



匯成國際控股有限公司

Huicheng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1146)

2025

Interim Report

Contents

	<i>Pages</i>
Corporate Information	2
Financial Highlights	3
Management Discussion and Analysis	5
Other Information	22
Report on Review of Interim Condensed Consolidated Financial Statements	27
Interim Condensed Consolidated Statement of Profit or Loss	29
Interim Condensed Consolidated Statement of Comprehensive Income	30
Interim Condensed Consolidated Statement of Financial Position	31
Interim Condensed Consolidated Statement of Changes in Equity	33
Interim Condensed Consolidated Statement of Cash Flows	35
Notes to Interim Condensed Consolidated Financial Statements	38

CORPORATE INFORMATION

Executive directors

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

Non-executive director

Mr. WANG Wei

Independent non-executive directors

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

Company secretary

Ms. KWAN Sau In

Authorised representatives

Ms. HUANG Xiaoyun
Ms. KWAN Sau In

Audit committee

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

Remuneration committee

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

Nomination committee

Mr. ZHANG Yongli (Chairman)
Mr. KWONG Wilson Wai Sun
Mr. YEUNG Chi Wai

Registered office

One Nexus Way
Camana Bay
Grand Cayman
KY1-9005
Cayman Islands

Head office in the PRC

No. 9 Lane 1225
Tong Pu Road
Pu Tuo District
Shanghai, PRC

Principal place of business in Hong Kong

Room 1303, 13/F.
New East Ocean Centre
9 Science Museum Road
Tsim Sha Tsui East
Kowloon, Hong Kong

Website

www.hcihl.com

Hong Kong branch share registrar and transfer office

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

Principal bankers

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

Auditor

Ernst & Young,
Certified Public Accountants

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2025 (Unaudited)	2024 (Unaudited)	Change
Revenue (RMB million)	67.3	82.3	(18.2%)
Gross profit (RMB million)	35.8	49.7	(28.0%)
Operating loss (RMB million)	(51.3)	(48.8)	+5.1%
Loss attributable to owners of the parent (RMB million)	(46.1)	(42.4)	+8.7%
Loss per share – Basic (RMB cents) ¹	(1.34)	(1.29)	+3.9%
Gross profit margin	53.2%	60.4%	(7.2 p.p.t)
Operating loss margin	(76.2%)	(59.3%)	+16.9 p.p.t
Net loss margin	(68.6%)	(51.9%)	+16.7 p.p.t
	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)	Change
Current ratio (times) ²	3.9	4.0	(0.1 times)
Trade receivables turnover days (days) ³	36	48	(12) days
Trade payables turnover days (days) ⁴	65	45	+20 days
Inventory turnover days (days) ⁵	510	548	(38) days

Key ratios:

1. Basic loss per share = Loss attributable to owners of the parent/weighted average number of ordinary shares (the weighted average number of shares in the six months ended 30 June 2025 was 3,445,450,000 versus 3,282,916,000 in the same period of last year)
2. Current ratio = Current assets/current liabilities
3. Trade receivables turnover days = Average of opening and closing balances on trade receivables/revenue for the period x 180 days
4. Trade payables turnover days = Average of opening and closing balances on trade payables/cost of sales for the period x 180 days
5. Inventory turnover days = Average of opening and closing balances on inventory/cost of sales for the period x 180 days

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

During the six months ended 30 June 2025 (the “**Relevant Period**”), China’s Gross Domestic Product growth rate slightly increased by 0.3 percentage points, from 5.0% in the six months ended 30 June 2024 to 5.3% in the Relevant Period. The growth rate of total retail sales of consumer products also increased by 1.3 percentage points from 3.7% in the six months ended 30 June 2024 to 5.0% in the Relevant Period.

However, the conventional retail market in China remained sluggish, Huicheng International Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) reported a decrease in revenue by RMB15.0 million, from RMB82.3 million in the six months ended 30 June 2024 to RMB67.3 million in the Relevant Period. Loss attributable to owners of the parent increased by RMB3.7 million, from RMB42.4 million in the six months ended 30 June 2024 to RMB46.1 million in the Relevant Period.

FINANCIAL REVIEW

Revenue

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

The total revenue of the Group was RMB67.3 million in the Relevant Period, representing a decrease by RMB15.0 million, or approximately 18.2%, as compared to RMB82.3 million in the six months ended 30 June 2024.

FINANCIAL REVIEW *(continued)*

Revenue *(continued)*

By sales channels

Revenue from sales of products through self-operated retail points decreased by RMB13.2 million, or approximately 19.9%, from RMB66.4 million in the six months ended 30 June 2024 to RMB53.2 million in the Relevant Period and accounted for approximately 79.0% (six months ended 30 June 2024: 80.7%) of the total revenue. Such decrease was mainly attributable to the decrease in customer traffic at our self-operated retail points, driven by the continued sluggishness in conventional stores. The revenue from outlet stores also decreased by RMB8.9 million, or approximately 30.4%, from RMB29.3 million in the six months ended 30 June 2024 to RMB20.4 million in the Relevant Period.

Revenue from sales of products to third-party retailers increased by RMB1.5 million, or approximately 37.5%, from RMB4.0 million in the six months ended 30 June 2024 to RMB5.5 million in the Relevant Period and accounted for approximately 8.2% (six months ended 30 June 2024: 4.9%) of the total revenue. Such increase was mainly attributable to the increase in number of retail points operated by third-party retailers from 37 as at 30 June 2024 to 39 as at 30 June 2025.

Revenue from sales of products through online channels decreased by RMB3.3 million, or approximately 27.7%, from RMB11.9 million in the six months ended 30 June 2024 to RMB8.6 million in the Relevant Period and accounted for approximately 12.8% (six months ended 30 June 2024: 14.4%) of the total revenue. The decrease in revenue was primarily attributable to:

- (i) a decrease in sales of product through our e-shops on Tmall. com and JD.com by RMB1.2 million, or approximately 30.0%, from RMB4.0 million in the six months ended 30 June 2024 to RMB2.8 million in the Relevant Period;
- (ii) a decrease in sales from WeChat stores by RMB0.3 million, or approximately 11.1%, from RMB2.7 million in the six months ended 30 June 2024 to RMB2.4 million in the Relevant Period;
- (iii) a decrease in sales of products to online third-party retailers by RMB0.4 million, or approximately 28.6%, from RMB1.4 million in the six months ended 30 June 2024 to RMB1.0 million in the Relevant Period; and
- (iv) a decrease in sales from online discount platform such as VIP.com by RMB1.4 million, or approximately 36.8%, from RMB3.8 million in the six months ended 30 June 2024 to RMB2.4 million in the Relevant Period.

