

WEILI HOLDINGS LIMITED

偉立控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 2372

INTERIM REPORT 2026



WElli

WElli Holdings Limited • Interim Report 2026

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Chen Weizhuang (*Chairman*)
Mr. Yu Tianbing (*Chief Executive Officer*)

Non-executive Director

Mr. Hu Haoran

Independent Non-executive Directors

Mr. Liu Yimin
Mr. Chen Yeung Tak
Ms. Feng Yuan

Audit Committee

Mr. Chen Yeung Tak (*Chairperson*)
Mr. Liu Yimin
Ms. Feng Yuan

Remuneration Committee

Ms. Feng Yuan (*Chairperson*)
Mr. Chen Yeung Tak
Mr. Chen Weizhuang

Nomination Committee

Mr. Liu Yimin (*Chairperson*)
Ms. Feng Yuan
Mr. Yu Tianbing

Company Secretary

Mr. Yu Tsz Ngo (*HKICPA*)

Authorised Representatives

Mr. Yu Tsz Ngo
Mr. Yu Tianbing

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants and
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

Legal Advisers as to Hong Kong Law

ONC Lawyers
19th Floor, Three Exchange Square
8 Connaught Place
Central
Hong Kong

Principal Banker

Bank of China Hong'an Sub-branch
No.6, Jianshe West Street
Chengguan Town
Hong'an County
Hubei Province
China

CORPORATE INFORMATION

Registered Office

P. O. Box 500
Suite 210
2nd Floor
Windward III
Regatta Office Park
Grand Cayman KY1-1106
Cayman Islands

Headquarters

New Industrial Park
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Hong'an County
Hubei Province
China

Principal Place of Business in Hong Kong

Unit 2004-6, 20th Floor
Strand 50, 50 Bonham Strand
Sheung Wan
Hong Kong

Principal Share Registrar

Appleby Global Services (Cayman) Limited
P. O. Box 500
Suite 210
2nd Floor
Windward III
Regatta Office Park
Grand Cayman KY1-1106
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong

Company's Website

www.weiliholdings.com

Stock Code

2372

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	3	65,640	45,844
Cost of sales		(63,623)	(39,109)
Gross profit		2,017	6,735
Other income		817	739
Other gains and losses		45	100
Impairment losses (recognised) reversed under expected credit loss model ("ECL"), net		(7,992)	2,734
Selling expenses		(2,565)	(2,736)
Administrative expenses		(6,712)	(6,146)
Finance costs		—	(25)
(Loss) profit before tax		(14,390)	1,401
Income tax expense		—	(381)
(Loss) profit and total comprehensive (expense) income for period		(14,390)	1,020
(Loss) earnings per share	6		
— Basic (RMB cents)		(1.8) cents	0.1 cents

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	7	31,891	34,542
Right-of-use assets		2,731	2,769
Intangible assets		39	50
Deferred tax assets		3,616	3,616
Prepayments	8	–	288
		38,277	41,265
Current assets			
Inventories		42,643	45,586
Trade receivables	8	52,189	65,676
Bills receivable		–	2,777
Prepayments and other receivables	8	9,033	2,336
Pledged bank deposits		13,428	4,285
Cash and cash equivalents		101,354	89,235
		218,647	209,895
Current liability			
Trade and other payables	9	63,215	43,040
		63,215	43,040
Net current assets		155,432	166,855
Total asset less current liability		193,709	208,120
Non-current liability			
Deferred income		1,479	1,500
Net assets		192,230	206,620
Capital and reserves			
Share capital		6,842	6,842
Other reserves		169,866	169,866
Retained profits		15,522	29,912
Total equity		192,230	206,620

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2025 (audited)	6,842	169,866	34,012	210,720
Profit and total comprehensive income for the period	–	–	1,020	1,020
At 30 June 2025 (unaudited)	6,842	169,866	35,032	211,740
At 1 January 2026 (audited)	6,842	169,866	29,912	206,620
Loss and total comprehensive expense for the period	–	–	(14,390)	(14,390)
At 30 June 2026 (unaudited)	6,842	169,866	15,522	192,230

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	12,145	25,099
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(572)	(2,139)
Purchase of financial assets at fair value through profit or loss ("FVTPL")	(63,000)	(31,000)
Proceeds from disposal of financial assets at FVTPL	63,000	31,000
Dividend income from financial assets at FVTPL	146	133
Placement of time deposits	–	(10,000)
Interest received	498	302
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	72	(11,704)
FINANCING ACTIVITIES		
Repayment of bank borrowing	–	(1,990)
Interest paid	–	(25)
NET CASH USED IN FINANCING ACTIVITIES	–	(2,015)
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,217	11,380
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	89,235	53,200
Effect of foreign exchange rate changes	(98)	(33)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	101,354	64,547

