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FOURACE INDUSTRIES GROUP HOLDINGS LIMITED

科利實業控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1455)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

- Revenue for the financial year ended 31 March 2025 (“**FY2025**” or the “**Reporting Period**”) increased by approximately HK\$4.3 million or 1.6% to approximately HK\$272.3 million, when compared with approximately HK\$268.0 million for the financial year ended 31 March 2024 (“**FY2024**”).
- Gross profit for FY2025 decreased by 6.1% to approximately HK\$91.5 million (FY2024: approximately HK\$97.4 million). The gross profit margin decreased by 2.7 percentage points to 33.6% for FY2025 (FY2024: 36.3%).
- Profit attributable to equity holders of the Company for FY2025 increased by 7.8% to approximately HK\$41.7 million (FY2024: HK\$38.7 million) and the profit margin slightly increased by 0.9 percentage points to 15.3% (FY2024: 14.4%).
- Earnings per share for profit attributable to equity holders of the Company for FY2025 was HK3.3 cents (FY2024: HK3.0 cents).
- The Board proposed to declare a final dividend and a special dividend of HK1.5 cents per share and HK2.0 cents per share, respectively, totalling HK3.5 cents per share for FY2025 (FY2024: Nil).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Fourace Industries Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the Reporting Period, together with comparative figures for FY2024 as set forth below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2025

		Year ended 31 March	
	<i>Note</i>	2025	2024
		HK\$'000	HK\$'000
Revenue	3	272,312	268,024
Cost of sales	5	(180,838)	(170,659)
Gross profit		91,474	97,365
Other income		1,552	1,438
Other gains and losses	4	1,171	3,569
Selling and distribution expenses	5	(9,614)	(20,853)
Research and development expenses	5	(6,900)	(7,887)
Administrative expenses	5	(35,773)	(33,923)
Operating profit		41,910	39,709
Finance income		10,334	9,275
Finance costs		(131)	(163)
Profit before income tax		52,113	48,821
Income tax expense	6	(10,408)	(10,105)
Profit for the year		41,705	38,716
Other comprehensive expense for the year			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation difference		(2,186)	(3,108)
Other comprehensive expense for the year, net of tax		(2,186)	(3,108)
Total comprehensive income for the year		39,519	35,608
Earnings per share:			
— Basic and diluted (<i>expressed in HK cents per share</i>)	7	3.3	3.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	<i>Note</i>	As at 31 March 2025 HK\$'000	2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		93,084	96,697
Right-of-use assets		1,533	4,689
Investment property		549	—
Deposits and prepayments	<i>11</i>	1,245	6,141
Deferred tax assets		2,423	2,941
		98,834	110,468
Current assets			
Inventories	<i>9</i>	22,888	37,451
Trade receivables	<i>10</i>	41,487	53,619
Contract assets		5,097	7,362
Other receivables, deposits and prepayments	<i>11</i>	9,809	10,558
Income tax recoverable		1,794	2,885
Cash and bank balances	<i>12</i>	317,258	253,573
		398,333	365,448
Total assets		497,167	475,916
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
Share capital	<i>13</i>	12,786	12,786
Reserves		441,545	401,325
Total equity		454,331	414,111

		As at 31 March	
	<i>Note</i>	2025	2024
		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		–	2,390
Deferred tax liabilities		9,244	7,680
		<u>9,244</u>	<u>10,070</u>
Current liabilities			
Trade payables	14	18,161	25,843
Contract liabilities		2,528	16,976
Accruals and other payables	15	12,855	8,066
Lease liabilities		48	850
		<u>33,592</u>	<u>51,735</u>
Total liabilities		<u>42,836</u>	<u>61,805</u>
Total equity and liabilities		<u>497,167</u>	<u>475,916</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Fourace Industries Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 29 March 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the design, development, manufacturing and sale of personal care and lifestyle electrical appliances.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(i) New standards, amendments to standards and new interpretation adopted by the Group

In current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Team Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

(ii) *New and amended standards and interpretations not yet adopted*

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards-Volume 11 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

According to the preliminary assessment made by the directors, management does not anticipate any significant impact on the Group's financial positions and results of operations, except for HKFRS 18 which will impact the presentation of profit and loss. The Group is still in the process of evaluating the impact of adoption of HKFRS 18.

