中漆集團有限公司
CPM GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1932

Multifaceted Direction
Limitless Possibilities

2026
INTERIM REPORT

Contents

Corporate Information

HONORARY CHAIRMAN

Lam Ting Ball, Paul

BOARD OF DIRECTORS

Executive Director and Chairman

Tsui Ho Chuen, Philip *(Managing Director)*

Executive Director

Li Guangzhong *(Sales Director)*

Non-executive Director

Mak Chi Wah

Independent Non-executive Directors

Chua Joo Bin
Xia Jun
Meng Jinxia

AUDIT COMMITTEE

Chua Joo Bin *(Chairman)*
Xia Jun
Meng Jinxia
Mak Chi Wah

REMUNERATION COMMITTEE

Xia Jun *(Chairman)*
Chua Joo Bin
Mak Chi Wah

NOMINATION COMMITTEE

Xia Jun *(Chairman)*
Chua Joo Bin
Meng Jinxia

COMPANY SECRETARY

Fok Pik Yi, Carol

AUDITOR

ZHONGHUI ANDA CPA Limited
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong

SHARE REGISTRARS

Hong Kong

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

Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111, Cayman Islands

PRINCIPAL BANKERS

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Nanyang Commercial Bank, Limited

PRC

HSBC Bank (China) Company Limited
Agricultural Bank of China Limited
Bank of China Limited
Shenzhen Rural Commercial Bank Corporation Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31st Floor, CNT Tower, 338 Hennessy Road
Wanchai, Hong Kong

WEBSITE

www.cpmgroup.com.hk

Interim Results

The board (the "Board") of directors (the "Directors") of CPM Group Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2026 together with comparative amounts for the corresponding period in 2025. The condensed consolidated interim financial statements have not been audited, but have been reviewed by the Board's audit committee.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2026

		Six months ended 30 June	
	Notes	**2026 (Unaudited) HK$'000**	2025 (Unaudited) HK$'000
REVENUE	3	**125,663**	106,338
Cost of sales		**(71,333)**	(64,364)
Gross profit		**54,330**	41,974
Other income and gains	3	**1,649**	2,599
Selling and distribution expenses		**(20,813)**	(20,151)
Administrative expenses		**(41,127)**	(34,132)
Reversal of provision for impairment of trade and bills receivables, net	5	**6,542**	928
Other expenses, net		**(18,861)**	(14,248)
Finance costs	4	**(3,599)**	(3,992)
LOSS BEFORE TAX	5	**(21,879)**	(27,022)
Income tax credit/(expense)	6	**2,093**	(2,166)
LOSS FOR THE PERIOD		**(19,786)**	(29,188)
ATTRIBUTABLE TO:			
Owners of the parent		**(19,710)**	(29,151)
Non-controlling interest		**(76)**	(37)
		(19,786)	(29,188)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic and diluted		**HK(1.97) cents**	HK(2.92) cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
LOSS FOR THE PERIOD	**(19,786)**	(29,188)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**16,709**	14,970
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**16,709**	14,970
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(3,077)**	(14,218)
ATTRIBUTABLE TO:		
Owners of the parent	**(3,149)**	(14,304)
Non-controlling interest	**72**	86
	(3,077)	(14,218)

Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**86,057**	84,996
Investment properties	10	**289,468**	292,167
Right-of-use assets		**25,752**	27,019
Equity investment designated at fair value through other comprehensive income		**300**	300
Deposits for purchases of property, plant and equipment		**43**	2,901
Deposits and prepayments		**254**	832
Deferred tax assets		**17,886**	17,505
Total non-current assets		**419,760**	425,720
CURRENT ASSETS			
Inventories		**23,744**	17,331
Trade and bills receivables	11	**59,908**	64,469
Prepayments, deposits and other receivables		**39,310**	40,862
Pledged deposits		**17,253**	14,691
Cash and cash equivalents		**151,055**	143,602
Total current assets		**291,270**	280,955
CURRENT LIABILITIES			
Trade and bills payables	12	**97,403**	87,423
Other payables and accruals		**42,187**	43,034
Interest-bearing bank borrowings		**32,168**	27,271
Lease liabilities		**1,582**	2,623
Tax payable		**9,541**	9,199
Total current liabilities		**182,881**	169,550
NET CURRENT ASSETS		**108,389**	111,405
TOTAL ASSETS LESS CURRENT LIABILITIES		**528,149**	537,125

Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
NON-CURRENT LIABILITIES		
Loans from the Parent Group*	**83,696**	71,491
Interest-bearing bank borrowings	**49,178**	65,888
Lease liabilities	**56**	661
Deferred tax liabilities	**36,726**	37,735
Deposits received	**4,340**	4,193
Total non-current liabilities	**173,996**	179,968
Net assets	**354,153**	357,157
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**100,000**	100,000
Reserves	**249,980**	253,056
	349,980	353,056
Non-controlling interest	**4,173**	4,101
Total equity	**354,153**	357,157

* CNT Group Limited and its subsidiaries, but excluding the Group, are collectively referred to as the "Parent Group".

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the parent														
	Issued capital (Unaudited) HK$'000	Share premium account (Unaudited) HK$'000	Merger reserve (Unaudited) HK$'000	Capital contribution^ (Unaudited) HK$'000	Contributed surplus (Unaudited) HK$'000	Share option reserve (Unaudited) HK$'000	Fair value reserve (non-recycling) (Unaudited) HK$'000	Leasehold land and building revaluation reserve (Unaudited) HK$'000	General reserve (Unaudited) HK$'000	Exchange fluctuation reserve (Unaudited) HK$'000	Reserve funds** (Unaudited) HK$'000	Retained profits/ (accumulated losses) (Unaudited) HK$'000	Total (Unaudited) HK$'000	Non-controlling interest (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 January 2026	100,000	94,614	(15,017)	2,630	(28,616)	6,240	(500)	179,200	10,485	(37,466)	31,783	9,703	353,056	4,101	357,157
Loss for the period	–	–	–	–	–	–	–	–	–	–	–	(19,710)	(19,710)	(76)	(19,786)
Other comprehensive income for the period: Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	16,561	–	–	16,561	148	16,709
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	–	–	–	16,561	–	(19,710)	(3,149)	72	(3,077)
Equity-settled share option arrangements	–	–	–	–	–	73	–	–	–	–	–	–	73	–	73
At 30 June 2026	100,000	94,614#	(15,017)#	2,630#	(28,616)#	6,313#	(500)#	179,200#	10,485#	(20,905)#	31,783#	(10,007)#	349,980	4,173	354,153

	Attributable to owners of the parent														
	Issued capital (Unaudited) HK$'000	Share premium account (Unaudited) HK$'000	Merger reserve (Unaudited) HK$'000	Capital contribution^ (Unaudited) HK$'000	Contributed surplus (Unaudited) HK$'000	Share option reserve (Unaudited) HK$'000	Fair value reserve (non-recycling) (Unaudited) HK$'000	Leasehold land and building revaluation reserve (Unaudited) HK$'000	General reserve (Unaudited) HK$'000	Exchange fluctuation reserve (Unaudited) HK$'000	Reserve funds** (Unaudited) HK$'000	Retained profits (Unaudited) HK$'000	Total (Unaudited) HK$'000	Non-controlling interest (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 January 2025	100,000	94,614	(15,017)	2,630	(28,616)	6,982	(500)	179,200	10,485	(59,316)	29,819	56,807	377,088	3,975	381,063
Loss for the period	–	–	–	–	–	–	–	–	–	–	–	(29,151)	(29,151)	(37)	(29,188)
Other comprehensive income for the period: Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	14,847	–	–	14,847	123	14,970
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	–	–	–	14,847	–	(29,151)	(14,304)	86	(14,218)
Equity-settled share option arrangements	–	–	–	–	–	21	–	–	–	–	–	–	21	–	21
Transfer of share option reserve upon the lapse of share options	–	–	–	–	–	(842)	–	–	–	–	–	842	–	–	–
At 30 June 2025	100,000	94,614#	(15,017)#	2,630#	(28,616)#	6,161#	(500)#	179,200#	10,485#	(44,469)#	29,819#	28,498#	362,805	4,061	366,866

** Pursuant to the relevant laws and regulations for foreign investment enterprises, a portion of the profit of certain subsidiaries of the Group in the People's Republic of China (the "PRC") is required to be transferred to the PRC reserve funds which are restricted as to use. These PRC entities are not required to effect any further transfer when the amounts of the PRC reserve funds reach 50% of their registered capital. The PRC reserve funds can be used to make good the future losses of these PRC entities or to increase their registered capital.

