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STAR SHINE HOLDINGS GROUP LIMITED

應星控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1440)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Star Shine Holdings Group Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Interim Period**”), together with the comparative figures for the six months ended 30 June 2024.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

KEY FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Interim Period was approximately RMB288.6 million, representing an increase of approximately 5.6% as compared with those for corresponding period in 2024.
- Gross profit of the Group for the Interim Period was approximately RMB28.0 million, representing a decrease of approximately 0.7% as compared with those for corresponding period in 2024.
- Loss attributable to owners of the Company for the Interim Period was approximately RMB22.5 million.
- Basic and diluted loss per share attributable to owners of the Company was approximately RMB1.79 cents for the Interim Period.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025

| | Notes | Six months ended 30 June | |
|--|-------|---------------------------------|-----------|
| | | 2025 | 2024 |
| | | RMB'000 | RMB'000 |
| | | Unaudited | Unaudited |
| Revenue | 4 | 288,606 | 273,397 |
| Cost of sales | 5 | (260,605) | (245,239) |
| Gross profit | | 28,001 | 28,158 |
| Other income | 6 | 753 | 913 |
| Other (losses)/gains, net | 7 | (1,183) | 2,791 |
| Selling and distribution expenses | 5 | (14,540) | (16,248) |
| Administrative expenses | 5 | (21,101) | (16,112) |
| Net provision for loss allowance on financial assets and contract assets | 5 | (721) | (76) |
| Impairment loss on property, plant and equipment | 12 | (4,447) | – |
| Share of results of a joint venture | 13 | (8,054) | – |
| Operating loss | | (21,292) | (574) |
| Finance income | 8 | 954 | 1,397 |
| Finance costs | 8 | (2,118) | (1,454) |
| Finance costs, net | | (1,164) | (57) |
| Loss before income tax | | (22,456) | (631) |
| Income tax expenses | 10 | (55) | (317) |
| Loss for the period attributable to owners of the Company | | (22,511) | (948) |
| Loss per share attributable to owners of the Company | | | |
| Basic and diluted (<i>RMB cents</i>) | 11 | (1.79) | (0.08) |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025

| | <u>Six months ended 30 June</u> | |
|--|---------------------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| Loss for the period | (22,511) | (948) |
| Other comprehensive loss: | | |
| <i>Item that may be subsequently reclassified to profit or loss</i> | | |
| – Exchange differences on translation of foreign operations | <u>(1,496)</u> | <u>(170)</u> |
| Total comprehensive loss for the period attributable to owners of the Company | <u>(24,007)</u> | <u>(1,118)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

| | | 30 June | 31 December |
|--|--------------|------------------|----------------|
| | | 2025 | 2024 |
| | <i>Notes</i> | RMB'000 | RMB'000 |
| | | Unaudited | Audited |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 102,772 | 110,218 |
| Right-of-use assets | 12 | 7,572 | 8,738 |
| Intangible assets | | 634 | 424 |
| Interest in a joint venture | 13 | 28,880 | 32,410 |
| | | 139,858 | 151,790 |
| Current assets | | | |
| Inventories | 15 | 3,030 | 5,292 |
| Contract assets | 16 | 4,091 | 4,677 |
| Trade and bills receivables | 16 | 91,417 | 72,004 |
| Prepayments, deposits and other receivables | 14 | 19,379 | 19,132 |
| Financial assets at fair value through profit or loss (“ FVPL ”) | | 13,021 | 8,006 |
| Cash and cash equivalents | | 236,948 | 231,939 |
| | | 367,886 | 341,050 |
| Total assets | | 507,744 | 492,840 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 10,511 | 10,511 |
| Reserves | | 269,160 | 293,167 |
| Total equity | | 279,671 | 303,678 |

| | | 30 June | 31 December |
|-------------------------------------|--------------|-----------------------|----------------|
| | | 2025 | 2024 |
| | <i>Notes</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | | Unaudited | Audited |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Other payables | 17 | 1,296 | 1,321 |
| Lease liabilities | | 3,374 | 4,525 |
| Deferred tax liabilities | | 603 | 550 |
| | | <u>5,273</u> | <u>6,396</u> |
| Current liabilities | | | |
| Trade and bills payables | 18 | 123,563 | 109,569 |
| Other payables and accruals | 17 | 13,331 | 13,405 |
| Contract liabilities | 17 | 5,616 | 1,147 |
| Lease liabilities | | 2,139 | 1,980 |
| Loans from ultimate holding company | 19 | 73,928 | 52,349 |
| Current income tax liabilities | | 4,223 | 4,316 |
| | | <u>222,800</u> | <u>182,766</u> |
| Total liabilities | | <u>228,073</u> | <u>189,162</u> |
| Total equity and liabilities | | <u>507,744</u> | <u>492,840</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Star Shine Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 January 2019 as an exempted company with limited liability under the Companies Law Cap. 22, Law 3 of 1961 as consolidated and revised of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) is principally engaged in (i) manufacturing of lace and provision of dyeing services; and (ii) footwear business.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Glorious Way Investments Limited, a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling shareholder is Mr. Tsoi Wing Sing.

This condensed consolidated interim financial information (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB’000**”), unless otherwise indicated.

2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements to the Rules Governing the Listing of Securities on the Stock Exchange.

The Interim Financial Information includes an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2024 and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations as issued by the HKICPA. They shall be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024 (the “**2024 Audited Financial Statements**”).

The Interim Financial Information is unaudited, but has been reviewed by the Company’s audit committee and the Company’s external auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA.

3 PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information has been prepared under the historical cost basis, except for the financial assets at FVPL, which is measured at fair value.

The accounting policies and methods of computation used in the Interim Financial Information are consistent with those followed in the preparation of the 2024 Audited Financial Statements.

The adoption of the new/revised HKFRS Accounting Standards which are relevant to the Group and effective for current period does not have any significant impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

At the date of authorisation of the Interim Financial Information, the HKICPA has issued a number of new/revised HKFRS Accounting Standards that are not yet effective for the current period, which the Group has not early adopted. The directors of the Company do not anticipate that the adoption of the new/revised HKFRS Accounting Standards in future periods will have any material impact on the results and the financial position of the Group.

4 SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in (i) manufacturing of lace and provision of dyeing services and (ii) footwear business.

