'000	Manufacture and sale of stainless steel casting products and stainless steel supply chain HK\$'000	Total HK\$'000
Revenue			
External sales	867,242	226,417	1,093,659
Inter-segment sales	851	33,490	34,341
Segment revenue	868,093	259,907	1,128,000
Elimination			(34,341)
Group revenue			1,093,659
Results			
Segment profit	24,021	22,433	46,454
Interest income			198
Finance costs			(25,613)
Share of results of an associate			334
Profit before tax			21,373

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results of each segment excluding interest income, loss on deconsolidation of a subsidiary, finance costs and share of results of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at terms agreed between relevant parties.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located mainly in Hong Kong, Chinese Mainland and Germany.

The Group's revenue from external customers by location of customers is detailed below:

	For the six months ended 30 June	
	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
Chinese Mainland	662,729	469,513
Hong Kong	32,185	36,661
Asia Pacific (other than Chinese Mainland and Hong Kong)	325,209	318,329
Europe	160,946	177,173
North and South America	60,872	84,294
Others	6,897	7,689
	1,248,838	1,093,659

5. FINANCE COSTS

	For the six months ended 30 June	
	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
Interest on bank and other borrowings	19,721	23,034
Interest on lease liabilities	187	370
Bank charges	1,440	2,209
	21,348	25,613

6. (LOSS) PROFIT BEFORE TAX

	For the six months ended 30 June	
	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
(Loss) profit before tax has been arrived at after charging (crediting):		
Other losses (gains):		
Gain on disposal of property, plant and equipment	(67)	(2,036)
Foreign exchange loss, net	4,402	280
Total other losses (gains)	4,335	(1,756)
Depreciation and amortisation:		
Amortisation of intangible assets	137	137
Depreciation		
– owned assets	42,224	33,110
– right-of-use assets	12,385	6,307
Total depreciation and amortisation	54,746	39,554

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
Hong Kong Profits Tax:		
Current period	557	1,754
PRC Corporate Income Tax:		
Current period	5,307	9,086
Overseas income tax:		
Current period	–	75
	5,864	10,915
Deferred tax	(305)	(5,937)
	5,559	4,978

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	(19,802)	16,448
	'000	'000
Number of ordinary shares for the purpose of basic (loss) earnings per share	1,100,217	1,100,217

Diluted (loss) earnings per share for the periods ended 30 June 2026 and 2025 are same as the basic (loss) earnings per share as the Company has no potential ordinary shares in issue during both periods.

9. DIVIDENDS

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

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, total cost of additions to property, plant and equipment of the Group was approximately HK\$9,152,000 (2025: HK\$25,000,000).

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2026 (unaudited) HK\$'000	At 31 December 2025 (audited) HK\$'000
Trade receivables	239,075	192,353
Less: Loss allowance	(1,182)	(1,159)
	237,893	191,194
Bills receivable	69,799	95,979
	307,692	287,173
Prepayments	71,493	38,900
Other receivables	30,598	35,513
	409,783	361,586
Total trade and other receivables	409,783	361,586

The Group allows an average credit period of 60 days (2025: 60 days) to its trade customers.

The following is an ageing analysis of trade receivables net of loss allowance presented based on the invoice date at the end of the reporting period:

	At 30 June 2026 (unaudited) HK\$'000	At 31 December 2025 (audited) HK\$'000
0–60 days	201,314	151,935
61–90 days	3,051	19,137
Over 90 days	33,528	20,122
	237,893	191,194

12. TRADE AND OTHER PAYABLES

	At 30 June 2026 (unaudited) HK\$'000	At 31 December 2025 (audited) HK\$'000
Trade payables	303,808	238,592
Bills payables	150,425	164,498
	454,233	403,090
Interest payable	34,071	32,250
Amount due to intermediate holding company (<i>Note i</i>)	45,971	44,286
Loan from immediate holding company (<i>Note ii</i>)	127,000	127,000
Payroll payables	73,900	71,015
Payables for property, plant and equipment	54	8,090
Payables for raw materials with unreceived invoices	130,289	109,425
Loan from fellow subsidiary (<i>Note iii</i>)	172,390	166,056
VAT and other tax payables	16,168	4,735
Accrued commission and other operation expenses	62,786	65,233
Others	49,325	52,626
	1,166,187	1,083,806

Notes:

- (i) The amounts due were unsecured, interest-free and repayable on demand.
- (ii) The loan was unsecured, interest bearing at a fixed rate of 3% per annum and repayable within one year.
- (iii) The loan was unsecured, interest bearing at loan prime rate and repayable on demand.