FINANCIAL REVIEW *(continued)***Revenue** *(continued)***By sales channels** *(continued)*

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

Six months ended 30 June				
	2025		2024	
	Revenue RMB million	% of total revenue	Revenue RMB million	% of total revenue
Retail sales from self-operated retailers	53.2	79.0%	66.4	80.7%
Sales to third-party retailers	5.5	8.2%	4.0	4.9%
Sales through online channels	8.6	12.8%	11.9	14.4%
Total	67.3	100.0%	82.3	100.0%

By Brand

Revenue contributed from self-owned brands decreased by RMB5.8 million, or approximately 10.3%, from RMB56.1 million in the six months ended 30 June 2024 to RMB50.3 million in the Relevant Period. However, percentage of revenue from self-owned brands over total revenue increased from 68.2% in the six months ended 30 June 2024 to 74.7% in the Relevant Period.

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

Six months ended 30 June				
	2025		2024	
	Revenue RMB million	% of total revenue	Revenue RMB million	% of total revenue
Licensed brands	17.0	25.3%	26.2	31.8%
Self-owned brands	50.3	74.7%	56.1	68.2%
Total	67.3	100.0%	82.3	100.0%

FINANCIAL REVIEW *(continued)*

Cost of sales

Our cost of sales decreased by RMB1.0 million, or approximately 3.1%, from RMB32.5 million in the six months ended 30 June 2024 to RMB31.5 million in the Relevant Period.

Gross profit

Our gross profit decreased by RMB13.9 million, or approximately 28.0%, from RMB49.7 million in the six months ended 30 June 2024 to RMB35.8 million in the Relevant Period as a result of the decrease in revenue.

Other income and gains

Our other income and gains decreased by RMB3.2 million, or approximately 22.4%, from RMB14.3 million in the six months ended 30 June 2024 to RMB11.1 million in the Relevant Period. The decrease was mainly attributable to the decrease in royalty income from RMB4.9 million in the six months ended 30 June 2024 to RMB1.9 million in the Relevant Period.

Selling and distribution expenses

Our selling and distribution expenses slightly decreased by RMB2.2 million, or approximately 3.2%, from RMB68.7 million in the six months ended 30 June 2024 to RMB66.5 million in the Relevant Period.

Rents and concession fees for occupying concession counters within department stores and department store charges decreased by RMB3.3 million, or approximately 14.2%, from RMB23.2 million in the six months ended 30 June 2024 to RMB19.9 million in the Relevant Period, which was largely due to the decrease in revenue from self-operated retail points.

The labour and costs related to sales and marketing staff and outsourcing costs related to sales and marketing activities decreased from RMB22.7 million in the six months ended 30 June 2024 to RMB21.3 million in the Relevant Period.

FINANCIAL REVIEW *(continued)***Selling and distribution expenses** *(continued)*

We incurred advertising and promotion expenses of RMB1.5 million (six months ended 30 June 2024: RMB1.1 million) during the Relevant Period for organizing promotion activities and spending on social media marketing to share our brand stories and product knowledge with our customers through Xiaohongshu (Little Red Book), Douyin, WeChat Channels, WeChat Official Accounts and Weibo.

Consumables and decoration fees increased from RMB3.8 million in the six months ended 30 June 2024 to RMB7.2 million in the Relevant Period. The increase was primarily attributable to the increase in consumables and decoration fees for the relocation of our self-operated retail points within department stores, as well as the provision of support to third-party retailers by undertaking a portion of their store decoration costs.

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

Administrative expenses

The administrative expenses decreased by RMB3.6 million, or approximately 13.0%, from RMB27.6 million in the six months ended 30 June 2024 to RMB24.0 million in the Relevant Period. The decrease in administrative expenses was mainly due to a decrease in equity-settled share award expense by approximately RMB3.0 million.

Other expenses

Other expenses mainly included:

- (i) impairment on trademarks – RMB5.1 million for MCS and RMB1.1 million for Marina Yachting (six months ended 30 June 2024: RMB8.2 million for MCS); and
- (ii) processing costs for external processing services of RMB2.8 million (six months ended 30 June 2024: RMB3.5 million).

FINANCIAL REVIEW *(continued)*

Finance income

Our finance income decreased to RMB6.6 million in the Relevant Period as compared to that of RMB7.4 million in the six months ended 30 June 2024, representing a decrease by 10.8%. The decrease in finance income was mainly because of the decrease in interest rate on bank deposits in Hong Kong and PRC in the Relevant Period.

Loss before tax and loss for the period

As a result of the foregoing factors, the Group reported a loss before tax of RMB46.2 million in the Relevant Period (six months ended 30 June 2024: RMB42.7 million), and a loss for the period of RMB46.1 million in the Relevant Period (six months ended 30 June 2024: RMB42.7 million).

Loss attributable to owners of the parent

As a result of the foregoing, the loss attributable to owners of the parent increased by RMB3.7 million, or approximately 8.7%, from RMB42.4 million in the six months ended 30 June 2024 to RMB46.1 million in the Relevant Period.

Working Capital Management

	30 June 2025	31 December 2024
Inventory turnover days	510	548
Trade receivables turnover days	36	48
Trade payables turnover days	65	45

FINANCIAL REVIEW *(continued)*

Working Capital Management *(continued)*

The decrease in inventory turnover days by 38 days, from 548 days as at 31 December 2024 to 510 days as at 30 June 2025, was mainly attributable to a decrease in turnover days of inventories aged between 1 year to 3 years by 89 days, primarily due to the clearance of past season inventories.

The decrease in trade receivables turnover days by 12 days, from 48 days as at 31 December 2024 to 36 days as at 30 June 2025, was mainly attributable to the adoption of a more stringent receivables collection policy.

The increase in trade payables turnover days by 20 days, from 45 days as at 31 December 2024 to 65 days as at 30 June 2025, was mainly attributable to a higher trade payables balance as at 30 June 2025, resulting from the early arrival of 2025 fall/winter products.

Liquidity, financial position and cash flows

As at 30 June 2025, we had net current assets of approximately RMB566.9 million, as compared to RMB548.4 million as at 31 December 2024. The current ratio of our Group was 3.9 times as at 30 June 2025 (31 December 2024: 4.0 times).

There was no undrawn banking facility as at 30 June 2025.

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

As at 30 June 2025, we had an aggregate cash and cash equivalents, time deposits, structured bank deposits and deposits in financial institutes, and financial assets at fair value through profit or loss of approximately RMB385.7 million (31 December 2024: RMB333.4 million). The table below sets forth selected cash flow data from our interim condensed consolidated statement of cash flows:

	For the six months ended 30 June	
	2025	2024
	RMB million	RMB million
Net cash flows (used in)/from operating activities	(3.0)	1.2
Net cash flows from investing activities	74.8	62.4
Net cash flows used in financing activities	(0.9)	(5.2)
Net increase in cash and cash equivalents	70.9	58.4
Effect of foreign exchange rate changes, net	4.6	(1.2)
Cash and cash equivalents at the beginning of the period	100.8	226.4
Cash and cash equivalents at the end of the period	176.3	283.6

Operating activities

Net cash flows from operating activities decreased by RMB4.2 million, from cash inflows of RMB1.2 million in the six months ended 30 June 2024 to cash outflows of RMB3.0 million in the Relevant Period. The decrease was primarily attributable to (i) a decrease in cash flows before change of working capital, from cash inflows of RMB9.4 million in the six months ended 30 June 2024 to cash outflows of RMB11.1 million in the Relevant Period; and partially offset by (ii) a decrease in cash outflows arising from the increase in inventories by RMB7.8 million, from RMB18.1 million in the six months ended 30 June 2024 to RMB10.3 million in the Relevant Period, primarily due to the decrease in procurement.