These reserve accounts comprise the consolidated reserves of HK$249,980,000 (30 June 2025: HK$262,805,000) in the unaudited condensed consolidated statement of financial position.

^ The capital contribution reserve represents equity-settled share option expense related to the Group's business granted by the ultimate holding company, CNT Group Limited, on behalf of the Group.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss before working capital changes	**(4,364)**	(8,675)
Increase in inventories	**(5,454)**	(829)
Decrease in trade and bills receivables	**12,938**	29,689
Decrease/(increase) in prepayments, deposits and other receivables	**3,557**	(1,085)
Increase/(decrease) in trade and bills payables	**6,708**	(32,528)
Decrease in other payables and accruals	**(1,850)**	(8,035)
Increase in long-term rental deposits received	**4**	8
Exchange realignment	**2,240**	3,018
Cash generated from/(used in) operations	**13,779**	(18,437)
Interest paid	**(3,571)**	(3,935)
Interest element of lease payments	**(66)**	(143)
Overseas taxes paid	**(20)**	(8)
Net cash flows generated from/(used in) operating activities	**10,122**	(22,523)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(731)**	(284)
Proceeds from disposal of items of property, plant and equipment	**125**	33
Interest received	**333**	721
Decrease/(increase) in pledged time deposits	**(2,028)**	5,393
Net cash flows generated from/(used in) investing activities	**(2,301)**	5,863
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**44,495**	69,047
Repayment of bank loans	**(58,815)**	(33,242)
Receipts of loans from the Parent Group	**28,003**	–
Repayment to loans from the Parent Group	**(17,325)**	(75,000)
Principal portion of lease payments	**(1,721)**	(1,771)
Net cash flows used in financing activities	**(5,363)**	(40,966)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**2,458**	(57,626)
Cash and cash equivalents at the beginning of period	**143,602**	169,252
Effect of foreign exchange rate changes, net	**4,995**	3,727
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**151,055**	115,353
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	**151,055**	115,353

Notes to the Condensed Consolidated Financial Statements

1.1 BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's 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*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

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

(a) Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments did not have any impact on the condensed consolidated interim financial statements.

(b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* only apply to contracts that reference nature-dependent electricity and clarify the application of the 'own-use' requirements for in-scope contracts. The amendments to HKFRS 9 will now allow an entity designating a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions, to designate a variable nominal amount of forecast electricity transactions as the hedged item. HKFRS 7 has been amended to require disclosures relating to contracts that have been excluded from the scope of HKFRS 9 as a result of the amendments. In such cases, an entity must disclose in a single note:

- information about the contractual features that expose the entity to variability in an underlying amount of electricity and the risk that the entity would be required to buy electricity during a delivery interval where it cannot use it;
- information about unrecognised contractual commitments arising from such contracts; and
- qualitative and quantitative information about the effects on the entity's financial performance for the reporting period interval where it cannot use it.

The HKFRS 7 disclosure amendments must be applied when the HKFRS 9 amendments are applied. The clarifications regarding the 'own use' requirements must be applied retrospectively without using hindsight, but the guidance permits hedge accounting to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendments did not have any impact on the condensed consolidated interim financial statements.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) *Annual Improvements to HKFRS Accounting Standards – Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments did not have any impact on the condensed consolidated interim financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments did not have any impact on the condensed consolidated interim financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments did not have any impact on the condensed consolidated interim financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments did not have any impact on the condensed consolidated interim financial statements.

2. OPERATING SEGMENT INFORMATION

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

(a) the paint products segment engages in the manufacture and sale of paint and coating products; and

(b) the property investment segment invests in commercial and industrial properties for their rental income potential.

The chief operating decision-maker regularly reviews the operating results of the Group's operating segments separately for the purpose of 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, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted on mutually agreed terms.

2. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2026	Paint products (Unaudited) HK$'000	Property investment (Unaudited) HK$'000	Total (Unaudited) HK$'000
Segment revenue			
Sales to external customers	114,516	11,147	125,663
Other income and gains	1,308	8	1,316
Total	115,824	11,155	126,979
Segment results	(13,396)	(3,334)	(16,730)
Reconciliation:			
Interest income			333
Finance costs			(3,599)
Corporate and other unallocated expenses			(1,883)
Loss before tax			(21,879)
Segment assets	404,684	301,968	706,652
Reconciliation:			
Corporate and other unallocated assets			4,378
Total assets			711,030
Segment liabilities	317,232	38,253	355,485
Reconciliation:			
Corporate and other unallocated liabilities			1,392
Total liabilities			356,877
Other segment information			
Depreciation of property, plant and equipment	5,622	–	5,622
Depreciation of right-of-use assets	2,196	–	2,196
Capital expenditure*	731	–	731*
Fair value losses on investment properties	–	13,331	13,331
Reversal of provision for impairment of trade and bills receivables, net	(6,542)	–	(6,542)
Reversal of provision for inventories to net realisable value, net	(240)	–	(240)
Gain on disposal of items of property, plant and equipment	(125)	–	(125)

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

2. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2025	Paint products (Unaudited) HK$'000	Property investment (Unaudited) HK$'000	Total (Unaudited) HK$'000
Segment revenue			
Sales to external customers	96,893	9,445	106,338
Other income and gains	1,848	30	1,878
Total	98,741	9,475	108,216
Segment results	(21,578)	(186)	(21,764)
Reconciliation:			
Interest income			721
Finance costs			(3,992)
Corporate and other unallocated expenses			(1,987)
Loss before tax			(27,022)

As at 31 December 2025	Paint products (Audited) HK$'000	Property investment (Audited) HK$'000	Total (Audited) HK$'000
Segment assets	391,788	301,125	692,913
Reconciliation:			
Corporate and other unallocated assets			13,762
Total assets			706,675
Segment liabilities	309,065	39,244	348,309
Reconciliation:			
Corporate and other unallocated liabilities			1,209
Total liabilities			349,518

2. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2025	Paint products (Unaudited) HK$'000	Property investment (Unaudited) HK$'000	Total (Unaudited) HK$'000
Other segment information			
Depreciation of property, plant and equipment	5,876	–	5,876
Depreciation of right-of-use assets	2,314	–	2,314
Capital expenditure*	284	–	284*
Fair value losses on investment properties	–	8,363	8,363
Reversal of provision for impairment of trade and bills receivables, net	(928)	–	(928)
Reversal of provision for inventories to net realisable value, net	(269)	–	(269)
Gain on lease modification	(133)	–	(133)
Gain on disposal of items of property, plant and equipment	(33)	–	(33)
Write-off of items of property, plant and equipment	2	–	2

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

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Hong Kong	**17,374**	10,314
Mainland China	**108,289**	96,024
	125,663	106,338

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

(b) Non-current assets

	30 June	31 December
	2026	2025
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Hong Kong	**1,209**	856
Mainland China	**400,365**	407,059
	401,574	407,915

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

Information about a major customer

During the six months ended 30 June 2026 and 2025, no revenue from any single customer accounted for 10% or more of the total revenue of the Group.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue from contracts with customers		
Sale of paint products	**114,516**	96,893
Revenue from other sources		
Gross rental income from investment properties	**11,147**	9,445
	125,663	106,338

Disaggregated revenue information

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Type of paint and coating products sold		
Industrial paint and coating products	**67,283**	56,485
Architectural paint and coating products	**15,779**	17,190
General paint and coating and ancillary products	**31,454**	23,218
	114,516	96,893
Timing of revenue recognition		
Goods transferred at a point in time	**114,516**	96,893

3. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Other income and gains		
Bank interest income	**333**	721
Government grants*	**198**	40
Government subsidies^	**210**	342
Gain on disposal of items of property, plant and equipment	**125**	33
Gain on lease modification	**–**	133
Recognition of deferred income	**66**	137
Others	**717**	1,193
	1,649	2,599

* Government grants have been received from certain government authorities of the PRC in recognition of the Group's efforts in environmental awareness and protection and technological development. There are no unfulfilled conditions or contingencies relating to these grants.

