CHTC FONG'S INTERNATIONAL COMPANY LIMITED
中國恒天立信國際有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 641)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The Board of Directors (the "**Board**") of CHTC Fong's International Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2025 together with the comparative figures for last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	**2025** *HK$'000*	2024 *HK$'000*
Revenue	3	**2,146,824**	1,968,433
Cost of sales		**(1,586,610)**	(1,471,171)
Gross profit		**560,214**	497,262
Interest income		**497**	1,006
Other income		**40,891**	38,757
Other (losses) gains		**(1,697)**	10,039
Impairment loss on assets classified as held for sale	6	**(10,750)**	(20,692)
Selling and distribution costs		**(215,972)**	(239,749)
Administrative and other expenses		**(327,534)**	(317,940)
Finance costs	4	**(49,353)**	(74,392)
Share of results of an associate		**6,379**	830
Profit (loss) before tax		**2,675**	(104,879)
Income tax credit (expense)	5	**1,410**	(11,243)
Profit (loss) for the year		**4,085**	(116,122)

	Notes	**2025** *HK$'000*	2024 *HK$'000*
Other comprehensive income (expense), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(1,647)**	(19,425)
Share of translation reserve of an associate		**790**	(587)
		(857)	(20,012)
Items that will not be reclassified to profit or loss:			
Re-measurement gain on defined benefit plan		**258**	158
Fair value loss on financial asset at fair value through other comprehensive income		**(2,456)**	(1,121)
		(2,198)	(963)
Other comprehensive expense for the year		**(3,055)**	(20,975)
Total comprehensive income (expense) for the year		**1,030**	(137,097)
Profit (loss) for the year attributable to:			
Owners of the Company		**4,202**	(118,420)
Non-controlling interests		**(117)**	2,298
		4,085	(116,122)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**2,921**	(140,467)
Non-controlling interests		**(1,891)**	3,370
		1,030	(137,097)
Earnings (loss) per share			
Basic	7	**0.38 HK cents**	(10.76) HK cents
Diluted	7	**0.38 HK cents**	(10.76) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 *HK$'000*	2024 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,394,222**	1,298,252
Investment properties		**236,500**	–
Right-of-use assets		**10,137**	18,189
Prepaid lease payments		**167,390**	168,849
Goodwill	9	**464,797**	464,797
Intangible assets		**91,912**	92,185
Financial asset at fair value through other comprehensive income		**19,371**	21,289
Investment in an associate		**34,840**	27,671
Deposits for acquisition of property, plant and equipment		**24,094**	20,387
Other assets		**40,894**	39,888
Deferred tax assets		**11,546**	9,976
		2,495,703	2,161,483
Current assets			
Inventories		**423,349**	365,994
Trade and other receivables	10	**361,586**	303,154
Cash and bank balances		**199,249**	250,501
		984,184	919,649
Assets classified as held for sale	6	**–**	251,749
		984,184	1,171,398
Current liabilities			
Trade and other payables	11	**1,083,806**	847,653
Contract liabilities		**216,898**	202,149
Warranty provision		**10,359**	7,690
Lease liabilities		**8,674**	8,557
Tax liabilities		**10,522**	10,826
Bank and other borrowings		**1,004,517**	891,897
		2,334,776	1,968,772
Liabilities classified as held for sale	6	**–**	2,141
		2,334,776	1,970,913

	Notes	**2025** ***HK$'000***	2024 *HK$'000*
Net current liabilities		**(1,350,592)**	(799,515)
Total assets less current liabilities		**1,145,111**	1,361,968
Non-current liabilities			
Bank and other borrowings		**96,765**	293,376
Deferred revenue		**44,976**	47,943
Deferred tax liabilities		**26,925**	37,026
Lease liabilities		**1,940**	10,148
		170,606	388,493
Net assets		**974,505**	973,475
Capital and reserves			
Total equity attributable to owners of the Company			
Share capital		**55,011**	55,011
Share premium and reserves		**991,616**	988,695
		1,046,627	1,043,706
Non-controlling interests		**(72,122)**	(70,231)
Total equity		**974,505**	973,475

NOTES

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its securities are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Directors of the Company (the "**Directors**") consider that the Company's parent company is China Hi-Tech Holding Company Limited, a company incorporated in Hong Kong and its ultimate holding company is China National Machinery Industry Corporation (中國機械工業集團有限公司), a state-owned enterprise established in the People's Republic of China (the "**PRC**") under the direct supervision and administration of, and is beneficially owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of dyeing and finishing machines, and manufacture and sale of stainless steel casting products and stainless steel supply chain.