12. TRADE AND OTHER PAYABLES *(Continued)*

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	At 30 June 2026 (unaudited) HK\$'000	At 31 December 2025 (audited) HK\$'000
0-90 days	279,520	216,808
91-120 days	17,540	11,958
Over 120 days	6,748	9,826
	303,808	238,592

The average credit period on purchase of goods is 90 days (2025: 90 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

13. BANK AND OTHER BORROWINGS

	At 30 June 2026 (unaudited) HK\$'000	At 31 December 2025 (audited) HK\$'000
Unsecured borrowings comprise the following:		
Bank loans	38,500	37,090
Trust receipts loans	68,956	40,743
Loan from a financial institution fellow subsidiary	274,790	374,311
	382,246	452,144
Secured borrowings comprise the following:		
Bank loans	725,445	649,138
	1,107,691	1,101,282
The contractual maturity dates of the borrowings are as follows:		
Carrying amounts repayable*:		
Within one year	1,092,176	1,004,517
More than one year, but not exceeding two years	15,515	96,765
	1,107,691	1,101,282
Less: Amounts due within one year shown under current liabilities	(1,092,176)	(1,004,517)
Amounts shown under non-current liabilities	15,515	96,765

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

14. SHARE CAPITAL

	At 30 June 2026 (unaudited)		At 31 December 2025 (audited)	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares	2,000,000,000	100,000	2,000,000,000	100,000
Issued and fully paid:				
At 1 January 2025, 31 December 2025 and 30 June 2026	1,100,216,570	55,011	1,100,216,570	55,011

15. CAPITAL COMMITMENTS

	At 30 June 2026 (unaudited) HK\$'000	At 31 December 2025 (audited) HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of:		
Property, plant and equipment	15,826	18,823

16. LOSS ON DECONSOLIDATION OF A SUBSIDIARY

A shareholder of Beijing CSCE Environmental Engineering Technology Co., Ltd. (“**Beijing CSCE**”), a non-wholly-owned subsidiary of the Company, filed an application with the court for its voluntary liquidation. On 5 January 2026, the Beijing First Intermediate People’s Court ruled to accept the bankruptcy and liquidation application of Beijing CSCE and appointed a bankruptcy administrator. Accordingly, the Company made the corresponding accounting treatment during the first half of 2026. The net liabilities of Beijing CSCE at the date of deconsolidation was as follows:

	HK\$'000
Trade and other receivables	81
Trade and other payables	(35,653)
Amount due to remaining group	(112,834)
Net liabilities at deconsolidation	(148,406)
Non-controlling interest	72,719
Amount due to remaining group	112,834
Loss on deconsolidation of a subsidiary	37,147

17. RELATED PARTY DISCLOSURES

The Group has entered into the following transactions with related parties during the period:

	For the six months ended 30 June	
	2026 (unaudited) HK\$'000	2025 (unaudited) HK\$'000
Related parties in which a Director of the Company has significant influence		
Purchase of materials	353	535
Fellow subsidiaries		
Rental income	241	230
Sales of goods	3,615	8
Service fee	356	294
Interest expense	5,600	4,600
Immediate holding company		
Other income	–	2
Interest expense	1,916	2,036
Associate		
Sales of goods	60	3,156

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2026 marks the first year of the PRC's "15th Five-Year Plan". The external environment remained complex and volatile, characterised by ongoing geopolitical conflicts, intensifying market competition and an increasing degree of "involution", driving industry competition to a white-hot level. In the face of this complex and volatile business environment, the Group has been closely monitoring market changes and adopting a prudent operational approach. It continues to optimise its cost structure, enhance operational efficiency and improve resource allocation, while further consolidating its core businesses and striving to drive down costs and improve efficiency to sustain long-term steady growth.