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to HKFRS Accounting Standards and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to a HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s 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 a HKFRS Accounting Standards in the current interim period has 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in manufacturing and sales of cigarette packaging paper. All of the businesses of the Group are carried out in the People's Republic of China (the "PRC") during the reporting period. An analysis of the Group's revenue as well as timing of revenue recognition is as follows:

(i) Disaggregation of revenue from contracts with customers

Revenue by types of products or service:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Goods transferred at point in time		
— Sales of cigarette packaging paper and raw materials	65,640	45,451
Services transferred over time		
— Processing service income	—	393
	65,640	45,844

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers are for period of one year or less. As permitted under HKFRS 15 Revenue from Contracts with Customers, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iii) Segment information

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment, is the consolidated results of the Group as a whole. No other discrete financial information is provided. Accordingly, the directors of the Company consider there is only one operating segment under the requirements of HKFRS 8 Operating Segments. In this regard, only entity-wide disclosures are presented.

No geographic information is presented as the revenue, non-current assets and operations of the Group are primarily derived from its activities located in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iv) Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group are as follows:

	Six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Customer 1	43%	*
Customer 2	26%	47%
Customer 3	11%	*
Customer 4	*	16%

* This customer contributed less than 10% of total revenue for the corresponding period.

4. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
(Loss) profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	3,532	1,867
Depreciation of right-of-use assets	38	38
Amortisation of intangible assets	11	11
Cost of inventories recognised as an expense including write-down of inventories of approximately RMB2,058,000 (2025: RMB190,000)	63,623	39,109
Research and development costs recognised as an expense (included in administrative expenses)	2,880	2,084
Staff cost:		
Directors' remuneration	616	631
Other staff cost:		
Salaries and other allowances	3,745	3,840
Retirement benefit scheme contributions	283	302
Total staff costs	4,644	4,773

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. DIVIDENDS

The Company did not declare any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

6. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
(Loss) profit for the period attributable to owners of the Company	(14,390)	1,020
	No. of Shares '000	No. of Shares '000
Number of shares		
Weighted average number of ordinary shares in issue	800,000	800,000

No diluted loss per share is presented as there were no potential dilutive ordinary shares in issue during six months ended 30 June 2026 and 2025.

7. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB2,000 (six months ended 30 June 2025: nil), resulting in a loss on disposal of RMB2,000 (six months ended 30 June 2025: nil).

In addition, during the current interim period, the Group acquired property, plant and equipment amounted to RMB883,000 (30 June 2025: nil).

As at 30 June 2026, property, plant and equipment with net book value of approximately RMB9,034,000 (31 December 2025: RMB9,507,000) were pledged to secure bills payable of the Group.

As at 30 June 2026, leasehold land use right with net book value of approximately RMB2,731,000 (31 December 2025: RMB2,769,000) was pledged to secure bills payable of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables (a)	65,777	71,374
Less: allowance for credit losses	(13,588)	(5,698)
	52,189	65,676
Prepayments	–	565
Deposits	2,152	1,909
Recoverable of value added tax	251	–
Others	6,808	222
Less: allowance for credit losses	(178)	(72)
	9,033	2,624
	61,222	68,300

- (a) The Group allows a credit period of 60 to 180 days to its customers. The aging analysis of the Group's trade receivables based on delivery date at the end of the reporting period are as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
0–90 days	33,454	42,258
91–180 days	113	8,087
181–365 days	16,549	6,121
Over 1 years	15,661	14,908
	65,777	71,374

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9. TRADE AND OTHER PAYABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade payables	33,245	31,248
Bills payable (Note)	26,857	8,570
Payroll payable	1,044	1,340
Other accrued expenses	1,645	974
Other tax payable excluding income tax liabilities	63	709
Others	361	199
	63,215	43,040

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

As at 30 June 2026, the bills payable was secured by the Group's bank deposits, buildings and land-use right (31 December 2025: secured by bank deposits, buildings and land-use right).