2. BASIS OF PREPARATION

(a) Compliance with HKFRS Accounting Standards and other disclosure requirements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Amendments to HKFRS Accounting Standards that are mandatory effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

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

(c) Possible impact of new and amendments to HKFRS Accounting Standards issued but not yet effective for the year ended 31 December 2025

The following HKFRS Accounting Standards in issue at 31 December 2025 have not been applied in the preparation of the Group's consolidated financial statements for the year ended since they were not yet effective for the annual period beginning on 1 January 2025:

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

1 Effective for annual periods beginning on or after 1 January 2026.
2 Effective for annual periods beginning on or after 1 January 2027.
3 Effective for annual periods beginning on or after a date to be determined.

The Directors are in the process of making an assessment of what the impact of these new and amendments to HKFRS Accounting Standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on a going concern basis notwithstanding that at 31 December 2025, the Group had net current liabilities of approximately HK$1,350,592,000. The Directors are of the opinion that the Group will have sufficient funds to meet its financial obligations when they fall due in the foreseeable future taking into account the followings:

(i) At 31 December 2025, the Group had unutilised banking facilities of approximately HK$1,005,347,000;

(ii) At 31 December 2025, the Group had unutilised credit facilities of approximately HK$732,839,000 under the financial framework agreement. All such credit facilities were not secured by assets of the Group. The purpose of this is to ensure that the Group has sufficient funds to meet its future working capital and financial obligations; and

(iii) For the other bank and other borrowings which will be maturing before 31 December 2026, the Group will actively negotiate with the banks before they fall due to secure their renewals so as to ensure the Group will have necessary funds to meet the Group's working capital and financial requirements in the future. The Directors do not expect to experience significant difficulties in renewing these borrowings upon their maturities and there is no indication that its bankers will not renew the existing facilities upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings upon maturities.

After taking into consideration of the above factors and funds expected to be generated internally from operations based on the Directors' estimation on the future cash flows of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis because there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group is principally engaged in the manufacture and sale of dyeing and finishing machines, and manufacture and sale of stainless steel casting products and stainless steel supply chain.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025	2024
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of dyeing and finishing machines	**1,682,308**	1,527,047
Sale of stainless steel casting products and stainless steel supply chain	**464,516**	441,386
	2,146,824	1,968,433

(b) Segment reporting

Information reported to the Executive Directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on the performance of each group company. Specifically, the Group's reportable segments under HKFRS 8 are aggregation of operating segments based on types of goods delivered or services provided, as follows:

1. Manufacture and sale of dyeing and finishing machines

2. Manufacture and sale of stainless steel casting products and stainless steel supply chain

(i) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2025

	Manufacture and sale of dyeing and finishing machines *HK$'000*	**Manufacture and sale of stainless steel casting products and stainless steel supply chain** *HK$'000*	**Total** *HK$'000*
REVENUE			
Point in time	**1,682,308**	**464,516**	**2,146,824**
External sales	**1,682,308**	**464,516**	**2,146,824**
Inter-segment sales	**1,491**	**62,678**	**64,169**
Segment revenue	**1,683,799**	**527,194**	**2,210,993**
Elimination			**(64,169)**
Group revenue			**2,146,824**
Segment profit	**12,212**	**43,690**	**55,902**
Interest income			**497**
Impairment loss on assets classified as held for sale			**(10,750)**
Finance costs			**(49,353)**
Share of results of an associate			**6,379**
Profit before tax			**2,675**

For the year ended 31 December 2024

	Manufacture and sale of dyeing and finishing machines	Manufacture and sale of stainless steel casting products and stainless steel supply chain	Total
	HK$'000	*HK$'000*	*HK$'000*
REVENUE			
Point in time	1,527,047	441,386	1,968,433
External sales	1,527,047	441,386	1,968,433
Inter-segment sales	2,430	76,490	78,920
Segment revenue	1,529,477	517,876	2,047,353
Elimination			(78,920)
Group revenue			1,968,433
Segment (loss) profit	(34,371)	22,740	(11,631)
Interest income			1,006
Impairment loss on assets classified as held for sale			(20,692)
Finance costs			(74,392)
Share of results of an associate			830
Loss before tax			(104,879)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results of each segment excluding interest income, impairment loss on assets classified as held for sale, finance costs and share of results of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at terms agreed between relevant parties.