The executive directors of the Company have been identified as the chief operating decision-maker (“**CODM**”). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segment based on these reports. The Group has two reportable operating segments being:

- (i) Lace and Dyeing – principally engaged in the manufacturing of lace and provision of dyeing services based on customers' orders for lingerie, lace and swimwear fabrics; and
- (ii) Footwear – principally engaged in design, research and development, sourcing, merchandising, quality control and sales of casual and sports footwear.

Prior to 1 January 2025, there were three reportable and operating segments, namely (i) Manufacturing of lace; (ii) Provision of dyeing services; and (iii) Footwear.

From 1 January 2025, the management of the Group has changed the presentation of the information reported to the CODM, and segment reporting is updated to conform to this change. The management of the Group is of the view that this change of segment disclosure better reflects the Group's financial performance and better aligns with the Group's resource allocation.

The updated reportable segments comprise (i) Lace and Dyeing, which is aggregated by the former Manufacturing of lace and Provision of dyeing services segments; and (ii) Footwear. The management of the Group periodically reviews their developments and dynamically adjust resource allocation and strategies.

Segment revenue represents revenue derived from (i) Lace and Dyeing and (ii) Footwear.

Segment results, which are the measures reported to the CODM for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of other income, other (losses)/gains, net, administrative expenses, net provision for loss allowance on financial assets and contract assets, impairment loss on property, plant and equipment, share of results of a joint venture and finance income/(costs), net.

Segment assets include property, plant and equipment, right-of-use assets, intangible assets, interest in a joint venture, inventories, contract assets, trade and bills receivables, prepayments, deposits and other receivables, financial assets at FVPL and cash and cash equivalents. All assets are allocated to operating segments other than unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities include trade and bills payables, other payables and accruals, contract liabilities, lease liabilities, loans from ultimate holding company, current income tax liabilities and deferred tax liabilities. All liabilities are allocated to operating segments other than unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(a) **Segment revenue and results**

The followings are analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2025 (Unaudited)

| | <u>Lace and Dyeing</u> | <u>Footwear</u> | <u>Unallocated</u> | <u>Total</u> |
|--|----------------------------|-----------------|--------------------|-----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue from external customers and reportable segment revenue | <u>39,733</u> | <u>248,873</u> | <u>-</u> | <u>288,606</u> |
| Gross (loss)/profit | (382) | 28,383 | - | 28,001 |
| Selling and distribution expenses | <u>(703)</u> | <u>(13,837)</u> | <u>-</u> | <u>(14,540)</u> |
| Segment results | (1,085) | 14,546 | - | 13,461 |
| Other income | 420 | 333 | - | 753 |
| Other losses, net | (891) | (177) | (115) | (1,183) |
| Administrative expenses | (3,283) | (13,349) | (4,469) | (21,101) |
| Net provision for loss allowance on financial assets and contract assets | (721) | - | - | (721) |
| Impairment loss on property, plant and equipment | (4,447) | - | - | (4,447) |
| Share of results of a joint venture | - | - | (8,054) | (8,054) |
| Finance income/(costs), net | <u>518</u> | <u>(117)</u> | <u>(1,565)</u> | <u>(1,164)</u> |
| (Loss)/Profit before income tax | (9,489) | 1,236 | (14,203) | (22,456) |
| Income tax credit/(expenses) | <u>17</u> | <u>(72)</u> | <u>-</u> | <u>(55)</u> |
| (Loss)/Profit for the period | <u>(9,472)</u> | <u>1,164</u> | <u>(14,203)</u> | <u>(22,511)</u> |
| Other information | | | | |
| Depreciation of property, plant and equipment | 5,682 | 431 | - | 6,113 |
| Depreciation of right-of-use assets | 41 | 1,040 | - | 1,081 |
| Additions to non-current segment assets | 1,934 | 2,562 | - | 4,496 |
| Write-down of inventories | 565 | - | - | 565 |
| Impairment loss on property, plant and equipment | 4,447 | - | - | 4,447 |
| Research and development expenditures | 3,295 | 2,692 | - | 5,987 |
| Commission and handling charges | <u>-</u> | <u>8,770</u> | <u>-</u> | <u>8,770</u> |

For the six months ended 30 June 2024 (Represented) (Unaudited)

| | Lace and Dyeing | Footwear | Unallocated | Total |
|--|--------------------|---------------------|---------------------|---------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue from external customers and reportable segment revenue | <u>38,998</u> | <u>234,399</u> | <u>–</u> | <u>273,397</u> |
| Gross profit | 1,436 | 26,722 | – | 28,158 |
| Selling and distribution expenses | <u>(684)</u> | <u>(15,564)</u> | <u>–</u> | <u>(16,248)</u> |
| Segment results | 752 | 11,158 | – | 11,910 |
| Other income | 752 | 161 | – | 913 |
| Other gains, net | 1,172 | 1,002 | 617 | 2,791 |
| Administrative expenses | (2,931) | (11,888) | (1,293) | (16,112) |
| Net (reversal of)/provision for loss allowance on financial assets and contract assets | (107) | 31 | – | (76) |
| Finance income/(costs), net | <u>812</u> | <u>(871)</u> | <u>2</u> | <u>(57)</u> |
| Profit/(Loss) before income tax | 450 | (407) | (674) | (631) |
| Income tax expenses | <u>(99)</u> | <u>(218)</u> | <u>–</u> | <u>(317)</u> |
| Profit/(Loss) for the period | <u><u>351</u></u> | <u><u>(625)</u></u> | <u><u>(674)</u></u> | <u><u>(948)</u></u> |
| <i>Other information</i> | | | | |
| Depreciation of property, plant and equipment | 5,721 | 215 | – | 5,936 |
| Depreciation of right-of-use assets | 41 | 707 | – | 748 |
| Additions to non-current segment assets | 518 | 783 | – | 1,301 |
| Write-down of inventories | 198 | – | – | 198 |
| Research and development expenditures | 3,301 | 5,302 | – | 8,603 |
| Commission and handling charges | <u>–</u> | <u>10,217</u> | <u>–</u> | <u>10,217</u> |

