

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Chervon Holdings Limited

泉峰控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2285)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Changes
	2025	2024	
	US\$'000	US\$'000	
Revenue	912,437	815,745	11.9%
Gross profit margin	33.3%	32.9%	40bps
Profit before tax	113,163	71,814	57.6%
Profit for the period	95,271	61,619	54.6%
Non-HKFRS measure:			
Adjusted Net Profit	76,031	61,619	23.4%
Net cash generated from operating activities	256,652	119,138	115.4%
Earnings per share			
Basic (US\$)	0.19	0.12	58.3%

- Revenue increased by 11.9% to US\$912.4 million.
- Gross profit margin improved from 32.9% to 33.3%.
- Profit for the period amounted to US\$95.3 million, while adjusted net profit amounted to US\$76.0 million.
- Net cash generated from operating activities amounted to US\$256.7 million, up from net cash generated from operating activities of US\$119.1 million.

The board (the “**Board**”) of directors (the “**Directors**”) of Chervon Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**us**” or “**our**”) for the six months ended June 30, 2025 (the “**Reporting Period**”) together with the comparative figures for the same period in 2024. The unaudited condensed consolidated financial information for the Reporting Period has been reviewed by the audit committee of the Board (the “**Audit Committee**”).

BUSINESS REVIEW AND OUTLOOK

Business Review

During the Reporting Period, the Group has demonstrated great performance and enhanced profitability. Our revenue increased by 11.9% to US\$912.4 million in the first half of 2025, benefiting from our strong points-of-sales (“**POS**”) performance and customers’ pre-stocking measures in light of the China-U.S. tariff tensions, particularly in the first quarter of 2025. We achieved a 54.6% growth in net profit during the Reporting Period as compared to the same period in 2024 primarily driven by (i) a growth in our revenue scale and business growth across our own branded products, (ii) the strong gross profit margin brought by our EGO products, (iii) favorable factors such as exchange rates and (iv) non-recurring gain associated with our disposal of Chervon (China) Investment Co., Ltd, details of which are set out in the section headed “—Material Acquisitions, Disposals of Subsidiaries and Associates” in this announcement.

Revenue from our outdoor power equipment (“**OPE**”) segment increased by 22.8%, while revenue from our power tools segment decreased by 2.5%. Revenue from our original brand manufacturing (“**OBM**”) business increased by 16.2% and accounted for 77.5% of our total revenue in the first half of 2025. By region, our business from North America and Europe increased by 17.9% and 4.0%, respectively, while business from China and the rest of the world decreased by 8.4% and 13.2%, respectively.

As our product mix evolved, with a higher proportion of high-margin *EGO* products in the sales portfolio, our gross margin increased by 40 basis points to 33.3% in the first half of 2025.

We continue to focus on our customers, bringing to market new power tool and OPE products to meet their diverse needs. Leveraging our research and development capability, we continued to innovate by introducing about 100 new products during the Reporting Period. Lithium-ion battery powered products accounted for over 90% of the new products.

Brand Highlights

EGO continued to gain market share with strong POS momentum, positioning *EGO* among the market’s top-tier brands in terms of penetration and consumer recognition.

EGO maintains a disciplined yet dynamic product strategy, continuously expanding its portfolio with cutting-edge innovations across both core and lifestyle product categories. This approach has strengthened our competitive positioning and reinforced our brand value. Several of our product categories, such as walk-behind mowers, snow blowers and rider mowers, ranked first in terms of market share in the North American market for lithium-ion battery powered OPE products. Our lifestyle products also delivered impressive performance, with pressure washers for example, demonstrating particularly strong growth. In addition, the number of *EGO* stock keeping units (“SKUs”) has continued to grow, while battery pack sales have accelerated. This further solidified our 56V platform as the largest single battery OPE platform globally, driving more platform-wide synergies.

EGO enjoys exceptional brand recognition, bolstered by strong consumer engagement and high visibility across digital and social media platforms. Our well-diversified channel strategy has continued to make progress, achieving POS growth in almost every channel, especially the online channel. Our expansion in Europe has also progressed steadily, including the establishment of our first *EGO* flagship store in Germany.

As the largest single OPE platform and the fastest-growing brand in the sector, *EGO* is well positioned to capture the shift toward lithium electrification and intelligent technologies. We have achieved breakthroughs in Internet of Things (“IoT”), AI recognition, visual positioning and multi-sensor navigation, laying a solid foundation for the future expansion of our intelligent business. Leveraging these advances, we will integrate smart capabilities across our product portfolio in 2025 and onwards to enhance user experience, broaden our business horizons and strengthen our service network through our IoT platform, which connects over one million users with service providers and brands. Guided by a clear strategic roadmap and disciplined execution, *EGO* remains committed to delivering strong financial performance while reinforcing its leadership in the industry.

Recognized as the “No. 1 Specialist Trade Partner” by market intern, *FLEX* outperformed the sluggish European market, underscoring the brand’s growing recognition and influence. Anchored by a strong customer-centric approach, *FLEX* continues to expand its reach, most recently with the launch of its 24V series in Australia, which has received highly encouraging feedback. This success has further accelerated the adoption of *FLEX*’s lithium battery platform. On the marketing front, *FLEX* has also strengthened its presence across major social media channels, driving greater awareness and increased traffic, with a steadily expanding follower base.

