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Town Ray Holdings Limited

登輝控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1692)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately HK\$31.0 million or approximately 4.4% from approximately HK\$703.6 million for the year ended 31 December 2024 to approximately HK\$672.6 million for the year ended 31 December 2025.
- Gross profit decreased by approximately HK\$52.5 million or approximately 22.7% from approximately HK\$231.7 million for the year ended 31 December 2024 to approximately HK\$179.2 million for the year ended 31 December 2025.
- Gross profit margin decreased by approximately 6.3 percentage points from approximately 32.9% for the year ended 31 December 2024 to approximately 26.6% for the year ended 31 December 2025.
- Profit attributable to the equity holders of the Company for the year ended 31 December 2025 decreased by approximately HK\$45.0 million or approximately 41.8% from approximately HK\$107.6 million for the year ended 31 December 2024 to approximately HK\$62.6 million for the year ended 31 December 2025. The net profit margin for the years ended 31 December 2024 and 2025 were approximately 15.3% and 9.3%, respectively, representing a decrease of approximately 6.0 percentage points.
- Basic earnings per share was approximately HK17.43 cents for the year ended 31 December 2025 and approximately HK29.97 cents for the year ended 31 December 2024.
- The Board has resolved to recommend a final dividend of HK7.5 cents per ordinary share for the year ended 31 December 2025, which is subject to the approval of the Company's Shareholders at the 2026 AGM.

The board (the “**Board**”) of directors (the “**Directors**”) of Town Ray Holdings Limited (the “**Company**” or “**Town Ray**”) is pleased to present the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Year**”), together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
REVENUE	4	672,645	703,593
Cost of sales		<u>(493,483)</u>	<u>(471,844)</u>
Gross profit		179,162	231,749
Other income and gain, net	4	7,937	18,657
Selling and distribution expenses		(15,914)	(15,588)
General and administrative expenses		(94,562)	(98,832)
Other expenses, net		1,479	(3,257)
Finance costs		<u>(2,957)</u>	<u>(2,312)</u>
PROFIT BEFORE TAX	5	75,145	130,417
Income tax expense	6	<u>(12,562)</u>	<u>(22,807)</u>
PROFIT FOR THE YEAR		<u>62,583</u>	<u>107,610</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK17.43 cents</u>	<u>HK29.97 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	62,583	107,610
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>4,822</u>	<u>(3,547)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>67,405</u>	<u>104,063</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		94,058	85,256
Investment property		2,100	2,200
Right-of-use assets		102,997	116,009
Deposits paid for purchases of items of property, plant and equipment		5,073	11,259
Prepayments		91	206
Deferred tax assets		2,884	3,337
Total non-current assets		207,203	218,267
CURRENT ASSETS			
Inventories		78,218	100,128
Trade and bills receivables	9	107,666	132,069
Prepayments, deposits and other receivables		18,504	27,125
Tax recoverable		1,986	153
Pledged deposits		88	820
Cash and cash equivalents		103,641	75,894
Total current assets		310,103	336,189
CURRENT LIABILITIES			
Trade payables	10	74,676	58,454
Other payables and accruals		37,874	49,411
Interest-bearing bank borrowings		26,293	39,975
Lease liabilities		17,110	16,168
Tax payable		1,658	1,604
Total current liabilities		157,611	165,612
NET CURRENT ASSETS		152,492	170,577
TOTAL ASSETS LESS CURRENT LIABILITIES		359,695	388,844
NON-CURRENT LIABILITIES			
Accrual		235	220
Lease liabilities		15,956	31,583
Deferred tax liabilities		3,986	1,999
Total non-current liabilities		20,177	33,802
Net assets		339,518	355,042
EQUITY			
Issued capital		3,590	3,590
Reserves		335,928	351,452
Total equity		339,518	355,042

NOTES

31 December 2025

1. CORPORATE INFORMATION

Town Ray Holdings Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road – Kwai Chung, Kwai Chung, New Territories, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the manufacture and sale of electrothermic household appliances.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Modern Expression Limited, a company incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property which has been measured at fair value. The financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of electrothermic household appliances. Information reported to the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) *Revenue from external customers*

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Europe	545,055	617,270
Asia	107,647	64,826
United States	4,583	11,114
Others	15,360	10,383
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Total revenue	672,645	703,593

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	101,391	100,243
Mainland China	102,928	114,687
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Total non-current assets	204,319	214,930