(b) Segment assets and liabilities

The followings are analysis of the Group's assets and liabilities by reportable and operating segments:

| | <u>Lace and Dyeing</u> | <u>Footwear</u> | <u>Unallocated</u> | <u>Total</u> |
|--------------------------------------|----------------------------|-----------------|--------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| At 30 June 2025 (Unaudited) | | | | |
| Property, plant and equipment | 99,223 | 3,549 | – | 102,772 |
| Right-of-use assets | 2,349 | 5,223 | – | 7,572 |
| Intangible assets | 268 | 366 | – | 634 |
| Interest in a joint venture | – | – | 28,880 | 28,880 |
| Financial assets at FVPL | – | 13,021 | – | 13,021 |
| Other assets | <u>180,399</u> | <u>145,007</u> | <u>29,459</u> | <u>354,865</u> |
| Total assets | <u>282,239</u> | <u>167,166</u> | <u>58,339</u> | <u>507,744</u> |
| Current income tax liabilities | 3,511 | 712 | – | 4,223 |
| Deferred tax liabilities | 474 | 129 | – | 603 |
| Other liabilities | <u>16,167</u> | <u>132,704</u> | <u>74,376</u> | <u>223,247</u> |
| Total liabilities | <u>20,152</u> | <u>133,545</u> | <u>74,376</u> | <u>228,073</u> |
| At 31 December 2024 (Audited) | | | | |
| Property, plant and equipment | 108,773 | 1,445 | – | 110,218 |
| Right-of-use assets | 2,390 | 6,348 | – | 8,738 |
| Intangible assets | 345 | 79 | – | 424 |
| Interest in a joint venture | – | – | 32,410 | 32,410 |
| Financial assets at FVPL | – | 8,006 | – | 8,006 |
| Other assets | <u>180,005</u> | <u>141,032</u> | <u>12,007</u> | <u>333,044</u> |
| Total assets | <u>291,513</u> | <u>156,910</u> | <u>44,417</u> | <u>492,840</u> |
| Current income tax liabilities | 3,510 | 806 | – | 4,316 |
| Deferred tax liabilities | 491 | 59 | – | 550 |
| Other liabilities | <u>16,060</u> | <u>144,973</u> | <u>23,263</u> | <u>184,296</u> |
| Total liabilities | <u>20,061</u> | <u>145,838</u> | <u>23,263</u> | <u>189,162</u> |

- (c) **Disaggregation of revenue from contracts with customers within HKFRS 15 by the timing of revenue is as follows:**

| | Six months ended 30 June | |
|--------------------------------------|---------------------------------|-----------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| <i>Timing of revenue recognition</i> | | |
| Over time – provision of services | 39,733 | 38,998 |
| At a point in time – sales of goods | 248,873 | 234,399 |
| | <u>288,606</u> | <u>273,397</u> |

In the view of the Group's CODM, there is no seasonality of operations.

- (d) **Segment revenue by operating geographical location**

The Group's revenue by geographical location, which is determined by the location of operation, is as follows:

| | Six months ended 30 June | |
|------------------------------|---------------------------------|-----------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| Mainland China and Hong Kong | 288,606 | 273,397 |

- (e) **Information about major customers**

Revenue derived from customers individually contributing over 10% of the Group's total revenue during the six months ended 30 June 2025 and 2024 is as follows:

| | Six months ended 30 June | |
|--------------------------------|---------------------------------|-----------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| From footwear business segment | | |
| Customer A | 36,886 | N/A* |
| Customer B | 210,291 | 204,344 |

* The corresponding customer did not contribute over 10% of the total revenue of the Group for the six months ended 30 June 2024.

- (f) **Non-current assets by geographical location**

No geographical analysis on segment assets is provided as substantially all of the Group's non-current assets were located in the Mainland China.

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses, net provision for loss allowance on financial assets and contract assets and impairment loss on property, plant and equipment are analysed as follows:

| | Six months ended 30 June | |
|--|---------------------------------|----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | Unaudited | Unaudited |
| Raw materials and merchandise used | 233,894 | 220,208 |
| Employee benefit expenses, including directors' emoluments | 28,823 | 26,070 |
| Manpower service expenses | 25 | 559 |
| Amortisation of intangible assets | 102 | 85 |
| Utilities | 5,172 | 4,739 |
| Depreciation of property, plant and equipment and right-of-use assets (<i>Note 12</i>) | 7,194 | 6,684 |
| Write-down of inventories | 565 | 198 |
| Auditor's remuneration | 280 | 729 |
| Professional fees | 2,144 | 874 |
| Other tax and surcharges | 611 | 523 |
| Packaging expenses | 514 | 471 |
| Commission and handling charges | 8,770 | 10,217 |
| Waste handling charges | 1,437 | 1,145 |
| Net provision for loss allowance on financial assets and contract assets | 721 | 76 |
| Impairment loss on property, plant and equipment (<i>Note 12</i>) | 4,447 | – |
| Customs clearance fees | 698 | 627 |
| Design fees | 1,080 | 688 |
| Travelling expenses | 595 | 911 |
| Courier and telephone | 685 | 539 |
| Donations | 285 | – |
| Sponsorships | 601 | – |
| Repair and maintenance | 193 | 319 |
| Entertainment expenses | 742 | 624 |
| Office expenses | 561 | 294 |
| Others | 1,275 | 1,095 |
| | 301,414 | 277,675 |
| Total cost of sales, selling and distribution expenses, administrative expenses, net provision for loss allowance on financial assets and contract assets and impairment loss on property, plant and equipment | 301,414 | 277,675 |

Note: During the six months ended 30 June 2025 and 2024, research and development expenditures of approximately RMB5,987,000 and RMB8,603,000 were included in the respective amounts as disclosed above.

6 OTHER INCOME

| | Six months ended 30 June | |
|-----------------------------------|--------------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| Government grants (<i>Note</i>) | 272 | 245 |
| Others | 481 | 668 |
| | <u>753</u> | <u>913</u> |

Note: Government grants are all income related and there exists no unfulfilled conditions or other contingencies attaching to these government grants.

7 OTHER (LOSSES)/GAINS, NET

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| Loss on disposal of property, plant and equipment | (891) | – |
| Exchange differences | (307) | 2,791 |
| Fair value gain on financial assets at FVPL | 15 | – |
| | <u>(1,183)</u> | <u>2,791</u> |

8 FINANCE COSTS, NET

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| Finance income | | |
| Interest income | <u>954</u> | <u>1,397</u> |
| Finance costs | | |
| Unwinding of discount on other payables | (7) | (6) |
| Interest expenses on lease liabilities | (144) | (103) |
| Interest expenses on interest-bearing borrowing | – | (1,345) |
| Charges on bills payables | (401) | – |
| Interest expenses on loans from ultimate holding company | <u>(1,566)</u> | <u>–</u> |
| | <u>(2,118)</u> | <u>(1,454)</u> |
| Finance costs, net | <u>(1,164)</u> | <u>(57)</u> |

9 DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2025 and 2024.

10 INCOME TAX EXPENSES

Taxation has been provided at the appropriate rates prevailing in the jurisdictions in which the Group operates.

