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匯成國際控股有限公司

Huicheng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1146)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board of directors (the “**Board**”) of Huicheng International Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the previous year, as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Changes
	2025	2024	
	<i>RMB million</i>	<i>RMB million</i>	
REVENUE	139.4	156.1	(10.7%)
Gross profit	68.2	81.1	(15.9%)
<i>Gross profit margin</i>	48.9%	52.0%	(3.1 p.p.t.)
Operating loss	(104.5)	(122.3)	(14.6%)
<i>Operating loss margin</i>	(75.0%)	(78.3%)	(3.3 p.p.t.)
Loss attributable to owners of the parent	(93.4)	(109.4)	(14.6%)
Basic loss per share – <i>RMB cents</i>	(2.71)	(3.33)	(18.6%)
Proposed special final dividends – <i>HK cent</i>	1.0	–	n.a.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

		2025	2024
	Notes	RMB'000	RMB'000
CONTINUING OPERATIONS			
REVENUE	5	139,437	156,082
Cost of sales		<u>(71,219)</u>	<u>(74,966)</u>
Gross profit		68,218	81,116
Other income and gains	5	38,837	33,571
Selling and distribution expenses		(133,344)	(139,114)
Administrative expenses		(52,718)	(55,870)
Impairment losses on financial assets, net		(8,307)	(11,730)
Other expenses		<u>(17,208)</u>	<u>(30,280)</u>
Operating loss		(104,522)	(122,307)
Finance income	6	10,607	12,707
Finance costs	7	(321)	(533)
Share of profits and losses of:			
Associates		<u>(1,502)</u>	<u>(1,683)</u>
LOSS BEFORE TAX	8	(95,738)	(111,816)
Income tax expense	9	<u>45</u>	<u>60</u>
LOSS FOR THE YEAR		<u><u>(95,693)</u></u>	<u><u>(111,756)</u></u>
Attributable to:			
Owners of the parent		(93,443)	(109,413)
Non-controlling interests		<u>(2,250)</u>	<u>(2,343)</u>
		<u><u>(95,693)</u></u>	<u><u>(111,756)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For loss for the year	11	<u><u>RMB(2.71) cents</u></u>	<u><u>RMB(3.33) cents</u></u>

Details of the dividend proposed and paid for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2025 RMB'000	2024 RMB'000
LOSS FOR THE YEAR	(95,693)	(111,756)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	<u>(8,596)</u>	<u>6,957</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<u>(8,596)</u>	<u>6,957</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	1,757	(548)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	20,352	(1,351)
Income tax effect	<u>—</u>	<u>—</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>22,109</u>	<u>(1,899)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>13,513</u>	<u>5,058</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(82,180)</u>	<u>(106,698)</u>
Attributable to:		
Owners of the parent	(79,920)	(104,365)
Non-controlling interests	<u>(2,260)</u>	<u>(2,333)</u>
	<u>(82,180)</u>	<u>(106,698)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		217,636	226,542
Investment properties		38,090	41,109
Right-of-use assets		40,625	38,623
Other intangible assets		18,536	24,930
Investments in associates		98,751	65,391
Equity investments designated at fair value through other comprehensive income		280	24,940
Other non-current assets		–	9,288
Deferred tax assets		2,768	2,768
		<u>416,686</u>	<u>433,591</u>
Total non-current assets		<u>416,686</u>	<u>433,591</u>
CURRENT ASSETS			
Inventories	12	72,589	96,707
Properties under development	13	205,831	204,598
Trade receivables	14	15,444	17,032
Prepayments and other receivables		61,475	77,169
Financial assets at fair value through profit or loss	15	33,034	11,880
Structured bank deposits and deposits with financial institutions	15	–	74
Time deposits	16	215,241	220,720
Cash and cash equivalents	16	82,817	100,816
		<u>686,431</u>	<u>728,996</u>
Total current assets		<u>686,431</u>	<u>728,996</u>
CURRENT LIABILITIES			
Trade payables	17	10,193	9,249
Other payables and accruals		56,763	47,823
Lease liabilities		5,403	3,309
Tax payable		120,245	120,205
		<u>192,604</u>	<u>180,586</u>
Total current liabilities		<u>192,604</u>	<u>180,586</u>
NET CURRENT ASSETS		<u>493,827</u>	<u>548,410</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>910,513</u>	<u>982,001</u>

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		1,474	891
Interest-bearing bank and other borrowings		15,357	5,126
Deferred tax liabilities		3,292	3,414
		<hr/>	<hr/>
Total non-current liabilities		20,123	9,431
		<hr/>	<hr/>
Net assets		890,390	972,570
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>18</i>	280,661	280,661
Reserves		610,479	690,399
		<hr/>	<hr/>
		891,140	971,060
Non-controlling interests		(750)	1,510
		<hr/>	<hr/>
Total equity		890,390	972,570
		<hr/> <hr/>	<hr/> <hr/>

NOTES

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 7 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands. The address of its principal place of business is Room 1303, 13/F., New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 December 2011 (the “**Listing Date**”).

The principal activity of the Company is investment holding. The Group is principally engaged in the business of design, manufacture, marketing and sale of apparel products and accessories in the People’s Republic of China (the “**PRC**”, or “**China**” which excludes, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan), with a focus on menswear. The Group also engages in the business of property development in the PRC. There has been no significant change in the Group’s principal activities during the year.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IAS**”) and Interpretations) issued by the International Accounting Standards Board (the “**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, wealth management products and equity investments which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 21	<i>Lack of Exchangeability</i>
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	<i>Disclosures about Uncertainties in the Financial Statements</i>

The nature and the impact of the revised IFRS Accounting Standards are described below:

- (a) Amendments to IAS 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. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