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	169,424	173,238
Customer B	129,158	165,102
Customer C	<u>80,018</u>	<u>87,730</u>

4. REVENUE, OTHER INCOME AND GAIN, NET

An analysis of revenue is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers	<u>672,645</u>	<u>703,593</u>

An analysis of other income and gain, net is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	2,196	4,743
Consultancy income	2,359	6,465
Gross rental income	245	92
Government subsidies*	1,793	1,004
Foreign exchange differences, net	120	5,240
Others	<u>1,224</u>	<u>1,113</u>
Total	<u>7,937</u>	<u>18,657</u>

* There are no unfulfilled conditions or contingencies relating to these subsidies.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of inventories sold	493,483	471,844
Depreciation of property, plant and equipment*	15,168	14,260
Depreciation of right-of-use assets*	18,991	16,782
Fair value loss of an investment property [^]	100	11
Impairment/(reversal of impairment) of trade receivables, net [^]	(1,646)	3,204
Reversal of write-down of inventories to net realisable value*	(4,333)	(7,069)

* The cost of sales for the year included depreciation charge of property, plant and equipment of HK\$11,463,000 (2024: HK\$10,511,000), depreciation charge of right-of-use assets of HK\$13,091,000 (2024: HK\$11,985,000) and reversal of write-down of inventories to net realisable value of HK\$4,333,000 (2024: HK\$7,069,000).

[^] Included in "Other expenses, net" in the consolidated statement of profit or loss.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current — Hong Kong profits tax		
Charge for the year	4,445	14,469
Overprovision in prior years	(5)	(12)
Current — Mainland China — income taxes		
Charge for the year	5,163	8,875
Underprovision in prior years	546	1,532
Deferred	2,413	(2,057)
Total tax charge for the year	12,562	22,807

7. DIVIDENDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final 2024 — HK16.1 cents (2023: HK15.1 cents) per ordinary share	57,799	54,209
Interim 2025 — HK7.0 cents (2024: HK11.0 cents) per ordinary share	<u>25,130</u>	<u>39,490</u>
Total	<u>82,929</u>	<u>93,699</u>
Dividend proposed after the end of the reporting period:		
Proposed final 2025 — HK7.5 cents (2024: HK16.1 cents) per ordinary share	<u>26,925</u>	<u>57,799</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$62,583,000 (2024: HK\$107,610,000), and the weighted average number of ordinary shares of 359,000,000 (2024: 359,000,000) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

9. TRADE AND BILLS RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	107,817	135,704
Impairment	<u>(1,990)</u>	<u>(3,635)</u>
Bills receivable	<u>105,827</u> 1,839	<u>132,069</u> —
Net carrying amount	<u>107,666</u>	<u>132,069</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to four months for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	32,980	18,903
31 to 90 days	40,495	54,691
Over 90 days	34,191	58,475
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Total	107,666	132,069
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10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	21,027	13,231
31 to 90 days	32,180	43,056
Over 90 days	21,469	2,167
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Total	74,676	58,454
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The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 90 days.

BUSINESS REVIEW

The global economic environment of 2025 was marked by uneven regional performance and tempered growth. Specifically, a pronounced and sustained slowdown in several key European economies, a historic cornerstone for the Group, triggered a contraction in consumer spending. This translated directly into reduced end-user demand for the Group's products, leading to slower sales velocity as the Group's customers adopted more conservative inventory management.

The Group's strategic response was to pivot to a customer-centric operational model centred on small-batch shipments for new customers. As part of this effort, the Group offered a competitive unit selling price to help its customers navigate the challenging landscape. This operational pivot was essential to support the Group's partners through a difficult period, solidifying long-term relationships and loyalty. These strategic benefits, however, came with inherent trade-offs: shifting away from large-scale production runs to these small-batch orders increased the per-unit manufacturing costs of the Group, amplified planning and logistical complexity, and strained the Group's supply chain partners.

Geopolitical factors remained a persistent influence, with trade barriers, tariff structures, and regional tensions continuing to impact global supply chain dynamics and market access strategies. The evolving regulatory environment necessitated ongoing vigilance and adaptability in the Group's logistics and sourcing decisions. In light of these multifaceted challenges, the Group intensified its strategic efforts to diversify its geographic footprint and reduce regional dependency. This involved not only deepening the Group's customer engagement with emerging markets in the Middle East and Southeast Asia but also allocating dedicated resources to systematically explore and penetrate Mainland China's vast domestic market. These regions present distinct consumer preferences and distribution landscapes, requiring tailored approaches to capture growth potential and build a more resilient, balanced revenue base for the Group.