3 SEGMENT INFORMATION AND REVENUE

The executive directors of the Company have been identified as the chief operating decision-maker of the Group who review the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

The Group principally engages in the design, development, manufacturing and sale of personal care and lifestyle electrical appliances. The chief operating decision-maker assesses the performance of the Company's business based on a measure of operating results and considers the Company's business in a single operating segment. Information reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one operating segment — manufacturing and trading of home electrical appliances.

During the year ended 31 March 2025, all of the Group's revenues are from contracts with customers and are recognised at a point in time.

The Group's revenue by geographical locations, which is determined by the location where the goods were delivered and utilised, is as follows:

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Japan	157,515	172,162
United States	92,150	71,252
Europe	11,878	16,492
Others (<i>Note</i>)	10,769	8,118
	<u>272,312</u>	<u>268,024</u>

Note: Others mainly include the PRC and other countries within the Asia Pacific region (2024: same).

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Customer A	93,947	77,356
Customer B	92,451	82,633
Customer C	66,360	83,250
	<u>252,758</u>	<u>243,239</u>

The five largest customers accounted for approximately 99.6% of the revenue of the Group for the year (2024: approximately 99.3%).

The Group's revenue by product categories, is as follows:

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Personal care electrical appliances		
— Hair styling series	253,818	244,950
— Grooming series	12,442	14,874
— Beauty care series	1,175	1,985
	<u>267,435</u>	<u>261,809</u>
Sub-total	267,435	261,809
Others (<i>Note</i>)	4,877	6,215
	<u>272,312</u>	<u>268,024</u>

Note: Others mainly represented revenue from sales of moulds and tools and spare parts.

4 OTHER GAINS AND LOSSES

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Exchange gains, net	2,781	2,967
Net (losses) gains on disposal of property, plant and equipment	(1,861)	602
Gain arising on lease modifications	251	—
	<u>1,171</u>	<u>3,569</u>

5 PROFIT FOR THE YEAR

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration		
— Audit Service	741	820
— Non-audit services	—	122
Cost of inventories included in cost of sales	116,479	105,647
Provision for impairment of inventories	422	791
Provision of allowance for expected credit loss on trade receivables and contract assets	42	3
Depreciation of property, plant and equipment	11,894	11,585
Depreciation of investment properties	35	15
Depreciation of right-of-use assets	997	956
Directors' emoluments:		
— Fees	756	756
— Salaries, other allowances and benefits	3,326	3,272
— Discretionary bonus	610	610
— Retirement benefit contributions	36	36
— Share-based payments	254	716
Other staff costs		
— Wages, salaries and bonus	47,744	45,136
— Retirement benefit contributions	5,111	4,289
— Share-based payments	447	1,830
Total staff costs	<u>58,284</u>	<u>56,645</u>
Total	<u>188,894</u>	<u>176,584</u>

6 INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Hong Kong profits tax	6,800	8,350
PRC Enterprise income tax	1,811	442
	<u>8,611</u>	<u>8,792</u>
Total current income tax	8,611	8,792
Deferred taxation	1,797	1,313
	<u>10,408</u>	<u>10,105</u>
Income tax expense	<u>10,408</u>	<u>10,105</u>

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Year ended 31 March	
	2025	2024
Profit attributable to equity holders of the Company (HK\$'000)	41,705	38,716
Weighted average number of shares in issue (<i>in thousands</i>)	1,278,563	1,278,563
	<u>3.3</u>	<u>3.0</u>
Basic earnings per share (<i>HK cents per share</i>) (Note)	<u>3.3</u>	<u>3.0</u>

Note:

Diluted earnings per share for the year ended 31 March 2025 were the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year (2024: same).

8 DIVIDENDS

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
Final dividend recognised as distribution to ordinary shareholders during the year	<u>–</u>	<u>29,407</u>
Proposed final dividend of HK1.5 cents (2024: nil) per share	19,178	–
Proposed special dividend of HK2.0 cents (2024: nil) per share	<u>25,571</u>	<u>–</u>
	<u>44,749</u>	<u>–</u>

Notes:

- (i) For the years ended 31 March 2024, the Board of Directors do not recommend to pay a final dividend.
- (ii) For the year ended 31 March 2025, the Board of Directors proposed to declare a final dividend of HK1.5 cents per share and a special dividend of HK2.0 cents per share, which are subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These dividends are not accounted for as dividend payables in these financial statements.

