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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 September 2025 (“**1H2026**” or the “**Reporting Period**”) decreased by 49.7% to HK\$77.9 million, when compared with HK\$154.9 million for the six months ended 30 September 2024 (“**1H2025**”)
- Gross profit for 1H2026 decreased by 63.5% to HK\$19.0 million (1H2025: HK\$52.0 million) while the gross profit margin for 1H2026 decreased by 9.2 percentage points to 24.4% (1H2025: 33.6%)
- Profit attributable to equity holders of the Company for 1H2026 decreased by 79.5% to HK\$4.7 million (1H2025: HK\$22.9 million) and the profit margin decreased by 8.8 percentage points to 6.0% (1H2025: 14.8%)
- Earnings per share for profit attributable to equity holders of the Company for 1H2026 was HK0.4 cents (1H2025: HK1.8 cents)
- The Board has resolved not to pay an interim dividend for 1H2026

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Fourace Industries Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the Reporting Period, together with the unaudited comparative figures for 1H2025 as set forth below. The condensed consolidated interim results are unaudited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2025*

		Six months ended 30 September	
		2025	2024
		HK\$'000	HK\$'000
	Note	(unaudited)	(unaudited)
Revenue	5	77,885	154,860
Cost of sales	7	(58,894)	(102,835)
<b>Gross profit</b>		<b>18,991</b>	<b>52,025</b>
Other income		2,779	863
Other (losses)/gains, net	6	(68)	1,371
Selling and distribution expenses	7	(2,081)	(6,742)
Research and development expenses	7	(2,739)	(3,576)
Administrative expenses	7	(15,903)	(19,481)
<b>Operating profit</b>		<b>979</b>	<b>24,460</b>
Finance income		4,980	5,233
Finance costs		(6)	(68)
<b>Profit before taxation</b>		<b>5,953</b>	<b>29,625</b>
Income tax expenses	8	(1,208)	(6,679)
<b>Profit for the period</b>		<b>4,745</b>	<b>22,946</b>
<b>Other comprehensive income/(loss)</b>			
<i>Item that may be reclassified to profit and loss:</i>			
Currency translation difference		1,196	(517)
<b>Total other comprehensive income/(loss) for the period, net of tax</b>		<b>1,196</b>	<b>(517)</b>
<b>Total comprehensive income for the period</b>		<b>5,941</b>	<b>22,429</b>
<b>Earnings per share for profit attributable to equity holders of the Company for the period (expressed in HK cents per share)</b>			
Basic and diluted earnings per share	9	0.4	1.8

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2025

		As at 30 September 2025 HK\$'000 (unaudited)	As at 31 March 2025 HK\$'000 (audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets		1,473	1,533
Property, plant and equipment		91,814	93,084
Investment property		531	549
Deposits and prepayments		1,940	1,245
Deferred income tax assets		1,881	2,423
		<u>97,639</u>	<u>98,834</u>
<b>Current assets</b>			
Inventories		29,327	22,888
Trade receivables	11	59,325	41,487
Contract assets		3,089	5,097
Other receivables, deposits and prepayments		12,558	9,809
Income tax recoverable		–	1,794
Cash and cash equivalents		266,298	317,258
		<u>370,597</u>	<u>398,333</u>
<b>Total assets</b>		<u><u>468,236</u></u>	<u><u>496,167</u></u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital	13	12,786	12,786
Reserves		402,736	441,545
<b>Total equity</b>		<u><u>415,522</u></u>	<u><u>454,331</u></u>

		<b>As at 30 September 2025 HK\$'000 (unaudited)</b>	<b>As at 31 March 2025 HK\$'000 (audited)</b>
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Deferred income tax liabilities		<u>8,410</u>	<u>9,244</u>
		<u>8,410</u>	<u>9,244</u>
<b>Current liabilities</b>			
Trade payables	12	28,877	18,161
Contract liabilities		–	2,528
Accruals and other payables		14,957	12,855
Lease liabilities		–	48
Income tax payable		<u>470</u>	<u>–</u>
		<u>44,304</u>	<u>33,592</u>
<b>Total liabilities</b>		<u>52,714</u>	<u>42,871</u>
<b>Total equity and liabilities</b>		<u><u>468,236</u></u>	<u><u>496,167</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION OF THE GROUP

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 and manufacturing of personal care and lifestyle electrical appliances (the “**Business**”).