- (b) Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the apparel products and accessories segment engaged in the business of the design, manufacture, marketing and sale of apparel products and accessories in the PRC with a focus on menswear; and
- (b) the property development segment engaged in the business of the development properties in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, financial assets at fair value through profit or loss, structured bank deposits and deposits with financial institutions, equity investments designated at fair value through other comprehensive income and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2025	Apparel products and accessories <i>RMB'000</i>	Property development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
Sales to external customers	139,437	–	139,437
Reconciliation:			
Elimination of intersegment sales			–
Revenue			<u>139,437</u>
Segment results	(158,004)	–	(158,004)
Reconciliation:			
Elimination of intersegment results			47,499
Interest income			10,607
Dividend income and unallocated gains			19,336
Corporate and other unallocated expenses			<u>(15,176)</u>
Loss before tax from continuing operations			<u>(95,738)</u>
Segment assets	925,563	275,207	1,200,770
Reconciliation:			
Elimination of intersegment receivables			(236,251)
Elimination of capitalized interest expense			(65,905)
Corporate and other unallocated assets			<u>204,503</u>
Total assets			<u>1,103,117</u>
Segment liabilities	143,257	285,192	428,449
Reconciliation:			
Elimination of intersegment payables			(236,251)
Corporate and other unallocated liabilities			<u>20,529</u>
Total liabilities			<u>212,727</u>
Other segment information			
Impairment of trade receivables, net	(1,900)	–	(1,900)
Impairment of other intangible assets	6,223	–	6,223
Depreciation and amortisation	28,828	–	28,828
Capital expenditure*	1,046	–	1,046

* Capital expenditure consists of additions to property, plant and equipment, long-term prepayments, other intangible assets and properties under development.

Year ended 31 December 2024	Apparel products and accessories <i>RMB'000</i>	Property development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
Sales to external customers	156,082	–	156,082
Reconciliation:			
Elimination of intersegment sales			–
Revenue			<u>156,082</u>
Segment results	(97,236)	8	(97,228)
Reconciliation:			
Elimination of intersegment results			(4,930)
Interest income			12,707
Dividend income and unallocated gains			10,165
Corporate and other unallocated expenses			<u>(32,530)</u>
Loss before tax from continuing operations			<u>(111,816)</u>
Segment assets	913,162	263,836	1,176,998
Reconciliation:			
Elimination of intersegment receivables			(238,671)
Elimination of capitalized interest expense			(38,873)
Corporate and other unallocated assets			<u>263,133</u>
Total assets			<u>1,162,587</u>
Segment liabilities	32,218	272,847	305,065
Reconciliation:			
Elimination of intersegment payables			(238,671)
Corporate and other unallocated liabilities			<u>123,623</u>
Total liabilities			<u>190,017</u>
Other segment information			
Impairment of trade receivables, net	2,915	–	2,915
Impairment of other intangible assets	14,636	–	14,636
Impairment of right-of-use assets	930	–	930
Depreciation and amortisation	30,508	–	30,508
Capital expenditure	1,863	574	2,437

Geographical information

(a) Revenue from external customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland	136,175	151,811
Taiwan	<u>3,262</u>	<u>4,271</u>
Total	<u><u>139,437</u></u>	<u><u>156,082</u></u>

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

(b) Non-current assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Hong Kong	42,301	45,085
Chinese Mainland	<u>371,337</u>	<u>359,216</u>
Total	<u><u>413,638</u></u>	<u><u>404,301</u></u>

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

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the financial year presented.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers	<u><u>139,437</u></u>	<u><u>156,082</u></u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Type of goods		
Sale of apparel and accessories	<u>139,437</u>	<u>156,082</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>139,437</u>	<u>156,082</u>

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
<i>Sale of apparel and accessories</i>	<u>7,995</u>	<u>11,049</u>

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of apparel and accessories

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for third-party retailers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income		
Government subsidies	9	1,766
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	8,511	8,256
Royalty income	10,084	12,211
Dividend income from equity investments at fair value through other comprehensive income	1,410	22
Sundry income	368	1,135
Service and processing income	5,239	8,548
	<u>25,621</u>	<u>31,938</u>
Gains		
Reversal of allowance for bad accounts	1,900	—
Exchange gains	1,560	—
Fair value gains, net:		
Financial assets at fair value through profit or loss	7,854	268
Others	1,902	1,365
	<u>13,216</u>	<u>1,633</u>
Total other income and gains	<u><u>38,837</u></u>	<u><u>33,571</u></u>

6. FINANCE INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income on bank deposits	10,278	6,889
Interest income on structured bank deposits, deposits with financial institutions and wealth management products	-	5,446
Others	329	372
	<u>10,607</u>	<u>12,707</u>

7. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on other loans	114	231
Interest on lease liabilities	207	302
	<u>321</u>	<u>533</u>

8. LOSS BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold	38,985	35,471
Depreciation of property, plant and equipment	17,886	17,924
Depreciation of investment properties	3,019	2,927
Depreciation of right-of-use assets	7,739	9,473
Amortisation of other intangible assets	184	184
Auditor's remuneration	2,254	2,285
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	23,395	16,290
Share award scheme expense	–	4,973
Pension scheme contributions*	2,137	1,541
	<u>25,532</u>	<u>22,804</u>
Outsourced labour costs	31,719	34,653
Impairment of other intangible assets**	6,223	14,636
Impairment of right-of-use assets**	–	930
(Reversal of impairment)/impairment of trade receivables, net***	(1,900)	2,915
Impairment of other receivables and prepayments#	8,307	8,815
Write-off of inventories provisions^	(17,491)	(21,087)
Write-down of inventories to net realisable value, net^	<u>49,725</u>	<u>60,582</u>
Fair value gains, net:		
Financial assets at fair value through profit or loss	(7,854)	(268)
Dividend income from equity investments at fair value through other comprehensive income	(1,410)	(22)
Lease payments not included in the measurement of lease liabilities	40,102	35,558
Loss on disposal of items of property, plant and equipment	280	55
Exchange differences, net	<u>(1,560)</u>	<u>2,180</u>

- * As at 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: Nil).
- ** The impairment of other intangible assets and right-of-use assets are included in “Other expenses” in the consolidated statement of profit or loss.
- *** The (reversal of impairment)/impairment of trade receivables is included in “Impairment losses on financial assets, net” in the consolidated statement of profit or loss.
- # The impairment of other receivables is included in “Impairment losses on financial assets, net” and the impairment of prepayments is included in “Other expenses” in the consolidated statement of profit or loss.
- ^ The write-off of inventories provisions and write-down of inventories to net realisable value is included in “Cost of sales” in the consolidated statement of profit or loss.