During the six months ended 30 June 2026 (the "**Period**"), the Group recorded a consolidated revenue of approximately HK\$1,249,000,000, representing an increase of approximately 14% as compared to approximately HK\$1,094,000,000 in the corresponding period last year, of which the dyeing and finishing machines business accounted for 76%, and the stainless steel casting products and stainless steel supply chain business accounted for 24%. During the Period, mainly affected by loss on deconsolidation of a subsidiary, the loss attributable to owners of the Company was approximately HK\$20,000,000 (for the six months ended 30 June 2025: profit of approximately HK\$16,000,000). Basic and diluted loss per share were both 1.80 HK cents, as compared to earnings per share of 1.49 HK cents for the corresponding period last year.

Manufacture and sale of dyeing and finishing machines

During the first half of 2026, the global economy continued the divergent pattern of 2025. Although inflationary pressures eased further, the monetary policy paths among major central banks remained divergent, and the overall recovery momentum was weak. Geopolitical uncertainties, volatile energy prices, and the regional restructuring of supply chains continued to weigh on the confidence of the manufacturing sector. The willingness for capital expenditure in the downstream textile and garment sectors remained cautious, as the industry as a whole was still in a phase of structural adjustment and destocking. Against this macroeconomic and industry backdrop, the operating environment for the Group's manufacture and sale of dyeing and finishing machines business remained challenging.

BUSINESS REVIEW *(Continued)*

Manufacture and sale of dyeing and finishing machines *(Continued)*

During the Period, this business segment recorded a revenue of approximately HK\$954,000,000, accounting for 76% of the Group's revenue and representing an increase of 10% from approximately HK\$867,000,000 in the corresponding period last year. In particular, sales from the Hong Kong and Chinese Mainland markets rebounded significantly by 37% from approximately HK\$414,000,000 in the corresponding period last year to approximately HK\$569,000,000, while sales from overseas markets decreased by 15% from approximately HK\$453,000,000 in the corresponding period last year to approximately HK\$385,000,000. Operating profit for the Period was approximately HK\$10,000,000, representing a decrease of approximately 58% from approximately HK\$24,000,000 in the corresponding period last year.

In the face of an uncertain operating environment, the Group will continue to comprehensively promote full-chain cost reduction and efficiency improvement measures, covering research and design, procurement and supply chain, production and manufacturing, as well as financial and operational management. Through the synergistic effects of various cost control initiatives, the Group aims to enhance overall operational efficiency and cost-effectiveness, thereby supporting stable profitability.

In terms of internal management, the Group prudently monitors its financial position and continuously strengthens inventory management and control over trade receivables, with a view to maintaining robust cash flows and a sound financial condition. At the same time, the Group plans its production capacity based on actual market demand, enhances its materials supply chain management capabilities, optimises manufacturing processes and process structures, and implements corresponding improvement measures to address production bottlenecks. The Group also continues to focus on enhancing operational efficiency, advancing technological innovation to elevate production capacity, product quality, and production management standards. During the Period, the Group further optimised its personnel allocation and continued to implement measures for staff streamlining and efficiency enhancement. As employee productivity improved, revenue per capita recorded an increase compared to previous years, and the effectiveness of reduced labour costs and cost control was gradually reflected.

In terms of market expansion, the Group strengthened its marketing efforts, closely monitored market changes and promptly adjusted its marketing strategies. It focused on key projects and high value-added products, continuously improved distribution channels, accelerated the development of new customers, and actively promoted strategic expansion in emerging markets, with a view to broadening market coverage and enhancing business development potential.

BUSINESS REVIEW *(Continued)*

Manufacture and sale of dyeing and finishing machines *(Continued)*

In terms of product innovation, the market promotion of mature products such as the SOFTWIN dyeing machine, the 928 finishing machine and the intelligent central control system continued to make progress, with sales scale gradually increasing. At the same time, new product development and iterative product upgrades proceeded in an orderly manner, providing strong support for the Group to expand its market and enrich its product portfolio.

As a dyeing and finishing equipment manufacturer, the Group has always focused on the research and development of dyeing and finishing machines. Guided by the actual needs of customers, the Group will continue to drive product innovation and provide solutions to practical issues encountered by customers during equipment operation. This will assist customers in improving equipment utilisation efficiency and returns on assets, thereby enhancing their willingness to renew and upgrade equipment, consolidating the Group's market position and supporting long-term business development.