The condensed consolidated interim financial information is presented in Hong Kong Dollars (“**HK\$**”) unless otherwise stated.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2025 is prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting”. It should be read in conjunction with the consolidated financial statements for the year ended 31 March 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the consolidated financial statements for the year ended 31 March 2025, except for the adoption of new standards, amendments and interpretations of HKFRSs effective for the financial year ending 31 March 2026. Amended standard became applicable for the current reporting period.

Amendments to HKAS 21

Lack of Exchangeability

The adoption of these amendments to standards and interpretation of HKFRSs did not have any significant impact on the current period or any prior period.

## 4. ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2025.

## 5. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision-makers 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 and manufacturing of personal care and lifestyle electrical appliances. The chief operating decision-makers assess the performance of the Business based on a measure of operating results and considers the Business in a single operating segment. Information reported to the chief operating decision-makers 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.

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

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Personal care electrical appliances		
— Hair styling series	67,085	142,971
— Grooming series	8,554	7,945
— Beauty care series	213	495
Sub-total	75,852	151,411
Others <sup>(Note)</sup>	2,033	3,449
	<u>77,885</u>	<u>154,860</u>

*Note:* Others mainly represented moulds and tools and spare parts.

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

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Japan	27,746	72,703
United States	35,796	66,851
Europe	8,419	7,626
Others <sup>(Note)</sup>	5,924	7,680
	<u>77,885</u>	<u>154,860</u>

*Note:* Others mainly include the People's Republic of China (the "PRC") and other countries within the Asia Pacific region.

## 6. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Exchange (losses)/gains, net	(51)	1,562
Net (losses)/gains on disposal of property, plant and equipment	(17)	(191)
	<u>(68)</u>	<u>1,371</u>

## 7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, research and development expenses and administrative expenses are analysed as follows:

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Auditors' remuneration		
— Audit services	372	425
Cost of inventories sold	32,852	68,758
Consumables	622	341
Cost of moulds and tools	1,410	589
Custom and declaration	324	537
Depreciation of property, plant and equipment and right-of-use assets	6,202	6,330
Land and building management fee	688	768
Legal and professional fee	963	1,927
Logistic expenses	84	159
Promotion expenses	105	3,933
Repair and maintenance expenses	1,021	1,165
Staff costs, including directors' remuneration	23,127	33,093
Subcontracting costs	3,234	6,678
Utilities	3,080	3,733
Other taxes and stamp duty	2,548	1,365
Other expenses	2,985	2,833
	<u>79,617</u>	<u>132,634</u>

## 8. INCOME TAX EXPENSES

For the six months ended 30 September 2025 and 2024, Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit. The Group's subsidiary in the PRC are subject to China corporate income tax at a rate of 25% on estimated assessable profits.

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax		
— Current tax on profit for the period	771	6,039
Deferred taxation	437	640
Income tax expense	<u>1,208</u>	<u>6,679</u>

## 9. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the Company's owners by the weighted average number of ordinary shares in issue during the six months ended 30 September 2025 and 2024.

	<b>Six months ended 30 September</b>	
	<b>2025</b>	<b>2024</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net profit attributable to the owners of the Company ( <i>HK\$'000</i> )	<b>4,745</b>	22,946
Weighted average number of ordinary shares in issue ( <i>in thousand</i> )	<b>1,278,562</b>	1,278,562
Basic earnings per share ( <i>in HK cents</i> )	<b>0.4</b>	1.8

### (b) Diluted earnings per share

Diluted earnings per share for the period ended 30 September 2025 and 2024 are the same as basic earnings per share as there were no potential dilutive ordinary shares issued.

## 10. DIVIDEND

For the six months ended 30 September 2025, the Board has resolved not to declare any interim dividend (the six months ended 30 September 2024: Nil).

## 11. TRADE RECEIVABLE

Trade receivables are denominated in the following currencies:

	<b>As at 30 September 2025 HK\$'000 (unaudited)</b>	<b>As at 31 March 2025 HK\$'000 (audited)</b>
US\$	<b>59,316</b>	41,474
HK\$	<b>9</b>	13
	<b>59,325</b>	41,487

The credit period granted to customers are ranging from 30 to 120 days. The ageing analysis of the trade receivable based on invoice date was as follows:

	<b>As at 30 September 2025 HK\$'000 (unaudited)</b>	<b>As at 31 March 2025 HK\$'000 (audited)</b>
Up to 3 months	<b>33,456</b>	28,755
Over 3 months	<b>25,869</b>	12,732
	<b>59,325</b>	41,487