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company incorporated in the Cayman Islands and its subsidiary incorporated in the BVI are exempted from taxation.

No provision for Hong Kong profits tax has been made, as the Group had no assessable profits derived from or earned in Hong Kong during the year.

In accordance with the relevant PRC income tax rules and regulations, the Group’s subsidiaries registered in the PRC were subject to Corporate Income Tax (“CIT”) at a statutory rate of 25% on their respective taxable income for the year ended 31 December 2025.

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current – PRC		
Charge for the year	77	62
Deferred	<u>(122)</u>	<u>(122)</u>
Total	<u>(45)</u>	<u>(60)</u>

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., statutory tax rate) to the effective tax rate, are as follows:

	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Loss before tax from continuing operations	<u>(95,738)</u>		<u>(111,816)</u>	
Tax at the statutory tax rate	(23,935)	25	(27,955)	25
Entities subject to lower statutory income tax rates	410	–	450	–
Effect of withholding tax on distributable profits of certain PRC subsidiaries	–	–	–	–
Losses attributable to associates	375	–	421	–
Adjustments in respect of current tax of previous periods	–	–	10	–
Tax losses utilised from previous periods	(580)	–	(3,300)	3
Tax losses not recognised	17,610	(18)	16,900	(15)
Deductible temporary differences not recognised	<u>6,075</u>	<u>(7)</u>	<u>13,414</u>	<u>(13)</u>
Tax charge at the Group's effective rate	<u>(45)</u>	<u>–</u>	<u>(60)</u>	<u>–</u>

10. DIVIDENDS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed special final dividend – HK\$1 cent per ordinary share (2024: nil)	<u>30,325</u>	<u>–</u>

On 24 March 2026, the directors recommended a special final dividend of HK\$1 cent per share for the year ended 31 December 2025. The proposed special final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The Board does not recommend any final dividends for the year ended 31 December 2024.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the parent of RMB93,443,000 (2024: the loss of RMB109,413,000) and the weighted average number of ordinary shares of 3,445,450,000 (2024: 3,337,094,000) in issue during the year.

The calculation of basic loss per share is based on:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Losses		
Loss attributable to owners of the parent, used in the basic loss per share calculation	<u>(93,443)</u>	<u>(109,413)</u>
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	3,445,450,000	3,445,450,000
Less: Weighted average number of shares purchased for the Share Award Scheme	<u>—</u>	<u>(108,356,000)</u>
Adjusted weighted average number of ordinary shares in issue used in the basic loss per share calculation	<u>3,445,450,000</u>	<u>3,337,094,000</u>

12. INVENTORIES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	3,368	3,744
Work in progress	1,932	2,744
Finished goods	<u>67,289</u>	<u>90,219</u>
Total	<u>72,589</u>	<u>96,707</u>

13. PROPERTIES UNDER DEVELOPMENT

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Properties under development	<u>205,831</u>	<u>204,598</u>

The Group's properties under development are located in the PRC and situated on leasehold land with long term leases. Properties under development are classified under current assets as they are expected to be realised in the Group's normal operating cycle.

14. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	24,694	28,182
Impairment	<u>(9,250)</u>	<u>(11,150)</u>
Total	<u>15,444</u>	<u>17,032</u>

The Group's trading terms with its customers are mainly on credit, except for third-party retailers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	12,837	11,070
1 to 2 months	1,431	2,047
2 to 3 months	474	1,855
Over 3 months	<u>702</u>	<u>2,060</u>
Total	<u>15,444</u>	<u>17,032</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	11,150	8,295
Amount written off as uncollectible	–	(60)
(Reversal of impairment losses)/impairment losses, net	<u>(1,900)</u>	<u>2,915</u>
At end of year	<u><u>9,250</u></u>	<u><u>11,150</u></u>

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, STRUCTURED BANK DEPOSITS AND DEPOSITS IN FINANCIAL INSTITUTES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Financial assets at fair value through profit or loss		
Qingdao Huaxin Anchor Investment Center (Limited Partnership) (青島華芯錨點投資中心(有限合夥))	19,796	–
Wealth management products, at fair value	11,838	11,880
Shenzhen Gaotou Yida Venture Capital Partnership (Limited Partnership) (深圳高投毅達創業投資合夥企業(有限合夥))	<u>1,400</u>	<u>–</u>
Total	<u><u>33,034</u></u>	<u><u>11,880</u></u>
Structured bank deposits and deposits with financial institutions		
Structured bank deposits and deposits with financial institutions, at amortised cost	<u>–</u>	<u>74</u>

The above financial assets at fair value at 31 December 2025 were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The structured deposits and deposits in financial institutions have terms of less than one year and are denominated in RMB, Hong Kong Dollar (“HK\$”), United States Dollar (“US\$”).

16. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	82,817	97,945
Time deposits	<u>215,241</u>	<u>223,591</u>
	298,058	321,536
Less: Time deposit with original maturity of over three months	<u>(215,241)</u>	<u>(220,720)</u>
Cash and cash equivalents	<u><u>82,817</u></u>	<u><u>100,816</u></u>

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in HK\$, US\$, Euro (“€”) and Macau Pataca (“MOP\$”), amounted to RMB59,575,000, RMB176,701,000, RMB121,000 and RMB119,000, respectively (2024: RMB220,720,000, RMB2,871,000, RMB nil and RMB131,000, respectively). The RMB is not freely convertible into other currencies, however, under the PRC’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between seven days and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The bank balances and short term deposits are deposited with creditworthy banks with no recent history of default.