Our *SKIL* Brushless series maintained strong recognition, especially in Europe, with users recognizing its exceptional value for money. We have secured placement in major mainstream retail channels, unlocking new opportunities for *SKIL*’s future growth. Moving forward, we will continue to offer comprehensive and innovative product solutions, while expanding our channel partnerships to optimize our market strategy and sustain long-term growth for our *SKIL* products.

In the first half of 2025, the sales performance of *DEVON* has remained notably more resilient than the market overall, while gaining market share in the premium segment. *DEVON* has continued to advance its digital marketing strategy through social media platforms, reinforcing its significant impact and strong presence in the digital arena. During the Reporting Period, *DEVON* has won the “Annual Trendsetting New Product Award” on TikTok E-commerce and “2025 Strategic Beacon Product” on JD.com, highlighting its competitive edge across major platforms. We were also awarded the “Supply Chain Excellence Contribution Award” at JD Industrial’s 2025 Business Partner Conference and Annual Awards Ceremony.

Supply Chain and Manufacturing

During the Reporting Period, we have strengthened our global manufacturing capabilities. This included accelerating the relocation of part of our production capacity from Nanjing to Vietnam, further expanding our global manufacturing capabilities. Our production capacity in Vietnam is expected to increase significantly by the second half of 2025, which will significantly mitigate the impact of China-U.S. tariff tensions and enhance our overall efficiency in the long-run. At the same time, the relocation of our production from the Steinheim facility in Germany to Nanjing is expected to be completed by the end of 2025. This is part of the Group’s strategic realignment initiative intended to reduce manufacturing costs and strengthen our long-term competitiveness. Looking ahead, we are actively evaluating broader global capacity deployment plans, which is in line with the Group’s global strategy to further enhance the flexibility and cost efficiency of our supply chain.

Prospects

The Group delivered a resilient performance in the first half of 2025, achieving steady revenue growth, improved profitability, and further optimization of our asset structure.

External pressures remain as we move into the second half of the year, with ongoing uncertainties posed by China-U.S. tariff tensions remaining to be a key challenge to our operations and supply chain planning. This period also marks a pivotal stage in the strategic relocation of our production capacity. To address this challenge, we will spare no effort in accelerating the transfer of production to our Vietnam facilities, while refining our pricing strategies and maintaining rigorous cost discipline. We believe that these initiatives will help reduce our exposure over time and enhance our operational resilience.

Looking ahead, while short-term headwinds persist, we remain optimistic in the growth prospects of lithium battery technologies. The Group’s proven expertise, strong brand, well established sales and distribution network, and continued investment in the future-oriented technology provide a solid foundation to capture emerging opportunities. With proactive and prudent management, we are confident in our ability to navigate existing challenges and deliver sustainable long-term value for our stakeholders.

FINANCIAL REVIEW

Financial Results

Revenue

The Group's revenue increased by 11.9% to US\$912.4 million for the Reporting Period from US\$815.7 million for the same period in 2024, primarily driven by business growth across our own branded products, customers' stockpiling and pre-stocking measures in light of the China-U. S. tariff tensions, particularly in the first quarter of 2025, and was also partly due to the increase in sales price.

Revenue by product category

Revenue from the sales of OPE products increased by 22.8% to US\$602.0 million for the Reporting Period from US\$490.4 million for the same period in 2024, primarily driven by the revenue growth from *EGO*.

Revenue from the sales of power tools decreased by 2.5% to US\$305.8 million for the Reporting Period from US\$313.5 million for the same period in 2024, primarily due to a decline in our OEM business and the weakened market conditions in China.

Revenue by geographic location

Our revenue from North America increased by 17.9% to US\$651.1 million for the Reporting Period from US\$552.4 million for the same period in 2024. Our revenue from Europe increased by 4.0% to US\$179.2 million for the Reporting Period from US\$172.3 million for the same period in 2024. Our revenue from China decreased by 8.4% to US\$58.7 million for the Reporting Period from US\$64.1 million for the same period in 2024. Revenue from the rest of the world decreased by 13.2% to US\$23.4 million for the Reporting Period from US\$27.0 million for the same period in 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased by 13.1% to US\$303.9 million for the Reporting Period from US\$268.7 million for the same period in 2024. During the same periods, our overall gross profit margin increased from 32.9% to 33.3%, primarily driven by an increase in the proportion of high-margin *EGO* brand products in our sales portfolio, favorable raw material costs, as well as the increase in sales price.

Other Revenue

Our other revenue, which primarily consisted of government grants, sale of scrap materials and rental income, amounted to US\$1.0 million for the Reporting Period, as compared to US\$2.7 million for the same period in 2024.