FINANCIAL REVIEW *(continued)*

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

Investing activities

Net cash flows from investing activities mainly represented cash proceeds received on disposal of equity investments designated at fair value through profit or loss of RMB45.3 million and the withdrawal of short term deposits with original maturity of over three months and withdrawal of financial assets at fair value through profit or loss, totaling RMB23.4 million.

Financing activities

Net cash flows used in financing activities mainly represented principal portion of lease payments of RMB2.8 million and partially offset by the capital injected by non-controlling interests of RMB2.0 million.

Pledge of group assets

As at 30 June 2025, no asset of our Group was pledged as a security for bank borrowings or any other financing facilities.

Capital commitments and contingent liabilities

As of 30 June 2025, the Group had no significant capital commitments (31 December 2024: Nil) and no material contingent liabilities (31 December 2024: Nil).

Foreign exchange management

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

OPERATION REVIEW

Retail and distribution network

As at 30 June 2025, our sales network comprised a total of 122 self-operated retail points, consisting of concession counters and standalone stores, and 39 retail points operated by our third-party retailers.

The following table sets forth the number of our self-operated retail points and retail points operated by our third-party retailers in Mainland China and Taiwan by brand as at 30 June 2025 and 31 December 2024:

Brands	As at 30 June 2025			As at 31 December 2024		
	Self-operated retail points	Retail points operated by third-party retailers	Total retail points	Self-operated retail points	Retail points operated by third-party retailers	Total retail points
SBPRC	49	5	54	50	5	55
MCS	70	30	100	70	29	99
Others	3	4	7	2	4	6
Total	122	39	161	122	38	160

Self-operated retail points

As at 30 June 2025, we had a network of 115 self-operated concession counters (31 December 2024: 118 self-operated concession counters). A majority of the concession counters are located within mainstream department stores in the first and second tier cities in China, including Bailian (百聯), Golden Eagle (金鷹), MOI (茂業), Intime (銀泰), Wangfujing (王府井) etc., among which a total of 36 were outlet stores as at 30 June 2025 (31 December 2024: 40 outlet stores).

As at 30 June 2025, we had a network of 7 standalone stores (31 December 2024: 4 stores) which were located in shopping malls within major cities in the PRC to ensure a steady flow of consumers as well as to enhance our sales and brand awareness.

OPERATION REVIEW *(continued)***Retail and distribution network** *(continued)***Retail points operated by third party retailers**

As at 30 June 2025, we had a total of 39 retail points that were operated by third-party retailers, which remained consistent as compared to that of 38 retail points as at 31 December 2024.

Online Channels

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

During the Relevant Period, we continued to participate in the just-in-time delivery program (the “**JIT Program**”) of VIP.com, which allows us to receive orders placed by customers on VIP.com and make direct distribution of the products to customers from our warehouse. We also actively developed new online third-party retailers for online retailing of our products.

Branding

The continuing implementation of a multi-brand strategy is critical to our sustainable expansion and growth. We believe that our multi-brand strategy will allow us capture more market segments, take advantage of a wider range of market opportunities and ultimately increase our overall market share in China’s menswear market.

During the Relevant Period, the Group established a Digital Marketing Department and set up an Artificial Intelligence Generated Content (“**AIGC**”) Production Unit within the department. In addition, the Company launched an “AIGC Empowerment Initiative”, which aims to enhance the efficiency and quality of digital marketing content production through the adoption of AIGC technology and by encouraging participation from all the Company’s personnel. The initiative provides frontline sales staff with efficient, high-quality digital content for publication on social media platforms such as Xiaohongshu (Little Red Book), Douyin, WeChat Channels, WeChat Official Accounts and Weibo.

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

OPERATION REVIEW *(continued)*

Business Digitalization

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

We developed an O2O system that is tailored to our retail network and allows our customers to make purchases on demand even if the desired item is out of stock at a particular location, which in turn both enhances customers’ shopping experience and drives our sales. Sales contributed by the self-developed O2O system decreased by RMB0.3 million, or approximately 4.5%, from RMB6.7 million in the six months ended 30 June 2024 to RMB6.4 million in the Relevant Period.

We also operated a social network-based commerce and marketing program in collaboration with Weimob to sell and deliver our products in our WeChat stores. Total revenue derived from WeChat stores decrease by RMB0.3 million, or approximately 11.1%, from RMB2.7 million in the six months ended 30 June 2024 to RMB2.4 million in the Relevant Period.

In addition, as our Customer Relationship Management (CRM) system has been online, we are also working on a customer loyalty program with an aim to further promote customer loyalty, encourage repeat purchases and cross-selling.

Properties under Development

The Group’s property development segment represents the properties under development which are situated at No. 833, Shuiyun Road, China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area. The site area of the project is approximately 5,819 square meters and the floor area is approximately 11,637 square meters, which mainly includes commercial area of approximately 3,435 square meters and residential area of approximately 7,600 square meters.

The properties under development are indirectly wholly owned by the Company. As at 30 June 2025, the carrying amount of the properties under development was RMB205.0 million. The percentage of stage of completion of the project is approximately 99.9%. Currently, the Group is in the process of applying for the permit for advance sale of commodity houses from the relevant governmental authorities.

OPERATION REVIEW *(continued)***Properties under Development** *(continued)*

The board of directors (the “**Board**”) expects the construction of the properties under development will be completed during the year. When completion and the permit for advance sale of commodity houses is obtained, the properties are expected to be sold to recover funds. After sale of the properties, the Board expects that the Group will no longer engage in the property development business.

Impairment of Trademarks

The Group classified the trademarks of “London Fog”, “Artful Dodger”, “Zoo York”, “MCS”, “Henry Cotton’s” and “Marina Yachting” as intangible assets with indefinite lives. The Group performs an impairment test on each trademark at the end of each reporting period. The impairment assessment was based on the forecast and estimation on the future development of each cash-generating unit to which the trademark is allocated.

During the Relevant Period, the impairment loss on these trademarks was RMB6.2 million, mainly comprising an impairment on MCS of RMB5.1 million and on Marina Yachting of RMB1.1 million (six months ended 30 June 2024: impairment on MCS of RMB8.2 million).

The impairment recognised for the Relevant Period was mainly attributable to the continuous decrease in revenue of the MCS and Marina Yachting brands.