Financially, the Group maintained stable operations and a reasonable cash flow position throughout the Year, a testament to disciplined financial management. The strategic focus of the Group for the Year was mainly on aggressive working capital optimisation. The Group implemented stringent controls and process improvements to enhance inventory turnover, accelerate accounts receivable collection, and strategically manage accounts payable. Internally, the Group laid crucial groundwork for organisational rejuvenation, initiating plans to refresh its talent structure to inject new vitality and optimise long-term cost efficiency.

PROSPECTS

In 2026, it is expected that the external business environment will become increasingly complicated. Early indicators suggest tentative signs of intensified geopolitical and inflationary pressures, which could further undermine consumer and business confidence in the Group's key markets. In response, the Group's corporate strategy remains firmly anchored on two complementary pillars: proactive market diversification and relentless, product-led innovation. The Group believes this dual approach is essential to navigating uncertainty and capturing stable growth in recovering segments.

A key operational and marketing milestone for the coming year will be the full-scale launch of the 4th generation fully automatic coffee machines, featuring a new brewing system engineered for superior flavour extraction. To fundamentally bolster the design capabilities and improve cost-effectiveness, the Group is pioneering the use of artificial intelligence ("AI")-assisted design tools. This strategic initiative involves the meticulous development of a proprietary, rich design database that will serve as a foundational resource.

Operational excellence remains a critical priority. The Group continues to deepen the integration of advanced technologies across our entire value chain. This includes expanding the use of manufacturing operations management system for real-time production oversight, deploying robotic process automation to improve back-office efficiency, utilising 3D simulation for rapid, cost-effective product prototyping, and embedding AI not only in design but also in predictive analytics for customer interactions and supply chain optimisation. These technologies are specifically selected to enhance the agility of flexible manufacturing processes of the Group, improve the precision of product design validation, personalise customer engagement, and ultimately aim to drive sustained operational efficiency and enhanced product quality.

The financial objective for 2026 of the Group is to generate stable operating cash flow. This stable internal cash generation is deemed essential to fund its strategic initiatives in technology, market expansion, and product development without over-reliance on external financing, thereby ensuring sustainable and self-funded growth. By leveraging the core expertise of the Group in electrothermic household applications, pursuing disciplined strategic diversification, and relentlessly innovating across products and processes, the Group is strategically poised to navigate upcoming challenges, capitalise on emerging opportunities as they arise, and deliver enduring, sustainable value to its customers and shareholders of the Company (the "**Shareholders**") alike. The Group will maintain an agile posture, ready to adapt its tactics while staying true to its long-term strategic vision.

FINANCIAL REVIEW

Revenue

The total revenue of the Group decreased by approximately HK\$31.0 million or approximately 4.4% from approximately HK\$703.6 million for the year ended 31 December 2024 to approximately HK\$672.6 million for the year ended 31 December 2025. Such a decrease was mainly attributable to the decrease in the sales of garment care appliances and cooking appliances during the Year.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately HK\$52.5 million or approximately 22.7% from approximately HK\$231.7 million for the year ended 31 December 2024 to approximately HK\$179.2 million for the year ended 31 December 2025. The gross profit margin of the Group decreased by approximately 6.3 percentage points from approximately 32.9% for the year ended 31 December 2024 to approximately 26.6% for the year ended 31 December 2025. The decrease in gross profit and gross profit margin was mainly attributable to (i) the increase in direct labour costs and direct material costs of the Group; and (ii) the Group's initiatives to optimise its product line-up by offering products at lower gross profit margins to better suit consumer demand, during the Year.