Other Net Gain

We had other net gain of US\$31.3 million for the Reporting Period, as compared to other net gain of US\$2.3 million for the same period in 2024. Our other net gain for the Reporting Period was primarily attributable to net foreign exchange gain in the amount of US\$12.4 million resulting from our effective foreign exchange management, as well as net gain on disposal of a subsidiary in the amount of US\$19.2 million.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 21.1% to US\$129.2 million for Reporting Period from US\$106.7 million for the same period in 2024, primarily attributable to an increase in our marketing expenses and investments in expanding channels, as well as increased staff costs from the employment of additional sales personnel in Europe and North America.

Administrative and Other Operating Expenses

Our administrative and other operating expenses increased by 12.0% to US\$47.3 million for the Reporting Period from US\$42.3 million for the same period in 2024, primarily due to an increase in investment in talent development and our global manufacturing footprint.

Research and Development Costs

Our research and development costs increased by 6.8% to US\$40.0 million for the Reporting Period from US\$37.4 million for the same period in 2024, primarily attributable to the Company's continued investment in research and product development, particularly in commercial and robotic technology OPE segment.

Net Finance Costs

Our net finance costs amounted to US\$2.7 million for the Reporting Period, as compared to US\$2.0 million for the same period in 2024 primarily due to a decrease in interest income from bank deposits.

Share of Loss of an Associate

We had a share of loss of an associate of US\$3.9 million for the Reporting Period as compared to a share of loss of an associate of US\$13.6 million for the same period in 2024, which were primarily attributable to our 22.35% equity interest in Nanjing Chervon Auto Precision Technology Co., Ltd. (南京泉峰汽車精密技術股份有限公司) (“**Chervon Auto Precision Technology**”). On June 25, 2025, upon completion of the disposal by the Company of the entire equity interest in Chervon (China) Investment Co., Ltd (泉峰(中國)投資有限公司) (the “**Chervon (China) Investment**”), a wholly-owned subsidiary of the Company whose principal business is the holding of 22.35% equity interest in Chervon Auto Precision Technology, the Company's equity interest in Chervon Auto Precision Technology ceased to be accounted as interest in associate. For further details, please refer to the section headed “—Material Acquisitions, Disposals of Subsidiaries and Associates” in this announcement.

Profit before Tax

As a result of the foregoing, we recorded profit before taxation of US\$113.2 million for the Reporting Period, as compared to a profit before taxation of US\$71.8 million for the same period in 2024.

Income Tax Expense

Our income tax expense was US\$17.9 million for the Reporting Period, representing an increase of 75.5% from US\$10.2 million for the same period in 2024. Our effective tax rate was 15.8% for the Reporting Period, as compared to 14.2% for the same period in 2024.

Profit for the Period

As a result of the foregoing, we recorded a profit for the period of US\$95.3 million for the Reporting Period, as compared to US\$61.6 million for the same period in 2024. We had a net profit margin of 10.4% for the Reporting Period, as compared to 7.6% during the same period in 2024.

Non-HKFRS Measure: Adjusted Net Profit

To supplement our consolidated results which are prepared and presented in accordance with HKFRS Accounting Standards, we utilize non-HKFRS adjusted net profit (“**Adjusted Net Profit**”) as an additional financial measure. We derive Adjusted Net Profit from profit for the period by excluding net gain on disposal of Chervon (China) Investment.

Adjusted Net Profit is not required by, or presented in accordance with, HKFRS Accounting Standards. We believe that the presentation of non-HKFRS measures when shown in conjunction with the corresponding HKFRS Accounting Standards measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance such as the impact of certain investment transactions. We also believe that the non-HKFRS measures are appropriate for evaluating the Group’s operating performance. However, the use of this particular non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for the analysis of, our results of operations or financial conditions as reported under HKFRS Accounting Standards. In addition, this non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following table reconciles our Adjusted Net Profit for the period presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS Accounting Standards, which is profit for the period:

	Six months ended June 30,	
	2025	2024
	US\$'000	US\$'000
Profit for the period	95,271	61,619
Adjusted by:		
Net gain on disposal of a subsidiary ⁽¹⁾	(19,240)	—
Adjusted Net Profit	<u>76,031</u>	<u>61,619</u>

Notes:

(1) Represents the non-recurring gain associated with the disposal of Chervon (China) Investment.

Liquidity and Financial Resources

Financial Position

The Group continued to maintain a strong financial position. As of June 30, 2025, the Group had US\$487.7 million in cash and cash equivalents (December 31, 2024: US\$328.8 million). 46.4%, 45.7%, 4.3% and 3.6% of our cash and cash equivalents as of June 30, 2025 were denominated in Renminbi (“**RMB**”), US dollar, Euro and other currencies, respectively.

Funding and Treasury Policy

The Group’s funding and finance policy aims to maintain stable financial position and mitigate financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

Borrowings and Gearing Ratio

As of June 30, 2025, the Group had bank loans of US\$311.7 million (December 31, 2024: US\$295.6 million), which were primarily denominated in RMB, and lease liabilities of US\$19.9 million (December 31, 2024: US\$13.9 million). As of the same date, fixed-rate and floating-rate loans account for 58.2% and 41.8%, respectively, of the Group’s total bank loans.