17. 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	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables		
Within 30 days	7,242	6,112
31 to 90 days	1,790	15
91 to 180 days	–	–
181 to 360 days	1,161	3,122
	<u>10,193</u>	<u>9,249</u>
Total	<u>10,193</u>	<u>9,249</u>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days.

18. SHARE CAPITAL

	2025	2024
	<i>HK\$’000</i>	<i>HK\$’000</i>
Issued and fully paid:		
3,445,450,000 (2024: 3,445,450,000) ordinary shares	344,545	344,545
	<u>344,545</u>	<u>344,545</u>
Equivalent to RMB’000	280,661	280,661
	<u>280,661</u>	<u>280,661</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

During the year ended 31 December 2025, China's Gross Domestic Product ("GDP") grew by 5.0%, consistent with the growth rate in 2024. The growth rate of total retail sales of consumer products increased slightly from 3.5% in 2024 to 3.7% in 2025, representing an increase of 0.2 percentage points. In particular, retail sales of department stores among retail enterprises above the designated size recorded a slight year-on-year increase of 0.1% in 2025.

Despite the moderate growth in the retail market, the Group's revenue decreased by RMB16.7 million from RMB156.1 million in 2024 to RMB139.4 million in 2025, and a decrease in loss attributable to owners of the parent by RMB16.0 million from RMB109.4 million in 2024 to RMB93.4 million in 2025.

FINANCIAL REVIEW

Revenue

We derive our revenue primarily from the sale of our products to consumers through: (i) self-operated retail points in department stores and shopping malls in major cities in the PRC; (ii) retail points operated by third-party retailers in other cities in the PRC where we do not operate retail points; and (iii) online channels. Our revenue is stated at the net invoiced value of goods sold, after trade discounts.

The total revenue of the Group was RMB139.4 million in 2025, representing a decrease by RMB16.7 million, or approximately 10.7% as compared to RMB156.1 million in 2024.

By sales channel

Revenue from sales of products through self-operated retail points decreased by RMB14.8 million, or approximately 11.9%, from RMB123.9 million in 2024 to RMB109.1 million in 2025 and accounted for approximately 78.3% (2024: 79.4%) of the total revenue. Such decrease was mainly attributable to the decrease in customer traffic at our self-operated retail points, driven by the continued sluggishness in conventional stores. The revenue from outlet stores also decreased by RMB1.8 million, or approximately 3.5%, from RMB51.5 million in 2024 to RMB49.7 million in 2025.

Revenue from sales of products through retail points operated by third-party retailers increased by RMB4.3 million, or approximately 47.3%, from RMB9.1 million in 2024 to RMB13.4 million in 2025 and accounted for approximately 9.6% (2024: 5.8%) of the total revenue. Such increase was mainly attributable to the optimization of product portfolio, aimed at offering products better aligned with customer demand in the regions where the retail points operated by third-party retailers are located.

Revenue from sales of products through online channels decreased by RMB6.2 million, or approximately 26.8%, from RMB23.1 million in 2024 to RMB16.9 million in 2025 and accounted for approximately 12.1% (2024: 14.8%) of the total revenue. The decrease in revenue was primarily attributable to:

- (i) a decrease in sales of products through our WeChat stores by RMB1.0 million, or approximately 18.5%, from RMB5.4 million in 2024 to RMB4.4 million in 2025;
- (ii) a decrease in sales of products to online third-party retailers by RMB0.8 million, or approximately 25.8%, from RMB3.1 million in 2024 to RMB2.3 million in 2025;
- (iii) a decrease in sales of products through our e-shops on Tmall.com and JD.com by RMB1.7 million, or approximately 21.3%, from RMB8.0 million in 2024 to RMB6.3 million in 2025; and
- (iv) a decrease in sales from online discount platforms such as VIP.com by RMB2.7 million, or approximately 40.9%, from RMB6.6 million in 2024 to RMB3.9 million in 2025.

The table below sets forth the breakdown of our revenue contributed by sales made through our self-operated retail points, retail points operated by third-party retailers and sales through online channels:

	Year ended 31 December			
	2025		2024	
	<i>Revenue</i>	<i>% of</i>	<i>Revenue</i>	<i>% of</i>
	<i>RMB million</i>	<i>total revenue</i>	<i>RMB million</i>	<i>total revenue</i>
Retail sales from self-operated retailers	109.1	78.3%	123.9	79.4%
Retail sales from retail points operated by third-party retailers	13.4	9.6%	9.1	5.8%
Sales through online channels	16.9	12.1%	23.1	14.8%
Total	139.4	100.0%	156.1	100.0%

By Brand

Revenue contributed from self-owned brands increased by RMB1.8 million, or approximately 1.7%, from RMB107.1 million in 2024 to RMB108.9 million in 2025. Percentage of revenue from self-owned brands over total revenue also increased from 68.6% in 2024 to 78.1% in 2025.

The table below sets forth our revenue contributed by licensed brands and self-owned brands:

	Year ended 31 December			
	2025		2024	
	<i>Revenue</i>	<i>% of</i>	<i>Revenue</i>	<i>% of</i>
	<i>RMB million</i>	<i>total revenue</i>	<i>RMB million</i>	<i>total revenue</i>
Self-owned brands	108.9	78.1%	107.1	68.6%
Licensed brands	30.5	21.9%	49.0	31.4%
Total	139.4	100.0%	156.1	100.0%

Cost of sales

Our cost of sales decreased by RMB3.8 million, or approximately 5.1%, from RMB75.0 million in 2024 to RMB71.2 million in 2025. The decrease in cost of sales was primarily due to the decrease in sales.

Gross profit and gross profit margin

Our gross profit decreased by RMB12.9 million, or approximately 15.9%, from RMB81.1 million in 2024 to RMB68.2 million in 2025. Our overall gross profit margin decreased by 3.1 percentage points from 52.0% in 2024 to 48.9% in 2025. Excluding inventory provisions, our gross profit margin would have decreased from 77.0% in 2024 to 72.0% in 2025, primarily due to higher discounts offered for the clearance of aged inventories.