^ During the six months ended 30 June 2026 and 2025, the PRC tax authority granted to the Group the Advanced Manufacturing Tax Credit Initiative amounting to HK$210,000 and HK$342,000 respectively under the Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration. There were no unfulfilled conditions or contingencies relating to these government subsidies.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank and other borrowings	**3,533**	3,849
Interest expense on lease liabilities	**66**	143
	3,599	3,992

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of inventories sold	**71,333**	64,364
Depreciation of property, plant and equipment	**5,622**	5,876
Depreciation of right-of-use assets	**2,196**	2,314
Equity-settled share option expenses, net	**73**	21
Fair value losses on investment properties*	**13,331**	8,363
Foreign exchange differences, net*	**1,128**	1,213
Gain on disposal of items of property, plant and equipment*	**(125)**	(33)
Gain on lease modification*	**–**	(133)
Reversal of provision for impairment of trade and bills receivables, net	**(6,542)**	(928)
Reversal of provision for inventories to net realisable value, net@	**(240)**	(269)
Staff termination cost*	**392**	1,128
Write-off of items of property, plant and equipment*	**–**	2

* These balances are included in "Other income and gains" for gains and "Other expenses, net" for losses in the unaudited condensed consolidated statement of profit or loss.

@ The balance is included in "Cost of sales" in the unaudited condensed consolidated statement of profit or loss.

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2025: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

All subsidiaries of the Group established in Mainland China are subject to the PRC corporate income tax at a standard rate of 25% (six months ended 30 June 2025: 25%) during the period, except for the subsidiaries of the Group which qualified as a PRC High and New Technology Enterprise in Mainland China and a lower PRC corporate income tax rate of 15% (six months ended 30 June 2025: 15%) had been applied during the period.

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

The calculation of basic and diluted loss per share is based on the loss for the period attributable to ordinary equity holders of the parent of HK$19,710,000 (six months ended 30 June 2025: HK$29,151,000) and the weighted average number of ordinary shares of 1,000,000,000 (six months ended 30 June 2025: 1,000,000,000) in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to reflect the assumed conversion of all dilutive potential ordinary shares, including the dilution effect of the share options issued by the Company. For the six months ended 30 June 2026 and 2025, no adjustment has been made to the basic loss per share amounts presented in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

8. DIVIDEND

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

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment at costs of HK$731,000 (six months ended 30 June 2025: HK$284,000).

During the six months ended 30 June 2026, deposits for purchases of property, plant and equipment of HK$2,967,000 (six months ended 30 June 2025: Nil) had been transferred to ownership interest in properties held for own use.

Items of property, plant and equipment with an aggregate net book value of HK$5 (six months ended 30 June 2025: HK$1) were disposed of by the Group during the six months ended 30 June 2026.

10. INVESTMENT PROPERTIES

	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
Carrying amount at the beginning of period/year	**292,167**	295,283
Fair value losses	**(13,331)**	(17,125)
Exchange realignment	**10,632**	14,009
Carrying amount at the end of period/year	**289,468**	292,167

The investment properties of the Group are industrial properties located in Shajing, Hubei, Zhongshan, Xuzhou and Shanghai, the PRC and a commercial property in Shenzhen, the PRC. The Directors have determined that the investment properties consist of two classes of assets, i.e., industrial and commercial properties in the PRC, based on the nature, characteristics and risks of the properties. The investment properties of the Group were revalued on 30 June 2026 based on the valuations performed by BMI Appraisals Limited, an independent qualified professional valuer, at HK$289,468,000 (31 December 2025: HK$292,167,000).

The Group's finance department which reports directly to the senior management selects the external valuer to be responsible for the external valuation of the Group's properties based on market knowledge, reputation and independence of the external valuer, and whether professional standards are maintained by the external valuer. Fair values of the Group's investment properties are generally derived by using the income capitalisation method and the market comparison approach. The Group's finance department has discussions with the external valuer on the valuation assumptions and valuation results when the valuation is performed for interim and annual financial reporting.

The income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting capitalisation rates, which are derived from analysis of rental/sales transactions and the valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have been assessed with reference to recent lettings, within the subject properties and other comparable properties. Capitalisation rates are estimated by the valuer based on the risk profile of the properties being valued.

The market comparison approach is based on the price by assuming the sale of the property interest in its existing state with reference to comparable sales transactions as available in the relevant market.

10. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates how the fair values of the investment properties of the Group are determined (in particular, the valuation techniques and inputs used), as well as 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 are observable.

Investment properties held by the Group	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Range as at 30 June 2026	Range as at 31 December 2025
Industrial properties in Mainland China	Level 3	Income capitalisation method	Prevailing markets rents (per sq.m. and per month)	**RMB4 to RMB43**	RMB7 to RMB45
			Capitalisation rates	**4.5% to 6.0%**	4.5% to 6.0%
Industrial property in Mainland China	Level 3	Market comparison approach	Prevailing markets rates (per sq.m.)	**RMB3,351**	RMB3,773
		Income capitalisation method	Prevailing markets rents (per sq.m. and per month)	**RMB15 to RMB19**	RMB17 to RMB19
			Capitalisation rates	**5.0% to 5.5%**	5.0% to 5.5%
Commercial property in Mainland China	Level 3	Market comparison approach	Prevailing markets rates (per sq.m.)	**RMB22,003**	RMB22,970
		Income capitalisation method	Prevailing markets rents (per sq.m. and per month)	**RMB77**	RMB77
			Capitalisation rates	**4.5% to 5.0%**	4.5% to 5.0%

During the six months ended 30 June 2026, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (31 December 2025: Nil).

Under the income capitalisation method, a significant increase/(decrease) in the unit rental rate in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the term yield and reversion yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

Under the market comparison approach, a significant increase/(decrease) in the prevailing market rates in isolation would result in a significant increase/(decrease) in the fair value of the investment properties.

10. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Industrial properties in Mainland China (Unaudited) HK$'000	Commercial property in Mainland China (Unaudited) HK$'000	Total (Unaudited) HK$'000
Carrying amount as at 1 January 2026	**287,605**	**4,562**	**292,167**
Fair value losses	**(13,215)**	**(116)**	**(13,331)**
Exchange realignment	**10,466**	**166**	**10,632**
Carrying amount as at 30 June 2026	**284,856**	**4,612**	**289,468**

11. TRADE AND BILLS RECEIVABLES

The trade receivables of the Group represent receivables arising from the leasing of investment properties and the sale of paint products. The Group normally requires its customers to make payment of monthly rentals in advance in relation to the leasing of investment properties. Tenants are usually required to pay security deposits which are held by the Group. The Group's trading terms with its customers are mainly on credit, except for new customers, 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 and bills 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 and bills receivables balances. Trade and bills receivables are non-interest-bearing.

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

	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
Within three months	**41,324**	43,182
Over three months and within six months	**7,316**	7,745
Over six months	**11,268**	13,542
	59,908	64,469

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
Within three months	**40,208**	38,845
Over three months and within six months	**23,546**	25,165
Over six months	**33,649**	23,413
	97,403	87,423

The trade and bills payables are unsecured, non-interest-bearing and are normally settled within two months. As at 30 June 2026, bills payable with an aggregate carrying amount of HK$55,891,000 (31 December 2025: HK$47,777,000) were secured by time deposits of HK$17,253,000 (31 December 2025: HK$14,691,000).

13. SHARE OPTION SCHEME

On 15 June 2022, 80,000,000 share options to subscribe for a total of 80,000,000 new shares of the Company of HK$0.10 each were granted to three Directors and five employees of the Group under the share option scheme (the "Scheme") adopted by the Company on 4 June 2020 (the "Adoption Date"). The Scheme was adopted by the Company for the purpose of providing incentives to attract and retain employees of the Group, as well as other eligible participants (including, but not limited to, executive Directors, non-executive Directors and independent non-executive Directors, any supplier of goods or services to any member of the Group and any customer of the Group), who made contributions to the Group. Unless terminated by resolution in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further share options will be issued but in all other respects the provisions of the Scheme shall remain in full force and effect. Further details are set out in the circular of the Company dated 27 April 2020.

The equity-settled share options granted on 15 June 2022 vest over a period of 4 years from the date of grant, of which 50% of the share options vested immediately on the date of grant, 20% of the share options vested on 14 June 2023, 10% of the share options vested on 14 June 2024, 10% of the share options vested on 14 June 2025 and 10% of the share options vested on 14 June 2026. These share options are exercisable at HK$0.335 per share and must be exercised within 5 years from the date of grant, and if not so exercised, the share options shall lapse.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceeds 10% of the total issued shares of the Company as at the Adoption Date. The maximum number of shares issued and which may fall to be issued upon exercise of the share option granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding share options) and such shares which were subsequently cancelled, to each eligible participant in any 12-month period up to the date of offer shall not exceed 1% of the number of shares in issue as at the date of offer. Any further grant of share options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders at a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates under the Scheme and any other share option schemes of the Company or any of its subsidiaries are subject to approval by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the share options). In addition, any share options granted to a substantial shareholder of the Company or an independent non-executive Director, or to any of their respective associates, representing in aggregate over 0.1% of the shares of the Company in issue on the date of offer and having an aggregate value (based on the closing price of the Company's shares on the date of offer) in excess of HK$5 million, in the 12-month period up to and including the date of offer, are subject to shareholders' approval in advance in a general meeting.