As of June 30, 2025, short-term bank loans and current portion of long-term bank loans collectively accounted for 62.3% of the total bank loans (December 31, 2024: 65.2%).

The Group’s gearing ratio (which equals total debt (including bank loans and lease liabilities) divided by total equity) remained flat at 0.3 as of December 31, 2024 and as of June 30, 2025.

Working Capital

The Group's inventories amounted to US\$479.1 million as of June 30, 2025 as compared to US\$608.3 million as of December 31, 2024. Our inventory turnover days were at 161 days for the Reporting Period, as compared to 178 days for the same period in 2024, primarily due to significant changes in China-U.S. tariff policies, which resulted in a weaker business performance in the second quarter and a slowdown in production, ultimately leading to a lower inventory level.

The Group's trade and bills receivables turnover days were 83 days for the Reporting Period, as compared to 89 days for the same period in 2024, which is in line with the credit terms we granted to our customers. The decrease is primarily resulted from our improved operational capability, which accelerated our receivables collection cycle.

The Group's trade and bills payables turnover days were 72 days for the Reporting Period, as compared to 86 days for the same period in 2024, which are in line with the credit terms that we obtained from suppliers.

Capital Expenditures

Our capital expenditures for the Reporting Period amounted to US\$56.3 million (six months ended June 30, 2024: US\$22.1 million), primarily due to land purchase costs for our Vietnam plant.

Capital Commitments

As of June 30, 2025, our capital commitments (including those contracted for and authorized but not contracted for) for the construction of plant and buildings and acquisition of machinery and equipment amounted to US\$138.3 million (December 31, 2024: US\$63.7 million), primarily for the expansion of our production capacity in Vietnam.

Pledge of Assets

During the Reporting Period, certain assets of the Group were pledged as security for bank loans, as further detailed below:

	As of June 30, 2025 US\$'000	As of December 31, 2024 US\$'000
Plant and buildings	85,434	—
Leasehold land	43,437	—
Inventories	—	16,427
Trade and bills receivables	—	1,921
Pledged deposits	14,688	15,424
Interest in an associate	—	13,226
Total	<u>143,559</u>	<u>46,998</u>

As of June 30, 2025, the Group had pledged deposits of US\$17.3 million (December 31, 2024: US\$20.2 million), which will be released upon the settlement of letters of credit and bills payable by the Group or upon the expiry of relevant banking facilities.

Contingent Liabilities

During the Reporting Period, the Group issued guarantees to financial institutions in the People's Republic of China (“**PRC**”) for certain indebtedness of our independent third-party customers, who are typically qualified distributors of ours in the PRC. As of June 30, 2025, the maximum guarantee amount was US\$21.7 million (December 31, 2024: US\$21.6 million) and the guarantee issued was US\$5.2 million (December 31, 2024: US\$8.1 million).

Significant Investments Held

During the Reporting Period, the Group did not hold any significant investments (including any investment in an investee company with a carrying amount of 5% or more of the Company's total assets as of June 30, 2025).

Material Acquisitions, Disposals of Subsidiaries and Associates

On March 26, 2025, the Company (as vendor) entered into an equity transfer agreement with Chervon Precision Technology Holdings Company Limited, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in Chervon (China) Investment, a wholly-owned subsidiary of the Company whose principal business is the holding of equity interest in Chervon Auto Precision Technology, at a consideration of RMB570,000,000 or the HK\$ equivalent (the “**Disposal**”). The Disposal constitutes a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements. In connection with the Disposal and subject to the satisfaction of the conditions of the special dividend (being the approval of the Disposal and the special dividend by the independent shareholders of the Company), the Board has recommended the payment of a special dividend of HK\$1.1905 per ordinary share. For further details, please refer to the Company's announcement and circular in relation to the disposal and the special dividend dated March 26, 2025 and April 30, 2025, respectively.

The Disposal and the special dividend were approved by the shareholders of the Company at the extraordinary general meeting of the Company (“**EGM**”) held on May 22, 2025. Upon completion of the Disposal, Chervon (China) Investment ceased to be a wholly-owned subsidiary of the Company and its financial results was no longer consolidated into the Company's financial statements, in which the Company's equity interest in Chervon Auto Precision Technology ceased to be accounted as interest in associate. For further details, please refer to the Company's circular and EGM poll results announcement dated April 30, 2025 and May 22, 2025, respectively.

Save as disclosed above, during the Reporting Period, the Group did not have material acquisitions or disposals of subsidiaries or associates.

Future Plans for Major Investments and Capital Assets

In the coming years, the Group intends to continue investing in expanding its manufacturing plant in Vietnam, including by building production facilities on a land lot owned by it with a total area exceeding 150,000 square meters.

During the Reporting Period, save for the expansion plans as disclosed above, the Group has no specific plans for major investment or acquisition for major capital assets or other businesses.