Other income and gains

Our other income and gains increased by RMB5.2 million, or approximately 15.5%, from RMB33.6 million in 2024 to RMB38.8 million in 2025, which was primarily due to a mixed effect of an increase in fair value gains arising from financial assets at fair value through profit or loss by RMB7.6 million, from RMB0.3 million in 2024 to RMB7.9 million in 2025; and partially offset by a decrease in service and processing income by RMB3.3 million, from RMB8.5 million in 2024 to RMB5.2 million in 2025.

Selling and distribution expenses

Our selling and distribution expenses decreased by RMB5.8 million, or approximately 4.2%, from RMB139.1 million in 2024 to RMB133.3 million in 2025.

Rents and concession fees for occupying concession counters within department stores and department store charges decreased by RMB5.6 million, or approximately 9.6%, from RMB58.4 million in 2024 to RMB52.8 million in 2025, which was largely in line with the decrease in revenue from self-operated retail points.

The labour costs related to sales and marketing staff and outsourcing costs related to sales and marketing activities decreased from RMB44.3 million in 2024 to RMB42.7 million in 2025, which was primarily attributable to the decrease in number of sales and marketing staff.

We incurred advertising and promotion expenses of RMB2.7 million (2024: RMB3.0 million) during the year for organizing promotion activities and spending on social media marketing to share our brand stories and product knowledge with our customers through Little Red Book (小紅書), Douyin (抖音), WeChat and Weibo etc.

Consumables and decoration fees for self-operated retail points increased from RMB12.0 million in 2024 to RMB14.1 million in 2025, primarily attributable to the opening of new retail points during the year.

The other selling and distribution expenses, including advertising and promotion expenses, royalty fees, freight and vehicle expenses, sample expenses, travelling expenses, office expenses and other operating expenses remained consistent during the both years indicated.

Administrative expenses

Our administrative expenses decreased by RMB3.2 million, or approximately 5.7%, from RMB55.9 million in 2024 to RMB52.7 million in 2025. The decrease in administrative expenses was mainly due to a decrease in equity-settled share award expense by RMB4.0 million during the year.

Impairment losses on financial assets, net

These mainly represented a reversal of impairment of trade receivables of RMB1.9 million (2024: an impairment of trade receivables of RMB2.9 million) and an impairment of other receivables and prepayments of RMB8.3 million (2024: RMB8.8 million).

Other expenses

Other expenses mainly included:

- (i) impairment on trademarks – RMB5.1 million for MCS and RMB1.1 million for Marina Yachting (2024: impairment of MCS of RMB13.3 million, London Fog of RMB0.8 million and Marina Yachting of RMB0.5 million, respectively); and
- (ii) processing costs for external processing services of RMB4.7 million (2024: RMB8.1 million).

Finance income

Our finance income decreased from RMB12.7 million in 2024 to RMB10.6 million in 2025, representing a decrease by 16.5%. The decrease in finance income was mainly because of the decrease in interest rates on bank deposits in Hong Kong and the PRC in 2025.

Loss before tax and loss for the year

As a result of the foregoing factors, loss before tax and loss for the year decreased by RMB16.1 million, or approximately 14.4%, from RMB111.8 million in 2024 to RMB95.7 million in 2025.

Loss attributable to owners of the parent

The loss attributable to owners of the parent decreased by RMB16.0 million, or approximately 14.6%, from RMB109.4 million in 2024 to RMB93.4 million in 2025.

Working Capital Management

	31 December 2025	31 December 2024
Inventory turnover days	434	548
Trade receivables turnover days	43	48
Trade payables turnover days	50	45

The decrease in inventory turnover days by 114 days, from 548 days as at 31 December 2024 to 434 days as at 31 December 2025, was mainly attributable to reduced inventory procurement and the clearance of aged inventories.

The turnover days of trade receivables and trade payables remained consistent during both years indicated.

Liquidity, financial position and cash flows

As at 31 December 2025, we had net current assets of approximately RMB493.8 million, as compared to RMB548.4 million as at 31 December 2024. The current ratio of our Group was 3.6 times as at 31 December 2025, as compared to that of 4.0 times as at 31 December 2024.

In 2025, Shanghai Ruiguo Fashion Co., Ltd. (上海瑞國服飾有限公司, “**Shanghai Ruiguo Fashion**”), a wholly-owned subsidiary of the Company, obtained a working capital loan of RMB10 million from CITIC Bank Guangzhou Branch to meet its financing needs and there was no undrawn banking facility as at 31 December 2025.

As at 31 December 2025, we had aggregate cash and cash equivalents, time deposits, structured bank deposits and deposits in financial institutes of approximately RMB298.1 million (31 December 2024: RMB321.6 million). The table below sets forth selected cash flow data from our consolidated statement of cash flows:

	Year ended 31 December	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Net cash flows used in operating activities	(27.2)	(24.3)
Net cash flows from/(used in) investing activities	11.5	(31.2)
Net cash flows from/(used in) financing activities	2.7	(66.6)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13.0)	(122.1)
Effect of foreign exchange rate changes, net	(5.0)	(3.5)
Cash and cash equivalents at the beginning of year	100.8	226.4
CASH AND CASH EQUIVALENTS AT END OF YEAR	82.8	100.8

Operating activities

Net cash flows used in operating activities increased by RMB2.9 million, from RMB24.3 million in 2024 to RMB27.2 million in 2025. Such increase was primarily attributable to (i) a decrease in cash flows before change of working capital, from net cash inflows of RMB0.8 million in 2024 to net cash outflows of RMB22.5 million in 2025; and partially offset by (ii) an increase in cash inflows from the increase in other payables and accruals by RMB8.3 million, from RMB0.8 million in 2024 to RMB9.1 million in 2025.

