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.

HARBOUR EQUINE HOLDINGS LIMITED
維港育馬控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8377)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Reference is made to the annual report of Harbour Equine Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2025 (the "**Annual Report**") published on 29 April 2026. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Annual Report.

The Board would like to provide the following supplemental information in relation to (i) the impairment loss under expected credit loss model of HK$4.9 million for the year ended 31 December 2025; and (ii) the impairment loss on goodwill of HK$6.7 million.

IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL

The Group has performed an impairment assessment on the expected credit loss (the "**ECL**") of the accounts receivable, contract assets and other receivables, with reference to a valuation report performed by Valtech Valuation Advisory Limited, an independent valuer.

Reasons for and circumstances leading to the increase in ECL

The increase in the ECL in the year ended 31 December 2025 was principally attributable to the prolonged settlement cycle and ageing of outstanding receivable balances and contract assets of the interior design business of the Group. During the year ended 31 December 2025, certain trade receivable and contract assets balances remained outstanding for extended periods beyond their original credit terms. As a result, the ageing profile of the relevant receivables deteriorated and a number of receivable balances were classified as overdue. The prolonged ageing of such receivables and contract assets constituted an indicator of increased credit risk under the Group's ECL assessment framework.

The Board notes that the prolonged settlement cycle was, in part, attributable to the uncertain macroeconomic environment during the period under review. Certain customers experienced increased liquidity pressure, slower collection of their own receivables and tighter working capital conditions, resulting in longer payment cycles and delays in settlement of outstanding balances. These developments adversely affected the recoverability assessment of certain trade receivables and were taken into account in the Group's ECL assessment.

In assessing the recoverability of the trade receivables, the Group considered various factors, including the ageing profile of the receivables, historical settlement patterns, the financial condition of the counterparties, the progress of collection efforts and settlement discussions, the existence of any disputes relating to the underlying transactions, and the likelihood and timing of future recovery.

Valuation Method and Value of Inputs

In estimating the ECL, the Group considered the probability of default, expected loss in the event of default and forward-looking macroeconomic factors affecting the recoverability of the relevant balances. The assessment was performed by reference to historical settlement patterns, ageing profiles, credit characteristics of customers and counterparties, and current and forecast economic conditions.

Valuation Inputs	Basis
Probability of default (PD)	Derived from historical default experience and adjusted for forward-looking economic factors
Loss given default (LGD)	Estimated based on historical recovery experience and expected recoverability
Exposure at default (EAD)	Total amount of the relevant balance

Accounts Receivables

For accounts receivables, the Group adopted the simplified approach under HKFRS 9, under which lifetime ECL was recognised. A provision matrix was applied by grouping of various debtors with similar loss patterns, after considering internal credit ratings of debtors, to determine the ECL rates, with reference to the monthly ageing analysis from 31 December 2024 to 31 December 2025, historical settlement information during the years ended 31 December 2024 and 31 December 2025 and/or past due status of trade receivables, together with forward-looking macro-credit adjustment reflecting the credit conditions as at the reporting date. In addition, contract assets that are credit-impaired are assessed for ECL individually.

The table below sets out the valuation inputs adopted for the valuation of ECL of accounts receivables of the Group that were not credit-impaired as at 31 December 2025:

	EAD *(HK$'000)*	**Forward Looking Adjusted PD**	**LGD**	**Average Loss Rate**
Current	471	23.84%	44.4%	10.58%
Past due within 1 month	2,113	35.19%	44.4%	15.62%
Past due within 1 to 2 months	908	46.23%	44.4%	20.52%
Past due within 2 to 3 months	—	56.81%	44.4%	25.22%
Past due over 3 months	8,186	100.00%	44.4%	44.39%

The table below sets out the valuation inputs adopted for the valuation of ECL of accounts receivables of the Group that were credit-impaired as at 31 December 2025:

	EAD *(HK$'000)*	**Forward Looking Adjusted PD**	**LGD**	**Average Loss Rate**
Current	—	—	—	—
Past due within 1 month	—	—	—	—
Past due within 1 to 2 months	—	—	—	—
Past due within 2 to 3 months	—	—	—	—
Past due over 3 months	21	100.00%	100.00%	100.00%

The credit impaired accounts receivable is related to the equine business and have been overdue for over one year, with no evidence supporting that the receivables may be recovered.