Exposure to Fluctuations in Foreign Exchange Rates

The Group manufactures and sells its products in many countries throughout the world. As a result, there is exposure to foreign currency risk as the Group enters into transactions and make investments denominated in multiple currencies. For example, changes in currency exchange rates may affect the relative prices at which the Group and its competitors sell products in the same market and the cost of products and services the Group requires for its operations. The Group's predominant exposures are in US dollar, Euro and RMB. The Group is subject to risks arising from the translation of balance sheets and income statements of its subsidiaries to US dollars as well as the risk arising from the export of products and sales outside the country of manufacturing.

The Group enters into foreign exchange forward contracts with financial institutions to mitigate exposure to fluctuations in foreign exchange rates. Fluctuations in the foreign exchange rates may lead to losses resulting from the Group's exposure to foreign exchange forward contracts or similar arrangements. Our net foreign exchange gain for the Reporting Period amounted to US\$12.4 million, compared to the net foreign exchange loss of US\$0.7 million for the same period in 2024. Our net realized and unrealized loss on derivative financial instruments (which primarily include foreign exchange forward contracts) for the Reporting Period was US\$0.1 million, compared to a realized and unrealized gain of US\$0.8 million for the same period in 2024.

Investment Risk Management

Our investment strategy is grounded in the principles of compliance, prudence, safety and effectiveness. Each investment decision is made based on internal vetting and discussions, considering factors such as market dynamics, expected returns and risks involved. We believe that our internal strategy and policies regarding investments and the related risk management mechanisms are adequate, and that our investment decisions have been in full compliance with our investment strategy and policies.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group's largest customer and five largest customers accounted for approximately 34.3% and 60.0% (six months ended June 30, 2024: 30.1% and 57.7%) respectively of the Group's total revenue; and the Group's largest supplier and five largest suppliers accounted for approximately 6.4% and 13.7% respectively for the Group's total purchases (six months ended June 30, 2024: 14.9% and 28.6%).

As far as the Directors are aware, none of the Directors, their associates or any shareholders of the Company ("**Shareholders**") who owned more than 5% of the Company's share capital had any interest in the five largest customers or suppliers of the Group.

HUMAN RESOURCES

The number of employees of the Group was 6,731 as of June 30, 2025 (6,133 as of June 30, 2024). The total staff costs for the Reporting Period amounted to US\$138.2 million as compared to US\$110.0 million for the same period in 2024. We did not incur equity settled share-based expenses during the Reporting Period.

The Group is committed to hiring, retaining and promoting top talents across its global teams. As part of its retention strategy, the Group offers competitive remuneration packages to its employees, including salary and allowances, performance-based bonuses and long term incentive programs. The Group also provides regular and specialized training tailored to the needs of its employees in different departments.

As of June 30, 2025, the male-to-female ratio of the Groups' employees is approximately 1.50 to 1 (December 31, 2024: 1.50:1). The ratio is primarily driven by the nature of our business as we employ a higher portion of male engineers and front-line workers. While we consider such ratio to be in line with industry norms, we are firmly committed to offering equal employment opportunities to all qualified candidates based on merits and will seek to achieve relative balance between male and female employees going forward.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended June 30, 2025.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance.

During the Reporting Period, the Company has complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein except for the following provision.

Code provision C.2.1, Part 2 of the CG Code, recommends, but does not require, that the roles of chairperson and chief executive officer should be separate and should not be performed by the same person. Our Company deviates from this provision as Mr. Pan Longquan (“**Mr. Pan**”) performs both the roles of the Chairman of our Board and the chief executive officer of our Company. Mr. Pan is the principal founder of our Group and has extensive experience in the business operations and management of our Group. Our Board believes that vesting the roles of both chairman and chief executive officer to Mr. Pan has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of our Board, including the relevant Board committees and three independent non-executive Directors. Our Board will reassess the division of the roles of chairman and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities.

Between June 11, 2025 and June 19, 2025, the trustee for the 2024 share scheme adopted by the Company (“**2024 Share Scheme**”) purchased a total of 2,117,600 shares on the market, accounting for approximately 0.4% of the total number of the Company’s shares. For details regarding the on-market share purchases by the Company’s trustee pursuant to the 2024 Share Scheme, please refer to the Company’s announcements dated June 13, June 16, June 17, June 18 and June 19, 2025, respectively.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Group has no important events which occurred after the end of the Reporting Period that are required to be disclosed.

AUDIT COMMITTEE

The Board has established the Audit Committee, which comprises three independent non-executive Directors, namely, Dr. Li Minghui (Chairperson), Mr. Tian Ming and Mr. Jiang Li. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the senior management of the Company, reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including a review of the interim financial information for the six months ended June 30, 2025.

INDEPENDENT REVIEW OF AUDITOR

The unaudited interim financial report of the Group for the six months ended June 30, 2025 has been reviewed by the Company's external auditor, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND 2025 INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <https://global.chervongroup.com>. The interim report of the Company for the six months ended June 30, 2025 containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

By Order of the Board
Chervon Holdings Limited
Pan Longquan
Chairman

Hong Kong, August 28, 2025

As of the date of this announcement, the Board comprises Mr. Pan Longquan, Ms. Zhang Tong, Mr. Ke Zuqian and Mr. Michael John Clancy as executive Directors; and Mr. Tian Ming, Dr. Li Minghui and Mr. Jiang Li as independent non-executive Directors.