9 INVENTORIES

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Raw materials	10,695	19,441
Work-in-progress	5,296	5,681
Finished goods	<u>6,897</u>	<u>12,329</u>
	<u>22,888</u>	<u>37,451</u>

The costs of inventories recognised as cost of sales amounted to approximately HK\$116,479,000 for the year ended 31 March 2025 (2024: HK\$105,647,000).

For the year ended 31 March 2025, inventory provision amounted to HK\$422,000 (2024: HK\$791,000) was charged to 'cost of sales' in the consolidated statement of profit or loss and other comprehensive income.

10 TRADE RECEIVABLES

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Trade receivables	41,487	53,619

The Group's sales are on credit terms primarily ranging from 30 to 120 days. The ageing analysis of the trade receivables, based on invoice date, is as follows:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Up to 3 months	28,755	38,421
3 to 6 months	12,732	15,198
	41,487	53,619

The Group applies the general approach to provide credit losses prescribed by HKFRS 9, which taken into account the probability of default and loss given default with reference to the historical delinquency ratio and credit rating of customers and current and forward-looking information on macroeconomic factors. Based on the assessment, provision for expected credit loss of trade receivables amounted to HK\$48,000 (2024: HK\$9,000) was provided.

The maximum exposure to credit risk as at 31 March 2025 was the carrying amounts of the trade receivables (2024: same). The Group did not hold any collateral as security. The carrying amounts of trade receivables approximate their fair values.

The carrying amounts of trade receivables are denominated in the following currencies:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
United States dollars ("US\$")	41,474	53,605
Renminbi ("RMB")	–	3
HK\$	13	11
	41,487	53,619

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Non-current		
Prepayments for purchase of property, plant and equipment	1,245	5,939
Rental deposits	–	202
	<u>1,245</u>	<u>6,141</u>
Current		
Deposits	122	79
Prepayments	4,675	4,747
Interest receivables	1,725	1,538
Other receivables	1,100	1,188
Amount due from e-commerce platforms	146	543
Value-added tax recoverable	2,041	2,463
	<u>9,809</u>	<u>10,558</u>
	<u>11,054</u>	<u>16,699</u>

The carrying amounts of other receivables, deposits and prepayments are denominated in the following currencies:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
RMB	8,388	14,478
HK\$	962	704
US\$	1,704	1,517
	<u>11,054</u>	<u>16,699</u>

12 CASH AND BANK BALANCES

	As at 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash at banks	317,228	253,557
Cash on hand	30	16
	<u>317,258</u>	<u>253,573</u>

Cash and bank balances are denominated in the following currencies.

	As at 31 March	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$	291,311	227,551
RMB	16,037	14,253
HK\$	9,886	11,749
EURO	11	11
Japanese Yen	13	9
	<u>317,258</u>	<u>253,573</u>

As at 31 March 2025, cash and bank balances of approximately HK\$7,064,000 (2024: HK\$7,902,000) were held in the PRC banks and were subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends.

13 SHARE CAPITAL

	As at 31 March 2025		As at 31 March 2024	
	Number of ordinary shares	Nominal value of ordinary shares HK\$	Number of ordinary shares	Nominal value of ordinary shares HK\$
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each	<u>10,000,000,000</u>	<u>100,000,000</u>	<u>10,000,000,000</u>	<u>100,000,000</u>
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each	<u>1,278,562,500</u>	<u>12,785,625</u>	<u>1,278,562,500</u>	<u>12,785,625</u>

14 TRADE PAYABLES

The ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Within 1 month	5,806	11,936
1–2 months	6,262	3,426
2–3 months	3,135	5,486
Over 3 months	<u>2,958</u>	<u>4,995</u>
	<u>18,161</u>	<u>25,843</u>

The credit terms of trade payables granted to the Group are usually cash on delivery and from 30 to 90 days.

Trade payables are denominated in the following currencies:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
US\$	197	852
HK\$	300	596
RMB	17,664	24,395
	18,161	25,843

The carrying amounts of the trade payables approximate their fair values.