Based on the above methodology, the following ECL rates were derived:

Ageing and overdue period	**ECL**
Current	10.6%
0–30 days past due	15.6%
31–60 days past due	20.5%
61–90 days past due	N/A
Over 90 days past due	44.4%

Contract Assets

For contract assets, the Group adopted the simplified approach under HKFRS 9, under which lifetime ECL was recognised. A provision matrix was applied by grouping of various debtors with similar loss patterns, after considering internal credit ratings of debtors, to determine the ECL rates, with reference to the monthly ageing analysis from 31 December 2024 to 31 December 2025, historical settlement information during the years ended 31 December 2024 and 31 December 2025 and/or past due status of contract assets, together with forward-looking macro-credit adjustment reflecting the credit conditions as at the reporting date. In addition, contract assets that are credit-impaired are assessed for ECL individually. The ECL rate for contract assets was also proxied by reference to the accounts receivable ageing category, as contract assets are typically first recognised prior to the issuance of invoices and therefore are considered to bear a credit risk profile broadly comparable to current trade receivables.

The table below sets out the valuation inputs adopted for the valuation of ECL of contract assets of the Group that were not credit-impaired as at 31 December 2025:

	EAD *(HK$'000)*	**Forward Looking Adjusted PD**	**LGD**	**Average Loss Rate**
Current	2,107	23.84%	44.4%	10.58%
Past due within 1 month	—	—	—	—
Past due within 1 to 2 months	—	—	—	—
Past due within 2 to 3 months	—	—	—	—
Past due over 3 months	—	—	—	—

The table below sets out the valuation inputs adopted for the valuation of ECL of contract assets of the Group that were credit-impaired as at 31 December 2025:

	EAD *(HK$'000)*	**Forward Looking Adjusted PD**	**LGD**	**Average Loss Rate**
Current	—	—	—	—
Past due within 1 month	—	—	—	—
Past due within 1 to 2 months	—	—	—	—
Past due within 2 to 3 months	—	—	—	—
Past due over 3 months	700	100.00%	100.00%	100.00%

The credit-impaired contract assets had been overdue for more than one year as at 31 December 2025, and no objective evidence was available to support the recoverability of the outstanding balances.

Other Receivables

For other receivables, the Group adopted the general approach under HKFRS 9. The table below sets out the valuation inputs adopted for the valuation of ECL of other receivables of the Group as at 31 December 2025:

	EAD *(HK$'000)*	**Forward Looking Adjusted PD**	**LGD**	**Average Loss Rate**
Stage 1	1,181	0.29% to 3.29%	24% to 100%	0.04% to 1.16%
Stage 2	—	—	—	—
Stage 3	—	—	—	—

The HKFRS 9 outlines a "Three-stage" general approach for impairment based on changes in credit quality since initial recognition:

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL are recognised and interest revenue, if any, is calculated on the gross carrying amount of the asset. 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date, being the asset's entire credit loss weighted by the probability that the loss will occur in the next 12 months.

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default as the weight.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount.

In assessing the other receivables, external PD proxies and LGD benchmarks were adopted, together with a forward-looking adjustment based on the Hong Kong 1-year CDS differential. Counterparties were grouped by relevant credit characteristics and industry background, and external reference data, including empirical PD and LGD information, were considered in determining the appropriate expected loss parameters.

The relevant balances of other receivables were assessed based on changes in credit risk since initial recognition and classified into different stages for ECL measurement. As at 31 December 2025, all other receivables were classified as Stage 1 which include financial instruments with no significant increase in credit risk identified since initial recognition and no objective evidence of impairment. Accordingly, 12-month ECL was recognised for these balances of other receivables. The assessment considered the nature and ageing of the balances, credit characteristics of the relevant counterparties, external credit data and forward-looking macro-credit adjustments.

KEY ASSUMPTIONS

The key assumptions and inputs adopted in the estimation of the amount of the ECL valuation are as follow:

- The ageing schedules, settlement records and other historical credit information provided by the management can be relied upon for the purpose of estimating ECL.

- The external credit data, industry information and benchmark loss assumptions adopted in this assessment are reasonable for the purpose of deriving indicative credit loss parameters.

- The forward-looking adjustment applied as at the assessment date reasonably reflects prevailing macro-credit conditions.

- No material adverse information has been omitted from the data and representations provided by the management that would materially affect the assessment conclusion.

IMPAIRMENT LOSS ON GOODWILL

The Group has performed an impairment assessment on the carrying amount of Diamond Motto Limited and its subsidiaries (collectively, the "**DML Group**") (including goodwill) based on the value in use, with reference to a valuation report performed by Valtech Valuation Advisory Limited, an independent valuer.

Reasons for and circumstances leading to the impairment on goodwill

The goodwill impairment recognised during the year ended 31 December 2025 was primarily attributable to the deterioration in the operating performance and financial outlook of the DML Group. During the year ended 31 December 2025, the DML Group recorded financial results below management's original expectations and management observed a weaker-than-expected business environment affecting the interior design, fitting-out and decoration industry. As a result, management revised its forecast regarding the future revenue growth, profitability and cash flow generation of the DML Group.