RESULTS SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2025 – unaudited

		Six months ended June 30,	
	Note	2025 US\$'000	2024 US\$'000
Revenue	2	912,437	815,745
Cost of revenue		<u>(608,501)</u>	<u>(547,069)</u>
Gross profit		303,936	268,676
Other revenue	3	1,013	2,722
Other net gain	4	31,316	2,336
Selling and distribution expenses		(129,168)	(106,667)
Administrative and other operating expenses		(47,338)	(42,264)
Research and development costs		<u>(39,984)</u>	<u>(37,433)</u>
Profit from operations		119,775	87,370
Net finance costs	5	(2,672)	(1,975)
Share of loss of an associate		<u>(3,940)</u>	<u>(13,581)</u>
Profit before taxation	6	113,163	71,814
Income tax expense	7	<u>(17,892)</u>	<u>(10,195)</u>
Profit for the period		<u>95,271</u>	<u>61,619</u>
Attributable to:			
Equity shareholders of the Company		95,217	61,525
Non-controlling interests		<u>54</u>	<u>94</u>
Profit for the period		<u>95,271</u>	<u>61,619</u>
Earnings per share	9		
Basic (US\$)		<u>0.19</u>	<u>0.12</u>
Diluted (US\$)		<u>0.19</u>	<u>0.12</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2025 – unaudited

	Six months ended June 30,	
Note	2025	2024
	US\$'000	US\$'000
Profit for the period	95,271	61,619
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Remeasurement of net defined benefit liability, net of tax	11	10
<i>Item that are or may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of financial statements of subsidiaries with functional currencies other than US dollar	1,005	(20,834)
Total comprehensive income for the period	96,287	40,795
Attributable to:		
Equity shareholders of the Company	96,233	40,701
Non-controlling interests	54	94
Total comprehensive income for the period	96,287	40,795

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2025 – unaudited

	Note	As of June 30, 2025 US\$'000	As of December 31, 2024 US\$'000
Non-current assets			
Properties, plant and equipment	10	284,868	282,495
Right-of-use assets		62,142	57,511
Intangible assets		2,237	2,259
Goodwill		2,963	2,963
Interest in an associate	11	–	67,348
Prepayments, deposits and other receivables		27,138	7,824
Financial assets at fair value through profit or loss ("FVPL")	12	6,704	6,586
Deferred tax assets		50,962	51,781
		<u>437,014</u>	<u>478,767</u>
Current assets			
Financial assets at FVPL	12	7,404	–
Derivative financial instruments	13	4,722	6,411
Inventories		479,065	608,304
Right to returned goods asset		2,415	16,516
Trade and bills receivables	14	356,646	489,473
Prepayments, deposits and other receivables		24,604	42,122
Taxation recoverable		6,373	1,757
Pledged deposits		17,273	20,189
Cash and cash equivalents		487,686	328,758
		<u>1,386,188</u>	<u>1,513,530</u>
Current liabilities			
Bank loans		194,318	192,619
Derivative financial instruments	13	2,599	6,392
Lease liabilities		4,752	5,157
Trade and bills payables	15	170,375	317,942
Other payables and accruals	16	193,304	196,600
Taxation payable		21,550	8,265
Warranty provision		53,437	32,313
Refund liabilities from right of return		3,686	23,680
		<u>644,021</u>	<u>782,968</u>
Net current assets		<u>742,167</u>	<u>730,562</u>
Total assets less current liabilities		<u>1,179,181</u>	<u>1,209,329</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As of June 30, 2025 – unaudited

	<i>Note</i>	As of June 30, 2025 US\$'000	As of December 31, 2024 US\$'000
Non-current liabilities			
Bank loans		117,398	102,935
Lease liabilities		15,180	8,767
Warranty provision		20,188	38,916
Deferred income		5,794	4,503
Defined benefit retirement plans obligation		366	354
Deferred tax liabilities		15,018	17,161
		<u>173,944</u>	<u>172,636</u>
NET ASSETS		<u>1,005,237</u>	<u>1,036,693</u>
CAPITAL AND RESERVES			
Share capital		601,859	601,859
Reserves		403,194	434,704
Total equity attributable to equity shareholders of the Company		1,005,053	1,036,563
Non-controlling interests		184	130
TOTAL EQUITY		<u>1,005,237</u>	<u>1,036,693</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended June 30, 2025 – unaudited*