The group entities incorporated in the Cayman Islands and the BVI are exempted from corporate income tax of those jurisdictions.

During the six months ended 30 June 2025 and 2024, Fujian Deyun Technology Co., Ltd* (福建德運科技有限公司), the Group's subsidiary in the People's Republic of China (the "PRC"), has been qualified for high and new technology enterprises status since December 2022 with a valid period of 10 years and is therefore subject to a preferential income tax rate of 15% during the valid period.

The State Taxation Administration of the PRC announced in March 2021 that enterprises engaging in research and development activities would be entitled to claim at maximum 200% of their research and development expenses as "Super Deduction". The directors of the Company consider the eligibility of the PRC subsidiary and recognise the additional tax deduction for the six months ended 30 June 2025 and 2024.

No PRC corporate income tax has been provided for during the six months ended 30 June 2025 since no assessable profits has been generated by the subsidiaries operating in the PRC.

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the first Hong Kong dollars ("HKD") 2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HKD2 million will be taxed at 16.5%.

During the six months ended 30 June 2025 and 2024, one of the Group's subsidiaries in Hong Kong, was a qualifying entity under the two-tiered profits tax rates regime. The profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits for the six months ended 30 June 2025 and 2024.

| | Six months ended 30 June | |
|------------------------------|--------------------------|-------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| Current income tax | | |
| The PRC corporate income tax | – | 12 |
| Hong Kong Profits tax | – | 159 |
| | – | 171 |
| Deferred tax | <u>55</u> | <u>146</u> |
| Income tax expenses | <u><u>55</u></u> | <u><u>317</u></u> |

* For identification purpose only

11 LOSS PER SHARE

The basic loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

| | Six months ended 30 June | |
|--|---------------------------------|---------------|
| | 2025 | 2024 |
| | Unaudited | Unaudited |
| Loss for the period attributable to owners of the Company (RMB'000) | (22,511) | (948) |
| Weighted average number of ordinary shares in issue (thousands of shares) | 1,260,000 | 1,260,000 |
| Basic and diluted loss per share (RMB cents) | <u>(1.79)</u> | <u>(0.08)</u> |

There were no differences between the basic and diluted loss per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2025 and 2024.

12 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

| | Buildings | Plant and machinery | Office equipment | Motor vehicles | Construction in progress | Leasehold improvement | Sub-total | Right-of-use assets | Total |
|---|-----------------|------------------------|---------------------|-------------------|-----------------------------|--------------------------|------------------|------------------------|------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Six months ended 30 June | | | | | | | | | |
| 2025 (Unaudited) | | | | | | | | | |
| Opening net carrying amount | 22,686 | 83,150 | 1,661 | 2,721 | - | - | 110,218 | 8,738 | 118,956 |
| Additions | - | 841 | 789 | 475 | 757 | 1,634 | 4,496 | - | 4,496 |
| Depreciation | (722) | (4,880) | (188) | (227) | - | (96) | (6,113) | (1,081) | (7,194) |
| Disposal | - | (1,236) | - | (121) | - | - | (1,357) | - | (1,357) |
| Impairment loss | - | (4,447) | - | - | - | - | (4,447) | - | (4,447) |
| Exchange realignment | - | - | (8) | (4) | - | (13) | (25) | (85) | (110) |
| Closing net carrying amount | <u>21,964</u> | <u>73,428</u> | <u>2,254</u> | <u>2,844</u> | <u>757</u> | <u>1,525</u> | <u>102,772</u> | <u>7,572</u> | <u>110,344</u> |
| At 30 June 2025 | | | | | | | | | |
| (Unaudited) | | | | | | | | | |
| Cost | 43,705 | 269,461 | 6,827 | 3,952 | 757 | 1,621 | 326,323 | 12,235 | 338,558 |
| Accumulated depreciation and impairment loss | <u>(21,741)</u> | <u>(196,033)</u> | <u>(4,573)</u> | <u>(1,108)</u> | <u>-</u> | <u>(96)</u> | <u>(223,551)</u> | <u>(4,663)</u> | <u>(228,214)</u> |
| Net carrying amount | <u>21,964</u> | <u>73,428</u> | <u>2,254</u> | <u>2,844</u> | <u>757</u> | <u>1,525</u> | <u>102,772</u> | <u>7,572</u> | <u>110,344</u> |
| At 31 December 2024 | | | | | | | | | |
| (Audited) | | | | | | | | | |
| Cost | 43,705 | 281,082 | 6,046 | 4,573 | - | - | 335,406 | 12,354 | 347,760 |
| Accumulated depreciation and impairment loss | <u>(21,019)</u> | <u>(197,932)</u> | <u>(4,385)</u> | <u>(1,852)</u> | <u>-</u> | <u>-</u> | <u>(225,188)</u> | <u>(3,616)</u> | <u>(228,804)</u> |
| Net carrying amount | <u>22,686</u> | <u>83,150</u> | <u>1,661</u> | <u>2,721</u> | <u>-</u> | <u>-</u> | <u>110,218</u> | <u>8,738</u> | <u>118,956</u> |

During the six months ended 30 June 2025 and 2024, depreciation expenses have been charged to cost of sales, selling and distribution expenses and administrative expenses as below:

| | Six months ended 30 June | |
|-----------------------------------|---------------------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | Unaudited | Unaudited |
| Cost of sales | 5,361 | 5,305 |
| Selling and distribution expenses | – | 2 |
| Administrative expenses | 1,833 | 1,377 |
| | <u>7,194</u> | <u>6,684</u> |

In view of the business performance fell below management’s expectation in respect of the manufacturing of lace and provision of dyeing services (the “**Lace and Dyeing Business**”) during the six months ended 30 June 2025, the management of the Group identified the existence of an impairment indication on the property, plant and equipment and right-of-use assets of Lace and Dyeing Business (the “**Non-current Assets**”). The management of the Group engaged an independent professional valuer to assess the recoverable amount of the Non-current Assets, which is determined based on the value-in-use (“**VIU**”) of the Lace and Dyeing Business to which the Non-current Assets relate.