Investing activities

Net cash flows from investing activities of RMB11.5 million mainly represented cash proceeds from disposal of equity investments designated at fair value through other comprehensive income for RMB45.0 million and partially offset by an investment in an associate of RMB35.0 million.

Financing activities

Net cash flows from financing activities of RMB2.7 million mainly represented a bank loan of RMB10.0 million and partially offset by the principal portion of lease payments of RMB7.3 million.

Pledge of group assets

In 2025, Shanghai Ruiguo Fashion obtained a RMB10 million working capital loan from CITIC Bank Guangzhou Branch, secured by the office premises of Guangdong Junrui Industrial Co., Ltd. (廣東君瑞實業有限公司, “**Guangdong Junrui**”, an indirect wholly-owned subsidiary of the Company), at Room 1901, No. 103 Tiyu West Road, Tianhe District, Guangzhou.

Save as the above, as at 31 December 2025, no asset of the Group was pledged as a security for bank borrowings or any other financing facilities.

Capital commitments and contingent liabilities

As at 31 December 2025, the Group had no significant capital commitments (31 December 2024: Nil) and no significant contingent liabilities (31 December 2024: Nil).

Foreign exchange management

We conduct business primarily in Hong Kong and the PRC with most of our transactions denominated and settled in HK\$ and RMB. To minimise foreign-exchange risks, the Group has a hedging policy in place.

OPERATION REVIEW

Retail and distribution network

As at 31 December 2025, our sales network comprised a total of 122 self-operated retail points, consisting of concession counters and standalone stores, and 38 retail points operated by our third-party retailers.

The following table sets forth the number of our self-operated retail points and retail points operated by our third-party retailers in the PRC and Taiwan by brand as at 31 December 2025 and 31 December 2024:

Brand	As at 31 December 2025			As at 31 December 2024		
	Self-operated retail points	Retail points operated by third-party retailers	Total retail points	Self-operated retail points (reclassified)	Retail points operated by third-party retailers (reclassified)	Total retail points (reclassified)
SBPRC	42	4	46	50	5	55
MCS	73	34	107	70	29	99
Others	7	–	7	2	4	6
Total	122	38	160	122	38	160

Self-operated retail points

As at 31 December 2025, we had a network of 116 self-operated concession counters (31 December 2024: 118 self-operated concession counters). A majority of the concession counters are located within mainstream department stores in the first and second tier cities in China, including Bailian (百聯), Golden Eagle (金鷹), MOI (茂業), Intime (銀泰), Inzone (銀座), Wangfujing (王府井) etc., among which a total of 41 were outlet stores as at 31 December 2025 (31 December 2024: 40 outlet stores).

As at 31 December 2025, we had a network of 6 standalone stores (31 December 2024: 4 stores) which were located in shopping malls within major cities in the PRC to ensure a steady flow of consumers as well as to enhance our sales and brand awareness.

Retail points operated by third-party retailers

As at 31 December 2025, we had a total of 38 retail points that were operated by third-party retailers, which remained consistent with the number of retail points as at 31 December 2024.

Online Channels

We primarily sell past season products through online channels which consists of (i) online discount platforms such as VIP.com; (ii) online third-party retailers; (iii) our self-operated e-shops on mainstream online platforms such as Tmall.com, JD.com etc.; and (iv) our WeChat stores.

During the year, we continued to participate in the just-in-time delivery program (the “**JIT Program**”) of VIP.com, which allows us to receive orders placed by customers on VIP.com and make direct distribution of the products to customers from our warehouse. We also actively developed new online third-party retailers for online retailing of our products.

Branding

The continuing implementation of a multi-brand strategy is critical to our sustainable expansion and growth. We believe that our multi-brand strategy will allow us to capture more market segments, take advantage of a wider range of market opportunities and ultimately increase our overall market share in China’s menswear market.

During the year, the Group established a Digital Marketing Department and an Artificial Intelligence Generated Content (“**AIGC**”) Production Unit within it. In addition, the Company launched an “AIGC Empowerment Initiative”, aimed at enhancing the efficiency and quality of digital marketing content production through the adoption of AIGC technology and the engagement of all personnel. The initiative provides frontline sales staff with efficient, high-quality digital content for publication on social media platforms, including Xiaohongshu (Little Red Book), Douyin, WeChat Channels, WeChat Official Accounts, and Weibo. Over 180,000 short videos and posts were published across these platforms.

Mr. Rock Ji (紀煥博先生), a renowned artist, continued to serve as the brand ambassador for MCS during the year, collaborating with the Group to promote the brand in the Greater China region.

Business digitalization

In early 2018, the Company launched a “digitally driven” (數字驅動) strategy and further introduced a “digital transformation” (數字化轉型) initiative in 2022, based on the belief that advanced information technologies could generate significant value for the apparel retail industry.

We developed an O2O system that is tailored to our retail network and allows our customers to make purchases on demand even if the desired item is out of stock at a particular location, which in turn both enhances customers’ shopping experience and drives our sales. Sales contributed by the self-developed O2O system increased by RMB1.8 million, or approximately 13.1%, from RMB13.7 million in 2024 to RMB15.5 million in 2025.

We also operate a social network-based commerce and marketing program in collaboration with Weimob and sell and deliver our products in our WeChat stores. Total revenue derived from the WeChat stores decreased by RMB1.0 million from RMB5.4 million in 2024 to RMB4.4 million in 2025.

In addition, as our Customer Relationship Management (CRM) system has been online, we are also working on a customer loyalty program with an aim to further promote customer loyalty, encourage repeat purchases and cross-selling.

Properties under development

The Group's property development segment represents the properties under development which are situated at No. 833, Shuiyun Road, China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area. The site area of the project is approximately 5,819 square meters and the floor area is approximately 11,637 square meters, which mainly includes commercial area of approximately 3,435 square meters and residential area of approximately 7,600 square meters.