	Six months ended June 30,	
	2025	2024
	USD'000	USD'000
Operating activities		
Cash generated from operations	266,971	125,280
Tax paid	(10,319)	(6,142)
Net cash generated from operating activities	256,652	119,138
Investing activities		
Payment for the purchase of properties, plants and equipment	(56,284)	(22,100)
Acquisition of a subsidiary, net of cash acquired	–	(6,907)
Proceeds from disposal of properties, plants and equipment	1,449	2,933
Proceeds from disposal of a subsidiary, net of cash disposed of	78,546	–
Proceeds from disposal of financial assets measured at FVPL other than derivative financial instruments	278,980	33,056
Payment for acquisition of financial assets measured at FVPL other than derivative financial instruments	(286,022)	(32,974)
Other cash flows arising from investing activities	2,565	3,683
Net cash generated from / (used in) investing activities	19,234	(22,309)
Financing activities		
Payment for purchase of shares for share award scheme	(4,049)	(1,773)
Dividends paid to equity shareholders of the Company	(118,717)	–
Other cash flows arising from financing activities	4,134	(2,666)
Net cash used in financing activities	(118,632)	(4,439)
Net increase in cash and cash equivalents	157,254	92,390
Cash and cash equivalents at the beginning of the period	328,758	296,337
Effect of foreign exchange rate changes	1,674	(1,637)
Cash and cash equivalents at the end of the period	487,686	387,090

NOTES

1 GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

General Information

The Company was incorporated in Hong Kong on February 19, 1999 as a limited liability company with its registered office at Unit 04, 22/F, Saxon Tower, 7 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong. The Company was converted from a private company into a public company with effect from December 16, 2021 pursuant to a Special Resolution passed on December 8, 2021. The Company's shares were listed on the Main Board of the Stock Exchange on December 30, 2021.

The Company is an investment holding company. The Group are principally engaged in researching, developing, manufacturing, testing, sales, and after-sale services for power tools, OPE and related products.

Basis of Preparation

This unaudited interim financial information was extracted from the interim financial report of the Group for the six months ended June 30, 2025.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with Hong Kong Accounting Standard ("HKAS") 34, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out below.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended December 31, 2024 that is included in these condensed consolidated financial information as comparative information does not constitute the Company's statutory consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) ("**Companies Ordinance**") is as follows:

- The Company has delivered the financial statements for the year ended December 31, 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.
- The Company's auditor has reported on those consolidated financial statements. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Changes in Accounting Policies

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 REVENUE AND SEGMENT REPORTING

Segment Information

The Group's reportable segments are as follows:

- Power tools: sales of power tools and power tool accessories for consumer, professional and industrial users. The products are available under the *FLEX*, *DEVON*, *SKIL* and *X-TRON* brands and through our ODM business.
- OPE: sales of outdoor tools and outdoor tool accessories for premium or professional and mass-market users. The products are available under the *EGO* and *SKIL* brands and through our ODM business.
- Others: sales of parts and components to a home appliances business.

Set forth below is a breakdown of the Group's revenue by reportable segment.

	Six months ended June 30,	
	2025	2024
	US\$'000	US\$'000
Power tools	305,760	313,500
OPE	601,999	490,421
Others	4,678	11,824
	<u>912,437</u>	<u>815,745</u>

Geographic Information

Set forth below is a breakdown of the Group's revenue by geographic information, which is based on the location of customers.

	Six months ended June 30,	
	2025	2024
	US\$'000	US\$'000
North America	651,087	552,372
Europe	179,233	172,296
China	58,693	64,091
Rest of the World	23,424	26,986
	<u>912,437</u>	<u>815,745</u>

3 OTHER REVENUE

Our other revenue for the six months ended June 30, 2025 and June 30, 2024 mainly comprises of government grants, sale of scrap materials and rental income.

4 OTHER NET GAIN

	Six months ended June 30,	
	2025	2024
	US\$'000	US\$'000
Net foreign exchange gain/(loss)	12,372	(741)
Net loss on disposal of properties, plants and equipment	(90)	(46)
Net realized and unrealized gains on financial assets at FVPL other than convertible bond	480	1,321
Net realized and unrealized (loss)/gain on derivative financial instruments	(106)	752
Net gain on disposal of a subsidiary	19,240	—
Others	(580)	1,050
	<u>31,316</u>	<u>2,336</u>

5 NET FINANCE COSTS

	Six months ended June 30,	
	2025	2024
	US\$'000	US\$'000
Interest income from bank deposits	<u>(2,565)</u>	<u>(3,683)</u>
Finance income	<u>(2,565)</u>	<u>(3,683)</u>
Interest on bank loans	4,632	5,593
Interest on lease liabilities	<u>605</u>	<u>65</u>
Finance costs	<u>5,237</u>	<u>5,658</u>
Net finance costs	<u>2,672</u>	<u>1,975</u>

6 PROFIT BEFORE TAXATION

Six months ended June 30,

2025 2024
US\$'000 US\$'000

Profit before taxation is arrived at after charging:

Net finance costs	2,672	1,975
Depreciation charge	32,325	22,305
Amortization of intangible assets	125	148
Provision for write-down of inventories	8,549	320
Cost of inventories sold (<i>Note</i>)	608,501	547,069

Note:

Cost of inventories recognized as expenses includes amounts relating to staff costs, depreciation and amortization expenses, provision for write-down of inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7 INCOME TAX EXPENSE

Taxation in the consolidated statements of profit or loss represents:

Six months ended June 30,

2025 2024
US\$'000 US\$'000

Current tax

Mainland China Corporate Income Tax

Provision for the period	1,708	6,091
Under-provision in respect of prior years	715	53
	2,423	6,144