OPERATION REVIEW *(continued)*

Significant Investments

Formation of partnership

In June 2025, Guangdong Junrui Industrial Co., Ltd. (廣東君瑞實業有限公司, “**Guangdong Junrui**”, an indirect wholly-owned subsidiary of the Company), as limited partner, entered into a partnership agreement (the “**Partnership Agreement**”) with Guangdong Yida Huishun Equity Investment Management Partnership (Limited Partnership) (廣東毅達匯順股權投資管理企業(有限合夥), “**Guangdong Yida**”), as the general partner 1, and Zhuhai Sinosure Joint Investment Co., Ltd. (珠海信保聯合投資有限公司, “**Zhuhai Sinosure**”, a company indirectly owned as to 49% by the Company), as the general partner 2, in relation to the formation of Nanjing Yida Keshun Industrial Upgrade and Merge and Acquisition Investment Partnership (Limited Partnership) (南京毅達科順產業升級並購投資合夥企業(有限合夥), the “**Partnership**”). Pursuant to the Partnership Agreement, the total capital contribution by all partners of Partnership shall be RMB52,000,000, of which each of Guangdong Junrui, Guangdong Yida and Zhuhai Sinosure shall contribute RMB50,000,000, RMB1,000,000 and RMB1,000,000, respectively. In addition, the capital contributions subscribed by Guangdong Junrui shall be paid in several instalments over a span of four years and with the first instalment of RMB20,000,000.

On 26 June 2026, Guangdong Junrui made a capital injection of RMB20,000,000 to Partnership.

Investment made by the 2024 Partnerships

In January 2024, the Company conducted a discloseable transaction to form two partnerships (“**2024 Partnerships**”), which would invest in targets engaging in the fields of new generation information technology, new energy, integrated circuits, intelligent manufacturing, biomedicine and health, smart home appliances, equipment manufacturing and fine chemicals. The Board considered that the 2024 Partnerships would prioritize investments in areas that can generate synergies with the business of the Company, and expand the Group’s investment portfolio which complements the Group’s existing business and allow the Group to diversify its business and sources of revenue.

OPERATION REVIEW *(continued)*

Significant Investments *(continued)*

Investment made by the 2024 Partnerships *(continued)*

As at 30 June 2025, the 2024 Partnerships have already completed one investment, with details as follows:

1. **Investee:** A technology company incorporated in the PRC
2. **Principal of business:** Specializing in the development of chemical materials and processes, including silver-coated copper powder and wet chemicals required for electroplating processes
3. **Investment amount:** RMB10 million
4. **Closing date:** 29 August 2024
5. **Synergies with the Company:** Silver ions and copper ions both have antibacterial properties and can inhibit the growth of bacteria and mould. Silver-coated copper powder has broad application potential in the field of functional apparel due to its excellent conductivity and antibacterial properties. It enables the development of fabrics with anti-static, antibacterial and odor-resistant functions. These materials can be incorporated into textiles via yarn blending or surface coating techniques, supporting large-scale production of functional garments. The Company is currently in preliminary discussion with the Investee to jointly develop antibacterial and odor-resistant apparels and accessories using silver-coated copper powder materials, with the aim of enhancing the added value and technological competitiveness of the Company's products. The Company expects to enter into a formal agreement with the Investee in the fourth quarter of 2025 if the negotiation is fruitful.

OPERATION REVIEW *(continued)*

Disposal of listed securities

In April 2025, two subsidiaries of the Company disposed of an aggregate of 6,142,839 ordinary shares of Guangdong Shaoneng Group Co., Ltd. (廣東韶能集團股份有限公司), listed on the Shenzhen Stock Exchange, for an aggregate cash consideration of approximately RMB43,878,000 (excluding transaction costs).

Outsourcing

In order to enable our management team to continuously focus on our core missions, we outsourced substantially all of our sales staff in self-operated retail points and the production workers in our manufacturing plant in Dezhou to a third-party outsourcing service company. As at 30 June 2025, approximately 571 sales representatives, store managers and production workers, were employees of the outsourcing service company (31 December 2024: 599).

Employee information

As at 30 June 2025, the Group had approximately 186 full-time employees (31 December 2024: 190). Staff costs, including directors' remuneration, totalled RMB9.2 million in the Relevant Period (six months ended 30 June 2024: RMB15.3 million).

Corporate Social Responsibility

Being a responsible corporate citizen is a core fundamental of our culture. During the Relevant Period, we looked for opportunities to reduce the consumption of paper, electricity and other resources in order to reduce the impact to the environment and set reduction targets as appropriate.

OPERATION REVIEW *(continued)*

Prospects

The Board will focus on the following initiatives in the second half of 2025:

- Clearing aged inventories and optimizing cash flow, which remains our top priority;
- Increasing production volume and quality of digital marketing content through our “AIGC Empowerment Initiative” to enhance brand presence on social media platforms such as Xiaohongshu (Little Red Book), Douyin, WeChat Channels, WeChat Official Accounts and Weibo;
- Expanding online sales channels by increasing sales through department store-and shopping mall-operated online stores, as well as boosting sales from our WeChat stores and e-shops on major e-commerce platforms like Tmall and JD.com;
- Driving sales growth among VIP customers by leveraging our CRM program;
- Completing the construction of the Group’s properties under development and initiating property sales; and
- Exploring new business opportunities, including brand licensing, group purchases etc.

INTERIM DIVIDENDS

The Board does not recommend to declare any interim dividends for the Relevant Period (six months ended 30 June 2024: Nil).

OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As at 30 June 2025, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in Appendix C3 to the Listing Rules, were as follows:

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

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

Notes:

- (1) CEC Outfitters Limited, holding 839,748,000 shares (long position) of the Company, was wholly owned by Vinglory Holdings Limited (“**Vinglory**”) and Vinglory was wholly owned by Mr. ZHANG Yongli.
- (2) The percentage is calculated based on the total number of 3,445,450,000 shares in issue of the Company as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, none of the directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2025, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or were otherwise notified to the Company:

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

Name	Notes	Nature of Interest	Number of Shares	Percentage of the Company's Issued Share Capital (Note 4)
Mr. ZHANG Yongli	(1)	Corporate interest	839,748,000	24.37
	(1)	Beneficial owner	12,570,000	0.36
Vinglory Holdings Limited	(1)	Corporate interest	839,748,000	24.37
CEC Outfitters Limited	(1)	Beneficial owner	839,748,000	24.37
Ms. HUANG Xiaoyun	(2)	Beneficial owner	497,896,000	14.45
Ms. ZHANG Kailun		Beneficial owner	173,000,000	5.02

Notes:

- (1) CEC Outfitters Limited, holding 839,748,000 shares (long position) of the Company, was wholly owned by Vinglory and Vinglory was wholly owned by Mr. ZHANG Yongli. Mr. ZHANG Yongli held interests in a total of 12,570,000 shares (long position) of the Company.
- (2) Ms. HUANG Xiaoyun held interests in a total of 497,896,000 shares (long position) of the Company.
- (3) The percentage is calculated based on the total number of 3,445,450,000 shares in issue of the Company as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, no person, other than the directors and chief executives of the Company, whose interests are set out in the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares and Underlying Shares and Debentures” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sales of treasury shares, as defined under the Listing Rules).

As of 30 June 2025, there were no treasury shares held by the Company.

CORPORATE GOVERNANCE

Corporate governance practices

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board is of the view that throughout the six months ended 30 June 2025, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules, with the exception of code provision C.2.1.

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

DIRECTORS’ SECURITIES TRANSACTIONS

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

All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard set out in the Model Code and the Code of Conduct for the six months ended 30 June 2025.