13. SHARE OPTION SCHEME (continued)

The offer of a grant of share options must be accepted not later than 21 days from the date of offer and the amount payable by the grantees to the Company on acceptance of the offer for the grant of share options is HK$1.00. The period during which the share option may be exercised will be determined by the Board in its absolute discretion.

The exercise price of share options is determinable by the Board, but shall not be less than the higher of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer in respect of such share options; (ii) the average closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of offer in respect of such share options; and (iii) the nominal value of the Company's share.

Share options do not confer rights on the holders to dividends or to vote in any general meeting of the Company.

The summary below sets forth the details of movement of share options granted as at 30 June 2026 pursuant to the Scheme:

	Date of grant	Exercise period (Notes)	Exercise price per share HK$	Number of shares options				
				Outstanding as at 1 January 2026	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2026
Executive Directors								
Tsui Ho Chuen, Philip	15 June 2022	15 June 2022 to 14 June 2027	0.335	10,000,000	–	–	–	10,000,000
Li Guangzhong	15 June 2022	15 June 2022 to 14 June 2027	0.335	10,000,000	–	–	–	10,000,000
Employees	15 June 2022	15 June 2022 to 14 June 2027	0.335	40,000,000	–	–	–	40,000,000
Total				60,000,000	–	–	–	60,000,000

Notes:

The share options granted to each of the grantees have the vesting period and are exercisable as follows:

(a) 50% of the share options vested on the date of grant of the share options, i.e. 15 June 2022 and are exercisable from 15 June 2022 to 14 June 2027;

(b) 20% of the share options vested on one day before the first anniversary of the date of grant of the share options, i.e. 14 June 2023 and are exercisable from 15 June 2023 to 14 June 2027;

(c) 10% of the share options vested on one day before the second anniversary of the date of grant of the share options, i.e. 14 June 2024 and are exercisable from 15 June 2024 to 14 June 2027;

(d) 10% of the share options vested on one day before the third anniversary of the date of grant of the share options, i.e. 14 June 2025 and are exercisable from 15 June 2025 to 14 June 2027; and

(e) 10% of the share options vested on one day before the fourth anniversary of the date of grant of the share options, i.e. 14 June 2026 and are exercisable from 15 June 2026 to 14 June 2027.

13. SHARE OPTION SCHEME (continued)

None of the share options granted under the Scheme were exercised, cancelled or lapsed during the six months ended 30 June 2026.

As one of the Directors resigned during the six months ended 30 June 2025, all share options granted to that Director under the Scheme lapsed on the date of cessation of employment. Save as disclosed above, none of the other share options granted under the Scheme were exercised, cancelled or lapsed during the six months ended 30 June 2025.

No share options were granted under the Scheme during the six months ended 30 June 2026 and 2025. The net share option expenses of approximately HK$73,000 were recognised during the six months ended 30 June 2026 (six months ended 30 June 2025: HK$21,000).

At the end of the reporting period, the Company had 60,000,000 (31 December 2025: 60,000,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 60,000,000 (31 December 2025: 60,000,000) additional ordinary shares of the Company and additional share capital of HK$20,100,000 (31 December 2025: HK$20,100,000) (before issue expenses).

As disclosed in the joint announcement of the Company dated 15 July 2026, pursuant to the terms of the Scheme, all unexercised 60,000,000 share options of the Company automatically lapsed on 15 July 2026 (31 December 2025: 60,000,000 share options outstanding under the scheme, which represented 6% of the Company's shares in issue as at 31 December 2025). Thus, as at the date of approval of these unaudited condensed consolidated interim financial statements, the total number of outstanding share options of the Company is nil. Further details are included in note 18 to the unaudited condensed consolidated interim financial statements.

14. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
Contracted, but not provided for:		
Construction and purchases of items of property, plant and equipment	**1,353**	1,288

15. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the unaudited condensed consolidated interim financial statements, the Group had the following transactions with related parties during the period:

		Six months ended 30 June	
	Notes	**2026** **(Unaudited)** **HK$'000**	2025 (Unaudited) HK$'000
Lease payments paid to the Parent Group	(i)	**1,016**	1,016
Pledge fees paid to the Parent Group	(ii)	**241**	273
Interest expenses paid to the Parent Group	(iii)	**1,926**	2,026
		3,183	3,315

(i) The Group leased certain office premises from the Parent Group at rates mutually agreed between the parties.

(ii) Pledge fees were charged by the Parent Group for pledging certain properties in Hong Kong as securities for certain banking facilities granted to the Group at mutually agreed fees.

(iii) Loans were granted by the Parent Group on normal commercial terms, which were not secured by the assets of the Group. The loan agreements were executed on mutually agreed terms.

(b) The transactions in respect of item (a)(i), (a)(ii) and (a)(iii) above are also continuing connected transactions as defined under Chapter 14A of the Listing Rules, which are exempted from reporting, annual review and independent shareholders' approval under Chapter 14A of the Listing Rules.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2026 **(Unaudited)** **HK$'000**	2025 (Unaudited) HK$'000
Short term employment benefits	**3,140**	3,930
Post-employment benefits	**237**	241
Equity-settled share option expenses	**24**	59
Total compensation paid/payable to key management personnel	**3,401**	4,230

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and loans from the Parent Group approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department which reports directly to the senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The audit committee of the Board reviews the results of the fair value measurement of financial instruments periodically for interim and annual financial reporting.

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 these fair values:

The fair value of the non-current portion of financial assets included in prepayments has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of the equity investment designated at fair value through other comprehensive income is based on quoted market prices.

Fair value hierarchy

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

	Quoted prices in active markets (Level 1) (Unaudited) HK$'000	**Significant observable inputs (Level 2) (Unaudited) HK$'000**	**Significant unobservable inputs (Level 3) (Unaudited) HK$'000**	**Total (Unaudited) HK$'000**
Assets measured at fair value:				
At 30 June 2026				
Equity investment designated at fair value through other comprehensive income	**–**	**300**	**–**	**300**

	Quoted prices in active markets (Level 1) (Audited) HK$'000	Significant observable inputs (Level 2) (Audited) HK$'000	Significant unobservable inputs (Level 3) (Audited) HK$'000	Total (Audited) HK$'000
At 31 December 2025				
Equity investment designated at fair value through other comprehensive income	–	300	–	300

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities measured at fair value:

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

During the period, 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 (31 December 2025: Nil).

17. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the six months ended 30 June 2026, the Group has occupied the properties. Accordingly, deposits totalling HK$2,967,000 were transferred to property, plant and equipment.

18. EVENT AFTER THE REPORTING PERIOD

Mandatory Unconditional Cash Offers

On 24 June 2026, the Company issued a composite document in relation to the mandatory unconditional cash offers by Prime Surplus Limited, a company incorporated in the British Virgin Islands with limited liability and SHK Hong Kong Industries Limited, a company incorporated in Hong Kong with limited liability (collectively, the "Offerors") to acquire all the issued shares of the Company (other than those shares already owned and/or agreed to be acquired by the Offerors, CNT Group Limited and parties acting in concert with any of them) (the "Share Offer") and to cancel all the outstanding share options granted by the Company pursuant to the Scheme (the "Option Offer", together with the Share Offer, the "Offers").

As disclosed in the joint announcement of the Company dated 15 July 2026, pursuant to the terms of the Scheme, all unexercised 60,000,000 share options of the Company automatically lapsed upon the close of the Offers on 15 July 2026. Accordingly, as of that date, the Company had no outstanding share options.

This event is not expected to have any material impact on the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2026.

19. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 28 August 2026.

Management Discussion and Analysis

The Group is principally engaged in the paint and coating business. It also holds investment properties in Mainland China. The paint and coating business represents the largest business segment of the Group. The products in this business are broadly categorised into (i) industrial paint and coating products; (ii) architectural paint and coating products; and (iii) general paint and coating and ancillary products. Industrial paint and coating products are used in a wide range of applications, such as furniture painting, manufacturing and surface finishing for different kinds of materials, and are used by manufacturers, renovation contractors for property and infrastructure projects and household users. Architectural paint and coating products are used for walls, floors and exterior parts of buildings. The Group's architectural paint and coating products focus primarily on the construction and maintenance markets of commercial and residential properties. General paint and coating and ancillary products, such as thinner, enamels, anti-mold agents and solvent agents, can be used for both architectural and industrial purposes.