Other Income and Gain, Net

Other income and gain, net of the Group decreased by approximately HK\$10.8 million from approximately HK\$18.7 million for the year ended 31 December 2024 to approximately HK\$7.9 million for the year ended 31 December 2025. Such a decrease was mainly due to the following factors: (i) the decrease in exchange gain of approximately HK\$5.1 million; (ii) the decrease in consultancy income of approximately HK\$4.1 million; and (iii) the decrease in bank interest income of approximately HK\$2.5 million, resulted from the combined effect of lower deposit interest rates and the decrease in bank deposits. However, such a decrease was partially offset by the increase in the receipt of government subsidies of approximately HK\$0.8 million during the Year.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by approximately HK\$0.3 million from approximately HK\$15.6 million for the year ended 31 December 2024 to approximately HK\$15.9 million for the year ended 31 December 2025. Such an increase was mainly due to the following factors: (i) the increase in export credit insurance premiums of approximately HK\$0.7 million; and (ii) the increase in commissions paid for referrals of sales of approximately HK\$0.1 million, during the Year. This increase was partially offset by: (i) the decrease in staff costs of approximately HK\$0.3 million; and (ii) the decrease in advertising and promotion expenses of approximately HK\$0.2 million due to the absence of advertising and promotion fees payable to an independent service provider during the Year while such fee was recorded for the year ended 31 December 2024.

General and Administrative Expenses

General and administrative expenses of the Group decreased by approximately HK\$4.2 million from approximately HK\$98.8 million for the year ended 31 December 2024 to approximately HK\$94.6 million for the year ended 31 December 2025. Despite the increases in the depreciation on right-of-use assets of approximately HK\$1.1 million and employee benefit expenses (including Directors' remuneration) of approximately HK\$0.7 million during the Year, the Group effectively controlled other general and administrative expenses. Key reductions included (i) legal and professional fees of approximately HK\$1.4 million; (ii) staff welfare expenses of approximately HK\$1.3 million; (iii) other fees of approximately HK\$0.7 million; (iv) travelling expenses of approximately HK\$0.6 million; (v) audit fees of approximately HK\$0.6 million; (vi) office expenses of approximately HK\$0.6 million; (vii) entertainment expenses of approximately HK\$0.3 million; (viii) motor vehicle expenses of approximately HK\$0.2 million; and (ix) charitable donations of approximately HK\$0.2 million, during the Year.

Other Expenses, Net

Other expenses, net of the Group shifted from a net expense of approximately HK\$3.3 million for the year ended 31 December 2024 to a net income of approximately HK\$1.5 million for the year ended 31 December 2025. Such a shift of approximately HK\$4.8 million was mainly due to the reversal of impairment of trade receivables, net during the Year.

Finance Costs

Finance costs of the Group increased by approximately HK\$0.7 million from approximately HK\$2.3 million for the year ended 31 December 2024 to approximately HK\$3.0 million for the year ended 31 December 2025. Such an increase was due to the increase in approximately HK\$0.8 million in interest expense on lease liabilities, which was partially offset by the decrease in interest expense on bank loans for operations of approximately HK\$0.1 million during the Year.

Income Tax Expense

With the profit before tax of the Group decreased by approximately HK\$55.3 million from approximately HK\$130.4 million for the year ended 31 December 2024 to approximately HK\$75.1 million for the year ended 31 December 2025, the income tax expense of the Group decreased by approximately HK\$10.2 million from approximately HK\$22.8 million for the year ended 31 December 2024 to approximately HK\$12.6 million for the year ended 31 December 2025. The effective tax rates of the Group for the years ended 31 December 2024 and 2025 were approximately 17.5% and 16.7%, respectively, representing a decrease of approximately 0.8 percentage point during the Year.

Net Profit

As a result of the foregoing, the net profit of the Group decreased by approximately HK\$45.0 million or approximately 41.8% from approximately HK\$107.6 million for the year ended 31 December 2024 to approximately HK\$62.6 million for the year ended 31 December 2025. The net profit margin of the Group for the years ended 31 December 2024 and 2025 were approximately 15.3% and 9.3%, respectively, representing a decrease of approximately 6.0 percentage points during the Year. Such a decrease was mainly attributable to the decrease in gross profit during the Year as elaborated above.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group has capital commitments in respect of purchases of property, plant and equipment, which had been contracted but not provided for in the consolidated financial statements, in the total amount of approximately HK\$4.4 million (2024: approximately HK\$6.5 million), of which approximately HK\$0.7 million will be settled through the net proceeds (the “**Net Proceeds**”) raised from the share offer (the “**Share Offer**”) of the Company for the listing (the “**Listing**”) of its shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2019 and the remaining balance to be settled through internal resources of the Group. Save as disclosed above, the Group did not have other capital commitments for the Year.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liabilities (2024: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain transactions denominated in foreign currencies, mainly U.S. dollar (“**USD**”) and Renminbi (“**RMB**”). Hence, exposure to exchange rate fluctuations arises. The Group did not engage in foreign currency hedging during the Year as the exposure to exchange rate fluctuations is insignificant. During the Year, the Group did not have any financial instruments for hedging purposes or any foreign currency investments which were hedged by currency borrowings and other hedging instruments. However, the management monitors foreign exchange exposure closely to keep the net exposure at an acceptable level.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Except for the paragraph headed “Capital Commitments” above in this announcement, the Group did not have any other plans for material investments and capital assets as at 31 December 2025 and up to the date of this announcement.