The management of the Group estimated the recoverable amount of the Non-current Assets with reference to the VIU calculation using cash flow projection of Lace and Dyeing Business. The VIU calculation uses cash flow projections based on financial budgets approved by the directors of the Company covering a 5-year period. Cash flow beyond the 5-year period has been extrapolated using a long-term growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Based on the impairment review performed by the management of the Group with reference to the VIU calculation conducted by an independent professional valuer, the recoverable amounts of Non-current Assets of approximately RMB88,675,000 was lower than its carrying amount at 30 June 2025 and therefore, an impairment loss of approximately RMB4,447,000 was recognised for the six months ended 30 June 2025 (*six months ended 30 June 2024: nil*).

13 INTEREST IN A JOINT VENTURE

| | 30 June 2025 | 31 December 2024 |
|--|-------------------------|----------------------|
| | RMB'000 | RMB'000 |
| | Unaudited | Audited |
| Unlisted shares, at cost | –* | –* |
| Share of net liabilities | (8,054) | – |
| Loans to a joint venture (<i>Note</i>) | 36,934 | 32,410 |
| | <u>28,880</u> | <u>32,410</u> |

* represents amount less than RMB1,000

Note: On 25 October 2024, Circle Time Limited (“**Circle Time**”), a subsidiary of the Group, entered into a loan agreement with Star Power Development Limited (“**Star Power**”). Pursuant to the loan agreement, Circle Time has committed to providing the loan facility of not more than HK\$70,000,000 (equivalent to approximately RMB64,820,000) for the working capital of Star Power. The loan is denominated in HKD, unsecured and interest-free. Repayment of any amount of the loan is subject to the joint venture having sufficient assets after taking into account the external financing and accumulated profits. During the six months ended 30 June 2025, additional loan drawdown of HK\$5,500,000 (equivalent to approximately RMB5,016,000) to Star Power pursuant to the loan agreement with Star Power. In the opinion of the directors of the Company, the loans are considered as part of the Group’s net investment in a joint venture.

Details of the joint venture at 30 June 2025 and 31 December 2024 are as follows:

| Name of joint venture | Principal place of business and place of incorporation | Class of shares held | Proportion of value of issued capital held by the Company | | Principal activities |
|-----------------------|---|-------------------------|---|------------|-------------------------|
| | | | Directly | Indirectly | |
| Star Power | Hong Kong | Ordinary | – | 50% | Events Management |

The above joint venture is accounted for using the equity method in the Interim Financial Information.

Arrangements with joint venture partners

The board of Star Power shall consist of four directors (*31 December 2024: two directors*), with two directors (*31 December 2024: one director*) to be appointed by the joint venture partner, Asia Partners IFBD Limited and two directors (*31 December 2024: one director*) to be appointed by Circle Time. All decisions relating to the event, including but not limited to the budget plan for the event, the use of funds and entering into any agreement with any third parties, shall be made by the mutual approval of directors appointed by each joint venture partner.

The Group's share of loss of the joint venture of approximately RMB8,054,000 was due to the one-off installation cost to set up the museum brand of an iconic Portuguese footballer, Mr. Cristiano Ronaldo dos Santos Aveiro in Hong Kong.

Commitments

The Group has the following unrecognised commitments relating to its interest in a joint venture.

| | 30 June 2025 RMB'000 Unaudited | 31 December 2024 RMB'000 Audited |
|--|---|---|
| <i>Commitments to contribute funding or resources for:</i> | | |
| Financial support if called | <u>26,903</u> | <u>32,410</u> |

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 30 June 2025 RMB'000 Unaudited | 31 December 2024 RMB'000 Audited |
|---|---|---|
| Current portion | | |
| Prepayments to suppliers | 589 | 519 |
| Other prepayments | 895 | 501 |
| Other deposit (<i>Note</i>) | 13,806 | 14,018 |
| Other receivables | 3,101 | 2,588 |
| Deposits | 997 | 505 |
| Other tax receivables | – | 1,001 |
| Less: Loss allowance on prepayments, deposits and other receivables | <u>(9)</u> | <u>–</u> |
| Prepayments, deposits and other receivables, net | <u>19,379</u> | <u>19,132</u> |

Note: The Group has provided a deposit of approximately RMB13,806,000 (*31 December 2024: RMB14,018,000*) for intellectual property merchandising business opportunity. The Group's ultimate holding company has fully undertaken the amount and agreed to indemnify against any losses related to the deposit which is denominated in EUR.

At 30 June 2025 and 31 December 2024, the carrying amounts of prepayments, deposits and other receivables approximated their fair values.

15 INVENTORIES

| | 30 June 2025 RMB'000 Unaudited | 31 December 2024 RMB'000 Audited |
|--------------------------------|---|---|
| Raw materials | 9,231 | 10,928 |
| Less: Allowance on inventories | <u>(6,201)</u> | <u>(5,636)</u> |
| | <u>3,030</u> | <u>5,292</u> |

Allowance on inventories amounting to approximately RMB565,000 was recognised in the condensed consolidated income statement and included in cost of sales for the six months ended 30 June 2025 (*six months ended 30 June 2024: approximately RMB198,000*).

16 CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES

| | 30 June 2025 RMB'000 Unaudited | 31 December 2024 RMB'000 Audited |
|---|---|---|
| Contract assets | 4,135 | 4,724 |
| Less: Loss allowance on contract assets | <u>(44)</u> | <u>(47)</u> |
| Contract assets, net | <u>4,091</u> | <u>4,677</u> |
| Trade receivables | 93,988 | 73,994 |
| Bills receivables | 487 | 353 |
| Less: Loss allowance on trade receivables | <u>(3,058)</u> | <u>(2,343)</u> |
| Trade and bills receivables, net | <u>91,417</u> | <u>72,004</u> |
| | <u>95,508</u> | <u>76,681</u> |

Contract assets represent the Group's rights to consideration for work completed but unbilled for its business. The contract assets are transferred to trade receivables when the rights become unconditional, which generally take one to three months. The balances of contract assets fluctuated during the six months ended 30 June 2025 and the year ended 31 December 2024 as the Group provided varying amount of goods or services that were unbilled before the period/year-ends.