Manufacture and sale of stainless steel casting products and stainless steel supply chain

For the six months ended 30 June 2026, this business segment recorded a revenue of approximately HK\$295,000,000, accounting for 24% of the Group's revenue and representing an increase of approximately 30% as compared to approximately HK\$226,000,000 for the corresponding period last year. Operating profit for the Period amounted to approximately HK\$34,000,000, representing an increase of approximately 50% as compared to an operating profit of approximately HK\$22,000,000 for the corresponding period last year. During the Period, the Group continued to optimise its organisational structure and strengthen its cost reduction and efficiency improvement measures, driving significant growth in both revenue and operating profit.

The Group's stainless steel casting products encompass a wide range of materials, including high-quality stainless steel, duplex stainless steel and nickel-based alloys, which are primarily applied as components for industrial equipment in industries such as valves, pumps, petroleum, chemical processing, natural gas and food processing. During the Period, the Group routinely conducted domestic and overseas customer service visits and targeted promotional activities, and adopted a "one order, one strategy" tailored approach to meet the individual needs of customers. Through these measures, the Group successfully consolidated its existing customer base and regained some lost former customers, thereby maintaining a solid foundation for its orders.

BUSINESS REVIEW *(Continued)*

Manufacture and sale of stainless steel casting products and stainless steel supply chain *(Continued)*

In respect of the stainless steel supply chain business, the Group has been engaged in the trading of stainless steel materials since 1988, establishing solid partnerships with several leading steel mills globally. Leveraging this advantage, the Group is not only able to provide reliable, high-quality and diversified stainless steel products to end-customers, but also procures stainless steel raw materials for the Group's dyeing and finishing machines business, thereby effectively controlling procurement costs. Although the stainless steel supply chain business continues to face challenges in the short term from raw material price volatility and uncertainties in the trading environment, the Group is well-positioned to maintain its competitive advantage and achieve sustainable growth amid a structurally divergent market environment, leveraging its premium product positioning, diversified supply chain layout and profound customer base.

The Board remains optimistic about this business segment. Despite overall weak demand in the downstream manufacturing sector, demand for premium stainless steel materials and precision castings remains resilient, primarily driven by the rigid demand stemming from energy transition, infrastructure development and the regional restructuring of supply chains. Against this backdrop, the Group's sales of stainless steel casting products and its stainless steel supply chain business are expected to maintain moderate growth, delivering continuous profit contributions to the Group.

OUTLOOK

Looking ahead to the second half of 2026, the external environment will remain complex and volatile, with industry competition becoming increasingly fierce, presenting both challenges and opportunities.

In the future, as national policies support the intelligent, green and integrated transformation of the manufacturing sector, the textile industry's rigid demand for green, low-carbon and digital upgrades will continue to be unleashed. This aligns closely with the Group's development path for premium printing and dyeing equipment and intelligent integrated equipment. The Group anticipates that overall industry demand will maintain a steady growth momentum, driven by the increasing demand for high-efficiency, energy-saving equipment in major markets and the expansion of dyeing and finishing production capacity in emerging markets. The Group will also continue its fixed asset investments in order to realize a transformational upgrade featuring automation, digitalization, and intelligentization.

The entire management team of the Group will abandon the wait-and-see mindset and fear of difficulties, firmly establish a bottom-line thinking approach, and prepare for a protracted tough battle. The Group will focus on four main themes: "expanding business volume, reducing costs, strengthening management, and preventing risks". It will adhere to the "dual-wheel drive" of expanding the market to increase volume and leveraging technology to enhance quality and efficiency. It will implement full-process lean cost control and digitalised refined management, while strictly upholding the bottom lines of compliance, safety and risk prevention to achieve high-quality and steady development.

OUTLOOK *(Continued)*

Looking ahead, the Group will actively explore opportunities in emerging markets such as Southeast Asia, the Xinjiang region in the PRC, and overseas markets along the “Belt and Road”, building a diversified global business layout. We remain firmly confident in the Group’s long-term prospects. Through deepening market layout, enhancing quality and efficiency to optimise production capacity, and fortifying institutional foundations, we are driving forward with the dual engines of sustained investment in scientific and technological innovation and efficient strategic execution, to further consolidate the Group’s leading advantages in the industry and create sustainable, high-quality value for our shareholders and stakeholders.