(ii) Geographical information

The Group's operations are located mainly in Hong Kong, Mainland China and Germany.

Information about the Group's revenue from external customers is presented based on location of customers and information about its non-current assets is presented based on the geographical location of the assets, they are detailed below:

	Revenue from external customers		Non-current assets	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**943,085**	844,543	**2,103,498**	2,006,156
Hong Kong	**65,353**	53,986	**242,738**	11,227
Asia Pacific (other than Mainland China and Hong Kong)	**593,461**	469,208	**–**	4
Europe	**383,234**	399,272	**83,710**	85,160
North and South America	**143,282**	171,880	**–**	–
Others	**18,409**	29,544	**–**	–
	2,146,824	1,968,433	**2,429,946**	2,102,547

Non-current assets excluded investment in an associate, deferred tax assets and financial asset at fair value through other comprehensive income. The Directors considered that the cost to develop the revenue by individual countries for "Asia Pacific", "Europe", "North and South America" and "Others" are excessive and revenue included in these areas attributed to each individual country is not material.

No revenue generated from any single customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2025 and 2024.

4. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**45,642**	69,384
Interest on lease liabilities	**655**	638
Bank charges	**3,056**	4,370
	49,353	74,392

5. INCOME TAX (CREDIT) EXPENSE

	2025	2024
	HK$'000	*HK$'000*
Hong Kong Profit Tax:		
Current year	**3,332**	2,086
Under-provision in prior years	**–**	288
PRC Corporate Income tax:		
Current year	**7,447**	8,153
Under-provision in prior years	**–**	72
Overseas Income Tax:		
Current year	**118**	32
Under-provision in prior years	**–**	874
	10,897	11,505
Deferred tax		
Current year	**(12,307)**	(262)
	(1,410)	11,243

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC Corporate Income Tax is charged at the statutory tax rate of 25% of the assessable income as determined in accordance with the relevant PRC tax rules and regulations, except that certain subsidiaries are subject to a preferential tax rate of 15%.

Taxation arising in other jurisdictions is calculated at rates prevailing in the respective jurisdictions.

6. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

PT Harvest Holdings Limited ("**PT Harvest**"), a wholly-owned subsidiary of the Group, held an office premises and certain car parks located at Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, Hong Kong ("**KCC Premises**"). In order to enhance the Group's financial position, the Directors were committed to the disposal plan to sell PT Harvest. As at 31 December 2024, the Directors confirmed that both PT Harvest and KCC Premises are available for immediate sale in its current conditions. Accordingly, PT Harvest has been classified as held for sale as at 31 December 2024 and the assets and liabilities of PT Harvest are presented separately in the consolidated statement of financial position as assets and liabilities classified as held for sale in current assets and current liabilities respectively.

The major class of assets and liabilities classified as held for sale as at 31 December 2024 are as follows:

	2024
	HK$'000
Assets classified as held for sale	
Properties	247,250
Other receivables	734
Cash and bank balances	3,765
Total assets classified as held for sale	251,749
Liabilities classified as held for sale	
Other payables	(1,247)
Deferred tax liabilities	(894)
Total liabilities classified as held for sale	(2,141)

During the year ended 31 December 2025, the Directors revisited the progress of the disposal of PT Harvest and KCC Premises and considered that the completion of the sales in the next 12 months from the end of the reporting period is subject to uncertainty based on the current market environment. As such, PT Harvest ceased to be classified as held-for-sale as at 31 December 2025. KCC Premises was reclassified to investment properties accordingly.

The recoverable amount is measured at the lower of the carrying amount and fair value less costs to sell in accordance with HKFRS 5. The fair value less costs to dispose of KCC Premises of HK$236,500,000 (2024: HK$247,250,000) was estimated based on a valuation report prepared by an independent professional valuer using the market approach under which making reference to the relevant market transactions in the vicinity. Its fair value is classified within level 3 of the fair value hierarchy.