15 ACCRUALS AND OTHER PAYABLES

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
Accrued expenses		
— Staff costs	2,727	3,337
— Others	2,084	1,679
Provision for employees' benefit	417	587
Government grant	3,892	—
Other payables	3,735	2,463
	12,855	8,066

The carrying amounts of accruals and other payables are denominated in the following currencies:

	As at 31 March	
	2025	2024
	HK\$'000	HK\$'000
US\$	203	203
RMB	6,503	6,550
HK\$	6,149	1,313
	12,855	8,066

OVERVIEW

The Group is principally engaged in the design, development and manufacturing of personal care and lifestyle electrical appliances on an Original Design Manufacturing (“ODM”) basis. Our customers are mainly international brand owners with products marketed mainly in the United States, Japan and Europe. Personal care electrical appliances produced by the Group can be broadly classified into three major categories, including the hair styling series, the grooming series and the beauty care series. In particular, the Group is specialized in hair dryers within its hair styling series which primarily target at the high-end market. In parallel, the Group has continued to and remains dedicated in the development and sale of personal care and lifestyle electrical appliance products with its own brand to retail customers under an Original Brand Manufacturing (“OBM”) model.

BUSINESS REVIEW

The complex economic landscape of FY2025 was shaped by several key trends such as ongoing geopolitical tensions, the persistence of high inflation and high interest rate, the imposition of sanctions, trade protectionism and tariffs. Also, the post-pandemic recovery has been uneven among different economies, which affects trade volumes and demand for goods across different areas.

Although the Group continued to face the aforementioned challenging conditions, it managed to maintain stable order volumes from its customers. During the Reporting Period, the total revenue of the Group slightly increased by approximately HK\$4.3 million or 1.6% from approximately HK\$268.0 million for FY2024 to approximately HK\$272.3 million. Such increase was mainly attributable to the increase in the sales of hair straightener and curling iron in the hair styling series of personal care electrical appliances.

The Group’s gross profit decreased by approximately HK\$5.9 million or 6.1% to approximately HK\$91.5 million for FY2025 (FY2024: approximately HK\$97.4 million). The gross profit margin decreased by approximately 2.7 percentage points to approximately 33.6% for FY2025 (FY2024: approximately 36.3%). The decrease in gross profit and gross profit margin were mainly attributable to the decrease in average selling prices of the hair dryers in the hair styling series as compared with FY2024.

Profit attributable to the equity holders of the Company slightly increased by approximately HK\$3.0 million or 7.8% from approximately HK\$38.7 million for FY2024 to approximately HK\$41.7 million for FY2025. The Group’s net profit margin slightly increased by approximately 0.9 percentage points from approximately 14.4% to approximately 15.3% during the same period. The increase in profit was primarily attributable to the significant decrease in the marketing and promotion expenses for beauty care products under our own brand name due to the adoption of a prudent and slackened business strategy and the increase in Group’s interest income as the deposit interest rate remained to be high during the Reporting Period.

PROSPECTS

Looking ahead to the financial year ending 31 March 2026 (“FY2026”), the Board considers that the most significant challenge to the Group would be the trade protectionism of the U.S., including trade tariffs imposed on the imported goods. As our production plant is located in China and is primarily engaged in export sales having the U.S. as one of the key destinations of export, relevant tariffs costs represent a heavy burden. The Group has been under much pressure from its U.S. customer(s) to share part of the tariff cost.

The Group notes that recent developments following the end of FY2025 may present additional challenges and may have a significant impact on the Group’s business in the forthcoming year. A major customer in the U.S. has adopted a more cautious procurement strategy in light of the increasing uncertainties over U.S. trade tariffs on Chinese-manufactured goods. This has resulted in certain orders being held up and a slower-than-usual pace of fulfilment and delivery in recent months. Meanwhile, the Group is experience declining demand from one of the major Japanese customers for a hair dryer because it is an older model that has been available in the Japanese market for some time.

In response to U.S. trade tariff, our management has been in constant discussion with our U.S. customer(s) in order to reach a mutually agreeable solution to tackle the increased tariff costs. As an alternative plan, our management have been proactively seeking to expanding our customer base. In particular, the Group intends to engage with non-U.S. customers so as to mitigate the geopolitical risks. Recently, we have successfully sourced a new non-U.S. customer and have commenced the product development work with it.

Meanwhile, to alleviate the impact of the uncertainties as mentioned in the section headed “Business Review” in this report, the Group has been well prepared and equipped with sufficient agility to manage our operations effectively. The Group endeavours to maximize the utilization rate of our production facilities and capabilities, increase the level of automation in production, ensure the stability of its supply chain, stay versatile in research and engineering capabilities and maintain stringent cost control measures to streamline operating costs. Also, in order to enhance its competitive edge, together with its sales performance and solidify its market position, the Group is committed to maintain strong customer relations, delivery quality products and introduce innovative and new products to customers to meet their needs for sales to various tiers of markets.