## 12. TRADE PAYABLES

Trade payable are denominated in the following currencies:

	As at 30 September 2025 <i>HK\$'000</i> (unaudited)	As at 31 March 2025 <i>HK\$'000</i> (audited)
US\$	551	197
HK\$	160	300
RMB	28,166	17,664
	<u>28,877</u>	<u>18,161</u>

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

	As at 30 September 2025 <i>HK\$'000</i> (unaudited)	As at 31 March 2025 <i>HK\$'000</i> (audited)
Within 1 month	13,551	5,806
1–2 months	6,405	6,262
Up to 3 months	6,052	3,135
Over 3 months	2,869	2,958
	<u>28,877</u>	<u>18,161</u>

## 13. SHARE CAPITAL

	Number of shares (Unaudited)	Nominal value <i>HK\$</i> (Unaudited)
<i>Authorized:</i>		
Ordinary shares of HK\$0.01 each as at 30 September 2025 and 31 March 2025	<u>10,000,000,000</u>	<u>100,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each as at 30 September 2025 and 31 March 2025	<u>1,278,562,500</u>	<u>12,785,625</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 targets 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 Group continued to face challenging and adverse business environment. The recovery of global economy was deferred by the uncertainties such as high inflation, high interest rate and the US tariffs on imported Chinese products. It has led to sluggish demand and weak consumer sentiment. In addition, market competition within the manufacturing industry has been very intense and the Group has been facing strong pressure from customers on price reduction of the products.

During the Reporting Period, the total revenue of the Group decreased by approximately HK\$77.0 million or 49.7% from approximately HK\$154.9 million for 1H2025 to approximately HK\$77.9 million for 1H2026. Such decrease was primarily attributable to the decline in revenue of the hair styling products. There was a drop in the sales volume and average selling prices of the Group’s hair styling products as compared with those for the six months ended 30 September 2024. The sales volume of the hair styling products to a major US customer saw a significant decline due to the conservative procurement strategy adopted by such customer in light of the uncertainties over the US trade tariffs on Chinese-manufactured goods. Moreover, no purchase orders of a key hair-dryer model has been placed by a major Japanese customer as a new model of the same has been introduced in the Japanese market to replace the predecessor model manufactured by the Group.

The Group’s gross profit decreased by approximately HK\$33.0 million or 63.5% to approximately HK\$19.0 million for 1H2026 (1H2025: approximately HK\$52.0 million). The gross profit margin decreased by approximately 9.2 percentage points to approximately 24.4% for 1H2026 (1H2025: approximately 33.6%). The decrease in gross profit and gross profit margin were mainly attributable to the decrease in revenue and the average selling prices of the hair dryers in the hair styling series as compared with 1H2025.

Profit attributable to the equity holders of the Company decreased by approximately HK\$18.2 million or 79.5% from approximately HK\$22.9 million for 1H2025 to approximately HK\$4.7 million for 1H2026. The Group's net profit margin decreased by approximately 8.8 percentage points from approximately 14.8% in 1H2025 to approximately 6.0% in 1H2026. The decrease was attributed to the decrease in revenue and gross profit as mentioned above, partially offset by the reduction of marketing and promotional expenses for our own branded beauty care products and also the reduction of staff costs resulting from the streamlining of the ODM and OBM business.

## **PROSPECTS**

As we move into the second half of financial year ending 31 March 2026 (FY2026), the management of the Group anticipates that the business environment will remain uncertain and challenging, fueled by sluggish consumer sentiment. The U.S. trade tariffs are expected to persist, prompting our U.S. customers to adopt a more cautious procurement strategy regarding Chinese-manufactured goods. Moreover, the financial conditions of our customers may deteriorate as a result of uncertain and challenging global economy which may affect the settlement of our trade receivables adversely.

As at 30 September 2025, trade receivables from a major US customer included certain invoices which had been overdue for more than 3 months. The Group has been closely following up with this customer on the settlement of the overdue balance.

The Group will continue to monitor the situation and will reassess the recoverability of the trade receivables from this customer from time to time. If there is any material adverse development in relation to this customer (including, among others, any significant delay in settlement or default in payment) which may have a material impact on the Group, the Company will make further announcement(s) as and when appropriate pursuant to the Listing Rules.