As the fair value less costs to sell is lower (2024: lower) than the carrying amount, an impairment loss of approximately HK$10,750,000 (2024: HK$20,692,000) is recognised for the year.

At 31 December 2024, KCC Premises was pledged to secure banking facilities granted to the Group.

7. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share

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

	2025	2024
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company for the purpose of calculation of basic earnings (loss) per share	**4,202**	(118,420)
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings per share	**1,100,217**	1,100,217

Diluted earnings (loss) per share for the years ended 31 December 2025 and 2024 are same as the basic earnings (loss) per share as the Group has no potential ordinary shares in issue during the years.

8. DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2025. As no interim dividend was paid during the year, there was no dividend distribution for the whole year of 2025.

9. GOODWILL

	2025	2024
	HK$'000	*HK$'000*
At beginning of the year	**464,797**	464,797
Impairment loss recognised	**–**	–
At end of the year	**464,797**	464,797

Goodwill acquired through business combination has been allocated to the cash-generating units that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2025	2024
	HK$'000	*HK$'000*
Dyeing and finishing machines	**533,515**	533,515

No impairment loss be recognised during the year ended 31 December 2025 and 2024.

10. TRADE AND OTHER RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables	**192,353**	200,762
Less: Loss allowance	**(1,159)**	(633)
	191,194	200,129
Bills receivables	**95,979**	51,376
	287,173	251,505
Prepayments	**38,900**	22,879
Other receivables	**35,513**	28,770
Total trade and other receivables	**361,586**	303,154

The Group allows an average credit period of 60 days (2024: 60 days) to its trade customers.

The following is an ageing analysis of trade receivables net of loss allowance presented based on the invoice date at the end of the reporting period:

	2025	2024
	HK$'000	*HK$'000*
0–60 days	**151,935**	175,934
61–90 days	**19,137**	3,739
Over 90 days	**20,122**	20,456
	191,194	200,129

11. TRADE AND OTHER PAYABLES

	2025	2024
	HK$'000	*HK$'000*
Trade payables	**238,592**	245,098
Bills payables	**164,498**	54,535
	403,090	299,633
Interest payable	**32,250**	29,951
Amount due to intermediate holding company	**44,286**	43,196
Loan from immediate holding company	**127,000**	135,000
Payroll payables	**71,015**	63,623
Payables for property, plant and equipment	**8,090**	8,082
Payables for raw materials with unreceived invoices	**109,425**	83,230
Loan from fellow subsidiary	**166,056**	–
VAT and other tax payables	**4,735**	49,046
Accrued commission and other operation expenses	**65,233**	81,685
Others	**52,626**	54,207
	1,083,806	847,653

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025	2024
	HK$'000	*HK$'000*
0–90 days	**216,808**	225,787
91–120 days	**11,958**	12,300
Over 120 days	**9,826**	7,011
	238,592	245,098

The average credit period on purchase of goods is 90 days (2024: 90 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2025. As no interim dividend was paid during the year, there will be no dividend distribution for the whole year of 2025.

CHAIRMAN'S STATEMENT

In 2025, against the backdrop of high inflation and divergent monetary policies, the global economy continued its moderate and unbalanced recovery momentum. Although inflationary pressures have slightly eased in some major economies, the rising geopolitical risks, energy price fluctuations, and the rise of trade protectionism still posed challenges to the global business operating environment. Faced with the ever-changing external environment and numerous challenges, the Group moves forward cautiously, adheres to the principle of prudent operation in the face of adversity, and continues to promote cost reduction and efficiency improvement measures to ensure the long-term stability and sustainable development of its business segments.

With effective cost control and lean management, the Group has achieved a turnaround from loss to profit during the year. During the year under review, the overall performance of the Group was robust, with consolidated revenue increasing by 9% to approximately HK$2,147,000,000. Among this, the dyeing and finishing machines business accounted for 78% of the Group's total revenue, while the stainless steel casting products and stainless steel supply chain business accounted for 22%. Profit attributable to owners of the Company amounted to approximately HK$4,000,000 (2024: loss of approximately HK$118,000,000), representing a significantly improvement over the last year.