The credit period on trade purchases is 90 days. Aging analysis of the Group's trade payables based on invoice date at the end of the reporting period is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
0–60 days	24,419	23,319
61–90 days	5,629	2,263
91 to 180 days	2,132	4,927
181 days to 1 year	970	657
Over 1 year	95	82
	33,245	31,248

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial instruments in Level 2

The following table presented the financial instruments in Level 2 as at 30 June 2026 and 31 December 2025:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Financial assets		
Bills receivable measured at fair value through other comprehensive income	–	2,777

The fair value of financial instruments in Level 2 was estimated by discounting the future contractual cash flows at the current market interest rate that was available to the Group for similar financial instruments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

The financial instruments in Level 3

The following table presented the changes in Level 3 instruments as at 30 June 2026 and 31 December 2025:

	Financial assets at FVTPL RMB'000
At 1 January 2025 (audited)	–
Additions	75,000
Disposals	(75,337)
Dividend income from financial assets at FVTPL	337
At 31 December 2025 (audited)	–
Additions	63,000
Disposals	(63,146)
Dividend income from financial assets at FVTPL	146
At 30 June 2026 (unaudited)	–

The Group's financial assets at FVTPL represented certain non-capital protected wealth management products denominated in RMB and issued by reputable banks in the PRC which primarily invested in listed or unlisted securities and bonds. As these instruments were not traded in active market, their fair values were determined based on the expected rate of return on the Group's investment.

The following table summarises the quantitative information about the significant unobservable inputs used in fair value measurements of Level 3 instruments:

Description	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Investment in wealth management products	Expected rate of return	1.60%–1.90% (2025: 1.67%–2.51%)	The higher the expected rate of return, the higher the fair value

Fair value of the Group's financial assets that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at the end of the reporting period. The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11. RELATED PARTY TRANSACTIONS

11a. Related party balances and transactions

The Group has no material transactions and balances with related parties.

11b. Compensation of key management personnel

The remuneration of directors and other members of key management during the period is set out in note 4.

12. SUBSEQUENT EVENTS

There have been no material subsequent events identified subsequent to 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE OUTLOOK

The Group is a PRC-based cigarette packaging paper manufacturer with research and development capabilities to supply customised products to the customers. The Group supplies products primarily to cigarette package manufacturers which operate in different provinces of the PRC, mainly including Hubei Province and Henan Province. The products sold by the Group are used in the manufacture of cigarette packages for well-known cigarette brands in the PRC. During the six months ended 30 June 2026 (the “Reporting Period”), the Group’s products were used as cigarette packaging materials for cigarette brands which were recognised as the “Dual 15 cigarette brands (雙十五煙草品牌)” by the State Tobacco Monopoly Administration (中國國家煙草專賣局).

During the Reporting Period, the Group’s revenue was mainly derived from the sale of cigarette packaging paper. The Group’s products are categorised into (i) transfer paper; (ii) laminated paper; and (iii) frame paper. To a much lesser extent, the Group also provided cigarette packaging paper processing services to cigarette package manufacturers.

During the Reporting Period, several major customers of the Group have increased their orders of transfer paper and laminated paper from the Group. However, there were (i) an increase in net impairment provision for trade receivables which was mainly driven by a specific provision made for an individual customer; and (ii) a decline in gross profit margin resulting from increased unit manufacturing costs and an unfavorable shift in product mix. As a result, the Group experienced an increase in revenue but a decrease in gross profit and a turnaround from net profit to net loss during this period.

Looking into the future, since the demand for tobacco products is inelastic in general due to its product nature, the number of smokers in the PRC is expected to remain stable in the foreseeable future, despite the smoking control policies imposed by the government. In addition, benefiting from the focus of the cigarette industry towards mid-to-high end and the increase in purchasing power of PRC citizens, the demand of mid-to-high-end cigarettes, which generally entails the use of cigarette packaging paper with advanced technology is expected to increase. Considering the above factors, the Board is expecting a positive prospect in the cigarette packaging paper industry in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's overall revenue increased from approximately RMB45.8 million for the six months ended 30 June 2025 to approximately RMB65.6 million for the Reporting Period, representing an increase of approximately RMB19.8 million or 43.2%. Such increase was mainly due to several major customers of the Group have increased their orders of transfer paper and laminated paper products from the Group.

Cost of sales

The Group's cost of sales increased from approximately RMB39.1 million for the six months ended 30 June 2025 to approximately RMB63.6 million for the Reporting Period, representing an increase of approximately RMB24.5 million or 62.7%. Such increase was mainly due to the combined effect of (i) the increase in the Group's revenue of approximately 43.2% and (ii) the more than proportional increase in manufacturing costs, as compared with the increase in overall revenue for the Reporting Period.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately RMB6.7 million for the six months ended 30 June 2025 to approximately RMB2.0 million for the Reporting Period, representing a decrease of approximately RMB4.7 million or 70.1%.