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, there is no change in information of directors since the date of the 2024 annual report of the Company.

AUDIT COMMITTEE

The audit committee of the Company has discussed with the management regarding the risk management and internal control systems and financial reporting matters related to the preparation of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025. It has also reviewed the said unaudited interim condensed consolidated financial statements in conjunction with the Company's external auditors.

APPRECIATION

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

By Order of the Board

Huicheng International Holdings Limited

ZHANG Yongli

Chairman

Hong Kong

26 August 2025



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF HUICHENG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 72, which comprises the condensed consolidated statement of financial position of HUICHENG INTERNATIONAL HOLDINGS LIMITED (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young

Certified Public Accountants

Hong Kong

26 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2025

	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
REVENUE	5	67,316	82,264
Cost of sales		(31,530)	(32,542)
Gross profit		35,786	49,722
Other income and gains	6	11,128	14,287
Selling and distribution expenses		(66,496)	(68,656)
Administrative expenses		(24,019)	(27,631)
Reversal of impairment/(impairment losses) on financial assets, net		3,463	(1,366)
Other expenses	8	(11,159)	(15,132)
Operating loss		(51,297)	(48,776)
Finance income	7	6,574	7,389
Finance costs		(343)	(478)
Share of losses of: Associates		(1,120)	(815)
LOSS BEFORE TAX	8	(46,186)	(42,680)
Income tax expense	9	61	–
LOSS FOR THE PERIOD		(46,125)	(42,680)
Attributable to:			
Owners of the parent		(46,063)	(42,396)
Non-controlling interests		(62)	(284)
		(46,125)	(42,680)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted For loss for the period	11	RMB(1.34)cents	RMB(1.29)cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
LOSS FOR THE PERIOD	(46,125)	(42,680)
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial statements	(3,490)	2,187
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(3,490)	2,187
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial statements	1,235	(548)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	20,352	(2,334)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	21,587	(2,882)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	18,097	(695)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(28,028)	(43,375)
Attributable to:		
Owners of the parent	(27,960)	(43,094)
Non-controlling interests	(68)	(281)
	(28,028)	(43,375)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 30 June 2025**

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	216,751	226,542
Investment properties		39,624	41,109
Right-of-use assets		37,178	38,623
Investments in associates		64,184	65,391
Equity investments designated at fair value through other comprehensive income	13	–	24,940
Other non-current assets		9,288	9,288
Other intangible assets	12	18,704	24,930
Deferred tax assets		2,768	2,768
Total non-current assets		388,497	433,591
CURRENT ASSETS			
Inventories	14	81,935	96,707
Properties under development	15	205,014	204,598
Trade receivables	16	9,636	17,032
Prepayments and other receivables	17	78,260	77,169
Financial assets at fair value through profit or loss	18	1,695	11,880
Structured bank deposits and deposits in financial institutes	19	74	74
Time deposits	20	207,597	220,720
Cash and cash equivalents	20	176,311	100,816
Total current assets		760,522	728,996
CURRENT LIABILITIES			
Trade payables	21	13,393	9,249
Other payables and accruals	22	57,616	47,823
Lease liabilities		2,369	3,309
Tax payable		120,217	120,205
Total current liabilities		193,595	180,586

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)***As at 30 June 2025**

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NET CURRENT ASSETS		566,927	548,410
TOTAL ASSETS LESS CURRENT LIABILITIES		955,424	982,001
NON-CURRENT LIABILITIES			
Lease liabilities		403	891
Interest-bearing other borrowings		5,126	5,126
Deferred tax liabilities		3,353	3,414
Total non-current liabilities		8,882	9,431
Net assets		946,542	972,570
EQUITY			
Equity attributable to owners of the parent			
Share capital	23	280,661	280,661
Reserves		662,439	690,399
		943,100	971,060
Non-controlling interests		3,442	1,510
Total equity		946,542	972,570

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the parent										
	Share capital	Share Premium	Capital redemption reserve	Merger reserve	Acquisition reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 23)										
At 1 January 2025 (audited)	280,661	(24,978)	543	389,848	(182,362)	(40,519)	53,497	29,417	464,953	971,060	1,510
Loss for the period	-	-	-	-	-	-	-	-	(46,063)	(46,063)	(62)
Other comprehensive loss for the period:											
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	20,352	-	-	-	20,352	-
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	(2,249)	-	(2,249)	(6)
Total comprehensive income/(loss) for the period	-	-	-	-	-	20,352	-	(2,249)	(46,063)	(27,960)	(68)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	2,000
Transfer to retained earnings	-	-	-	-	-	20,167	-	-	(20,167)	-	-
At 30 June 2025 (unaudited)	280,661	(24,978)	543	389,848	(182,362)	-	53,497	27,168	398,723	943,100	3,442

* These components of equity comprise the consolidated reserves of RMB662,439,000 (31 December 2024: RMB690,399,000) in the interim condensed consolidated statement of financial position as at 30 June 2025.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2024

	Attributable to owners of the parent												
	Share capital RMB'000 (note 23)	Shares held for Share Award Scheme RMB'000	Capital redemption reserve RMB'000	Merger reserve RMB'000	Acquisition reserve RMB'000	Share award reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024 (audited)	280,661	(30,946)	543	389,848	(182,362)	995	(39,168)	53,562	23,018	630,995	1,127,146	3,843	1,130,989
Loss for the period	-	-	-	-	-	-	-	-	-	(42,396)	(42,396)	(284)	(42,680)
Other comprehensive loss for the period:													
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(2,334)	-	-	-	(2,334)	-	(2,334)
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	-	1,636	-	1,636	3	1,639
Total comprehensive loss for the period	-	-	-	-	-	-	(2,334)	-	1,636	(42,396)	(43,094)	(281)	(43,375)
Deregistration of a subsidiary	-	-	-	-	-	-	-	(65)	-	65	-	-	-
Share Award Scheme arrangements	-	-	-	-	-	2,984	-	-	-	-	2,984	-	2,984
Special dividend declared	-	-	-	-	-	-	-	-	-	(59,501)	(59,501)	-	(59,501)
At 30 June 2024 (unaudited)	280,661	(30,946)	543	389,848	(182,362)	3,979	(41,502)	53,497	24,654	529,163	1,027,535	3,562	1,031,097

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(46,186)	(42,680)
Adjustments for:			
Depreciation of property, plant and equipment	8	9,220	8,526
Depreciation of investment properties	8	1,485	1,647
Depreciation of right-of-use assets	8	2,755	5,256
Amortisation of other intangible assets	8	93	93
Write-down of inventories to net realisable value	8	25,048	30,123
Share of losses of associates		1,120	815
Fair value gains, net: Financial assets at fair value through profit or loss	8	(83)	(377)
Impairment of other intangible assets	8	6,223	8,255
Impairment of right-of-use assets	8	–	776
(Reversal of impairment)/impairment of trade receivables, net	8	(2,494)	782
(Reversal of impairment)/impairment of other receivables and prepayments, net	8	(969)	473
Equity-settled share award expense		–	2,984
Finance costs		343	478
Finance income	7	(6,574)	(7,389)
Dividend income from equity investments at fair value through other comprehensive income		(1,163)	(315)
Loss/(gain) on disposal of items of property, plant and equipment		59	(8)
		(11,123)	9,439