At 30 June 2025 and 31 December 2024, the carrying amounts of trade and bills receivables approximated their fair values.

The Group grants credit up to 90 days (*31 December 2024: up to 90 days*) upon issuance of invoice.

At 30 June 2025 and 31 December 2024, the ageing analysis of trade and bills receivables, based on invoice date, was as follows:

| | 30 June 2025 RMB'000 Unaudited | 31 December 2024 RMB'000 Audited |
|---|---|---|
| 1 to 3 months | 89,013 | 71,504 |
| Over 3 months | 5,462 | 2,843 |
| | 94,475 | 74,347 |
| Less: Loss allowance on trade receivables | (3,058) | (2,343) |
| | 91,417 | 72,004 |

17 CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

| | 30 June 2025 RMB'000 Unaudited | 31 December 2024 RMB'000 Audited |
|---|---|---|
| Current portion | | |
| Payables for acquisition of property, plant and equipment | 2,397 | 2,413 |
| Commission payables | 3,999 | 3,761 |
| Other payables | 1,691 | 1,843 |
| Accruals for auditor's remuneration | 294 | 1,018 |
| Accruals for employee benefit expenses | 3,142 | 3,422 |
| Accruals for professional fees | 169 | 295 |
| Other accruals | 209 | 432 |
| Deposits received from customers | 558 | 221 |
| Other tax payables | 872 | – |
| | 13,331 | 13,405 |
| Contract liabilities | 5,616 | 1,147 |
| | 18,947 | 14,552 |
| Non-current portion | | |
| Other payables | 1,296 | 1,321 |

At 30 June 2025 and 31 December 2024, the carrying amounts of other payables and accruals approximated their fair values.

18 TRADE AND BILLS PAYABLES

| | 30 June 2025 RMB'000 Unaudited | 31 December 2024 RMB'000 Audited |
|------------------------------------|---|---|
| Trade and bills payables | | |
| Trade payables (<i>Note (a)</i>) | | |
| To related parties | – | 269 |
| To third parties | <u>86,563</u> | <u>80,633</u> |
| | 86,563 | 80,902 |
| Bills payables (<i>Note (b)</i>) | <u>37,000</u> | <u>28,667</u> |
| | <u>123,563</u> | <u>109,569</u> |

Note (a): The trade payables are interest free and with normal credit terms up to 30 days (*31 December 2024: up to 30 days*).

Note (b): At 30 June 2025, the bills payables with maturity date within one year carry fixed interest rate ranging from 1.9% to 2.0% (*31 December 2024: 1.9%*) per annum. The bills payables are guaranteed by a related party which the family members of the directors of the Company have control and/or significant influence over the related company.

At 30 June 2025 and 31 December 2024, the carrying amounts of trade and bills payables approximated their fair values.

At 30 June 2025 and 31 December 2024, the ageing analysis of trade and bills payables, based on invoice/issue date, was as follows:

| | 30 June 2025 RMB'000 Unaudited | 31 December 2024 RMB'000 Audited |
|---------------|---|---|
| 1 to 3 months | 120,301 | 107,948 |
| Over 3 months | <u>3,262</u> | <u>1,621</u> |
| | <u>123,563</u> | <u>109,569</u> |

19 LOANS FROM ULTIMATE HOLDING COMPANY

At 30 June 2025, balances amounting to approximately RMB72,141,000 (*31 December 2024: RMB50,138,000*) are unsecured, fixed interest rate ranging from 5.68% to 6.5% per annum (*31 December 2024: 6.5% per annum*) and repayable on demand. The remaining balances are unsecured, non-interest bearing and repayable on demand. The amount represents advances to the Group for its working capital requirements.

At 30 June 2025 and 31 December 2024, the carrying amounts of loans from ultimate holding company approximated their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a long-established lace manufacturer and dyeing service provider. We are primarily engaged in two main business segments: (i) lace and dyeing segment (including manufacturing of lace and provision of dyeing services) and (ii) footwear segment. For our lace and dyeing segment, we primarily manufacture and sell lace products to customers producing branded lingerie products on an order-by-order basis; and serve lace and swimwear manufacturers who provide their fabrics for dyeing before further fabrication. For our footwear segment, we oversee the design, research and development and sourcing of footwear. We create high-quality, innovative OEM and ODM footwear tailored to customer needs. The Group controls the footwear products before transferring to customers with experienced team, taking primary responsibility from product development, sales, order fulfillment, logistic management, quality control and inventory management, and setting prices.

The Group's revenue increased by approximately 5.6% from approximately RMB273.4 million for the six months ended 30 June 2024 to approximately RMB288.6 million for the Interim Period, primarily driven by the growth in our footwear business segment which accounted for approximately 86.2% of the total revenue (*for the six months ended 30 June 2024: approximately 85.7%*) where the increase in footwear revenue was mainly attributable to contribution of new orders from customers. The Group recorded a net loss increased from approximately RMB0.1 million for the six months ended 30 June 2024 to approximately RMB22.5 million for the Interim Period.

OUTLOOK AND BUSINESS STRATEGY

In the medium to long term, heightened environmental awareness and the steadfast pursuit of dual-carbon objectives are expected to drive increasingly stringent regulatory measures. The implementation of key policies – including the Draft of the Ecological and Environmental Code*, the Action Plan for Energy Conservation and Carbon Reduction (2024-25)*, the Guidelines to Comprehensively Promote the Development of a “Beautiful China”*, and the Comprehensive Implementation Plan for the Pollutant Discharge Permit System* – has significantly elevated environmental compliance requirements across industries.

* For identification purpose only

Facing these evolving regulatory pressures, the Group recognizes the challenges confronting its lace manufacturing and dyeing operations. To mitigate risks while maintaining operational viability, the Group is evaluating solutions that achieve both environmental compliance and cost efficiency. Concurrently, given the strong growth trajectory of the footwear segment, the Group has initiated a strategic reallocation of resources, gradually reducing further resources in lace manufacturing and dyeing operations. This rebalancing aligns with market demand trends and strengthens the Group's competitive position, with anticipated benefits to earnings quality and overall financial performance.