The Group's gross profit margin decreased from approximately 14.7% for the six months ended 30 June 2025 to approximately 3.1% for the Reporting Period. The decline was mainly due to an increase in unit manufacturing costs and unfavorable product mix shift, which resulted in a decrease in sales proportion of high margin products.

Selling expenses

The Group's selling expenses decreased from approximately RMB2.7 million for the six months ended 30 June 2025 to approximately RMB2.6 million for the Reporting Period, representing a decrease of approximately RMB0.2 million or 6.3%. Such decrease was mainly due to the cost control resulting in a reduction in transportation expenses.

Administrative expenses

The Group's administrative expenses increased from approximately RMB6.1 million for the six months ended 30 June 2025 to approximately RMB6.7 million for the Reporting Period mainly due to the increase in product research expenses for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment losses (recognised) reversed under ECL, net

The Group recorded a net reversal of impairment losses under ECL of approximately RMB2.7 million for the six months ended 30 June 2025 and a net impairment losses under ECL of approximately RMB8.0 million for the Reporting Period. The increase in impairment losses provision was mainly due to a specific impairment provision recognised for an individual customer during the Reporting Period.

Other income

The Group's other income increased from approximately RMB0.7 million for the six months ended 30 June 2025 to approximately RMB0.8 million for the Reporting Period, which was due to the increase in interest income and additional deduction of Input Value-added Tax.

Other gains and losses

The Group's net gains decreased from approximately RMB0.1 million for the six months ended 30 June 2025 to approximately RMB45,000 for the Reporting Period, which was mainly due to the increase in exchange loss.

Income tax expense

The Group recorded profit before income tax of approximately RMB1.4 million for the six months ended 30 June 2025 and loss before income tax of approximately RMB14.4 million for the Reporting Period.

The Group recorded income tax expense of approximately RMB0.4 million for the six months ended 30 June 2025 and nil for the Reporting Period which was mainly due to the turnaround from profit before income tax to loss before income tax recognised for the Reporting Period.

(Loss) profit and total comprehensive (expense) income

The Group recorded profit and total comprehensive income of approximately RMB1.0 million for the six months ended 30 June 2025 and loss and total comprehensive expense of approximately RMB14.4 million for the Reporting Period. The change was primarily attributable to the decline in gross profit margin and an increase in net impairment losses recognised under ECL recognised during the Reporting Period as discussed above.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the date of Listing (the “Listing Date”) and up to the date of this report.

As at 30 June 2026, the Company’s issued capital was HK\$8.0 million and the number of its issued ordinary Shares was 800,000,000 Shares of HK\$0.01 each. During the Reporting Period, the Company did not hold or sell any treasury Shares.

As at 30 June 2026, the Group had total cash and cash equivalents of approximately RMB101.4 million (31 December 2025: approximately RMB89.2 million), which were principally denominated in RMB.

As at 30 June 2026 and 31 December 2025, the Group did not have any bank borrowings and had no unutilised banking facilities.

The gearing ratio of the Group as at 30 June 2026, calculated as total borrowings (including bank borrowings and finance lease liabilities) divided by the total equity was nil (31 December 2025: nil).

TREASURY POLICY

The Group has implemented a series of internal control policies and rules regarding investment to ensure that the purpose of investment is to preserve capital and liquidity, and the Group would only purchase investment products under limited circumstances. The Group’s finance department is responsible for managing the investment activities, and investment strategies and decisions of the finance department are subject to review and approval of the Board and management team. Prior to making a proposal to invest in investment products, the Group will assess and ensure that there remains sufficient working capital for the business needs, operating activities, research and development and capital expenditures even after purchasing such investment products. The Group adopts a prudent approach in selecting investment products. The Group generally analyses the investment products based on its historical financial performance. Should the Group notice any adverse changes to the financial performance of the investment products based on available information, the finance department will report to the Board and take appropriate actions in a timely manner.

FOREIGN EXCHANGE EXPOSURE

The Group transacts mainly in RMB, which is the functional currency of the Group’s principal operating subsidiaries. However, the Group retains certain proceeds from the Listing in Hong Kong dollars that are exposed to foreign exchange rate risks. The Board considers that the Group has not exposed to significant foreign exchange risk and no foreign exchange hedging was conducted by the Group during the Reporting Period. During the Reporting Period, the Group did not enter into any financial instrument for hedging purpose or enter into any foreign currency hedging transactions.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURES

During the Reporting Period, the Group incurred capital expenditures of approximately RMB0.6 million in the purchase of machinery (six months ended 30 June 2025: approximately RMB2.1 million in the purchase of machinery).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2026 and 31 December 2025, the Group did not have any capital commitments.