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*(continued)***For the six months ended 30 June 2025**

	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Increase in inventories		(10,276)	(18,069)
Decrease in trade receivables		9,655	10,118
Increase in prepayments, other receivables		(5,205)	(4,930)
Increase in trade payables		4,144	8,287
Decrease in other payables and accruals		9,803	(3,591)
Cash generated from operations		(3,002)	1,254
Net cash generated (used in)/from operating activities		(3,002)	1,254

CASH FLOWS FROM INVESTING ACTIVITIES

Dividends received from equity investments at fair value through other comprehensive income		1,163	315
Proceeds from disposal of items of property, plant and equipment		(59)	8
Purchase of items of property, plant and equipment		(751)	(955)
Increase in short term deposits with original maturity of over three months		13,123	(127,598)
Interest received from bank deposits		5,719	6,785
Interest received from structured bank deposits and investment income on wealth management products		13	241
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		45,292	–
Decrease in structured bank deposits and deposits in financial institutes and financial assets at fair value through profit or loss		10,268	237,245
Repayment of loan from a related party		–	957
Interest received from related parties		–	488
Investment in an associate		–	(55,000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*(continued)***For the six months ended 30 June 2025**

	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net cash flows generated from investing activities		74,768	62,486
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injected by non-controlling interests		2,000	–
Repayment of loan from related parties		–	(502)
Principal portion of lease payments		(2,847)	(4,728)
Net cash flows used in financing activities		(847)	(5,230)
NET INCREASE IN CASH AND CASH EQUIVALENTS		70,919	58,510
Cash and cash equivalents at beginning of period		100,816	226,350
Effect of foreign exchange rate changes, net		4,576	(1,220)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		176,311	283,640
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	176,311	257,094
Time deposits	20	–	26,546
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and condensed consolidated statement of cash flows	20	176,311	283,640

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The Group is principally engaged in the business of design, manufacture, marketing and sale of apparel products and accessories in the People’s Republic of China (the “**PRC**”, or “**China**” which excludes, for the purpose of this report, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan) with a focus on menswear. The Group also engages in the business of property development in the PRC. There has been no significant change in the Group’s principal activities during the six months ended 30 June 2025.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

These interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard the first time for the current period's financial information.

Amendments to IAS 21 *Lack of Exchangeability*

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

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

4. OPERATING SEGMENT INFORMATION *(continued)*

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

4. OPERATING SEGMENT INFORMATION *(continued)*

30 June 2025 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Segment assets	873,796	269,248	1,143,044
Reconciliation:			
Elimination of intersegment receivables			(235,401)
Elimination of capitalised interest expense			(43,786)
Corporate and other unallocated assets			285,162
Total assets			1,149,019
Segment liabilities	34,947	279,711	314,658
Reconciliation:			
Elimination of intersegment payables			(235,401)
Corporate and other unallocated liabilities			123,220
Total liabilities			202,477
Six months ended 30 June 2025 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Other segment information			
Reversal of impairment losses of trade receivables, net	2,494	–	2,494
Reversal of impairment losses of other receivables, net	969	–	969
Depreciation and amortisation	13,553	–	13,553
Capital expenditure*	335	416	751

* Capital expenditure consists of additions to property, plant and equipment, long-term prepayments, other intangible assets and properties under development.

4. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2024 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	82,264	–	82,264
Reconciliation:			
Elimination of intersegment sales			–
Revenue			82,264
Segment results	(51,501)	5	(51,496)
Reconciliation:			
Elimination of intersegment results			(4,839)
Finance income			7,389
Dividend income and unallocated gains			18,545
Corporate and other unallocated expenses			(12,279)
Loss before tax			(42,680)

4. OPERATING SEGMENT INFORMATION *(continued)*

30 June 2024 (unaudited)	Apparel products and accessories RMB'000	Property development RMB'000	Total RMB'000
Segment assets	852,038	263,501	1,115,539
Reconciliation:			
Elimination of intersegment receivables			(213,621)
Elimination of capitalised interest expense			(38,783)
Corporate and other unallocated assets			427,570
Total assets			1,290,705
Segment liabilities	78,942	270,607	349,549
Reconciliation:			
Elimination of intersegment payables			(213,621)
Corporate and other unallocated liabilities			123,680
Total liabilities			259,608

4. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended	Apparel	Property	Total
30 June 2024 (unaudited)	products and	development	
	accessories		
	RMB'000	RMB'000	RMB'000

Other segment information

Reversal of impairment of trade receivables, net	782	–	782
Impairment of other intangible assets	8,255	–	8,255
Impairment of right-of-use assets	776	–	776
Depreciation and amortisation	15,522	–	15,522
Capital expenditure	955	441	1,396

Geographical information**(a) Revenue from external customers**

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Taiwan	1,948	1,447
Mainland China	65,368	80,817
Total	67,316	82,264

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

4. OPERATING SEGMENT INFORMATION *(continued)***(b) Non-current assets**

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Hong Kong	43,541	45,085
Mainland China	342,188	359,216
	385,729	404,301

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

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

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of goods	67,316	82,264

5. REVENUE *(continued)***Revenue from contracts with customers****(i) Disaggregated revenue information for revenue from contracts with customers**

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of goods		
Sale of apparel and accessories	67,316	82,264
Timing of revenue recognition		
Goods transferred at a point in time	67,316	82,264

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognised from performance obligations satisfied in previous periods:		
<i>Sale of apparel products and accessories</i>	5,493	2,243

5. REVENUE *(continued)***Revenue from contracts with customers** *(continued)***(ii) Performance obligation**

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

Sale of products

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

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Government subsidies	–	837
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	4,398	3,880
Dividend income from equity investments at fair value through other comprehensive income	971	–
<i>Royalty income</i>	1,912	4,909
<i>Service and processing income</i>	2,975	3,558
Sundry income	31	33
	10,287	13,217
Other gains		
Exchange gains	271	–
Financial assets at fair value through profit or loss	83	377
Others	487	693
	841	1,070
	11,128	14,287

7. FINANCE INCOME

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest income on bank deposits	5,719	6,785
Interest income on structured bank deposits, deposits in financial institutes and investment income on wealth management products	13	241
Others	842	363
	6,574	7,389