The imposition of additional United States tariffs on Chinese and Southeast Asian imports has prompted the Group to implement proactive trade strategy adjustments. While recent developments have seen a temporary relief, the Group remains vigilant and continues to engage in active negotiations with customers and suppliers to develop mutually beneficial solutions. While we are committed to maintaining strong relationships with our customers and suppliers through active collaboration, some partnerships may not continue without mutual agreement. To reduce geographic concentration risk and to benefit from the closer trade ties in the region, the Group is establishing manufacturing partnerships in Southeast Asia.

Complementing these efforts and to mitigate the impact from tariff volatility, the Group is expanding into domestic consumption channels through intellectual property (“IP”)-driven merchandising. Advanced discussions are underway with several prominent IP holders to establish long-term collaborations that will enhance product differentiation and brand equity. This strategy is supported by China's strengthened IP framework, as evidenced by the 2025 Intellectual Property Nation Building Promotion Plan*, which aims to enhance IP protection and promotion through revisions to laws like the Trademark Law and new guidelines for patent policies. Recognizing fundamental shifts in global trade patterns, the Group is strengthening its digital distribution capabilities to better position itself within the evolving commercial landscape.

The Group, being the sole financial investor of the CR7® LIFE Museum Hong Kong at K11 MUSEA, is pleased to announce it has commenced on 7 July 2025. As a world-class sporting and cultural landmark event, the CR7® LIFE Museum Hong Kong has been well-received, offering an immersive experience that showcases Cristiano Ronaldo's life and career, making significant contributions to the development of Hong Kong's sports tourism and cultural sectors. The Group is also delighted to share that Cristiano Ronaldo personally visited the museum in August 2025, further elevating its prominence as a global attraction. The Group will keep the market informed upon the availability of further updates and as appropriate. Citizens and visitors are cordially invited to actively participate in and witness this historic occasion together.

* *For identification purpose only*

Going forward, the Group will maintain disciplined capital allocation while identifying value accretive growth opportunities. Operational priorities include continuous improvement of production efficiency, rigorous cost management, full compliance with environmental regulations, and enhancement of research and development capabilities alongside quality control systems. These initiatives collectively support the Group’s objectives of sustainable value creation for its shareholders and long-term competitiveness.

FINANCIAL REVIEW

Revenue

The Group derives its revenue from (i) manufacturing of lace and provision of dyeing services and (ii) footwear business.

Revenue by product types

Breakdown of the Group’s revenue by product types is as follows:

| | Six months ended 30 June | | | |
|-------------------|--------------------------|---------------------|----------------|---------------------|
| | 2025 | | 2024 | |
| | <i>RMB’000</i> | <i>% of revenue</i> | <i>RMB’000</i> | <i>% of revenue</i> |
| Dyeing | 34,489 | 12.0 | 31,656 | 11.6 |
| Lace | | | | |
| – High density | 1,948 | 0.7 | 2,552 | 0.9 |
| – Regular density | 3,296 | 1.1 | 4,790 | 1.8 |
| Sub-total | 5,244 | 1.8 | 7,342 | 2.7 |
| Footwear | 248,873 | 86.2 | 234,399 | 85.7 |
| Total | 288,606 | 100.0 | 273,397 | 100.0 |

Revenue by operating geographical regions

Breakdown of the Group's revenue by operating geographical regions is as follows:

| | Six months ended 30 June | | | |
|------------------------------|---------------------------------|---------------------|----------------|----------------|
| | 2025 | % of | 2024 | % of |
| | RMB'000 | revenue | RMB'000 | revenue |
| Mainland China and Hong Kong | <u>288,606</u> | <u>100.0</u> | <u>273,397</u> | <u>100.0</u> |

Dyeing

The dyeing revenue increased by approximately 8.8% from approximately RMB31.7 million for the six months ended 30 June 2024 to approximately RMB34.5 million for the Interim Period, primarily driven by an immediate effect from some nearby factories' mismanagement or closures, redirecting orders to the Group.

Lace

The Group's lace products are classified into (i) regular density lace; and (ii) high density lace. The lace revenue decreased by approximately 28.8% from approximately RMB7.3 million for the six months ended 30 June 2024 to approximately RMB5.2 million for the Interim Period, primarily due to intensive competition resulting in decrease of orders from customers.

Footwear

The Group's revenue arising from footwear business increased from approximately RMB234.4 million for the six months ended 30 June 2024 to approximately RMB248.9 million for the Interim Period mainly due to increasing orders before implementation of tariff. The Group leverages an efficient inventory management system that optimizes operations and responsiveness to customer needs. By working closely with suppliers, the Group ensures products are promptly and directly delivered to customers' designated locations.

Gross profit

The gross profit slightly decreased by approximately 0.7% from approximately RMB28.2 million for the six months ended 30 June 2024 to approximately RMB28.0 million for the Interim Period, primarily due to the deteriorating performance and increased costs (e.g. temporary inflation of fuel price) of lace and dyeing business.

Other income

Other income slightly decreased from approximately RMB0.9 million for the six months ended 30 June 2024 to approximately RMB0.8 million for the Interim Period.

Other (losses)/gains, net

Other (losses)/gains mainly represented differences arising from translation of the Group's foreign currency-denominated transactions and balances-including revenue, expenses, assets and liabilities. The Group recorded other losses of approximately RMB1.2 million for the Interim Period as compared to the other gains of approximately RMB2.8 million for the six months ended 30 June 2024, mainly due to (i) disposal loss incurred by strategic disposal of certain outdated and high-energy-consuming machines that do not fulfill environmental standards, and (ii) appreciation of RMB during the period.

Selling and distribution expenses

Selling and distribution expenses primarily consist of packaging expenses, commission and staff cost in relation to sales and marketing staff. Selling and distribution expenses decreased by approximately 10.5% from approximately RMB16.2 million for the six months ended 30 June 2024 to approximately RMB14.5 million for the Interim Period, which was due to successful negotiation in the reduction of commission rate.

Administrative expenses

Administrative expenses mainly consist of employment benefit expenses, professional fee, utilities and office expenses. Administrative expenses increased from approximately RMB16.1 million for the six months ended 30 June 2024 to approximately RMB21.1 million for the Interim Period due to (i) the increase in number of top and senior staff and (ii) initial legal and consulting costs for different potential new projects.

Finance costs, net

Net finance cost increased from approximately RMB0.1 million for the corresponding period in 2024 to approximately RMB1.2 million for the Interim Period, primarily attributable to the increase in interest expenses on loans from ultimate holding company.

