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JiaChen Holding Group Limited

佳辰控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1937)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS

The board of directors (the “**Directors**” and the “**Board**”, respectively) presents the consolidated financial results of JiaChen Holding Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	4	189,718	257,788
Cost of sales		<u>(141,406)</u>	<u>(194,802)</u>
Gross profit		48,312	62,986
Other revenue and other net income	5	3,866	4,506
Selling expenses		(10,507)	(12,237)
Impairment of contract assets and trade and bills receivables, net		(11,258)	(11,225)
Administrative expenses		(14,230)	(15,131)
Research and development expenses		<u>(10,009)</u>	<u>(11,441)</u>
Profit from operations		6,174	17,458
Finance costs	7	<u>(2,374)</u>	<u>(3,165)</u>
Profit before taxation	8	3,800	14,293
Income tax credit/(expense)	9	<u>25</u>	<u>(2,337)</u>
Profit and total comprehensive income for the year		<u>3,825</u>	<u>11,956</u>
Attributable to:			
Owners of the Company		3,789	11,882
Non-controlling interests		<u>36</u>	<u>74</u>
Profit and total comprehensive income for the year		<u>3,825</u>	<u>11,956</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share			
Basic and diluted earnings per share	10	<u>0.38</u>	<u>1.19</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		81,396	75,261
Land use rights		45,200	46,190
Long-term deposits and prepayments		3,339	3,624
Deferred tax assets		10,071	8,382
		<u>140,006</u>	<u>133,457</u>
Current assets			
Inventories		48,768	43,446
Contract assets		71,194	51,221
Trade and bills receivables	11	138,206	201,900
Deposits, prepayments and other receivables		7,565	9,491
Restricted bank deposits		4,999	5,989
Cash and cash equivalents		53,883	46,824
		<u>324,615</u>	<u>358,871</u>
Total assets		<u>464,621</u>	<u>492,328</u>
Current liabilities			
Trade payables	12	37,368	38,554
Contract liabilities		2,085	2,532
Accruals and other payables		28,176	31,258
Amounts due to directors		1,813	734
Bank borrowings	13	64,990	90,990
Tax payable		1,371	3,267
		<u>135,803</u>	<u>167,335</u>
Net current assets		<u>188,812</u>	<u>191,536</u>
Total assets less current liabilities		<u>328,818</u>	<u>324,993</u>
Net assets		<u>328,818</u>	<u>324,993</u>

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Equity			
Share capital		8,856	8,856
Reserves		318,443	314,654
		<hr/>	<hr/>
Equity attributable to owners of the Company		327,299	323,510
Non-controlling interests		1,519	1,483
		<hr/>	<hr/>
Total equity		328,818	324,993
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to owners of the Company						Non- controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	8,856	154,249	1,577	16,432	130,514	311,628	1,409	313,037
Profit and total comprehensive income for the year	-	-	-	-	11,882	11,882	74	11,956
Transfer to statutory reserve	-	-	-	1,587	(1,587)	-	-	-
At 31 December 2024 and 1 January 2025	8,856	154,249	1,577	18,019	140,809	323,510	1,483	324,993
Profit and total comprehensive income for the year	-	-	-	-	3,789	3,789	36	3,825
Transfer to statutory reserve	-	-	-	794	(794)	-	-	-
At 31 December 2025	8,856	154,249	1,577	18,813	143,804	327,299	1,519	328,818

NOTES:

1. CORPORATE INFORMATION

JiaChen Holding Group Limited (the “**Company**”) was incorporated on 7 July 2017 and registered as an exempted company with limited liability in the Cayman Islands under the Companies Act Chapter 22 of Cayman Islands. The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is No. 18 Changhong East Road, Henglin Town, Wujin District, Changzhou City, Jiangsu Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the manufacturing and sales of access flooring products and the provision of the related installation services. During the reporting period, the principal business of the Group was carried out through 佳辰地板常州有限公司 (JiaChen Floor Changzhou Co., Ltd) (“**JiaChen Floor**”), which is an indirect non wholly-owned subsidiary of the Company established in the PRC.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

At 31 December 2025 and 2024, the immediate and ultimate holding company of the Company was Jiachen Investment Limited (“**Jiachen Investment**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by 沈敏 (Mr. Shen Min) (“**Mr. Shen**”) who was regarded as the ultimate controlling party of the Group.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRS Accounting Standards which are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the financial results of the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). Renminbi (“**RMB**”) is the functional currency of all entities of the Group. These consolidated financial statements are presented in RMB and the figures are rounded to the nearest thousand of RMB (“**RMB’000**”), except for per share data, because the management evaluates the performance of the Group based on RMB.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are consistent with those in previous year.