Based on the impairment assessment performed as at 31 December 2025, the recoverable amount of the DML Group was determined to be lower than its carrying amount. As a result, an impairment loss was recognised in accordance with Hong Kong Accounting Standard 36 — Impairment of Assets ("**HKAS 36**"). Instead of any physical damage, obsolescence or decline in the recoverable amount of any specific identifiable asset within the DML Group, the impairment arose from the reduction in the overall recoverable amount of the DML Group resulting from the lower-than-expected financial performance and the downward revision of future cash flow projections. In accordance with HKAS 36, where the recoverable amount of a cash generating unit is lower than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to that cash generating unit before any remaining impairment loss is allocated to the other assets of the cash generating unit. Accordingly, impairment loss of approximately HK$6,683,000 and HK$727,000 has been recognised in respect of the goodwill and rights-of-use assets, respectively, to the extent that the carrying amounts exceeded their recoverable amounts and the amounts were recognised to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

Value of Inputs and Key Assumptions

The revenue of the DML Group amounted to approximately HK$52.5 million for the year ended 31 December 2024, which decreased to approximately HK$20.4 million for the year ended 31 December 2025, representing a decline of approximately 61.1%. The decline was primarily attributable to the completion of several large-scale projects in 2024, which did not recur in 2025.

In addition, macroeconomic conditions in Hong Kong weakened during 2025, with a noticeable contraction in business activity, including the closure of retail outlets and the exit or retirement of certain business owners. Against this backdrop, the interior design and decoration industry faced heightened challenges, and the DML Group was similarly affected, resulting in fewer project opportunities and an inability to secure projects of comparable scale to those undertaken in 2024.

Looking ahead to 2026, ongoing geopolitical uncertainties are expected to continue to affect global economic sentiment. Rising energy prices, with crude oil prices increasing from approximately US$80 per barrel towards US$100 per barrel, are anticipated to place upward pressure on inflation and operating costs in 2026 and 2027. As a result, management expects continued economic uncertainty in both Hong Kong and Mainland China during this period.

In light of the above, and notwithstanding that the DML Group currently has a number of projects under bidding or negotiation, management has adopted a prudent and conservative approach in preparing the five-year financial forecast for valuation purposes.

Valuation Method

In accordance with Hong Kong Accounting Standard 36, the value in use of DML Group is determined using the discounted cash flow method under the income approach.

The income approach is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount. An economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the valuation date, business risks associated with the industry in which the subject of valuation operates, and other risks specific to the asset being valued.

Discount Rate Assumptions

The discount rate has been developed based on the weighted average cost of capital, taking into account relevant market data and company-specific risk factors. The discount rate adopted in the value in use calculation was developed based on the weighted average cost of capital, taking into account the risk-free rate, beta of comparable companies, equity risk premium, size premium, specific company risk premium, cost of debt, gearing and applicable Hong Kong profits tax rate. The post-tax discount rate adopted was 13.40%, while the corresponding pre-tax discount rate for disclosure purpose was 16.28%.

Revenue Forecast

Revenue primarily represents income generated from the provision of design and fitting-out services. As at 31 December 2025, revenue is projected to reach approximately HKD20.0 million in 2026, which is broadly consistent with the level recorded in 2025. The Company anticipates a year-on-year increase of approximately 15% in 2027, taking into account several projects currently under bidding or advanced negotiation, which are expected to commence during that year. For the period from 2028 to 2030, revenue is projected to grow at a moderate rate, broadly in line with expected inflation, which reflects a stable and mature business profile. Beyond the projection period, revenue is assumed to grow perpetually at an annual rate of 2.5%.

Cost of Revenue

The cost of revenue primarily consists of material expenses for fitting-out works and direct labour costs. According to the management's projections, the cost of revenue is expected to result in an average gross margin of approximately 15% in the projection period.

Operating Expenses

Operating expenses mainly represents staff salaries, rent, rate and management fees, depreciation, and legal and professional fees. Operating expenses is projected with reference to the historical operating expenses and the revenue growth rate of the DML Group. Beyond the projection period, operating expenses are assumed to grow at an annual rate of 2.5% perpetually.

Capital Expenditure

Capital expenditure mainly represents purchase office equipment and motor vehicles that requires in daily operation. It is projected on a replacement basis with reference to the forecasted annual depreciation of the DML Group.

The above supplemental information does not affect other information contained in the Annual Report and save as disclosed above, all other information therein remains unchanged.

By Order of the Board
Harbour Equine Holdings Limited
Wong Kwok Wai, Albert
Chairman, chief executive officer and executive Director

Hong Kong, 19 November 2026

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Wong Kwok Wai, Albert, Mr. Leung King Yue, Alex and Mr. Leung Tat Chi; one non-executive Director, namely, Ms. Ho Wing Shan and three independent non-executive Directors, namely, Mr. Tang Chun Hei, Mr. Huen Felix Ting Cheung and Ms. Yim Bui Lam.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.harbourequine.com.