With the overall manufacturing investment atmosphere remaining sluggish, the demand structure for dyeing and finishing equipment market is undergoing significant transformation towards diversification. The current customers' requirements for equipment are no longer limited to price competition, but place greater emphasis on production efficiency, energy efficiency and automation level to further reduce labour costs. Concurrently, there is heightened focus on the scalability of digital systems and specialised designs and technical standards tailored to different industries. In the face of this market transformation trend, the Group's dyeing and finishing machine manufacturing business will continue to deepen technological transformation and product upgrades, promote the research and development, application of high value-added and customised solutions, in order to strengthen competitive advantages and meet diverse customer needs. The Group will also simultaneously enhance capacity utilisation, refine manufacturing processes, and strengthen its talent development framework to support long-term stable business growth.

Looking ahead to 2026, there is still a high degree of uncertainty in the global economic outlook. The development of geopolitical situations in the Middle East and Eastern Europe, adjustments in monetary policies of major economies, and fluctuations in global logistics and raw material costs may all pose sustained challenges to business operations.

Faced with a complex and ever-changing external environment, the Group will continue to uphold the concept of high-quality development, deepen our core business layout, and prudently respond to various operational risks. The Group plans to moderately increase research and development investment, closely track market trends, and launch more competitive and efficient products to meet customer and industry needs. At the same time, the Group will further strengthen the construction of its sales team and technical service capabilities, laying a solid foundation for maintaining its leading edge in the new market cycle and continuing to create long-term value for shareholders, employees, and the society.

On behalf of the Board, I sincerely thank the management and all employees for their dedication and perseverance in the face of difficulties over the past year. I also thank our shareholders, customers, suppliers, banking partners, and stakeholders for their continued support and trust in the Group. We will continue to have confidence and responsibility to create sustained and long-term value for our shareholders, and work together towards a more stable and sustainable future.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE

In 2025, the global economy continued to be affected by shifting geopolitical situations and divergent monetary policies among major economies, with recovery progress remaining uneven. Although inflation moderated compared to the previous year, operating costs remained elevated. Coupled with exchange rate fluctuations and rising capital costs, the business environment remained challenging. Facing a persistently uncertain business climate, the Group responded prudently to market changes, actively optimised its cost structure and enhanced operational efficiency. It remained committed to strengthening the foundation of its core businesses, proactively reducing costs and improving efficiency to ensure the Group's long-term, steady growth.

For the year ended 31 December 2025 (the "**Year**"), the Group's consolidated revenue increased by 9% to approximately HK$2,147,000,000 (2024: HK$1,968,000,000) as compared to last year. Profit attributable to owners of the Company was approximately HK$4,000,000 (2024: loss of HK$118,000,000), achieving a turnaround from loss to profit. Both basic earnings per share and diluted earnings per share were 0.38 HK cents for the Year (2024: basic loss per share of 10.76 HK cents).

MANUFACTURE AND SALE OF DYEING AND FINISHING MACHINES

In 2025, the global economy continues to recover at a slower pace amid receding inflation and gradual divergent monetary policies among major central banks. Geopolitical tensions, fluctuating energy costs and regional supply chain restructuring have resulted in no significant improvement in the prosperity of the manufacturing industry. Investment sentiment in the downstream textile and garment sectors remains cautious, with some clients postponing their investment decisions in new equipment. The industry as a whole remains in an adjustment phase. Against this backdrop, the operating environment for the Group's manufacture and sale of dyeing and finishing machines business remains challenging.

During the Year, this business segment recorded a revenue of approximately HK$1,682,000,000, accounting for 78% of the Group's revenue and representing an increase of 10% from approximately HK$1,527,000,000 for last year, of which sales from Hong Kong and the Mainland China markets were approximately HK$823,000,000, representing an increase of 16% from approximately HK$712,000,000 for last year; and sales from overseas markets were approximately HK$859,000,000, representing an increase of 5% from approximately HK$815,000,000 for last year. During the Year, this business segment recorded an operating profit of approximately HK$12,000,000 (2024: operating loss of HK$34,000,000).

Despite stabilising international market orders, competition remains intense amid global supply chain restructuring and pressures on "Made in China". Throughout the Year, the Group's management persistently implemented cost-reduction and efficiency-enhancement measures, strengthened financial discipline and inventory management, exercised prudent control over capital expenditure, and actively optimised cash flow management. Through more precise capacity planning and supply chain integration, production flexibility was enhanced to ensure on-time delivery rates and cost-effectiveness.