BUSINESS REVIEW

For the six months ended 30 June 2026, the Group recorded a loss attributable to shareholders of the Company of approximately HK$19.71 million, representing a significant decrease of 32.4% in the loss attributable to shareholders of the Company as compared with the loss of HK$29.15 million for the corresponding period in 2025. The significant decrease was primarily attributable to (i) a 32.8% increase in gross profit from paint and coating products sold, amounting to HK$10.65 million, driven by an 18.2% increase in sales of these products; (ii) an increase of 4.1 percentage points in gross profit margin from the sales of paint and coating products; and (iii) a net reversal of provision for impairment of trade and bills receivables amounting to HK$6.54 million, due to the recovery of certain aged outstanding trade and bills receivables by the Group. While these positive factors contributed to the performance, they were partially offset by an increase in fair value losses on investment properties of HK$4.97 million, an increase in administrative expenses of HK$7.00 million, and a shift from a deferred tax expense of HK$2.15 million to a deferred tax credit of HK$2.12 million, as compared to the corresponding period in 2025. Thus, the overall financial performance and loss position for the period showed an improvement as compared to the corresponding period in 2025.

Furthermore, following the sustained implementation of effective business revamp measures and initiatives (the "Business Revamp Measures and Initiatives"), the Group achieved a turnaround to an adjusted profit of approximately HK$1.03 million for the six months ended 30 June 2026, as compared to an adjusted loss of approximately HK$4.22 million for the same period in 2025. This adjusted profit excludes various items, including the fair value losses on investment properties, depreciation of property, plant and equipment, staff termination costs, legal and professional fees, net reversal of provision for impairment of trade and bills receivables, depreciation of right-of-use assets, finance costs, share option expenses, withholding tax and income tax. The turnaround in core operating performance was primarily attributable to (i) the 32.8% increase in gross profit from paint and coating products sold, amounting to HK$10.65 million, supported by the 18.2% increase in sales of these products; and (ii) the 4.1 percentage points expansion in gross profit margin on the sales of paint and coating products.

Moving forward, the Group will continue optimising operational efficiency and aligning its financial framework with long-term strategic objectives in order to navigate ongoing market challenges. These measures are part of a dedicated effort to enhance financial resilience and establish a foundation for reversing prolonged losses and achieving sustainable growth over time.

BUSINESS REVIEW (continued)

Paint and Coating Business

During the first half of 2026, the gross domestic product (the "GDP") of Mainland China showed significant growth across several major sectors, despite ongoing weakness in the real estate and construction sectors. According to the National Bureau of Statistics of China (the "NBSC"), the GDP growth rates of Mainland China varied across industries, with overall expansion reflecting the resilience of the services and manufacturing sectors, as well as domestic demand during the first half of 2026. Although new property development faced persistent headwinds, accelerated urban renewal under the 15th Five-Year Plan helped sustain activity in the housing stock and supported demand for high-performance exterior paints and integrated coating solutions used in private residential renovations. In response to tighter real estate conditions, industry participants increasingly intensified their focus on the industrial sector, leading to greater competition there. On the other hand, the broader industrial sector demonstrated strong momentum in the recovery. According to the NBSC, the profits of major industrial enterprises grew by 18.7% for the six months ended 30 June 2026. Although competition within the paint and coating industry in Mainland China remained intense, the Group proactively navigated the competitive landscape in Mainland China and reinforced the confidence among industrial customers in the quality of its products in this favourable economic environment with rising demand in the industrial markets. As a result, the Group achieved a substantial turnover rebound in its industrial paint and coatings segment during the period. This performance was supported by growth in the exports of industrial goods, including exports of advanced industrial goods to overseas markets. In addition, according to data released by the Hong Kong Census and Statistics Department, the GDP of Hong Kong increased by 4.3% in the first half of 2026, marking an improvement over the rate recorded in the first half of 2025. This upward trend signals economic recovery. Notably, the building and construction sector made a positive contribution to the GDP of Hong Kong during the first half of 2026, in contrast to a negative contribution in the first half of 2025. Since the Group restructured its Hong Kong sales team in early 2025 and the building and construction sector in Hong Kong experienced a subdued economy in 2025, during the six months ended 30 June 2026, it has capitalised on the upturn in the market. Consequently, the revenue generated from the overall sales of paint and coating products of the Group for the six months ended 30 June 2026 increased by 18.2%, as compared to the same period in 2025.

Overall, sales to customers by the Group for the six months ended 30 June 2026 increased significantly by 18.2%, as compared to the same period in 2025. This was attributable to (i) a 25.6% increase in the sales to customers of industrial manufacturers; (ii) a 16.4% increase in the sales to wholesale distributors and retail distributors; and (iii) a 5.7% increase in the sales to customers of construction and renovation contractors for property and infrastructure projects.

Management Discussion and Analysis

REVIEW OF OPERATIONS

Revenue

During the six months ended 30 June 2026, the total revenue of the Group amounted to HK$125.66 million, which included revenue from the sales of HK$114.52 million and rental income from investment properties of HK$11.14 million. This amount represented an improvement of 18.2% as compared to the total revenue of the Group of HK$106.34 million for the six months ended 30 June 2025, of which the revenue from the sales amounted to HK$96.89 million and the rental income from investment properties amounted to HK$9.45 million.

PAINT AND COATING PRODUCTS

Segment results

For the six months ended 30 June 2026, the segment recorded a loss of HK$13.40 million, as compared to a loss of HK$21.58 million for the six months ended 30 June 2025. Such decrease was primarily attributed to the following factors:

Revenue

During the six months ended 30 June 2026, the Group's revenue significantly increased to HK$114.52 million, as compared to HK$96.89 million for the six months ended 30 June 2025. The table below sets forth an analysis of the revenue of the Group for principal products during the six months ended 30 June 2026 and 2025:

	Six months ended 30 June				
	2026		2025		% of net
	HK$'000	**%**	HK$'000	%	change
Industrial paint and coating products	**67,283**	**58.7**	56,485	58.3	19.1
Architectural paint and coating products	**15,779**	**13.8**	17,190	17.7	-8.2
General paint and coating and ancillary products[1]	**31,454**	**27.5**	23,218	24.0	35.5
	114,516	**100.0**	96,893	100.0	18.2

[1] General paint and coating and ancillary products include thinner, enamel, solvent agent, anti-mold agent, colouring agent and other ancillary products for paint and coating purposes.

PAINT AND COATING PRODUCTS (continued)

Revenue (continued)

Significant increase in the sales to the industrial manufacturers in Mainland China

For the six months ended 30 June 2026, the sales to industrial manufacturers in Mainland China significantly increased by 25.6%, as compared to the same period in 2025. This increase was mainly driven by higher demand for communication and electronic equipment in Mainland China, together with foreign export of goods. The Group's industrial paint and coating products benefited from customers in sectors such as consumer electronics, machinery and mechanical equipment, toys, electrical appliances and automotive products. Consequently, the sales of industrial paint and coating products generated from the industrial manufacturers in Mainland China increased by HK$8.68 million, as compared to the same period in 2025.

Significant increase in the sales to the wholesale and retail distributors in Hong Kong

For the six months ended 30 June 2026, the sales to the wholesale and retail distributors in Hong Kong significantly increased to HK$14.89 million, as compared to HK$7.62 million for the six months ended 30 June 2025. This increase was driven by the restructuring of the Hong Kong sales team and an improved sales mix in 2026, as compared to the six months ended 30 June 2025. As a result of this effective sales management, sales of paint and coating products generated through the wholesale and retail distributors in Hong Kong rebounded by 95.4%, as compared to the six months ended 30 June 2025.

Increase in the sales to the contractors working for private residential property projects in Mainland China

For the six months ended 30 June 2026, the sales to contractors for private residential projects in Mainland China increased by 9.3%, as compared to the same period in 2025. This increase was partly attributable to accelerated urban renewal under the 15th Five-Year Plan which helped sustain activity in the housing stock and supported demand for high-performance exterior paints and integrated coating solutions used in private residential renovations.

Geographical distribution of revenue

The revenue of the Group generated from the sales in Mainland China and Hong Kong accounted for 84.8% and 15.2%, respectively, for the six months ended 30 June 2026, as compared to 89.4% and 10.6%, respectively, for the six months ended 30 June 2025. Most of the revenue of the Group was generated from Southern China, Central China and Eastern China. Revenue generated from these regions, in aggregate, accounted for 79.1% of the sales of the Group for the six months ended 30 June 2026, as compared to 82.0% for the six months ended 30 June 2025. This decrease was principally due to the sales growth rate in these regions lagging behind the growth rates in the other regions, and the overall average sales growth rate of the Group.