HUMAN RESOURCES

As at 30 June 2026, the Group had a total of 1,830 employees (31 December 2025: approximately 1,850 employees) across Chinese Mainland, Hong Kong, Germany and Austria. The Group will continue to monitor market conditions and streamline its manpower and workforce structure to achieve a better alignment of human resources for enhanced operational efficiency.

The Group regards its employees as its most important and valuable assets and considers that providing competitive remuneration packages is essential to recruit and retain talent, incentivising them to dedicate themselves to providing customers with satisfactory products and services. This helps customers thrive, which in turn enables the Group to share in their success. The Group’s remuneration policies and packages are reviewed by the Remuneration Committee of the Company on a regular basis, and employees’ remuneration is determined based on industry benchmarks, prevailing market conditions, as well as their individual experience and performance. In the first half of 2026, total staff costs (including Directors’ remuneration, employees’ salaries and contributions to retirement benefit schemes) amounted to approximately HK\$267,000,000 (first half of 2025: HK\$256,000,000), accounting for 21% (first half of 2025: 23%) of the operating revenue.

Other benefits provided by the Group to its employees include annual leave, medical insurance, education subsidies, and contributions to retirement benefit schemes or Mandatory Provident Fund Schemes. The Group also organises various activities from time to time for the joint participation of general staff and management, with a view to enhancing mutual cooperation and communication.

The Group recognises the importance of retaining high-calibre employees, hence will continue to provide appropriate and ongoing training programmes to employees at different levels and positions, thereby further enhancing their skills, expertise and knowledge in production, operations and management, and enabling them to make continuous contributions to the Group.

FINANCIAL POSITION AND FINANCIAL RESOURCES

The Group strictly implements prudent cost and cash flow management, aiming to ensure that the Group can continue to operate as a going concern.

During the Period, the Group relied on cash flows generated from operating activities, bank credit facilities and debt financing to meet its funding requirements in its ordinary and usual course of business. The management believes that the Group's current cash and cash equivalents, together with available credit facilities and anticipated cash flows from operations, will be sufficient to meet its current operational requirements.

For the six months ended 30 June 2026, the net cash generated from the Group's operating activities was approximately HK\$93,000,000. As at 30 June 2026, the Group's inventory level increased to approximately HK\$445,000,000, compared to approximately HK\$423,000,000 as at 31 December 2025.

As at 30 June 2026, the Group had bank and other borrowings of approximately HK\$1,108,000,000. The bank and other borrowings were raised in Chinese Mainland and Hong Kong, of which 82% were denominated in Renminbi and 18% in Hong Kong dollars. The Group's bank and other borrowings mainly bear interest at floating rates and fixed rates.

As at 30 June 2026, the Group's bank balances and cash amounted to approximately HK\$238,000,000, of which 39% were denominated in Renminbi, 26% in United States dollars, 18% in Hong Kong dollars, 16% in Euros, and the remaining 1% in other currencies.

The Group continued to pursue a prudent financial management policy during the Period. As at 30 June 2026, the Group's gearing ratio, defined as net bank and other borrowings (excluding payables in the ordinary course of business) to total equity, decreased to 83% (31 December 2025: 93%), and its current ratio was 0.44 (31 December 2025: 0.42).

FOREIGN CURRENCY EXPOSURE

The Group's sales are mainly denominated in Renminbi, United States dollars or Euros, while its purchases are mainly conducted in Renminbi, United States dollars, Euros or Hong Kong dollars. The Group does not expect to face significant exchange rate risks in these respects. The Board will continue to actively monitor exchange rate fluctuations and adopt appropriate measures to mitigate the Group's currency risk based on the Group's operational needs.

PLEDGE OF ASSETS

As at 30 June 2026, the Group's property, plant and equipment of approximately HK\$1,070,000,000 and prepaid lease payments of approximately HK\$170,000,000 were pledged as security for banking facilities granted to the Group. As at 30 June 2026, restricted cash amounted to approximately HK\$28,000,000, comprising bank deposits held as collateral for the issuance of bills payable.