Impairment loss on property, plant and equipment

The Group recorded an impairment loss on property, plant and equipment of approximately RMB4.4 million (*30 June 2024: nil*) for the Interim Period mainly due to the impairment assessment result triggered by the deteriorating business performance of the lace and dyeing business. This was caused by multiple extraordinary external factors, such as temporary inflation in fuel prices, regional tariffs briefly disrupting end demand and intensive competition in the domestic market.

Share of results of a joint venture

The Group's share of loss of a joint venture of approximately RMB8.1 million (*six months ended 30 June 2024: nil*) was due to the one-off installation cost to set up the museum brand of an iconic Portuguese footballer, Mr. Cristiano Ronaldo dos Santos Aveiro in Hong Kong. These initial expenses were in line with the joint venture's strategic rollout plan and are not expected to recur in future periods.

Income tax expenses

The income tax expenses decreased by approximately 66.7% from approximately RMB0.3 million for the corresponding period in 2024 to approximately RMB0.1 million for the Interim Period which was consistent with the loss making position.

Net loss for the period

As a result of the above factors, the Group recorded a net loss of approximately RMB22.5 million for the Interim Period.

Dividends

The Board does not recommend the payment of dividend for the Interim Period (*six months ended 30 June 2024: Nil*).

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

Net current assets

The Group had net current assets of approximately RMB145.1 million at 30 June 2025 (*31 December 2024: approximately RMB158.3 million*). The current ratio of the Group decreased from approximately 1.9 times at 31 December 2024 to approximately 1.7 times at 30 June 2025.

Cash and cash equivalents, borrowings and pledge of assets

The Group funds its business and working capital requirements by using a balanced mix of internal resources and borrowings. The Group will adjust its mix of funding depending on the costs of funding and its actual needs.

At 30 June 2025, the Group had cash and cash equivalents of approximately RMB236.9 million (*31 December 2024: approximately RMB231.9 million*) and they were denominated in RMB, USD and HKD.

At 30 June 2025, the Group had borrowings of approximately RMB73.9 million (*31 December 2024: approximately RMB52.3 million*).

At 30 June 2025 and 31 December 2024, the Group had no undrawn banking facilities.

At 30 June 2025 and 31 December 2024, the Group did not have any assets pledged as securities.

Gearing ratio

At 30 June 2025, the Group had a gearing ratio of 0.3 (*31 December 2024: 0.2*), calculated by dividing total debt (borrowings and lease liabilities) by total equity.

Capital structure

At 30 June 2025, the Company's issued share capital was HKD12,600,000 and the number of issued shares of the Company was 1,260,000,000 ordinary shares of HKD0.01 each.

Capital expenditure

During the Interim Period, the Group incurred cash flows on capital expenditure for the purchase of equipment and intangible assets in the amount of approximately RMB4.8 million (*six months ended 30 June 2024: approximately RMB1.4 million*).

Foreign exchange risks and hedging

The majority of assets and liabilities of the Group are denominated in RMB, USD and HKD, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than RMB, which is the functional currency of the major operating companies within the Group. During the Interim Period, the Group did not hedge its foreign currency exposure. The Group regularly monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

At 30 June 2025, the Group's capital commitments are mainly related to the financial support to the joint venture and purchase of properties, plant and equipment of approximately RMB26.9 million (*31 December 2024: RMB32.4 million*) and RMB0.4 million (*31 December 2024: RMB0.1 million*), respectively.

CONTINGENT LIABILITIES

At 30 June 2025, the Group did not have any material contingent liabilities (*31 December 2024: nil*).

EMPLOYEES AND REMUNERATION POLICY

The Group's employees are generally remunerated by way of fixed salary and they may also be entitled to a number of welfare benefits, including but not limited to job-nature based subsidy, performance-based bonus, paid leave and share options. The Group also make contributions to mandatory social security funds for its employees. The Group utilises an appraisal system for its employees and considers the appraisal results of individual employees when conducting their salary review and determining the amount of bonuses. To enhance the performance of the employees, the Group provides its employees with adequate and regular trainings.

At 30 June 2025, the Group had 517 employees (*31 December 2024: 512 employees*) and the Group's total employee benefit expenses (including directors' emoluments) for the Interim Period amounted to approximately RMB28.8 million (*six months ended 30 June 2024: RMB26.1 million*).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed herein, the Group did not have any significant investments, material acquisitions and disposals during the Interim Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS

During the Interim Period, the Group had no specific plan for major investment or acquisition of major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

CHANGE IN BOARD LOT SIZE

The board lot size of the ordinary shares in the Company (the “**Shares**”) for trading on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) was changed from 5,000 Shares to 2,500 Shares with effect from 23 April 2025.

EVENT AFTER THE INTERIM PERIOD

Saved as disclosed herein, the Group does not have any important events after the Interim Period and up to the date of this announcement.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 16 December 2020 (the “**Adoption Date**”), which became effective on 13 January 2021. The purposes of the Share Option Scheme are to attract and retain the best available personnel, to provide additional incentive to eligible participants, and to promote the success of the business of the Group.

As of 30 June 2025 and the date of this announcement, no share options had been granted or agreed to be granted under the Share Option Scheme. As a result, the total number of shares available for issue under the Share Option Scheme as of the date of this announcement was 126,000,000, representing 10% of the issued shares of the Company as of the Adoption Date.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Interim Period.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the Interim Period, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters with the management of the Company.

AUDITOR

Forvis Mazars CPA Limited, the auditor of the Company, has reviewed the unaudited condensed consolidated interim financial information of the Group for the Interim Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

The Company has adopted a set of corporate governance practices which aligns with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rule**”). The Company has complied with the code provisions set out in the CG Code for the Interim Period.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as mentioned in Appendix C3 to the Listing Rules.

All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code and the Company’s code of conduct regarding the Directors’ securities transactions during the Interim Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company’s website (www.starshineholdings.com). The interim report of the Company for the Interim Period will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board
STAR SHINE HOLDINGS GROUP LIMITED
Tsoi Wing Sing
Chairman

Hong Kong, 27 August 2025

As of the date of this announcement, the Board comprises of Mr. Tsoi Wing Sing, Mr. Lin Minqiang, Mr. Larry Stuart Torchin, and Ms. Tsoi Lam Ki as executive Directors, and Mr. Chow Kit Ting, Dr. Chiu Kwok Hung, Justin, and Mr. Mak Ming Hoi as independent non-executive Directors.