Regarding market expansion, the Group continues to strengthen brand promotion and market development efforts, focusing on key projects and core customer requirements while striving to enhance product value-added attributes and market competitiveness. Concurrently, we will comprehensively optimise the overseas distribution system, actively cultivate new customer resources, and the pace of emerging market expansion accelerated, propelling the global business towards high-quality, sustainable growth.

Internally, the Group has strengthened coordination and management of the materials supply chain, rationally planning production capacity based on actual demand to ensure robust cash flow and more efficient asset allocation. Furthermore, the proportion of subcontracted management has been increased to flexibly address market fluctuations and sudden surges in order demand, enabling the Group to balance cost control with capacity assurance. During the Year, whilst the Group moderately reduced its workforce, the cuts primarily targeted non-production personnel. Resources were redirected towards further training skilled workers, achieving cost savings whilst enhancing output quality. Moreover, the Group has persistently advanced its digital transformation, deepening the application of digital capabilities within the dyeing and finishing equipment sector. This has further elevated the intelligent operation of equipment and refined production management, laying a solid foundation for constructing an efficient, green smart manufacturing system.

Regarding technological R&D, the Group has closely followed the development directions of intelligentisation, efficiency, energy conservation and environmental protection, continuously increasing investment in technological innovation. During the Year, the Group completed the development of multiple new products featuring proprietary intellectual property, including the GAH salt-free dyeing machine, GYD waterless dyeing machine, ECOWIN high-temperature fibre dyeing machine, ALLFIT-A high-temperature sample dyeing machine, ultrasonic degreasing and washing machine, and MF-Coat-Tex24A novel coating machine. These additions further enriched the product portfolio and strengthened the Group's core competitiveness in smart manufacturing and green dyeing and finishing.

Looking ahead, despite ongoing challenges for the global textile manufacturing industry, including high interest rate cycles, geopolitical risks, and market competition, the management remains confident in the Group's strengths in technological innovation, brand reputation, and manufacturing capabilities. The Group will continue to pursue its core strategies of 'innovation-driven development' and 'efficiency enhancement', strengthening its global market footprint, leveraging synergies, and consolidating its industry leadership position.

MANUFACTURE AND SALE OF STAINLESS STEEL CASTING PRODUCTS AND STAINLESS STEEL SUPPLY CHAIN

For the year ended 31 December 2025, the Group's operations in manufacture and sale of stainless steel casting products and stainless steel supply chain demonstrated robust performance. This business segment recorded operating revenue of approximately HK$465,000,000, accounting for 22% of the Group's total operating revenue, representing an increase of 5% compared to approximately HK$441,000,000 in the previous year. Operating profit increased from approximately HK$22,000,000 last year to approximately HK$44,000,000.

During the year, the Group continued to optimise its organisational structure and production processes, advancing the upgrade of automated and intelligent production facilities to enhance process stability and capacity utilisation. Concurrently, the Group strengthened cost control through centralised procurement and rigorous raw material cost management, effectively offsetting the impact of rising energy and labour costs while maintaining healthy cash flow and a stable profit base.

The Group's stainless steel casting products encompass high-quality stainless steel, dual-phase steel and nickel-based alloys, primarily serving as components for industrial equipment in sectors including valves, pumps, petroleum, chemical processing, natural gas and food processing. During the Year, the Group actively expanded into European, Japanese, American and Chinese markets, maintaining robust cooperative relationships with numerous industry-leading equipment manufacturers and steel enterprises. It also continued to pursue high-end casting orders and collaborative opportunities with growth potential. During the Year, the Group developed a large number of new moulds, achieving significant breakthroughs in the research and development of large-scale, complex and specialised material products (including super dual-phase steel and nickel-based alloys). This demonstrates this business segment's continuous enhancement in R&D capabilities and technical proficiency within the precision casting and high-end manufacturing sectors.

Regarding the stainless steel supply chain business, the Group has engaged in stainless steel trading since 1988, establishing a comprehensive trading and supply chain system for stainless steel materials. This enables the provision of stable, reliable and diversified stainless steel raw material supplies to end customers, while also offering crucial cost and quality support for the dyeing and finishing machinery business. Facing uncertainties in the international economic environment, the Group will continue to adhere to prudent and stable operational strategies, persistently enhance product value and supply chain management standards, and drive the sustainable development of stainless steel supply chain business.