GEARING RATIO

As at 31 December 2025, the gearing ratio of the Group (calculated by the total of interest-bearing bank borrowings divided by total equity) was approximately 7.7% (2024: approximately 11.3%). Such a decrease was mainly due to the decrease in interest-bearing bank borrowings of the Group during the Year.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group operates a conservative set of funding and treasury policies to preserve the value of the Group's assets and ensure that no unnecessary risk is taken with respect to the Group's assets. No financial instrument other than cash and bank deposits were held by the Group during the Year.

The Group has principally funded the liquidity and capital requirements through capital contributions from the Shareholders, bank borrowings and net cash generated from operating activities. As at 31 December 2025, the Group had cash and cash equivalents of approximately HK\$103.6 million (2024: approximately HK\$75.9 million). Most of the Group's cash and cash equivalents were denominated in USD and RMB. As at 31 December 2025, the current ratio of the Group was approximately 2.0 times (2024: approximately 2.0 times). The financial resources presently available to the Group include cash and cash equivalents, bank borrowings and the Net Proceeds. The Directors are of the view that the Group has sufficient working capital for its future requirements. There was no change in the capital structure of the Group during the Year. During the Year, the Group did not hold or sell any treasury shares.

DEBTS AND CHARGES ON ASSETS

The total interest-bearing bank borrowings of the Group amounted to approximately HK\$26.3 million as at 31 December 2025 (2024: approximately HK\$40.0 million). As at 31 December 2025, the Group had pledged deposits of approximately HK\$0.1 million (2024: approximately HK\$0.8 million) in support of the issue of four letters of credit by a bank and there was a mortgage loan of approximately HK\$16.0 million (2024: approximately HK\$18.0 million) secured by a property of the Group, which had a carrying value of approximately HK\$44.1 million (2024: approximately HK\$46.1 million). Other than the above, there were no charges made or subsisting on the assets of the Group as at 31 December 2025.

The maturity profile of the bank borrowings of the Group as at each respective year end (ignoring the effect of any repayment on demand clause) was as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	11,725	24,429
In the second year	1,515	2,487
In the third to fifth years, inclusive	4,876	7,462
Beyond five years	8,177	5,597
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Total	26,293	39,975
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All bank borrowings made by the Group were denominated in Hong Kong dollar and a term loan of the Group was subject to repayment on demand clause. None of the bank borrowings were at a fixed interest rate. As at 31 December 2025, all bank borrowings of the Group were at floating interest rates with reference to the Hong Kong Interbank Offered Rate (HIBOR).

PRINCIPAL RISKS AND UNCERTAINTIES

The followings are some principal risks and uncertainties faced by the Group, which may materially and adversely affect its business, financial condition or results of operations:

- (i) The Group's business and operations may be seriously affected by the outbreak of an epidemic or other public health incidents, which may cause lockdown, travel restrictions and suspension of work in the People's Republic of China (the "PRC"), Hong Kong or elsewhere;
- (ii) There has been ongoing military conflicts between Russia and Ukraine and in the Middle East region, which may affect the European, the Middle East or even the global supply chain and logistics, consumers' sentiment and demand, raw materials and production prices, interest rates and inflation rates. Such ongoing conflicts may cause a negative impact on the sales and performance of the Group;
- (iii) The Group's sales are subject to changes in consumer preferences and other macroeconomic factors that affect consumer spending patterns. If the Group fails to design and develop products with acceptable quality, or falls behind its competitors in improving its product quality or product variety, the Group's operating results and financial condition may be adversely affected;

- (iv) The Group relies on a few major customers and its performance will be materially and adversely affected if the Group's relationship with any one of them deteriorates;
- (v) The Group's business and financial position may be adversely affected if it is not able to continue servicing the European market effectively or if there is any adverse change in the macroeconomic situation or economic downturn in Europe;
- (vi) The Group's results of operations could be adversely affected if it fails to keep pace with customer demands and preferences on product design, research and development and manufacturing of its products; and
- (vii) The Group may not be successful in the development of new initiatives or improvement in the quality of its existing products.