Finally, the Group would exercise financial prudence to strictly control the inventory level and adopt efficient cashflow management to cope with any significant sudden drop in sales demand worldwide.

In FY2026, the Group will continue to be dedicated in the ODM business and proactively seek growth opportunities through the sourcing of new customers and new product innovations. In parallel, having operated in China for years, we are well positioned to grow our OBM business by introducing various beauty care products carrying our own brand name in the Mainland China (“**PRC**”) market.

FINANCIAL REVIEW

Revenue

The total revenue of the Group slightly increased by approximately HK\$4.3 million or 1.6% from approximately HK\$268.0 million for FY2024 to approximately HK\$272.3 million for FY2025. Such increase was mainly attributable to the increase in sales of hair styling series of the personal care electrical appliances.

Gross profit and gross profit margin

The Group’s gross profit decreased by approximately HK\$5.9 million or 6.1% to approximately HK\$91.5 million for FY2025 (FY2024: approximately HK\$97.4 million). The gross profit margin decreased by approximately 2.7 percentage points to approximately 33.6% for FY2025 (FY2024: approximately 36.3%). The decrease in gross profit and gross profit margin were mainly attributable to decrease in average selling price of the hair styling products as compared with FY2024.

Selling and distribution expenses

The selling and distribution expenses of the Group decreased by approximately HK\$11.3 million (approximately 54.1%) to approximately HK\$9.6 million for FY2025 (FY2024: approximately HK\$20.9 million) due to decrease in marketing and promotion expenses for our own brand beauty care product sales in the PRC and Hong Kong markets.

Administrative expenses

The administrative expenses of the Group slightly increased by approximately HK\$1.9 million or 5.6% to approximately HK\$35.8 million for FY2025 (FY2024: approximately HK\$33.9 million). Such increase was mainly attributable to the increase in administrative expenses incurred in the OBM business as compared to FY2024.

Finance costs

The Group recorded a finance cost of approximately HK\$131,000 during the Reporting Period due to an interest expense on lease liabilities (FY2024: approximately HK\$163,000). The Group had no bank borrowings during the Reporting Period.

Income tax expenses

The Group’s income tax expenses increased by approximately HK\$0.3 million or 3.0% to approximately HK\$10.4 million for FY2025 (FY2024: approximately HK\$10.1 million). The effective tax rate of the Group for FY2025 was approximately 20.0% (FY2024: approximately 20.7%).

Net profit

Profit attributable to the equity holders of the Company slightly increased by approximately HK\$3.0 million or 7.8% from approximately HK\$38.7 million for FY2024 to approximately HK\$41.7 million for FY2025. The Group's net profit margin slightly increased by approximately 0.9 percentage points from approximately 14.4% to approximately 15.3% during the same period. The increase in profit was primarily attributable to the significant decrease in the marketing and promotion expenses for our own brand beauty care products and the increase in the interest income as the deposit interest rate remained high during the Reporting Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Funding and Treasury Policy

During the Reporting Period, the Group has principally funded the liquidity and capital requirements through capital contributions from the shareholders of the Company, and net cash generated from its operations. The funds were primarily used for purchase of raw materials, various operating expenses and capital expenditure. The liquidity of the Group and its working capital and finance requirements was closely monitored by the Board on a regular basis.

Liquidity

As at 31 March 2025, the Group maintained cash and bank balances of approximately HK\$317.3 million (as at 31 March 2024: approximately HK\$253.6 million). The Group will continue to maintain a healthy liquidity position to fund its operations and future business development.

Borrowings, Charge on Assets and Gearing Ratio

As at 31 March 2025, the Group had no bank borrowings (as at 31 March 2024: nil).

As at 31 March 2025, the Group had unutilised banking facilities of approximately HK\$34.5 million and are secured by (i) a legal charge over an industrial property of the Group held for its own use in Hong Kong with net book value amounted to approximately HK\$3.3 million as at 31 March 2025 (as at 31 March 2024: approximately HK\$3.5 million); (ii) a legal charge over an industrial property of the Group held for earning rental income in Hong Kong with net book value amounted to approximately HK\$549,000 as at 31 March 2025 (as at 31 March 2024: approximately HK\$584,000 and was in own use); and (iii) corporate guarantee by the Company.