The properties under development are indirectly wholly owned by the Company. As at 31 December 2025, the carrying amount of the properties under development was RMB205.8 million. The percentage of stage of completion of the project is approximately 99.9%.

The Group is in the process of obtaining the pre-sale permit for commodity housing from the relevant governmental authorities. The Board expects that the sale of the properties will commence in the second quarter of 2026. Upon completion of the property sales, the Board expects that the Group will no longer engage in the property development business.

Impairment of trademarks

The Group classified the trademarks of “London Fog”, “Artful Dodger”, “Zoo York”, “MCS”, “Henry Cotton's” and “Marina Yachting” as intangible assets with indefinite lives. The Group performs impairment test on each trademark at the end of each reporting period. The impairment assessment was based on the forecast and estimation on the future development of each cash-generating unit to which the trademark is allocated.

During the year, the impairment loss on these trademarks was RMB6.2 million, mainly comprising an impairment on MCS of RMB5.1 million and on Marina Yachting of RMB1.1 million (2024: impairment of MCS of RMB13.3 million, London Fog of RMB0.8 million and Marina Yachting of RMB0.5 million, respectively).

The impairment recognised for the year was mainly attributable to the continuous decrease in revenue of the MCS and Marina Yachting brands.

Significant Investments

Qingdao Huaxin Anchor

Qingdao Huaxin Anchor Investment Center (Limited Partnership) (青島華芯錨點投資中心(有限合夥)) (“**Qingdao Huaxin Anchor**”), a fund invested in by the Group, successfully achieved the listing of its investee company, Shanghai Biren Technology Co., Ltd. (“**Shanghai Biren**”), on the Main Board of the Stock Exchange on 2 January 2026 (the “**Biren Listing**”).

Shanghai Biren was incorporated in the PRC. It is principally engaged in the sale of general-purpose graphics processing unit (“GPGPU”) chips, the provision of GPGPU-based intelligent computing solutions for artificial intelligence, related services, and research and development of GPGPU technologies, primarily in the PRC and other regions.

The Group’s equity interest in Shanghai Biren through Qingdao Huaxin Anchor, being 1,702,550 ordinary shares in Shanghai Biren, representing approximately 0.07% of the issued share capital of Shanghai Biren, have been converted to H shares of Shanghai Biren upon the Biren Listing.

As at 31 December 2025, The Group classified its investment in Qingdao Huaxin Anchor as financial assets at fair value through profit or loss, and a gain on change of fair value of RMB7.8 million was recognized during the year.

Formation of partnership

In June 2025, Guangdong Junrui, as limited partner, entered into a partnership agreement (the “**Partnership Agreement**”) with Guangdong Yida Huishun Equity Investment Management Partnership (Limited Partnership) (廣東毅達匯順股權投資管理企業(有限合夥), “**Guangdong Yida**”), as the general partner 1, and Zhuhai Sinosure Joint Investment Co., Ltd. (珠海信保聯合投資有限公司, “**Zhuhai Sinosure**”, a company indirectly owned as to 49% by the Company), as the general partner 2, in relation to the formation of Nanjing Yida Sinosure Equity Investment Partnership (Limited Partnership) (南京毅達信保股權投資合夥企業(有限合夥), formerly known as Nanjing Yida Keshun Industrial Upgrade and Merge and Acquisition Investment Partnership (Limited Partnership) (南京毅達科順產業升級並購投資合夥企業(有限合夥), the “**Partnership**”). Pursuant to the Partnership Agreement, the total capital contribution by all partners of the Partnership shall be RMB52,000,000, of which each of Guangdong Junrui, Guangdong Yida and Zhuhai Sinosure shall contribute RMB50,000,000, RMB1,000,000 and RMB1,000,000, respectively.

Investments made by the Partnership

As at 31 December 2025, the Partnership has already completed four investments with details as follows:

Investee 1:

1. **Investee:** A technology company incorporated in the PRC
2. **Principal of business:** Specializing in the haptic technology and humanoid robotics that enable multi-dimensional tactile sensing in robots
3. **Investment amount:** RMB10 million
4. **Closing date:** 8 July 2025

5. **Synergies with the Company:** Its dexterous hand and robotic solutions can be deployed by the Company to enhance operational efficiency and support counterfeit detection. In addition, by introducing tactile sensing technology, key fabric attributes—such as softness, elasticity, and friction—can be quantified and standardized, establishing a unified tactile evaluation system. This enables precise control over the quality of fabrics from different batches and suppliers, improving supply chain consistency, reducing quality fluctuations and customer complaints, and providing data-driven insights for high-end product development—thereby strengthening brand differentiation and product premium potential.

Investee 2:

1. **Investee:** A technology company incorporated in the PRC
2. **Principal of business:** Specializing in the research, development, manufacturing and sales of high-precision metal mold components and advanced stretch-forming technologies
3. **Investment amount:** RMB10 million
4. **Closing date:** 17 September 2025
5. **Synergies with the Company:** By leveraging its expertise in high-precision materials and advanced manufacturing processes, we can jointly develop functional apparel fabrics and structural components, achieving optimized lightness, firmness, and comfort, while enhancing the technological appeal and premium value of our products.

Investee 3:

1. **Investee:** A technology company incorporated in the PRC
2. **Principal of business:** Specializing in the research, development, manufacturing and sales of high-end ultra-precision products, including specialty raw materials and ultra-fine metal sheet processing.
3. **Investment amount:** RMB10 million
4. **Closing date:** 10 October 2025
5. **Synergies with the Company:** By leveraging its advanced micro-precision metal processing, high-end display and semiconductor component expertise, the Company can enhance digital product authentication and smart labeling. The collaboration could drive innovation in smart apparel tags, anti-counterfeit technology and strengthening product differentiation.

Investee 4:

1. **Investee:** A technology company incorporated in the PRC
2. **Principal of business:** Specializing in the fields of structural materials and functional materials
3. **Investment amount:** RMB5 million
4. **Closing date:** 23 December 2025
5. **Synergies with the Company:** Through the collaboration, the Company can leverage its high-performance metal materials to develop functional fabrics, enhancing properties such as water- and stain-resistance, conductivity management and antibacterial performance.