8. LOSS BEFORE TAX

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

		For the six months ended 30 June	
	Note	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cost of inventories sold		17,414	15,461
Depreciation of property, plant and equipment	12	9,220	8,526
Depreciation of investment properties		1,485	1,647
Depreciation of right-of-use assets		2,755	5,256
Amortisation of other intangible assets*	12	93	93
Employee benefit expenses (including directors' remuneration):			
Wages and salaries		8,093	11,223
Equity-settled share award expense		–	2,984
Pension scheme contributions		1,098	1,109
		9,191	15,316
Outsourced labor costs		15,778	17,551
Processing cost**		2,780	3,514
Impairment of other intangible assets**	12	6,223	8,255
Impairment of right-of-use assets**		–	776
(Reversal of impairment losses)/ impairment losses of trade receivables, net***		(2,494)	782
(Reversal of impairment losses)/ impairment losses of other receivables, net***		(969)	473
Fair value gains, net:			
Financial assets at fair value through profit or loss – wealth management products		(83)	(377)
Lease payments not included in the measurement of lease liabilities		17,717	18,485
Write-off of inventories provisions#		(10,932)	(13,328)
Write-down of inventories to net realisable value#		25,048	30,123
Exchange differences, net		(271)	768

8. LOSS BEFORE TAX *(continued)*

- * The amortisation of other intangible assets is included in “Administrative expenses” in the interim condensed consolidated statement of profit or loss.
- ** The impairment of other intangible assets and right-of-use assets, and processing cost are included in “Other expenses” in the interim condensed consolidated statement of profit or loss.
- *** The (Reversal of impairment losses)/impairment losses of trade receivables, impairment of other receivables are included in “Reversal of impairment/(impairment losses) on financial assets, net” in the interim condensed consolidated statement of profit or loss.
- # The write-down of inventories to net realisable value and write-off of inventories provisions are included in “Cost of sales” in the interim condensed consolidated statement of profit or loss.

9. INCOME TAX EXPENSE

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

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the six months ended 30 June 2025.

In accordance with the relevant PRC income tax rules and regulations, the Group’s subsidiaries registered in the PRC are subject to Corporate Income Tax (“**CIT**”) at a statutory rate of 25% on their respective taxable income for the six months ended 30 June 2025 and the six-month period ended 30 June 2024.

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	–	61
Deferred	(61)	(61)
Total tax charge for the period	(61)	–

10. DIVIDEND

The Board has resolved not to declare any dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

The calculation of basic loss per share is based on the loss for the six months ended 30 June 2025 attributable to owners of the parent of RMB46,063,000 (six months ended 30 June 2024: the loss of RMB42,396,000) and the weighted average number of ordinary shares of 3,445,450,000 (six months ended 30 June 2024: 3,282,916,000) shares in issue during the six months ended 30 June 2025.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2025 in respect of a dilution as the share options under Share Option Scheme outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Losses		
Loss attributable to owners of the parent, used in the basic loss per share calculation	(46,063)	(42,396)

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EUIITY HOLDERS OF THE PARENT *(continued)*

	Number of shares For the six months ended 30 June	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue	3,445,450,000	3,445,450,000
Weighted average number of shares purchased for the Share Award Scheme	–	(162,534,000)
Adjusted weighted average number of ordinary shares in issue used in the basic loss per share calculation	3,445,450,000	3,282,916,000

12. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Other intangible assets RMB'000
Unaudited		
Opening net book amount at 1 January 2025	226,542	24,930
Additions	335	–
Disposals	(309)	–
Depreciation and amortisation provided during the six months ended 30 June 2025	(9,220)	(93)
Impairment	–	(6,223)
Exchange realignment	(597)	90
Closing net book amount at 30 June 2025	216,751	18,704
Audited		
Opening net book amount at 1 January 2024	242,600	39,762
Additions	1,028	–
Disposals	(539)	–
Depreciation and amortisation provided during the year	(17,924)	(184)
Impairment	–	(14,636)
Leasehold Improvements	512	–
Exchange realignment	865	(12)
Closing net book amount at 31 December 2024	226,542	24,930

As at 30 June 2025, one certificate of ownership in respect of a certain building with net carrying amount of approximately RMB2,483,000 (31 December 2024: RMB2,714,000) has not been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

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

The Group classified the trademarks of “London Fog”, “Artful Dodger”, “Zoo York”, “MCS”, “Henry Cotton’s” and “Marina Yachting” as intangible assets with indefinite lives. The Group has performed impairment reviews of the carrying values of trademarks as at 30 June 2025 based on a value in use calculation using cash flow projections from financial budgets covering a five-year period approved by senior management. For the period ended 30 June 2025, the discount rates applied to the cash flow projection were 27.9% (2024: 26.4%) for “London Fog” and 27.9% (2024: 24%) for “MCS” and cash flows beyond the five-year period were extrapolated using a growth rate of 0% (2024: 2%) which does not exceed the projected long term average growth rate for the relevant industry in Mainland China. Based on the result of the impairment test, the recoverable amounts of the trademarks of “MCS” and “Marina Yachting” were lower than their carrying amounts as at 31 December 2024. Accordingly, management determined that there was impairment of these trademarks and recognised RMB5,088,000 and RMB1,135,000 for “MCS” and “Marina Yachting”, respectively. (2024: RMB13,243,000 and RMB548,000 for “MCS” and “Marina Yachting”, respectively.), which were recorded within other expenses in the consolidated statement of profit or loss.

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

Budgeted gross profit margins

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

Discount rates

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

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Listed equity investment, at fair value Guangdong Shaoneng Group Co., Ltd.	—	24,940
	—	24,940

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

14. INVENTORIES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Raw materials	4,188	3,744
Work in progress	3,028	2,744
Finished goods	74,719	90,219
	81,935	96,707

15. PROPERTIES UNDER DEVELOPMENT

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Properties under development	205,014	204,598

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

16. TRADE RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	18,292	28,182
Impairment	(8,656)	(11,150)
	9,636	17,032

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

16. TRADE RECEIVABLES *(continued)*

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 month	6,946	11,070
1 to 2 months	652	2,047
2 to 3 months	367	1,855
Over 3 months	1,671	2,060
	9,636	17,032

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
At beginning of period/year	11,150	8,295
Amount written off as uncollectible	—	(60)
(Reversal of impairment losses)/ impairment losses, net	(2,494)	2,915
At end of period/year	8,656	11,150

17. PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Prepayments		23,047	17,876
Deposits and other receivables		60,263	66,192
Deposit and other receivables from related parties	25(b)	21,865	20,985
		105,175	105,053
Impairment allowance		(26,915)	(27,884)
		78,260	77,169

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
At beginning of period/year	27,884	19,069
Impairment losses, net	(969)	8,815
At end of period/year	26,915	27,884

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Wealth management products, at fair value	1,695	11,880

The above financial assets at fair value at 30 June 2025 were wealth management products issued by securities companies in the PRC. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

19. STRUCTURED BANK DEPOSITS AND DEPOSITS IN FINANCIAL INSTITUTES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Structured bank deposits and deposits in financial institutes, at amortised cost	74	74

The structured deposits and deposits in financial institutes have terms of less than one year and are denominated in RMB.

20. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Cash and bank balances	176,311	97,945
Time deposits	207,597	223,591
	383,908	321,536
Less:		
Time deposits with original maturity of more than three months when acquired	(207,597)	(220,720)
Cash and cash equivalents	176,311	100,816

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

21. TRADE PAYABLES

An ageing analysis of the trade payables as at 30 June 2025 and 31 December 2024, based on the invoice date, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables		
Payables to third parties		
Within 30 days	12,946	6,112
31 to 90 days	358	15
91 to 180 days	17	–
Over 181 days	72	3,122
	13,393	9,249

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

22. OTHER PAYABLES AND ACCRUALS

	Note	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Contract liabilities		6,911	12,394
Other payables		29,615	11,195
Accruals		6,586	6,973
Other taxes payable		14,170	17,042
Payables to related parties	25(b)	334	219
		57,616	47,823

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

23. SHARE CAPITAL

Shares

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Issued and fully paid:		
3,445,450,000 (31 December 2024: 3,445,450,000) ordinary shares	344,545	344,545
Equivalent to RMB'000	280,661	280,661

There was no movement of issued share capital during the six months ended 30 June 2025.

24. OPERATING LEASE ARRANGEMENTS

As lessor

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

At 30 June 2025, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within one year	4,561	5,573
In the second to fifth years, inclusive	12,475	13,285
After five years	11,709	11,863
	28,745	30,721

25. RELATED PARTY TRANSACTIONS**(a) Other transactions with related parties:**

		For the six months ended 30 June	
	Notes	2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Purchases of product tags			
Wuxi Hengye Software Technology Co., Ltd	(i)&(ii)	187	129
Royalty fees			
Shanghai Pancoat Trading Co., Ltd (" Shanghai Pancoat ")	(ii)	234	121
Rental expenses			
Huang Xiaoyun	(ii)&(iii)	146	145
Sales of products			
Shanghai Jegoplay Hongmeng Culture Development Co., Ltd	(ii)	1,816	1,693
Zhejiang Manqu Technology Co., Ltd	(ii)&(iv)	–	17
		1,816	1,710
Rental income			
Wuxi Hengye Software Technology Co., Ltd	(i)&(ii)	234	234

25. RELATED PARTY TRANSACTIONS *(continued)*

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

- (i) The key management member of Wuxi Hengye Software Technology Co., Ltd. (“**Wuxi Hengye**”) is Zhang Yongli, the chairman and the chief executive officer of the Group. Sun Jing, the spouse of Zhang Yongli, is a non-controlling shareholder and holds 21.71% equity interest in Wuxi Hengye. The purchases were made on mutually agreed terms.
- (ii) The transaction was made on mutually agreed terms.
- (iii) Huang Xiaoyun is an executive director and the chief financial officer of the Group.
- (iv) Zhejiang Manqu Technology Co., Ltd. (“**Zhengjiang Manqu**”) is the subsidiary of the non-controlling shareholder of a subsidiary of the Group.

25. RELATED PARTY TRANSACTIONS *(continued)***(b) Outstanding balances with related parties:**

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Other payable			
Huang Xiaoyun	(i)	124	144
Wuxi Hengye Software Technology Co., Ltd	(ii)	100	100
Other receivable			
Wuxi Hengye Software Technology Co., Ltd	(iii)	–	2
China Brands Group	(iv)	100	100
Jegoplay Hongmeng Culture Development Co., Ltd.	(v)	18,107	17,252
Zhejiang Dianshi Technology Co., Ltd	(vi)	1,236	1,209
Zhejiang Manqu Technology Co., Ltd.	(vii)	2,422	2,422
		21,865	20,985
Other borrowings			
Shanghai Pancoat Trading Co., Ltd	(viii)	5,126	5,126
Interest payable			
Shanghai Pancoat Trading Co., Ltd	(viii)	234	119

25. RELATED PARTY TRANSACTIONS *(continued)***(b) Outstanding balances with related parties:** *(continued)*

- (i) Huang Xiaoyun is an executive director and the chief financial officer of the Group. The balance at 30 June 2025 was related to the Group's procurement of rental services from Huang Xiaoyun.
- (ii) The key management member of Wuxi Hengye is Zhang Yongli, the chairman and the chief executive officer of the Group. The balance was related to the rental deposit received for providing rental services to Wuxi Hengye. The balance is unsecured, interest-free and due in twelve months.
- (iii) The balance was related to the elevator maintenance services to Wuxi Hengye.
- (iv) China Brands Group is the parent company of Shanghai Pancoat, which is the non-controlling shareholder of a subsidiary of the Group. The balance is unsecured, interest-free and due in three months.
- (v) Shanghai Jegoplay Hongmeng Culture Development Co., Ltd. ("**Jegoplay Hongmeng**") is an associate of the Group. The balance was related to a loan granted by the Group. As at 30 June 2025, the principal of the Group's loan granted to Jegoplay Hongmeng was RMB16,290,000. The loan is unsecured and repayable on demand, and bears interest at 4.5% per annum.
- (vi) Zhejiang Dianshi Technology Co., Ltd is the non-controlling shareholder of a subsidiary of the Group. The balance was related to a loan granted by the Group. The loan bears interest at 5% per annum. The balance is unsecured and repayable on demand.

25. RELATED PARTY TRANSACTIONS *(continued)***(b) Outstanding balances with related parties:** *(continued)*

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

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

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	1,472	1,457
Salaries, allowances and benefits in kind	3,237	3,514
Equity-settled share award expense	—	2,984
Pension scheme contributions	155	91
Total compensation paid to key management personnel	4,864	8,046

Rental expenses from Huang Xiaoyun mentioned in 25(a) constituted connected transactions as defined in Chapter 14A of the Listing Rules. The Company is of the view that the transaction was de minimis transaction and was therefore fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules ("**Fully Exempt CT**").

26. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Financial assets				
Equity investments designated at fair value through other comprehensive income	–	24,940	–	24,940
Financial assets at fair value through profit or loss	1,695	11,880	1,695	11,880
	1,695	36,820	1,695	36,820

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

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

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

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

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

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

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

Fair value hierarchy

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

Assets measured at fair value **As at 30 June 2025**

	Fair value measurement using		
	Quoted prices in active markets Level 1 RMB'000 (Unaudited)	Significant observable inputs Level 2 RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Equity investments designated at fair value through other comprehensive income – listed	-	-	-
Financial assets at fair value through profit or loss	1,695	-	1,695
	1,695	-	1,695

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

Fair value hierarchy *(continued)*

Assets measured at fair value *(continued)*

As at 31 December 2024

	Fair value measurement using		Total RMB'000 (Audited)
	Quoted prices in active markets Level 1 RMB'000 (Audited)	Significant observable inputs Level 2 RMB'000 (Audited)	
Equity investments designated at fair value through other comprehensive income – listed	24,940	–	24,940
Financial assets at fair value through profit or loss	11,880	–	11,880
	36,820	–	36,820

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

Fair value hierarchy *(continued)*

Assets measured at fair value *(continued)*

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

	For the six months ended 30 June 2025 RMB'000 (Unaudited)	For the year ended 31 December 2024 RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income – unlisted		
At 1 January	24,940	26,291
Total losses recognised in other comprehensive income	20,352	(1,351)
Disposals	(45,292)	–
At end of period/year	–	24,940

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 30 June 2025 and 31 December 2024.

During the six months ended 30 June 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2024: Nil).

27. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 were approved and authorised for issue in accordance with a resolution of the Board on 26 August 2025.