As at 30 June 2026 and 31 December 2025, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period. Save for the business plans as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 17 June 2022 (the “Prospectus”), and as disclosed in the Company’s announcement in relation to the acquisition of the machineries and change in use of net proceeds dated 27 October 2023 (“Acquisition and Change in UOP Announcement”), the Group did not have any future plan for material investments or capital assets as at 30 June 2026. For details, please refer to the section headed “Use of Proceeds” in this report.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments during the Reporting Period.

PLEDGE OF ASSETS

As at 30 June 2026, property, plant and equipment with net book value of approximately RMB9.0 million (31 December 2025: approximately RMB9.5 million) were pledged to secure bills payable of the Group.

As at 30 June 2026 and 31 December 2025, no machinery with net book value was pledged to secure bank borrowing of the Group.

As at 30 June 2026, leasehold land use right with net book value of approximately RMB2.7 million (31 December 2025: approximately RMB2.8 million) was pledged to secure bills payable of the Group.

The Group’s restricted cash were with maturity within one year, denominated in RMB and represented bank deposits pledged to banks for the issuance of bank acceptance bills payable in respect of future settlement to suppliers of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has resolved not to recommend the declaration of interim dividend for the Reporting Period (six months ended 30 June 2025: nil).

USE OF PROCEEDS

The net proceeds from the Listing, after deducting related expenses, were approximately HK\$90.3 million. The balance of the unutilised net proceeds brought forward from the beginning of the Reporting Period was approximately HK\$49.2 million. An analysis of the utilisation of the use of proceeds from the Listing Date and up to 30 June 2026 are set out as below:

Description	Intended use of proceeds HK\$' million	Utilised amount during the Reporting Period HK\$' million	Utilised amount as at 30 June 2026 HK\$' million	Unutilised amount as at 30 June 2026 HK\$' million	Expected timeline for utilising the unutilised net proceeds
Expanding the Group's production capacity, production efficiency and product portfolio	33.3	–	2.3	31.0	Before 31 December 2027
Enhancing the Group's research and development capabilities	17.6	–	1.1	16.5	Before 31 December 2027
Enhancing the Group's enterprise resource planning system and infrastructure system	0.1	–	0.1	–	Fully utilised
Increasing the Group's marketing efforts	2.6	0.4	1.3	1.3	Before 31 December 2027
Acquisition of printing machineries and positioning crosscutting machine for coloured cigarette packaging paper production	22.9	–	22.9	–	Fully utilised
Reserved as the Group's general working capital	13.8	–	13.8	–	Fully utilised
Total	90.3	0.4	41.5	48.8	

As at 30 June 2026, all net proceeds were applied and will be applied according to the disclosure in the Prospectus, the Acquisition and Change in UOP Announcement and the annual report of the Company for the year ended 31 December 2025 (the "2025 Annual Report").

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group had a total of 80 employees (30 June 2025: 85 employees). Remuneration to our employees comprises salaries and allowances and bonuses. The Group generally reviews the performance of the employees by way of annual appraisals. The results of these reviews are used for the purposes of salary adjustments and promotion. The total staff costs incurred by the Group for the Reporting Period was approximately RMB4.6 million compared to approximately RMB4.8 million for the corresponding period in 2025. Various on-the-job trainings were provided to the employees. The Group provides various trainings including induction training for new employees, on-the-job training, team-building training and external training for the employees to keep them abreast of the latest technical development relevant to the industry.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal, autonomous regional and provincial governments for its employees in the PRC. The Group is required to make contributions to the retirement plans at certain percentage of the employees' payroll. For the six months ended 30 June 2026, no forfeited contributions may be used by the Group to reduce the existing level of contributions.

EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events from the end of the Reporting Period to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules. During the six months ended 30 June 2026 to the date of this interim report, the Company has complied with the applicable code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the required standard for securities transactions by Directors. All Directors, after specific enquiries by the Company, confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2026 and up to the date of this interim report.