Investment made by the 2024 Partnerships

In January 2024, the Company conducted a discloseable transaction to form two partnerships (“**2024 Partnerships**”), which would invest in targets engaging in the fields of new generation information technology, new energy, integrated circuits, intelligent manufacturing, biomedicine and health, smart home appliances, equipment manufacturing and fine chemicals. The Board considered that the 2024 Partnerships would prioritize investments in areas that can generate synergies with the business of the Company, and expand the Group’s investment portfolio which complements the Group’s existing business and allow the Group to diversify its business and sources of revenue.

As at 31 December 2025, the 2024 Partnerships have already completed one investment, with details as follows:

1. **Investee:** A technology company incorporated in the PRC
2. **Principal of business:** Specializing in the development of chemical materials and processes, including silver-coated copper powder and wet chemicals required for electroplating processes
3. **Investment amount:** RMB10 million
4. **Closing date:** 29 August 2024

5. **Synergies with the Company:** Silver ions and copper ions both have antibacterial properties and can inhibit the growth of bacteria and mould. Silver-coated copper powder has broad application potential in the field of functional apparel due to its excellent conductivity and antibacterial properties. It enables the development of fabrics with anti-static, antibacterial and odor-resistant functions. These materials can be incorporated into textiles via yarn blending or surface coating techniques, supporting large-scale production of functional garments. The Company is currently in preliminary discussion with the Investee to jointly develop antibacterial and odor-resistant apparels and accessories using silver-coated copper powder materials, with the aim of enhancing the added value and technological competitiveness of the Company's products. The Company is still in the process of negotiation a formal agreement with the Investee as at 31 December 2025.

Disposal of listed securities

In April 2025, two subsidiaries of the Company disposed of an aggregate of 6,142,839 ordinary shares of Guangdong Shaoneng Group Co., Ltd. (廣東韶能集團股份有限公司), a company listed on the Shenzhen Stock Exchange, for an aggregate cash consideration of approximately RMB43,878,000 (excluding transaction costs).

Outsourcing

In order to enable our management team to continuously focus on our core missions, we outsourced substantially all our sales staff in self-operated retail points and the production workers in our manufacturing plant in Dezhou to a third-party outsourcing service company. As at 31 December 2025, approximately 554 sales representatives, store managers and production workers, were employees of the outsourcing service company (31 December 2024: 599).

Employee information

As at 31 December 2025, the Group had approximately 194 full-time employees (31 December 2024: 190). Staff costs, including directors' remuneration, totaled RMB25.5 million in 2025 (2024: RMB22.8 million).

Corporate Social Responsibility

Being a responsible corporate citizen, we continued to look for opportunities to reduce the consumption of paper, electricity and other resources in order to reduce the impact to the environment and set reduction targets as appropriate.

Prospects

The Board will prioritize the following objectives and initiatives in 2026:

- Clearing aged inventories and optimizing cash flow, which remains our top priority;
- Increasing production volume and quality of digital marketing content through our “AIGC Empowerment Initiative” to enhance brand presence on social media platforms such as Xiaohongshu (Little Red Book), Douyin, WeChat Channels, WeChat Official Accounts and Weibo;
- Expanding online sales channels by increasing sales through online stores operated by department stores and shopping malls, as well as boosting sales from our WeChat stores and e-shops on major e-commerce platforms like Tmall and JD.com;
- Driving sales growth among VIP customers by leveraging our CRM program;
- Initiating the sales of the properties under development; and
- Exploring new business opportunities, including brand licensing, group purchases etc.

SPECIAL FINAL DIVIDENDS

The Board proposed to declare a special final dividend of HK\$1 cent per share (2024: nil) for the year ended 31 December 2025.

Subject to the approval at the annual general meeting of the Company to be held on 26 May 2026 (the “**Annual General Meeting**”), the special final dividend will be payable to the shareholders of the Company (the “**Shareholders**”) in due course.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has devised its own code of conduct regarding directors’ dealings in the Company’s securities and securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company (the “**Code of Conduct**”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Code of Conduct for the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board is of the view that throughout the year ended 31 December 2025, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules, with the exception of code provision C.2.1.

According to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision because both the chairman (“**Chairman**”) and chief executive officer (“**CEO**”) positions of the Company are held by Mr. Zhang Yongli. The Board believes that vesting the roles of Chairman and CEO in the same person provides the Group with strong and consistent leadership and allows for efficient business planning and decisions under the current situation.

PURCHASE, REDEMPTION OR SALE OF SHARES OF THE COMPANY

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares).

As at 31 December 2025, there were no treasury shares held by the Company.

AUDIT COMMITTEE

The audit committee has discussed with the management regarding the risk management and internal control systems and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2025. It has also reviewed the said consolidated financial statements.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, the 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 auditors to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditors 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 the Company’s auditors on the preliminary announcement.

RECORD DATE FOR ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 19 May 2026 will be entitled to attend and vote at the Annual General Meeting. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, 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 no later than 4:30 p.m. on Tuesday, 19 May 2026.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This result announcement is published on the website of the Company at *www.hcihl.com* and Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The 2025 Annual Report and the Notice of Annual General Meeting will be available on the same websites in due course.

APPRECIATION

Dedicated and loyal employees are our most valuable asset. We would like to take this opportunity to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal service and contributions during the year.

By Order of the Board
Huicheng International Holdings Limited
Zhang Yongli
Chairman

Hong Kong, 24 March 2026

As at the date of this announcement, the executive directors are Mr. Zhang Yongli, Mr. Sun David Lee and Ms. Huang Xiaoyun; the non-executive director is Mr. Wang Wei; and the independent non-executive directors are Mr. Kwong Wilson Wai Sun, Mr. Yeung Chi Wai and Mr. Ho Ka Wang.