To mitigate the impact of these tariff risks, we are actively exploring new geographical markets and expanding our customer base. Recently, we successfully sourced two new customers. We have begun product development with them, with sales expected to commence in the second half of FY2026.

In addition, the rising trend of “involution” in China has intensified cost-cutting competition among domestic factories. Our Group is facing significant pressure from customers seeking price reductions on our products. To address this, we are engaging closely with our customers to comprehend their needs and to develop suitable solutions that align with market demands.

Despite the challenges posed by declining revenue and gross profit margins due to falling selling prices, our Group is committed to enhancing operational resilience. We are focusing on production automation and standardization initiatives to reduce labor costs while continuing to seek high-quality suppliers who can offer competitive pricing. Additionally, we will maintain aggressive inventory optimization strategies to improve cash flow and implement effective cost control measures across financial and operational domains.

Finally, the Group is dedicated to enhancing the competitiveness of its high-quality products while bolstering its research and development capabilities. Our aim is to increase market share, foster long-term customer relationships, and generate greater value for our shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

The total revenue of the Group decreased by approximately HK\$77.0 million (approximately 49.7%) from approximately HK\$154.9 million for 1H2025 to approximately HK\$77.9 million for 1H2026. Such decrease was mainly attributable to the decrease in the sales of the hair styling products to the US and Japanese markets.

### **Gross profit and gross profit margin**

The Group's gross profit decreased by approximately HK\$33.0 million (approximately 63.5%) from approximately HK\$52.0 million for 1H2025 to approximately HK\$19.0 million for 1H2026. The gross profit margin decreased by 9.2 percentage points to 24.4% for the Reporting Period (1H2025: 33.6%). The decrease in the Group's gross profit was mainly attributable to the decrease in revenue of the hair styling series and the decrease in the average selling price of the hair styling series as compared to 1H2025.

### **Selling and distribution expenses**

The selling and distribution expenses of the Group decreased by approximately HK\$4.6 million (approximately 68.7%) to approximately HK\$2.1 million for 1H2026 (1H2025: approximately HK\$6.7 million) due to decrease in marketing and promotion expenses for beauty care products of our own brand.

### **Administrative expenses**

The administrative expenses of the Group decreased by approximately HK\$3.6 million (approximately 18.5%) to approximately HK\$15.9 million for 1H2026 (1H2025: approximately HK\$19.5 million). Such decrease was mainly attributable to the decrease of approximately HK\$1 million in the legal and professional fee and approximately HK\$1.5 million in the administrative staff costs in 1H2026 as compared to 1H2025.

### **Finance costs**

The Group recorded finance cost of approximately HK\$6,000 during the Reporting Period due to an interest expense in lease liabilities (1H2025: HK\$68,000). The decrease is due to the termination of a rental lease in PRC. The Group had no bank borrowings during the Reporting Period.

### **Income tax expenses**

The Group's income tax expenses decreased by approximately HK\$5.5 million or 82.1% to approximately HK\$1.2 million for 1H2026 (1H2025: approximately HK\$6.7 million). The effective tax rate of the Group for 1H2026 was approximately 20.0% and for 1H2025 was approximately 22.6%.

## **Net profit**

Profit attributable to the equity holders of the Company decreased by approximately HK\$18.2 million (approximately 79.5%) from approximately HK\$22.9 million for 1H2025 to approximately HK\$4.7 million for 1H2026. The Group's net profit margin decreased from 14.8% for 1H2025 to 6.0% for 1H2026. The decrease was attributable to the decrease in revenue and gross profit as mentioned above, partially offset by the decrease in the selling and distribution, administrative expenses.

## **OTHER INFORMATION**

### **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 30 September 2025, the Group maintained cash and bank balances of approximately HK\$266.3 million (as at 31 March 2025: approximately HK\$317.3 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 30 September 2025, the Group had no bank borrowings (as at 31 March 2025: Nil).

As at 30 September 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 30 September 2025 (as at 31 March 2025: approximately HK\$3.3 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\$531,000 as at 30 September 2025 (as at 31 March 2025: approximately HK\$549,000); and (iii) corporate guarantee provided by the Company.

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

As at 30 September 2025, the gearing ratio of the Group was nil (as at 31 March 2025: 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%.

## **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. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **CAPITAL COMMITMENT**

As at 30 September 2025, the Group had capital commitments contracted but not provided for property, plant and equipment amounted to approximately HK\$1.3 million (as at 31 March 2025: approximately HK\$0.5 million).