Hong Kong Profits Tax

Provision for the period	14,437	—
--------------------------	--------	---

Tax jurisdictions outside Mainland China and Hong Kong

Provision for the period	2,421	5,653
--------------------------	-------	-------

Deferred tax

Origination and reversal of temporary differences	(1,389)	(1,602)
---	---------	---------

Total income tax expense

	17,892	10,195
--	--------	--------

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2024: 16.5%) to the six months ended June 30, 2025. The provision for Chinese Mainland income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the Chinese Mainland as determined in accordance with the relevant income tax rules and regulations of the Chinese Mainland. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8 DIVIDENDS

The Board has resolved not to declare an interim dividend in respect of the six months ended June 30, 2025 (no interim dividend for the six months ended June 30, 2024).

9 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary equity shareholders of the parent of US\$95,217,000 (six months ended June 30, 2024: US\$61,525,000) and the weighted average of 509,775,827 ordinary shares (2024: 511,041,922) in issue during the Reporting Period.

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the six months ended June 30, 2025 and six months ended June 30, 2024. The calculated diluted earnings per share equals the basic earnings per share at June 30, 2025 and June 30, 2024.

10 ADDITIONS OF PROPERTIES, PLANTS AND EQUIPMENT

For the six months ended June 30, 2025, the Group spent approximately US\$32.2 million (for the six months ended June 30, 2024: US\$23.2 million) on the acquisition of property, plant and equipment.

11 INTEREST IN AN ASSOCIATE

The Company ceased to hold 0.0% interest in Chervon Auto Precision Technology (December 31, 2024: 23.75%) upon completion of its disposal of Chervon (China) Investment on June 25, 2025.

12 FINANCIAL ASSETS AT FVPL

As of June 30, 2025, our non-current balances of financial assets at FVPL represent a life insurance product issued by an independent third-party insurance company. Our current balances of financial assets at FVPL represent the structured deposits and wealth management products issued by banks.

13 DERIVATIVE FINANCIAL INSTRUMENTS

Our derivative financial instruments as of June 30, 2025 and December 31, 2024 primarily consisted of foreign currency forward contracts and foreign currency option contracts. We also had an interest rate swap contract as of June 30, 2025.

14 TRADE AND BILLS RECEIVABLES

Trade and bills receivables are typically due within 30 to 180 days from the date of billing. Set forth below is a breakdown of the Group's trade and bills receivables:

	As of June 30, 2025 US\$'000	As of December 31, 2024 US\$'000
Trade debtors and bills receivable, net of loss allowance		
– measured at amortized cost		
Trade receivables	354,028	480,599
Bills receivables	1,129	4,136
– measured at fair value through other comprehensive income (“FVOCI”)		
Trade receivables	1,489	4,738
	<u>356,646</u>	<u>489,473</u>

As of the end of the Reporting Period, the aging analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	As of June 30, 2025 <i>US\$'000</i>	As of December 31, 2024 <i>US\$'000</i>
Within 6 months	351,131	480,763
Over 6 months but within 12 months	3,542	3,414
Over 12 months	484	558
	<u>355,157</u>	<u>484,735</u>

15 TRADE AND BILLS PAYABLES

Set forth below is a breakdown of the Group's trade and bills payables:

	As of June 30, 2025 <i>US\$'000</i>	As of December 31, 2024 <i>US\$'000</i>
Trade payables	155,072	294,758
Bills payable	15,303	23,184
	<u>170,375</u>	<u>317,942</u>

As of the end of the Reporting Period, the aging analysis of trade and bills payables, based on the invoice date, is as follows:

	As of June 30, 2025 <i>US\$'000</i>	As of December 31, 2024 <i>US\$'000</i>
Within 3 months	169,928	253,734
3 to 12 months	447	64,208
	<u>170,375</u>	<u>317,942</u>

All of the trade and bills payables are expected to be settled within one year or repayable on demand.

16 OTHER PAYABLES AND ACCRUALS

	As of June 30, 2025 US\$'000	As of December 31, 2024 US\$'000
Other payables and accrued charges (<i>Note</i>)	148,166	132,312
Salaries, wages, bonus and benefits payable	21,177	38,642
Payables for purchase of properties, plants and equipment	3,166	8,190
Interest payables	313	347
Other tax payables	20,482	17,109
	<u>193,304</u>	<u>196,600</u>

Note: Other payables and accrued charges primarily comprise accruals for marketing and advertising fee, utility expenses, service fee and other expenses.

All of the other payables and accruals are expected to be settled within one year or repayable on demand.

17 CAPITAL COMMITMENTS

Capital commitments outstanding at the respective period end not provided for in the consolidated financial statements are as follows:

	As of June 30, 2025 US\$'000	As of December 31, 2024 US\$'000
Contracted for	17,048	28,290
Authorised but not contracted for	121,261	35,408
	<u>138,309</u>	<u>63,698</u>
Represented by:		
Construction of plant and buildings	137,276	62,540
Acquisition of machinery and equipment	1,033	1,158
	<u>138,309</u>	<u>63,698</u>