The Group is not committed to draw down the unutilised amount. The Group intended to utilise such facilities for its working capital purposes, including purchase of raw materials to support its business operation, where appropriate.

As at 31 March 2025, the gearing ratio of the Group was nil (as at 31 March 2024: nil). The gearing ratio is calculated by dividing the Group's interest-bearing borrowing by Group's total equity as at the end of the respective financial period and multiplied by 100%. The Group had no interest-bearing bank borrowings since June 2022.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign currency exchange risk. The value and convertibility of Renminbi are subject to changes in the PRC government's policies and depend on domestic and international economic and political developments, as well as the supply and demand forces of Renminbi in the local market. As the Group is not involved in any currency hedging activities, any fluctuation in the exchange rate or any shortage of foreign currency may have an adverse impact on operating costs and financial condition.

CAPITAL COMMITMENT

As at 31 March 2025, the Group had capital commitments contracted but not provided for property, plant and equipment amounted to approximately HK\$0.5 million (as at 31 March 2024: approximately HK\$0.2 million).

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any material contingent liabilities (as at 31 March 2024: nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not hold any significant investment nor did the Group carry out any material acquisitions and disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCE OF FUNDING

Saved as disclosed in the prospectus of the Company dated 31 August 2020 (the “**Prospectus**”) and this announcement, the Group had no future plans for material investments or capital assets as at 31 March 2025. The Group will continue to monitor the industry closely and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group had a total of 344 employees (as at 31 March 2024: 446). The employees' remuneration depends on their particular duties and their performance. The Group's general workers are paid according to the Shenzhen minimum wage standard, and the basic salary of its management, engineering, and technical staff is generally determined with reference to the same industry standards and the staff may be entitled to allowance and bonus or equity incentive based on their performance evaluation. The Group conducts employee performance review annually to evaluate and adjust its employees' remuneration. The Group enters into individual employment agreements with the employees, with terms covering, among other things, positions, salaries, working hours, annual leave and other benefits. During the Reporting Period, the Group's total staff costs amounted to approximately HK\$58.3 million (as at 31 March 2024: approximately HK\$56.6 million). The increase in the Group's staff cost were mainly due to (i) the increase in headcounts for the development of the OBM business while (ii) the reduction of headcounts resulting from the streamlining of the ODM business led to the increase in payment of redundancy fees.

Also, training is provided to employees of the Group depending on their departments and the scope of their responsibilities. The human resources department would also arrange for employees to attend training, especially in regards to workplace health and safety.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Up to the date of this announcement, there are no important events occurred after the Reporting Period that may affect the Group.

FINAL DIVIDEND

The Board recommended a final dividend and a special dividend of HK1.5 cents per share and HK2.0 cent per share, respectively (FY2024: Nil) to shareholders whose names appear on the register of members of the Company on Friday, 15 August 2025 (the **"Proposed Final Dividends"**). The Proposed Final Dividends are subject to the approval of the shareholders of the Company at the annual general meeting expected to be held on Thursday, 7 August 2025. The Proposed Final Dividends are expected to be paid on or around 29 August 2025. As at the date of this announcement, the Board was not aware that any shareholder had waived or agreed to any arrangement to waive dividends.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds (the “**Net Proceeds**”) from the Global Offering (as defined in the Prospectus) were approximately HK\$66.2 million.

As at 31 March 2025, the Group had used approximately HK\$36.3 million, representing approximately 54.8% of the Net Proceeds, and the remaining balance of the Net Proceeds was approximately HK\$29.9 million (the “**Unutilized Net Proceeds**”).

As disclosed in the Company’s announcement dated 5 June 2024, the Board resolved to change the use of the Net Proceeds. Details of the original allocation of the Net Proceeds, the utilized Net Proceeds as at 31 March 2024, the revised allocation of the unutilized Net Proceeds and the application of the Net Proceeds during FY2025 are set out as follows:

Business objective	Original allocation of the Net Proceeds		Utilized amount of Net Proceeds as at 31 March 2024	Unutilized Net Proceeds as at 31 March 2024	Revised allocation of the unutilized Net Proceeds	Utilized amount of Net Proceeds during the Reporting Period	Unutilized Net Proceeds as at 31 March 2025	Expected timeline for use of the Unutilized Net Proceeds
	HK\$' million	%	HK\$' million	HK\$' million	HK\$' million	HK\$' million	HK\$' million	
Expanding and upgrading the Company’s production facilities to enhance the Company’s production capabilities	36.1	54.5%	(16.4)	19.7	–	–	–	–
Enhancing the Company’s research and engineering capabilities	16.4	24.8%	(1.0)	15.4	–	–	–	–
Introducing new products carrying the Company’s brands	8.5	12.9%	(6.8)	1.7	19.3	(1.8)	17.5	By June 2026
Enhancing the Company’s sales and marketing efforts in the global market including the PRC market	2.3	3.5%	(2.3)	–	17.5	(6.7)	10.8	By June 2026
Upgrading the Company’s information technology system and design-aided software	2.9	4.3%	(1.0)	1.9	1.9	(0.3)	1.6	By June 2026
	<u>66.2</u>	<u>100%</u>	<u>(27.5)</u>	<u>38.7</u>	<u>38.7</u>	<u>(8.8)</u>	<u>29.9</u>	

As at 31 March 2025, the Unutilised Net Proceeds were deposited with certain licensed banks in Hong Kong,

The expected timeline for utilising the Unutilised Net Proceeds for the business objectives is based on the best estimation of the future market conditions made by the Group. It is subject to change based on the current and future development of the market conditions.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 31 March 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) to be notified to the Company and the Stock Exchange or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein, were as follows:

Name of Director/ Chief Executive	Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding interest
Mr. Li Shu Yeh (Note 2)	Interest in controlled corporation (Note 3)	468,750,000 Shares (L)	36.67%
	Beneficiary owner	2,595,000 Shares (L)	0.20%
Ms. Li Sen Julian (Note 4)	Interest in controlled corporation (Note 5)	1,025,000 Shares (L)	0.08%
	Beneficiary owner	3,812,500 Shares (L)	0.30%
Ms. Tang Suk Yee	Beneficiary owner	3,812,500 Shares (L)	0.30%

Notes:

1. The letter “L” denotes the person’s long position in the shares of the Company (the “**Shares**”).
2. As at 31 March 2025, Ace Champion Inc. (“**Ace Champion**”) is legally and beneficially owned by Mr. Li Shu Yeh as to 100% of its equity interest. Mr. Li Shu Yeh is deemed to be interested in the Shares in which Ace Champion is interested in pursuant to Part XV of the SFO.
3. Ace Champion, a limited liability company incorporated in the British Virgin Islands, is the legal and beneficial owner of 468,750,000 Shares, representing approximately 36.67% of the issued share capital of the Company as at 31 March 2025.

4. As at 31 March 2025, Trump Exalt Limited is legally and beneficially owned by Julian Li Family Limited as to 100% of its equity interest, which is in turn legally and beneficially owned by Ms. Li Sen Julian as to 100% of its equity interest. Ms. Li Sen Julian is deemed to be interested in the Shares in which Trump Exalt Limited is interested pursuant to Part XV of the SFO.
5. Trump Exalt Limited, a limited liability company incorporated in the British Virgin Islands, is the legal and beneficial owner of 1,025,000 Shares, representing approximately 0.08% of the issued share capital of the Company as at 31 March 2025.

Save as disclosed above and so far as the Directors are aware, as at 31 March 2025, none of the Directors or the chief executive of the Company had any interests and/or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2025, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the shares of the Company.