The Board believes that with the sustained growth in demand for premium stainless steel materials and precision castings from downstream industries, this business segment will deliver consistent revenue contributions to the Group and become a crucial pillar for long-term business growth.

FUTURE DEVELOPMENT

In the foreseeable future, the Group anticipates its operations will continue to face multiple challenges, including global economic volatility, geopolitical risks, and intensifying industry competition.

Within the manufacturing and sales of dyeing and finishing machinery, as the global textile industry progressively evolves towards greener, more efficient, and intelligent development, the dyeing and finishing equipment market will continue upgrading towards energy conservation, emission reduction, automation, and digitalisation. The Group anticipates that overall industry demand will maintain a steady growth trajectory, driven by increasing demand for high-efficiency, energy-saving equipment in major markets and the expansion of dyeing and finishing production capacity in emerging markets.

The Group will fully leverage its position as a leading enterprise in the dyeing and finishing equipment sector to become a world-class flagship manufacturer of such equipment. The Group will continue to prioritise technological innovation as its core competitive strength, increasing R&D investment to drive the transformation towards intelligent, automated production and digital factories. This will enable the provision of more cost-effective and environmentally friendly solutions for customers. In response to challenges such as raw material price volatility and uncertainties in the global trade environment, the management of the Group has formulated corresponding risk mitigation strategies. These involve continuous optimisation of the supply chain and production layout to maintain operational efficiency and market competitiveness.

Within the stainless steel casting manufacturing and sales sector, alongside the stainless steel supply chain domain, the global stainless steel market is projected to experience moderate growth by 2026. The growth rate of the scale of the stainless steel industry is anticipated to exceed the overall growth rate of the steel sector. This will underpin medium-to-long-term demand for cast steel components, although growth rates are expected to remain moderate. Concurrently, the Group will continue to face cost and pricing pressures stemming from fluctuations in stainless steel raw material prices, intensifying domestic and regional competition, and sustained customer pressure on stainless steel castings pricing.

In response to these challenges, the Group's management team will continue to explore new customer sources, seek potential collaboration opportunities, and focus on developing unique, high-end casting products. This approach will lay a solid foundation for the long-term growth of this business. Concurrently, the Group is actively expanding its customer base, diversifying its business portfolio, strengthening its position in advanced precision machining, and is poised for steady business expansion. The Group's management will also closely monitor market developments, respond flexibly to challenges, optimise production capacity, and diversify the supply chain to ensure stable business growth and enhance competitiveness.

Looking ahead, the Group will pursue its mission of "building a flagship dyeing and finishing equipment enterprise to lead industry development, guided by digitalisation, greening, high-end specialisation, and internationalization". Adhering to the operational philosophy of "technology for utility, customer-centricity, and integrity as the foundation", while focusing on its core dyeing and finishing equipment business, the Group will develop its stainless steel casting operations, optimise industrial layout, persist in innovation-driven development, deepen reforms, advance digital transformation, enhance information technology capabilities, and improve corporate performance. This will maintain its leading position in the dyeing and finishing equipment sector and its advantageous standing in stainless steel casting, while comprehensively elevating the Group's operational quality and promoting high-quality development.

HUMAN RESOURCE

As at 31 December 2025, the Group had a total of approximately 1,850 employees (31 December 2024: approximately 1,900 employees) in Mainland China, Hong Kong, Germany and Austria. As at 31 December 2025, the ratio of female to male employees of the Group (excluding directors) was 12:88. However, as the Group is primarily engaged in the industrial sector, the gender diversity in this business area may be less relevant but we will still promote an appropriate gender balance. The Group will continue to monitor the market situation and consolidate its human resources and labour structure in order to utilise manpower more efficiently and enhance operational productivity.