SIGNIFICANT INVESTMENTS HELD

Except for the Company's investment in various subsidiaries, the Company did not hold any significant investments as at 31 December 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 1,011 full-time employees (2024: 1,075). The Group has adopted its human resources policies and procedures to determine individual remuneration with reference to factors such as qualifications, experience, performance, merits, responsibilities of each individual, market conditions, etc. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, staff are also entitled to other staff benefits such as continuing education subsidies, provident fund contributions, medical insurance coverage, annual leave, discretionary bonus and share options which may be granted under the share option scheme adopted by the Company at the annual general meeting held on 25 May 2023. The Group also provides induction and other on-the-job training to employees on a regular basis. The total staff costs (excluding Directors' remuneration) incurred by the Group during the Year were approximately HK\$125.9 million (2024: approximately HK\$116.6 million).

ENVIRONMENTAL POLICIES AND PERFORMANCE

As the production of the Group mainly takes place in the PRC, the Group's business is subject to the relevant PRC national and local environmental laws and regulations, such as the Environmental Protection Law of the PRC. These laws and regulations govern a broad range of environmental matters, including discharge of wastewater and disposal of hazardous wastes. The relevant laws and regulations include “Environmental Protection Law of the PRC” (《中華人民共和國環境保護法》), “Law of the PRC on the Prevention and Control of Atmospheric Pollution” (《中華人民共和國大氣污染防治法》), and “Water Pollution Prevention and Control Law of the PRC” (《中華人民共和國水污染防治法》), etc. For details of the environmental protection laws and regulations applicable to the Group, please refer to the section headed “Regulatory Overview” in the prospectus (the “**Prospectus**”) of the Company dated 15 October 2019.

The Group follows the latest national and regional environmental protection laws and regulations, thereby minimising the impact on the environment, implementing different measures to optimise the workplace environment, and continuing to address environmental issues in relation to global warming, pollution, and biodiversity.

During the Year, the Group strictly complied with relevant laws and regulations relating to air pollutants and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous wastes. During the Year, the Group is not subject to any material environmental claims, lawsuits, penalties, administrative or disciplinary actions.

For further information in relation to the environmental policies of the Group, please refer to the environmental, social and governance report of the Company for the Year, which will be published in April 2026 according to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year and up to the date of this announcement, the Group has complied with all the relevant laws and regulations in Hong Kong and the PRC in all material respects.

The Company has adopted the code provisions (the “**Code Provision(s)**”) set out in the Corporate Governance Code (the “**CG Code**”) in Appendix C1 to the Listing Rules as its own code of corporate governance.

In the opinion of the Directors, the Company has complied with all the applicable principles and Code Provisions set out in the CG Code during the Year and up to the date of this announcement. For further information in respect of the corporate governance of the Group during the Year, please refer to the section headed “Corporate Governance Report” in the annual report of the Company for the Year, which will be published in April 2026 according to the requirements of the Listing Rules.

DIVIDEND

The Directors resolved to recommend the payment of a final dividend of HK7.5 cents per ordinary share for the year ended 31 December 2025 (2024: HK16.1 cents). Payment of the final dividend is subject to the Shareholders’ approval at the annual general meeting of the Company scheduled to be held on Wednesday, 27 May 2026 (the “2026 AGM”).

USE OF PROCEEDS FROM THE SHARE OFFER

The Net Proceeds from the issue of 100,000,000 new ordinary shares of the Company at HK\$1.30 each by way of the Share Offer received by the Company in relation to the Listing of its shares on the Stock Exchange on 25 October 2019 (the “Listing Date”) were approximately HK\$90.7 million, after deducting the underwriting fees and related expenses. From the Listing Date to 31 December 2024, the Company utilised approximately HK\$86.6 million of the Net Proceeds. The amount of unutilised Net Proceeds brought forward to the beginning of the Year was approximately HK\$4.1 million. Below table sets out the status of application of the Net Proceeds during the Year:

	Total planned use of Net Proceeds <i>HK\$ million</i>	Actual use of Net Proceeds from the Listing Date to 31 December 2025 <i>HK\$ million</i>	Net Proceeds utilised during the Year <i>HK\$ million</i>	Remaining balance of Net Proceeds as at 31 December 2025 <i>HK\$ million</i>	Expected timeline for the intended use
(A) Upgrading production facilities and enhancing production capacity	50.4	50.4	-	-	-
(B) Strengthening product design and development capabilities and increasing product offerings	31.6	31.6	2.8	-	-
(C) Strengthening customer base	3.0	3.0	-	-	-
(D) Upgrading information technology systems	5.7	4.9	0.5	0.8	By June 2026
Total	90.7	89.9	3.3	0.8	

From the Listing Date to 31 December 2025, the Company utilised approximately HK\$89.9 million of the Net Proceeds and the unutilised Net Proceeds as at 31 December 2025 amounted to approximately HK\$0.8 million. The Company has used the Net Proceeds and intends to use the remaining balance of the Net Proceeds in accordance with the proposed application set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

ANNUAL GENERAL MEETING

The 2026 AGM is scheduled to be held on Wednesday, 27 May 2026. A notice convening the 2026 AGM will be issued and despatched to the Shareholders according to the applicable law, the articles of association of the Company and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the identity of the Shareholders who will be entitled to attend and vote at the 2026 AGM, the register of members of the Company (the “**Register of Members**”) will be closed from Thursday, 21 May 2026 to Wednesday, 27 May 2026, both dates inclusive, the period during which no transfer of shares will be effected. Shareholders whose names appear on the Register of Members on Wednesday, 27 May 2026, being the record date, will be eligible to attend and vote at 2026 AGM. In order to be eligible to attend and vote at the 2026 AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20 May 2026.

Subject to the approval of the Shareholders at the 2026 AGM for payment of the final dividend, to ascertain the entitlement of the Shareholders to the final dividend, the Register of Members will be closed from Tuesday, 2 June 2026 to Friday, 5 June 2026, both dates inclusive, the period during which no transfer of shares will be effected. The final dividend, if approved at the 2026 AGM, is expected to be paid on or before Tuesday, 16 June 2026 to the Shareholders whose names appear on the Register of Members on Friday, 5 June 2026, being the record date. In order to qualify for receiving the final dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at the above address, not later than 4:30 p.m. on Monday, 1 June 2026.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 31 December 2025 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares) during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

After having made specific enquiry of all Directors, each of the Directors confirmed that he/she has fully complied with the required standards set out in the Model Code during the Year and up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) was established on 3 October 2019 with specific written terms of reference which clearly sets out with its authority and duties.

The Audit Committee is mainly responsible for (i) making recommendations to the Board on the appointment, re-appointment and removal of external auditor; (ii) reviewing the financial statements and providing material advice in respect of financial reporting; (iii) overseeing the financial reporting process, internal controls, risk management systems and audit process of the Group; and (iv) overseeing the Company's continuing connected transactions. Details of the authority and duties of the Audit Committee are set out in the Audit Committee's terms of reference, which is available on the websites of the Stock Exchange and the Company.

The Audit Committee comprises four independent non-executive Directors, namely Ms. Chan Tak Yi (Chairperson), Mr. Choi Chi Leung Danny, Mr. Chan Shing Jee and Ms. Leung Lai Yee Edwina. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules.

The annual results as disclosed in this announcement and the consolidated financial statements of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company’s auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at “www.hkexnews.hk” and on the website of the Company at “www.townray.com”. The annual report of the Company for the Year will be published on the above websites in April 2026 according to the requirements of the Listing Rules.

APPRECIATION

The Board would like to thank our management team and all our staff members for their effort and significant contribution to the Group during the past year. In addition, the Board would like to express our heartfelt gratitude to our Shareholders, institutional investors, customers, bankers, suppliers, subcontractors and business partners for their continuous support to and confidence in the Group.

By order of the Board
Town Ray Holdings Limited
Chan Kam Kwong Charles
Chairman and non-executive Director

Hong Kong, 23 March 2026

As at the date of this announcement, the Board comprises Mr. Chan Wai Ming, Mr. Chiu Wai Kwong, Ms. Tang Mei Wah and Dr. Yu Kwok Wai as executive Directors; Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie as non-executive Directors; and Mr. Choi Chi Leung Danny, Mr. Chan Shing Jee, Ms. Chan Tak Yi and Ms. Leung Lai Yee Edwina as independent non-executive Directors.