PAINT AND COATING PRODUCTS (continued)

Cost of sales

Cost of raw materials

Raw materials used by the Group include resins, solvents and other materials, of which resins and solvents accounted for a substantial portion of the total raw material costs. Generally speaking, prices of such raw materials are directly or indirectly affected by crude oil prices. During the six months ended 30 June 2026, crude oil prices increased by 24.8%, ranging between US$55 and US$97 per barrel, as compared to a range of US$59 and US$68 per barrel for the six months ended 30 June 2025. This volatility in crude oil prices due to the US-Iran conflict pushed up global oil prices and had a proportionate negative impact on raw material costs for the Group. During the period, the Group effectively controlled costs through stringent measures. These measures included rigorous oversight of raw material costs and of manufacturing and operating expenses. Consequently, the cost of sales for the six months ended 30 June 2026 only increased by 10.8%, lagging the sales growth of 18.2% over the same period. Furthermore, there was a reduction of 1.0 percentage point in the proportion of raw material costs to sales, decreasing to 50.7% from 51.7% for the corresponding period ended 30 June 2025.

Direct and indirect labour costs

For the six months ended 30 June 2026, direct and indirect labour costs decreased by 6.8%, as compared to the same period in 2025. This reduction resulted from a smaller workforce and reduced production time, together with the 18.2% increase in sales, indicating enhanced operational efficiency. The Group's successful implementation of cost-saving initiatives, together with enhanced sales performance, underscores its ongoing commitment to effective cost management. These measures have provided the Group with the necessary flexibility to maintain operational efficiency and competitiveness amid challenging market conditions.

Depreciation and production overhead

For the six months ended 30 June 2026, depreciation and production overhead costs experienced a reduction of 6.6%, as compared to the six months ended 30 June 2025. In particular, depreciation decreased by 4.8% for the six months ended 30 June 2026, principally because certain items of machinery and equipment had been fully depreciated. Furthermore, the production overhead costs also showed a decrease of 8.5%, in contrast to the same period in 2025.

Gross Profit and Gross Profit Margin of the Group

For the six months ended 30 June 2026, the Group recorded a 32.8% increase in gross profit resulting from the 18.2% increase in sales and an improved sales mix, as compared to the same period in 2025. The gross profit margin on sales of paint and coating products increased by 4.1 percentage points to 37.7%, up from 33.6% in the same period in 2025. These improvements in profitability reflected efficiency gains in manufacturing that supported higher sales of paint and coating products, together with optimisation of the Group's product mix. However, the volatility in crude oil prices negatively impacted the gross profit margin of the Group, eroding the positive contributions from higher selling prices of paint and coating products sold and from improvements in operating efficiency and cost-saving initiatives. The Group will maintain close tracking of crude oil and key raw material prices and take timely actions in procurement and cost management to protect margins.

The flexible pricing strategy of the Group not only bolstered its competitive edge but also reflected its quick responsiveness to market dynamics. By aligning with broader economic trends for cost efficiency, the Group took advantage of the fluctuating oil prices to enhance operational efficiency and deliver greater customer value. This underscored the importance of agile responses to economic changes in maintaining a strong market position.

PAINT AND COATING PRODUCTS (continued)

Other Income and Gains

For the six months ended 30 June 2026, other income and gains amounted to HK$1.31 million, representing a substantial decline of 29.2%, as compared to HK$1.85 million for the same period in 2025. This decrease was primarily attributable to a reduction in the amount of compensation awarded from lawsuits, amounting to HK$0.54 million, due to ongoing trial and enforcement phases of litigation relating to the recovery of certain aged outstanding trade and bills receivables.

Selling and Distribution Expenses and Administrative Expenses

Selling and distribution expenses increased by 3.3% to HK$20.81 million for the six months ended 30 June 2026, as compared to HK$20.15 million for the six months ended 30 June 2025. Such an increase was primarily due to the Renminbi strength against the Hong Kong Dollar ("HKD"), which increased costs when the reporting currency is HKD, as compared to the same period in 2025.

Administrative expenses significantly increased by 22.5% or HK$7.18 million for the six months ended 30 June 2026, as compared to the same period in 2025. The increase was primarily due to the increase in withholding tax, other taxes and other additional expenses, together with the appreciation of the Renminbi against the HKD, which offset the positive impact of cost savings realised from reductions in audit fees, depreciation and other related expenses. In particular, the increase in withholding tax was aimed at optimising the debt composition and structure of the Group between Hong Kong and Mainland China, and the share capital of the subsidiary in Mainland China.

Reversal of Provision for Impairment of Trade and Bills Receivables, Net

For the six months ended 30 June 2026, the Group recorded the net reversal of provision for impairment of trade and bills receivables of approximately HK$6.54 million, as compared to HK$0.93 million for the same period in 2025. This increase was primarily attributable to the settlement of certain aged outstanding trade and bills receivables during the period, which resulted in the reversal of specific provisions for impairment as at 30 June 2026. The Group made the net reversal of provision for impairment of trade and bills receivables in accordance with HKFRS 9, considering both historical credit loss experience and forward-looking information.

Other Expenses, Net

For the six months ended 30 June 2026, the net amount of other expenses decreased by 6.1% to approximately HK$4.56 million, as compared to approximately HK$4.85 million in 2025. This reduction was primarily attributable to a HK$0.74 million decrease in staff termination costs, partially offset by a HK$0.36 million increase in local taxes, levies, and stamp duties, which was mainly driven by the 18.2% increase in sales.

PROPERTY INVESTMENT

Within the framework of the strategy, the Group's investment properties were strategically reallocated, effectively transferring underutilised production plants and office premises. With this decision, the Group not only overcame challenges but also optimised its asset allocation and improved its operating cash flow. Due to the sluggish real estate market in Mainland China, the investment properties of the Group recorded significant fair value losses for the six months ended 30 June 2026, as compared to 31 December 2025. It was important to note that the macroeconomic fluctuations, notably a 3.6% appreciation in the Renminbi, positively affected the asset valuations in HKD terms through foreign exchange translation, offsetting the fair value losses recognised in the period and contributing to financial position stability. Consequently, there was a 0.9% decrease in the valuation of the Group's investment properties, from HK$292.17 million as at 31 December 2025 to HK$289.47 million as at 30 June 2026. Due to the decrease in value, the proportion of investment properties relative to the Group's total assets decreased to 40.7% from 41.3%, as compared to 31 December 2025.

For the six months ended 30 June 2026, the Group recorded a rental income of HK$11.14 million from investment properties, as compared to HK$9.45 million for the six months ended 30 June 2025. The Group recorded a segment loss of HK$3.33 million for the six months ended 30 June 2026, as compared to HK$0.19 million for the six months ended 30 June 2025. This increase in segment loss was primarily attributable to the sluggish real estate market in Mainland China, which led to higher fair value losses on investment properties of HK$13.33 million, as compared to HK$8.36 million for the same period in 2025. Although rental income improved, the adverse impact of fair value losses on investment properties outweighed this improvement, leading to a higher overall segment loss.

As at 30 June 2026, the investment property portfolio of the Group comprised of 6 properties (31 December 2025: 6) with a total land area of 175,675.8 square meters ("sq.m.") (31 December 2025: 175,675.8 sq.m.) and a total gross floor area of 76,295.3 sq.m. (31 December 2025: 76,295.3 sq.m.). These investment properties are industrial properties and a commercial property located in Mainland China, which generate stable recurring income and cash flows for long-term strategic and investment purposes.

The business model of the Group aims to strike a balance between short-term capital needs and long-term financial stability. As such, the Group strategically relocated production plants, which allowed the Group to reclassify those properties as part of the investment properties in order to generate consistent rental income and capital appreciation. Furthermore, the Group may divest certain properties to fund its business operations and expansion strategies. This will enable the Group to finance its operations through rental income and generate additional capital through property sales, thereby bolstering its overall financial standing. Additionally, the Group can potentially benefit from long-term capital appreciation on its investment properties by leveraging prime locations to maximise returns.