Name of person/ corporation	Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding interest
Ace Champion (Note 2)	Beneficial owner	468,750,000 Shares (L)	36.67%
Forever Golden (Note 3)	Beneficial owner	468,750,000 Shares (L)	36.67%
Ms. Sit Hor Wan (Note 4)	Interest in controlled corporation	468,750,000 Shares (L)	36.67%
Ms. Chan Pan Pan (Note 5)	Interest of spouse	471,345,000 Shares (L)	36.87%
Mr. Loo Kin Kuen Stephen (Note 6)	Interest of spouse	468,750,000 Shares (L)	36.67%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Ace Champion, a limited liability company incorporated in the British Virgin Islands, is the legal and beneficial owner of 468,750,000 Shares, representing approximately 36.67% of the issued share capital of the Company as at 31 March 2025. The entire issued capital of Ace Champion is beneficially owned by Mr. Li Shu Yeh.
3. Forever Golden Inc. (“**Forever Golden**”), is a limited liability company incorporated in the British Virgin Islands, is the legal and beneficial owner of 468,750,000 Shares, representing approximately 36.67% of the issued share capital of the Company.
4. The entire issued share capital of Forever Golden is beneficially owned by Ms. Sit Hor Wan, who is deemed to be interested in all the Shares held by Forever Golden by virtue of Part XV of the SFO.
5. Ms. Chan Pan Pan is the spouse of Mr. Li Shu Yeh. Therefore, Ms. Chan Pan Pan is deemed to be interested in the Shares in which Mr. Li Shu Yeh is interested under Part XV of the SFO.
6. Mr. Loo Kin Kuen Stephen is the spouse of Ms. Sit Hor Wan. Therefore, Mr. Loo Kin Kuen Stephen is deemed to be interested in the Shares in which Ms. Sit Hor Wan is interested under Part XV of the SFO.

Save as disclosed above, the Company had not been notified of any other persons (other than the Directors or chief executive of the Company) who, as at 31 March 2025, had interest or short position in the shares or underlying shares of the Company would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the shares of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company had complied with all the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules during FY2025, except the deviation as disclosed below.

Code provision C.2.1 set out in the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Shu Yeh (“**Mr. SY Li**”), in addition to his duties as the chairman, is also responsible for the corporate strategic planning and overall business development of the Group as the chief executive officer of the Company. Mr. SY Li is one of the co-founders and he has extensive experience and knowledge in the business of the Group and his duties for overseeing the Group’s operations are considered to be beneficial to the Group. The Company considers having Mr. SY Li acting as both the chairman and chief executive officer will provide strong and consistent leadership to the Group and facilitate the efficient execution of the business strategies. Since the Directors would

meet regularly to consider major matters affecting operations of the Company, the Directors and the management of the Company believe that this structure will enable the Company to make and implement decisions promptly and efficiently. As a result, the Company currently does not propose to separate the functions of chairman and chief executive officer. The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

The Directors will review the corporate governance policies regularly to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period and up to the date of this announcement.

SHARE OPTION SCHEME

To provide incentives or rewards to the staff and the Directors for their contribution or potential contribution to the growth and development of the Group, the Company adopted a share option scheme (the “**Share Option Scheme**”) on 21 August 2020, which has become effective upon Listing on 15 September 2020. No option was granted by the Company under the Share Option Scheme since its adoption and up to 31 March 2025.

CHANGE IN INFORMATION OF DIRECTORS

There is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the Reporting Period and as at the date of this announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company is currently expected to be held on Thursday, 7 August 2025 (the “**AGM**”) and the notice of the AGM will be published and despatched in the manner as required by the Listing Rules and the articles of association of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 4 August 2025 to Thursday, 7 August 2025 (both days inclusive), during such period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 pm on Friday, 1 August 2025.

The record date for the Proposed Final Dividends will be Friday, 15 August 2025. The Company’s register of members will be closed from Thursday, 14 August 2025 to Friday, 15 August 2025 (both days inclusive) in order to determine entitlements to the Proposed Final Dividends. During such period, no transfer of Shares will be effected. In order to qualify for the Proposed Final Dividends, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 13 August 2025. Subject to the approval of shareholders of the Company at the AGM, dividend warrants will be despatched to shareholders on or around Friday, 29 August 2025.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. As at 31 March 2025, the Audit Committee had three members, who are all independent non-executive Directors, being Mr. Liu Kai Yu Kenneth (Chairman of the Audit Committee), Mr. Leung Wai Chuen and Mr. Man Yun James. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the annual results and the audited consolidated financial statements of the Group for FY2025.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, and the related notes thereto for FY2025 as set out in this results announcement have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for FY2025. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's annual results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.fourace.com.

The annual report of the Company for FY2025 will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.fourace.com in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Company's shareholders, investors, employees and business partners for their continuous support.

By order of the Board
Fourace Industries Group Holdings Limited
Li Shu Yeh
Chairman and Chief Executive Officer

Hong Kong, 23 June 2025

As at the date of this announcement, the executive Directors are Mr. Li Shu Yeh, Ms. Li Sen Julian and Ms. Tang Suk Yee; and the independent non-executive Directors are Mr. Liu Kai Yu Kenneth, Mr. Leung Wai Chuen and Mr. Man Yun James.