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

No purchase, sale or redemption of the Company's listed securities (including treasury Shares) was made by the Company or any of its subsidiaries during the six months ended 30 June 2026 and up to the date of this interim report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at 30 June 2026 or at any time during the six months ended 30 June 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2026, the interests and short positions of the Directors and chief executive 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, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in the Company

Name of Directors	Capacity/Nature of interest	Number of Shares held/ interested (Note 1)	Percentage of interest
Mr. Chen Weizhuang ("Mr. Chen")	Interest in a controlled corporation (Note 2)	339,040,000 (L)	42.38%
Mr. Yu Tianbing ("Mr. Yu")	Interest in a controlled corporation (Note 3)	96,000,000 (L)	12.00%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
2. These Shares were owned by City Ease Limited ("City Ease"). City Ease is wholly-owned by Mr. Chen. By virtue of the SFO, Mr. Chen is deemed to be interested in the same number of Shares held by City Ease.
3. These Shares were owned by Yong Ning Limited ("Yong Ning"). Yong Ning is wholly-owned by Mr. Yu. By virtue of the SFO, Mr. Yu is deemed to be interested in the same number of Shares held by Yong Ning.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2026, so far as it was known to the Directors, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest and/or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholders	Capacity/Nature of interest	Number of Shares held/ interested (Note 1)	Percentage of interest
City Ease	Beneficial owner (Note 2)	339,040,000 (L)	42.38%
Ms. Liu Yuezhu	Interest of spouse (Note 3)	339,040,000 (L)	42.38%
Enlighten East Limited ("Enlighten East")	Beneficial owner (Note 4)	146,960,000 (L)	18.37%
Yong Ning	Beneficial owner (Note 5)	96,000,000 (L)	12.00%
Ms. Zhou Huaqin	Interest of spouse (Note 6)	96,000,000 (L)	12.00%

Notes:

1. The letter "L" denotes a person's/corporation's "long position" (as defined under Part XV of the SFO) in such Shares.
2. City Ease is wholly-owned by Mr. Chen. By virtue of the SFO, Mr. Chen is deemed to be interested in the same number of Shares held by City Ease.
3. Ms. Liu Yuezhu (劉月珠) is the spouse of Mr. Chen. Under the SFO, Ms. Liu Yuezhu is deemed to be interested in the Shares in which Mr. Chen is interested.
4. Enlighten East is owned as to 32.66%, 28.57%, 22.44% and 16.33% by Mr. Hu Haoran (a non-executive Director), Mr. Wu Bo, Mr. Lu Shunhe and Mr. Lin Huan, respectively, and none of them, together with his respective close associates, controls one-third or more of the voting power at the general meetings of Enlighten East.
5. Yong Ning is wholly-owned by Mr. Yu. By virtue of the SFO, Mr. Yu is deemed to be interested in the same number of Shares held by Yong Ning.
6. Ms. Zhou Huaqin (周華琴) is the spouse of Mr. Yu. Under the SFO, Ms. Zhou Huaqin is deemed to be interested in the Shares in which Mr. Yu is interested.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2026, the Directors were not aware of any other persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

Written resolutions of the Shareholders of the Company were passed on 2 June 2022 to conditionally adopt the share option scheme (the “Share Option Scheme”). The principal terms of the Share Option Scheme are summarised in the paragraph headed “Share Option Scheme” in the report of the Directors in the 2025 Annual Report.

As at 1 January 2026 and 30 June 2026, the number of options available for grant under the Share Option Scheme was 80,000,000 Shares, respectively, which represents 10% and 10% of the number of issued shares as at 1 January 2026 and 30 June 2026, respectively. There was no service provider sublimit set under the Share Option Scheme during the six months ended 30 June 2026.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the Reporting Period and there was no outstanding option as at 30 June 2026.

MANAGEMENT CONTRACT

No contract, other than a contract of service with any Director or any person in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital was held by the public during the Reporting Period and up to the date of this interim report.

AUDIT COMMITTEE

The Company has established the audit committee (“Audit Committee”) on 2 June 2022 with written terms of reference. The composition of the Audit Committee meets the requirement of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and provide material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of the Company and perform other duties and responsibilities assigned by the Board. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chen Yeung Tak, Mr. Liu Yimin and Ms. Feng Yuan. Mr. Chen Yeung Tak is the chairperson of the Audit Committee.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM FINANCIAL RESULTS BY AUDIT COMMITTEE

The unaudited consolidated interim financial information of the Group for the six months ended 30 June 2026 and the accounting information given in this interim report has not been reviewed or audited by the external auditor of the Company but has been reviewed by the Audit Committee, which agreed with the accounting treatment adopted by the Company, and was of the opinion that the preparation of such accounting information complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the period.

On behalf of the Board

Chen Weizhuang

Chairman and Executive Director

Hong Kong, 21 August 2026