SHARE OPTIONS

The Company adopted a share option scheme (the “**Scheme**”) at the annual general meeting of the Company held on 21 May 2015 for the purpose of providing incentive to Participants (as defined in the Scheme) to contribute to the Group and enabling the Group to recruit and retain high-calibre employees and attracting human resources that are valuable to the Group. The Scheme has been valid and effective for a period of ten years commencing on the adoption date and was expired on 21 May 2025. As at 31 December 2024, the total number of shares available for issue under the Scheme was 110,021,657 which representing 10% of the total issued shares of the Company as at 31 December 2024. Up to the expiry of the Scheme, there were no outstanding options available and no further options had thereafter been granted since then.

VERY SUBSTANTIAL DISPOSAL

Disposal of entire equity interest in a wholly-owned subsidiary through listing-for-sales

At the special general meeting of the Company held on 29 April 2026, the shareholders of the Company approved the initiation of a listing-for-sale process on the Shenzhen United Property and Equity Exchange to dispose of the entire issued share capital of PT Harvest Holdings Limited (the “**Target Company**”). The Target Company is a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. The base price for the listing-for-sale was preliminarily set at approximately RMB221,480,000 (equivalent to approximately HK\$248,120,000). This potential disposal involves the entire issued share capital of the Target Company, as well as all shareholder loans owed by the Target Company to Fong’s Manufacturers Company Limited, an indirect wholly-owned subsidiary of the Company. The Target Company’s sole fixed asset is a Hong Kong property, comprising the entire office floor on Level 13 of Tower B, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, Hong Kong, with a total gross floor area of approximately 24,959 square feet, along with eight car parking spaces in the same building. As at the date of this report, no prospective transferee has registered as a bidder.

Resumption of Cuicheng Road Land

At the special general meeting of the Company held on 28 May 2026, the shareholders of the Company approved the resumption of the Cuicheng Road Land. Accordingly, Monforts Fong’s Textile Machinery (Zhongshan) Co., Ltd.* (立信門富士紡織機械(中山)有限公司) (“**MF Zhongshan**”), an indirect wholly-owned subsidiary of the Company, entered into the Cuicheng Road Land Resumption Agreement with the Zhongshan City Land Reserve Centre* (中山市土儲中心) and the Zhongshan Cuiheng New District Management Committee* (中山翠亨新區管理委員會) in respect of the resumption of the Cuicheng Road Land. Pursuant to the Cuicheng Road Land Resumption Agreement, MF Zhongshan shall surrender the land use rights of the Cuicheng Road Land to the Zhongshan City Land Reserve Centre and will receive a cash compensation of RMB308,060,000 (equivalent to approximately HK\$341,069,000). As at the date of this report, the Cuicheng Road Land Resumption Agreement has not yet been signed.

* For identification purposes only

DISPOSAL OF EQUITY INTERESTS IN AN ASSOCIATE

On 31 December 2025, Fong's National Engineering (Guangdong) Co., Ltd., an indirect wholly-owned subsidiary of the Company, initiated a listing-for-sales process to dispose of its 25% equity interests in its associate, Yantai Yelin Textile Technology Co. Ltd (煙台業林紡織科技有限公司) ("**Yelin Textile Technology**"), on China Beijing Equity Exchange Limited (北京產權交易所有限公司). Subsequently, one prospective transferee that satisfied the relevant transferee requirements was identified, namely Yantai Yelin Textile Printing and Dyeing Co., Ltd.(煙台業林紡織印染有限責任公司), the then existing shareholder of Yelin Textile Technology, which held the remaining 75% equity interests in Yelin Textile Technology.

On 8 April 2026, Fong's National Engineering (Guangdong) Co., Ltd. entered into a property right transaction contract (the "**Property Right Transaction Contract**") with the transferee, Yantai Yelin Textile Printing and Dyeing Co., Ltd., for the disposal of its 25% equity interests in Yelin Textile Technology. The final consideration was the same as the base price, being RMB33,980,000 (equivalent to approximately HK\$37,250,000). As at 30 June 2026, the Property Right Transaction Contract was being performed in accordance with its terms.

LIQUIDATION OF A NON-WHOLLY-OWNED SUBSIDIARY

A shareholder of Beijing CSCE Environmental Engineering Technology Co., Ltd. ("**Beijing CSCE**"), a non-wholly-owned subsidiary of the Company, filed an application with the court for its voluntary liquidation. On 5 January 2026, the Beijing First Intermediate People's Court ruled to accept the bankruptcy and liquidation application of Beijing CSCE and appointed a bankruptcy administrator. Accordingly, the Company made the corresponding accounting treatment during the first half of 2026. The Company recognised a loss of approximately HK\$37,000,000 arising from the deconsolidation of Beijing CSCE. The liquidation of Beijing CSCE did not constitute a discloseable transaction of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this report, during the six months ended 30 June 2026, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there was no significant event affecting the Company which occurred after 30 June 2026 and up to the date of this report.