## **CONTINGENT LIABILITIES**

As at 30 September 2025, the Group did not have any material contingent liabilities (as at 31 March 2025: 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 30 September 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 30 September 2025, the Group had a total of 320 employees (as at 31 March 2025: 344). 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 allowance and bonus 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\$23.1 million (1H2025: approximately HK\$33.1 million). The decreases were mainly due to (i) the reduction of direct labour cost due to the decrease in sales orders and (ii) the reduction of staff headcounts due to the streamlining of the ODM and OBM business.

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. The Company has also adopted a share option scheme on 21 August 2020 for the purpose of providing incentives or rewards for selected eligible persons' contribution or potential contribution to the growth and development of the Group.

## 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.

## INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for 1H2026 (1H2025: Nil).

## 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 30 September 2025, the Group had used approximately HK\$37.8 million, representing approximately 57.1% of the Net Proceeds, and the remaining balance of the Net Proceeds was approximately HK\$28.4 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 and reallocation as stated in the change in Use of Proceeds, the utilized and unutilized Net Proceeds as at 31 March 2025, and the application of the Net Proceeds during the Reporting Period are set out as follows:

Business objective	Original allocation of the Net Proceeds		Reallocation as stated in the Change in Use of Proceeds Announcement	Utilized amount of Net Proceeds as at 31 March 2025	Unutilized Net Proceeds as at 31 March 2025	Utilized amount of Net Proceeds during the Reporting Period	Unutilized Net Proceeds as at 30 September 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%	(19.7)	(16.4)	–	–	–	–
Enhancing the Company's research and engineering capabilities	16.4	24.8%	(15.4)	(1.0)	–	–	–	–
Introducing new products carrying the Company's brands	8.5	12.9%	17.6	(8.6)	17.5	(0.2)	17.3	By December 2026
Enhancing the Company's sales and marketing efforts in the global market including the PRC market	2.3	3.5%	17.5	(9.0)	10.8	(0.9)	9.9	By December 2026
Upgrading the Company's information technology system and design-aided software	2.9	4.3%	–	(1.3)	1.6	(0.4)	1.2	By December 2026
	<u>66.2</u>	<u>100%</u>	<u>–</u>	<u>(36.3)</u>	<u>29.9</u>	<u>(1.5)</u>	<u>28.4</u>	

As at 30 September 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. In view of the relevant conditions and challenges ahead as disclosed in this announcement, the Company was of the view that it would be beneficial to adopt a more prudent strategy for the Use of Proceeds, which should be appropriately adjusted to maintain flexibility for better accommodation of the changing market conditions, industry environment and the actual condition of the Company.

## **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 30 September 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:

<b>Name of Director/ Chief Executive</b>	<b>Nature of interest</b>	<b>Number and class of securities (Note 1)</b>	<b>Approximate percentage of shareholding interest</b>
Mr. Li Shu Yeh (Note 2)	Interest in controlled corporation (Note 3)	468,750,000 Shares (L)	36.67%
	Beneficiary owner	2,815,000 Shares (L)	0.22%
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 30 September 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 30 September 2025.



4. As at 30 September 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 30 September 2025.

Save as disclosed above and so far as the Directors are aware, as at 30 September 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 30 September 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	471,565,000 Shares (L)	36.88%
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 30 September 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 30 September 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 the Reporting Period, 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 30 September 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.

## **DIRECTORS INTERESTS IN COMPETING BUSINESS**

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## **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.

## **PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND REPORTS OF THE COMPANY**

This announcement is published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.fourace.com](http://www.fourace.com). The interim report will be published on the websites of the Stock Exchange and the Company in due course.

## **FORWARD LOOKING STATEMENTS**

There can be no assurance that any forward-looking statements regarding the Group set out in this announcement or any of the matters set out therein are attainable, will actually occur or be realized or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

## **REVIEW OF INTERIM RESULTS**

The Company established 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. The Audit Committee consists of three members, who are all independent non-executive Directors, being Mr. Liu Kai Yu Kenneth, Mr. Leung Wai Chuen and Mr. Man Yun James. The condensed unaudited consolidated interim financial information of the Group for the Reporting Period has been reviewed by the Audit Committee, which considered that the unaudited interim condensed consolidated financial statements comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

## **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, 26 November 2025

*As at the date of this announcement, the executive Directors are Mr. Li Shu Yeh, Ms. Li Sen Julian, 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.*