FINANCIAL REVIEW

Liquidity and Indebtedness

The business operations of the Group are generally financed by a combination of internal and external financial resources available to the Group. The total cash and cash equivalents amounted to approximately HK$151.06 million as at 30 June 2026, as compared to approximately HK$143.60 million as at 31 December 2025. This increase was primarily due to an improvement in working capital and the appreciation of the Renminbi. To optimise financial liabilities and improve cost-efficiency, the Group undertook a comprehensive review and restructuring of its loan portfolio. By securing financing at lower interest rates and maintaining an optimal cash reserve, the Group effectively mitigated financial challenges in the paint and coating industry of Mainland China and Hong Kong. The total cash and bank balances include pledged deposits, which amounted to approximately HK$168.31 million as at 30 June 2026, as compared to approximately HK$158.29 million as at 31 December 2025. Bank and other borrowings amounted to approximately HK$165.04 million as at 30 June 2026, as compared to approximately HK$164.65 million as at 31 December 2025. The Group's bank and other borrowings mainly bear interest at fixed and floating rates. As at 30 June 2026, the Group's total bank and other borrowings amounted to approximately HK$32.17 million (19.5%) (31 December 2025: approximately HK$27.27 million (16.6%)) and were payable within one year or on demand. An amount of the remaining balance of approximately HK$132.87 million (80.5%) (31 December 2025: approximately HK$137.38 million (83.4%)) is payable in the second to fifth years.

The cash and bank balances of the Group were mainly denominated in HKD and the Renminbi, whereas the bank and other borrowings of the Group were all denominated in HKD and the Renminbi. The results of the Group can be affected by the appreciation or depreciation between HKD and the Renminbi. The Group currently does not adopt any hedging measures, but it will keep monitoring its foreign exchange exposure and consider hedging its foreign currency exposure should the need arise.

Gearing ratio of the Group, which is expressed as a percentage of total bank and other borrowings to shareholders' funds, was 47.2% as at 30 June 2026, as compared to 46.6% as at 31 December 2025.

Liquidity ratio of the Group, which is expressed as a percentage of current assets to current liabilities, was 1.59 times as at 30 June 2026, as compared to 1.66 times as at 31 December 2025.

For the six months ended 30 June 2026, the inventory turnover days[1] increased by 33.3% to 60 days, as compared to 45 days for the year ended 31 December 2025. This increase was primarily driven by the increase in purchases of materials in line with higher sales. In addition, the trade and bills receivables turnover days[2] decreased by 10.4% to 95 days for the six months ended 30 June 2026, as compared to 106 days for the year ended 31 December 2025. This improvement reflected the effectiveness of the Group's proactive collection efforts on aged receivables, which enabled a net reversal of provision for impairment of trade and bills receivables amounting to HK$6.54 million for the six months ended 30 June 2026.

1 The calculation of inventory turnover days is based on the closing balance of inventories divided by the cost of sales times 181 days (31 December 2025: 365 days).

2 The calculation of trade and bills receivables turnover days is based on the closing balance of trade and bills receivables divided by the sales times 181 days (31 December 2025: 365 days).

FINANCIAL REVIEW (continued)

Equity and Net Asset Value

Shareholders' funds of the Company as at 30 June 2026 were HK$349.98 million, as compared to HK$353.06 million as at 31 December 2025. Net asset value per share as at 30 June 2026 was HK$0.35, as compared to HK$0.36 as at 31 December 2025. Fluctuations in the foreign currency exchange rates between HKD (the reporting currency) and the Renminbi could have a significant impact and may lead to volatility in the operating results of the Group. Due to the appreciation of the Renminbi during the six months ended 30 June 2026, the exchange differences on translation of foreign operations recorded in other comprehensive income showed a gain of HK$16.71 million, as compared to HK$14.97 million for the six months ended 30 June 2025.

Contingent Liabilities

As at 30 June 2026, the amount of utilised banking facilities granted to various subsidiaries subject to guarantees given by the Company was HK$29.00 million, as compared to HK$24.00 million as at 31 December 2025.

Pledge of Assets

As at 30 June 2026, certain investment properties, property, plant and equipment, right-of-use assets and cash deposits with an aggregate net book value of HK$297.47 million, as compared to HK$296.79 million as at 31 December 2025, were pledged to financial institutions as collateral for bills payables, bank borrowings and lease liabilities.

STAFF

As at 30 June 2026, the Group employed a total of 393 employees, and a 7.8% decrease from the 426 employees as at 30 June 2025. The staff costs for the six months ended 30 June 2026 amounted to approximately HK$35.37 million, which included equity-settled share-based payments of HK$0.05 million and excludes Directors' emoluments. This represents a 1.2% increase from the staff costs of HK$34.96 million for the six months ended 30 June 2025, which also included net equity-settled share-based payments of HK$0.12 million.

The Group offers comprehensive and competitive staff remuneration and benefits that are based on individual performance. Trainings are provided to employees of the Group depending on their departments and the scope of their responsibilities. The human resources department would also arrange for employees to attend training, especially regarding workplace health and safety.

BUSINESS PLANS AND OUTLOOK

Looking ahead to the second half of 2026, the Group will proactively address external volatility and weaker domestic demand through the implementation of Business Revamp Measures and Initiatives. The paint and coating industry in Mainland China and Hong Kong is expected to show baseline demand amid oversupply, volatile raw material costs, and regional variation. While overall market growth is anticipated, selling prices are likely to remain stable, and intensified price competition may erode market shares.

In response to these dynamics, the Group will continue to expand its reach by actively engaging with both existing and potential wholesalers across Mainland China, Hong Kong and other regions. This approach aims to broaden the distribution network, strengthen market presence and sustain revenue growth. Additionally, the Group will carefully evaluate whether the increased raw material costs should be absorbed internally or managed through operational adjustments, as this decision will significantly influence profitability and pricing strategies.

Against this backdrop, the Group will persist with the Business Revamp Measures and Initiatives to: (a) enrich the product portfolio and ensure competitiveness; (b) expand and strengthen the distribution network across Mainland China, Hong Kong and other regions; and (c) enhance operational efficiency and reduce costs. The Group remains prudent in risk management and cautious about its business outlook.

MANDATORY UNCONDITIONAL CASH OFFERS

On 24 June 2026, Prime Surplus Limited and SHK Hong Kong Industries Limited (collectively, the "Offerors") and the Company jointly issued a composite document (the "Composite Document") in relation to the mandatory unconditional cash offers by the Offerors to acquire all the issued shares of the Company (the "Shares") (other than those Shares already owned and/or agreed to be acquired by the Offerors, CNT Group Limited and parties acting in concert with any of them) (the "Share Offer") and to cancel all the outstanding share options of the Company (the "Option Offer") (the Share Offer, together with the Option Offer, the "Offers") pursuant to the Hong Kong Code on Takeovers and Mergers.

The Offers were closed at 4:00 p.m. on 15 July 2026 and the Offerors had received (i) valid acceptances in respect of a total of 360,520 Shares under the Share Offer (representing approximately 0.04% of the total issued Shares) (the "Acceptance Shares"); and (ii) no acceptance under the Option Offer.

Immediately after the close of the Offers, and taking into account the Acceptance Shares, the Offerors, CNT Group Limited and parties acting in concert with any of them were interested in 750,360,520 Shares, representing approximately 75.04% of the total issued Shares. Among these, CNT Group Limited, through its wholly-owned subsidiary, namely CNT Enterprises Limited, held 750,000,000 Shares and SHK Hong Kong Industries Limited held 360,520 Shares. Despite being a joint Offeror, SHK Hong Kong Industries Limited was not a close associate of Prime Surplus Limited, nor a core connected person of the Company. Accordingly, SHK Hong Kong Industries Limited was regarded as a public shareholder of the Company under the Listing Rules.

On 15 July 2026, all unexercised 60,000,000 share options granted by the Company automatically lapsed upon the close of the Offers pursuant to the terms of the share option scheme adopted by the Company on 4 June 2020. Accordingly, the Company had no outstanding share options as at 15 July 2026.

Immediately upon close of the Offers on 15 July 2026, 250,000,000 Shares (representing 25% of the total issued Shares) were held by the public (as defined under the Listing Rules). Accordingly, the Company continues to satisfy the minimum public float requirement under Rule 13.32B of the Listing Rules, which remains unchanged as at the date of this report.

Details of the Offers and the results of the Offers have been disclosed in the joint announcements of the Company dated 21 April 2026, 12 May 2026, 12 June 2026, 17 June 2026, 24 June 2026 and 15 July 2026 and in the Composite Document.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investment acquired, nor was there any other material acquisitions or disposals of subsidiaries during the period under review. The Board has not yet authorised any plan for other material investments or additions of capital assets.

Other Information

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares (including sale of treasury shares, if any) during the period under review.