OTHER INFORMATION

DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

As at 30 June 2026, the interests of the Directors and their associates in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

Long position in shares of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Fong Kwok Leung, Kevin	Beneficial owner	3,100,000	0.28%
	Held by spouse	200,000	0.02%
	Beneficiary of a discretionary trust (Note)	194,904,220	17.72%
		198,204,220	18.02%

Note: Mr. Fong Kwok Leung, Kevin is a beneficiary of a discretionary trust which owns the entire share capital of Black Jambhala Company Limited which in turn beneficially owns an aggregate of 194,904,220 shares.

By virtue of the SFO, Mr. Fong Kwok Leung, Kevin is deemed to be interested in the 194,904,220 shares which the discretionary trust owns.

Save as disclosed above, none of the Directors, chief executive nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2026.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 June 2026, the register maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company as follows:

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO *(Continued)*

Long position in shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
China National Machinery Industry Corporation	Corporate interests <i>(Note A)</i>	615,408,140	55.94%
Mr. Fong Sou Lam	Founder of a discretionary trust <i>(Note B)</i>	194,904,220	17.72%

Notes:

- (A) By virtue of the SFO, China National Machinery Industry Corporation is deemed to be interested in 615,408,140 shares held by its two wholly-owned subsidiaries as follows:
- (i) China Hi-Tech Holding Company Limited holds 357,790,500 shares
 - (ii) Newish Trading Limited holds 257,617,640 shares
- (B) Mr. Fong Sou Lam is the founder of a discretionary trust which owns the entire issued share capital of Black Jambhala Company Limited which in turn beneficially owns an aggregate of 194,904,220 shares.
- By virtue of the SFO, Mr. Fong Sou Lam is deemed to be interested in the 194,904,220 shares which the discretionary trust owns.

Save as disclosed above, as at 30 June 2026, the Company had not been notified of any person who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Having made specific enquiry by the Company, all the Directors have complied with the required standard as set out in the code of conduct regarding securities transactions by the Directors adopted by the Company during the six months ended 30 June 2026.

CORPORATE GOVERNANCE

During the six months ended 30 June 2026, the Company has complied with all of the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules with the exception of code provision C.1.5.

Under the code provision C.1.5, generally speaking, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to Mr. Fong Kwok Leung, Kevin, Dr. Jiang Gaoming and Dr. Chen Ying having other pre-arranged business engagement, Mr. Fong Kwok Leung, Kevin was unable to attend the special general meeting of the Company held on 29 April 2026, and the annual general meeting and special general meeting of the Company held on 28 May 2026; Dr. Jiang Gaoming was unable to attend the special general meeting of the Company held on 29 April 2026; and Dr. Chen Ying was unable to attend the annual general meeting of the Company and the special general meeting of the Company held on 28 May 2026.

AUDIT COMMITTEE

The Company has set up an Audit Committee with written terms of reference based upon the provisions of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting system, risk management and internal control procedures of the Group. The Audit Committee currently comprises three Independent Non-executive Directors of the Company, namely Mr. Tong Wing Chi (committee chairman), Dr. Jiang Gaoming and Dr. Chen Ying.

The Company’s unaudited condensed consolidated financial statements for the six months ended 30 June 2026 have been reviewed by the Audit Committee, which is of the opinion that such statements complied with the applicable accounting standards, Listing Rules and legal requirements, and that adequate disclosures have been made.

MEMBERS OF THE BOARD

As at the date of this Interim Report, the Company’s Executive Directors are Mr. Guan Youping (Chairman) and Mr. Chen Peng (General Manager); the Non-executive Director is Mr. Fong Kwok Leung, Kevin; and the Independent Non-executive Directors are Mr. Tong Wing Chi, Dr. Jiang Gaoming and Dr. Chen Ying.

On behalf of the Board
Guan Youping
Chairman

Hong Kong, 28 August 2026