The Group regards its employees as its most important and valuable asset and considers that competitive remuneration packages are essential to recruit and retain talents, incentivising them to work hard to provide customers with satisfactory products and services, thereby helping customers to thrive and share their achievements with the Group. The Group's remuneration policies and packages are reviewed by the Remuneration Committee of the Company on a regular basis while employees are remunerated based on the remuneration benchmarks in the industry and the prevailing market conditions, as well as their experiences and performance. In 2025, total staff costs (including Directors' emoluments, employees' remuneration and contribution to retirement benefits schemes) amounted to approximately HK$525,000,000 (2024: HK$521,000,000), accounting for 24% (2024: 26%) of its revenue.

The Group also provides employees with other benefits including annual leave, medical insurance, education subsidies and contributions to retirement benefit schemes or Mandatory Provident Fund Schemes. The Group also organises various activities from time to time for the participation of general staff together with the management with a view to enhancing mutual cooperation and communication.

The Group recognises the importance of retaining high calibre employees. Therefore, the Group will continue to provide appropriate training programmes to its employees at different levels and positions on an ongoing basis in order to further enhance their skills, expertise and knowledge in production, operation and management while making continuous contribution to the Group.

LIQUIDITY AND CAPITAL SOURCES

The Group strictly implemented prudent cost and cash flow management in order to ensure the continuous operation. During the Year, the Group met its funding requirements in ordinary and normal course of business with cash flow generated from operations, banking facilities and debt financing. The management believes that the Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy the current operational requirements of the Group.

During the year ended 31 December 2025, the Group's net cash inflow from operating activities was approximately HK$79,000,000. As at 31 December 2025, the Group's inventory level increased to approximately HK$423,000,000 as compared to approximately HK$366,000,000 as at 31 December 2024.

As at 31 December 2025, bank and other borrowings of the Group amounted to approximately HK$1,101,000,000. The bank and other borrowings were sourced from Mainland China, with 74% denominated in Renminbi and 26% in Hong Kong dollars. The Group's bank and other borrowings are predominantly subject to floating interest rates and fixed interest rates.

As at 31 December 2025, the Group's bank balances and cash amounted to approximately HK$199,000,000, of which 58% was denominated in Renminbi, 17% in Euros, 13% in United States dollars, 11% in Hong Kong dollars and the remaining 1% in other currencies.

The Group continued to maintain prudent financial management policies during the Year. As at 31 December 2025, the Group's gearing ratio, defined as net bank and other borrowings (other than payables in ordinary course of business) over total equity, decreased to 93% (31 December 2024: 96%) and its current ratio was 0.42 (31 December 2024: 0.59).

The Group's sales were principally denominated in Renminbi, United States dollars or Euros, while purchases were principally denominated in Renminbi, United States dollars, Euros or Hong Kong dollars. As such, the Group does not foresee significant exposure to exchange rate risks. The Board will continue to monitor the Group's overall exposure to foreign exchange risks and will consider hedging significant foreign currency risks, should the need arise.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Company wishes to highlight the importance of the Board in ensuring effective leadership and control of the Company, transparency and accountability of all aspects of operations and that its business is conducted in accordance with applicable laws and regulations.

The Company also recognises the importance of good corporate governance to the Group's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Group's needs.

Throughout the year ended 31 December 2025, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules with the exception of code provision C.1.5. Under the code provision C.1.5, generally speaking, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to other pre-arranged business engagement, Mr. Fong Kwok Leung, Kevin was not able to attend the annual general meeting of the Company held on 23 May 2025.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. All the Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the year ended 31 December 2025.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees of the Group on terms no less exacting than the required standard set out in the Model Code to regulate dealings in the securities of the Company by certain employees of the Company or directors or employees of the Company's subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its subsidiaries. No incident of non-compliance was noted by the Company for the year ended 31 December 2025.

REVIEW OF ACCOUNTS

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Company for the year ended 31 December 2025. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. 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 the preliminary announcement.

ANNUAL REPORT

The Annual Report for the year ended 31 December 2025 will be despatched to the shareholders and will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk as well as the website of the Company at www.fongs.com in due course.

On behalf of the Board
CHTC Fong's International Company Limited
Guan Youping
Chairman

Hong Kong, 17 March 2026

As at the date of this announcement, the Company's Executive Directors are Mr. Guan Youping (Chairman) and Mr. Chen Peng (General Manager); the Non-executive Director is Mr. Fong Kwok Leung, Kevin; and the Independent Non-executive Directors are Mr. Tong Wing Chi, Dr. Jiang Gaoming and Dr. Chen Ying.