The Company and its subsidiaries did not hold any treasury shares during the six months ended 30 June 2026.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests of the Directors in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") were as follows:

		Number of shares						
Name	**Capacity**	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Number of underlying shares** (Note 1)	**Total**	**Percentage of the total number of shares in issue**
Tsui Ho Chuen, Philip	Beneficial owner	–	–	–	–	10,000,000	10,000,000	1.00%
	Interest of controlled corporation	–	–	750,000,000 (Note 2)	–	–	750,000,000	75.00%
Li Guangzhong	Beneficial owner	–	–	–	–	10,000,000	10,000,000	1.00%

Notes:

(1) This represented the aggregate number of share options granted to the Directors by the Company (being regarded as unlisted physically settled equity derivatives) under the Scheme. All unexercised share options held by Mr. Tsui Ho Chuen, Philip and Mr. Li Guangzhong, respectively, lapsed on 15 July 2026. Further details of the share options are set out in the section headed "Share Options" below.

(2) The references to the 750,000,000 shares relate to the same block of 750,000,000 shares beneficially interested by CNT Enterprises Limited.

CNT Enterprises Limited was a wholly-owned subsidiary of CNT Group Limited. Prime Surplus Limited was interested in 50.17% of the total issued share capital of CNT Group Limited. Prime Surplus Limited was wholly owned by Mr. Tsui Ho Chuen, Philip. Mr. Tsui Ho Chuen, Philip was deemed under the SFO to be interested in these 750,000,000 shares which were owned by CNT Enterprises Limited.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares and 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 Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules (the "Model Code"), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO. Nor any of the Directors and the chief executives of the Company had any interest in, or had been granted any right to subscribe for the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO) or had exercised any such right during the period under review.

SHARE OPTIONS

Details of the movements in the share options granted by the Company under the Scheme during the review period are as follows:

				Number of share options					
Name	Date of grant	Exercise period	Exercise price per share HK$	Outstanding as at 1 January 2026	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2026
Executive Director									
Tsui Ho Chuen, Philip	15 June 2022	15 June 2022 to 14 June 2027	0.335	10,000,000	–	–	–	–	10,000,000
Executive Director									
Li Guangzhong	15 June 2022	15 June 2022 to 14 June 2027	0.335	10,000,000	–	–	–	–	10,000,000
Employees	15 June 2022	15 June 2022 to 14 June 2027	0.335	40,000,000	–	–	–	–	40,000,000
				60,000,000	–	–	–	–	60,000,000

Notes:

(1) The share options granted have the vesting period and are exercisable as follows:

(a) 50% of the share options vested on and are exercisable from the date of grant of the share options, i.e. 15 June 2022;

(b) 20% of the share options vested on one day before the first anniversary of the date of grant of the share options, i.e. 14 June 2023 and are exercisable from 15 June 2023;

(c) 10% of the share options vested on one day before the second anniversary of the date of grant of the share options, i.e. 14 June 2024 and are exercisable from 15 June 2024;

(d) 10% of the share options vested on one day before the third anniversary of the date of grant of the share options, i.e. 14 June 2025 and are exercisable from 15 June 2025; and

(e) the remaining 10% of the share options vested on one day before the fourth anniversary of the date of grant of the share options, i.e. 14 June 2026 and are exercisable from 15 June 2026.

(2) The closing price of the shares of the Company on 14 June 2022, being the date immediately before the date on which the above share options were granted under the Scheme, was HK$0.335.

(3) The number of share options available for grant under the Scheme as at 1 January 2026 and 30 June 2026 was 40,000,000 respectively.

(4) There was no service provider sublimit set under the Scheme.

(5) There is no performance target attached with the share options.

SHARE OPTIONS (continued)

Notes: (continued)

(6) During the six months ended 30 June 2026, no share options were granted under the Scheme. The number of shares of the Company that may be issued in respect of share options granted under the Scheme during the six months ended 30 June 2026 divided by the weight average number of shares of the Company in issue for the six months ended 30 June 2026 was 6%.

(7) As disclosed in the joint announcement of the Company dated 15 July 2026, pursuant to the terms of the Scheme, all unexercised 60,000,000 share options of the Company automatically lapsed on 15 July 2026. Accordingly, as of that date and as at the date of this report, the Company had no outstanding share options.

(8) Other details of the share options granted under the Scheme are set out in note 13 to the financial statements.

Save as disclosed above, no share options were granted, exercised, cancelled or lapsed during the review period.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2026, the register maintained by the Company under Section 336 of the SFO showed that the following persons had interests in the shares and underlying shares of the Company:

Name	Notes	**Capacity**	**Number of shares**	**Percentage of the total number of shares in issue**
CNT Enterprises Limited	1	Beneficial owner	750,000,000	75.00%
CNT Group Limited	1	Interest of controlled corporation	750,000,000	75.00%
Prime Surplus Limited	2	Interest of controlled corporations	750,000,000	75.00%
Ho Mei Po, Mabel	3	Interest of spouse	750,000,000	75.00%

Notes:

(1) The references to the 750,000,000 shares relate to the same block of 750,000,000 shares beneficially interested by CNT Enterprises Limited.

CNT Enterprises Limited was a wholly-owned subsidiary of CNT Group Limited. CNT Group Limited was deemed under the SFO to be interested in these 750,000,000 shares which were owned by CNT Enterprises Limited.

(2) Prime Surplus Limited, a company wholly owned by Mr. Tsui Ho Chuen, Philip, was interested in 50.17% of the total issued share capital of CNT Group Limited. Prime Surplus Limited was deemed under the SFO to be interested in these 750,000,000 shares which were owned by CNT Enterprises Limited.

This interest is duplicated in the interests of Mr. Tsui Ho Chuen, Philip as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

(3) Ms. Ho Mei Po, Mabel is the wife of Mr. Tsui Ho Chuen, Philip and was taken to be interested in 750,000,000 shares in which her spouse was interested under the SFO.

Save as disclosed above, the Company has not been notified by any person who had interests or short positions in the shares or underlying shares of the Company as at 30 June 2026 which were required to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information

CORPORATE GOVERNANCE

The Board recognises the importance of and benefit from good corporate governance practices and has devoted considerable efforts to develop the best corporate governance practices appropriate to the businesses of the Group. Throughout the six months ended 30 June 2026, the Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules (the "CG Code") except for the following deviations:

Under the code provision F.1.3 of the CG Code, the chairman of the Board should attend the annual general meeting. Due to other work arrangements, Mr. Tsui Ho Chuen, Philip, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 4 June 2026 (the "AGM"). Mr. Mak Chi Wah, a non-executive Director, who was present at the AGM, was elected as the chairman of the AGM pursuant to the articles of association of the Company to ensure effective communication with the shareholders of the Company at the AGM.

The code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tsui Ho Chuen, Philip currently serves as both the chairman of the Board and the managing director of the Company. After evaluating the current situation of the Company and taking into account the experience and performance of Mr. Tsui Ho Chuen, Philip, the Board is of the opinion that it is appropriate at the present stage for him to hold both positions as it helps to maintain the continuity of the policies and the stability of the operations of the Company, and this structure can ensure the Company has consistent leadership. In addition, under the supervision by the Board which consists of two executive Directors, one non-executive Director and three independent non-executive Directors, the interests of the shareholders of the Company are adequately and fairly represented. Also, as all major decisions are made in consultation with and approved by the members of the Board, the Board believes that this arrangement will not have negative influence on the balance of power and authority between the Board and the management of the Company.

The Board will regularly review the effectiveness of this arrangement to ensure that it remains appropriate to the circumstances of the Company. The Board will consider splitting the roles of the chairman of the Board and the managing director of the Company at a time when the Group can identify a suitable candidate with capable leadership, knowledge and relevant skills and experience for the position. Owing to the business nature and scope of the Group as a whole, such an appropriate candidate shall have a profound understanding of and experience in the business of the Group and therefore there is no definite timetable for such appointment.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors are as follows:

(1) The service contract of Mr. Tsui Ho Chuen, Philip, as an executive Director, has been renewed for a term of three years commencing from 9 June 2026.

(2) The service contract of Mr. Li Guangzhong, as an executive Director, has been renewed for a term of six months commencing from 9 June 2026.

(3) The letter of appointment of each of Mr. Chua Joo Bin and Mr. Xia Jun, as an independent non-executive Director, has been renewed for a term of three years commencing from 9 June 2026.

Other Information

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard as set out in the Model Code. After specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's own code during the six months ended 30 June 2026.

On behalf of the Board
CPM Group Limited
Tsui Ho Chuen, Philip
Chairman and Managing Director

Hong Kong, 28 August 2026