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21 “Lack of Exchangeability” issued by the HKICPA to these financial statements for the current accounting year. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instrument ¹
Amendments to HKAS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an investor and its Associates or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers by types of performance obligations:		
– Sales of access flooring plates	180,778	243,522
– Provision of installation services	8,940	14,266
	189,718	257,788
Analysis of revenue by types of contracts:		
– Supply of access floor plates and provision of installation services	121,587	199,939
– Supply of access floor plates	67,894	57,608
– Provision of installation services	237	241
	189,718	257,788

Set out below is an analysis of revenue recognised over time and at a point in time:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised over time:		
– Sales of access flooring plates	112,884	185,914
– Provision of installation services	8,940	14,266
	<u>121,824</u>	<u>200,180</u>
Revenue recognised at a point in time:		
– Sales of access flooring plates	67,894	57,608
	<u>189,718</u>	<u>257,788</u>

5. OTHER REVENUE AND OTHER NET INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other revenue:		
Bank interest income	468	125
Other interest income	375	626
	<u>843</u>	<u>751</u>
Other net income:		
Government subsidies (<i>note below</i>)	1,947	1,617
Scrap sales	1,157	1,600
Net loss on disposal of property, plant and equipment	(95)	(56)
Exchange gain, net	–	581
Sundry income	14	13
	<u>3,023</u>	<u>3,755</u>
	<u>3,866</u>	<u>4,506</u>

Note: Government subsidies were received from the local government authorities in the PRC. There were no unfulfilled conditions attached to the subsidies received by the Group.

6. OPERATING SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has two reportable operating segments which are the manufacturing and sales of the following two product lines:

- Steel access flooring plates; and
- Calcium-sulfate access flooring plates.

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management, who are also the executive directors of the Company, monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all tangible and intangible assets and other current and non-current assets with exception of unallocated corporate assets. Segment liabilities include trade and bills payables, accruals and other payables, lease liabilities and bank borrowings attributable to each reporting segment, with the exception of unallocated corporate liabilities.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segments results represent profit or loss attributable to the reportable segments without allocation of certain administrative costs and directors' remuneration. Taxation and finance costs are not allocated to reportable segments. This is the measure reported to the Group's most senior executive management, who are also the executive directors of the Company, for the purpose of resources allocation and performance assessment.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management, who are also the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	Steel access flooring plates		Calcium-sulfate access flooring plates		Total	
	2025	2024	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment revenue from external customers	113,827	177,315	75,891	80,473	189,718	257,788
Reportable segment gross profit	30,069	45,224	18,243	17,762	48,312	62,986
Reportable segment results	4,801	15,085	2,161	3,671	6,962	18,756
Other information:						
Other revenue and other net income/(loss):						
– Government subsidies	556	1,112	1,391	505	1,947	1,617
– Other interest income	371	385	4	241	375	626
– Net loss on disposal of property, plant and equipment	(95)	(56)	–	–	(95)	(56)
– Scrap sales	1,157	1,600	–	–	1,157	1,600
– Exchange gain, net	–	400	–	181	–	581
Depreciation and amortisation	2,143	2,237	4,563	4,383	6,706	6,620
Impairment of trade and bills receivables, net	6,307	9,691	2,806	3,198	9,113	12,889
Impairment/(reversal of impairment) of contract assets, net	1,371	(1,203)	774	(461)	2,145	(1,664)
Reportable segment assets	202,789	253,546	200,560	184,157	403,349	437,703
Additions to non-current segment assets during the year	913	791	10,352	9,921	11,265	10,712
Reportable segment liabilities	94,221	127,637	37,299	34,394	131,520	162,031

(b) **Reconciliations of reportable segment revenue and profit or loss**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue		
Reportable segment total revenue and consolidated revenue	<u>189,718</u>	<u>257,788</u>
Profit or loss		
Reportable segment results	6,962	18,756
Unallocated other revenue	482	138
Unallocated head office and corporate expenses	(1,270)	(1,436)
Unallocated finance costs	<u>(2,374)</u>	<u>(3,165)</u>
Consolidated profit before taxation	<u><u>3,800</u></u>	<u><u>14,293</u></u>

(c) **Reconciliations of reportable assets and liabilities**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Assets		
Reportable segment assets	403,349	437,703
Unallocated head office and corporate assets	<u>61,272</u>	<u>54,625</u>
Consolidated total assets	<u><u>464,621</u></u>	<u><u>492,328</u></u>
Liabilities		
Reportable segment liabilities	131,520	162,031
Unallocated head office and corporate liabilities	<u>4,283</u>	<u>5,304</u>
Consolidated total liabilities	<u><u>135,803</u></u>	<u><u>167,335</u></u>

(d) **Information about major customer**

There was no major customer who contributed 10% or more of the total revenue of the Group for the years ended 31 December 2025 and 2024.

(e) **Geographical information**

The Group's operations are primarily located in the PRC. The non-current assets of the Group are primarily located in the PRC. Accordingly, no analysis by geographical basis is presented.

The following table sets out information about the geographical analysis of the Group's revenue based on the location of the Group's external customers.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PRC	146,671	225,574
Hong Kong	1,174	–
Other countries and regions (<i>note below</i>)	41,873	32,214
	189,718	257,788

Note: Other countries and regions mainly include The United Arab Emirates, The Republic of Uzbekistan, Taiwan and Singapore.

7. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank borrowings	2,324	2,855
Loss on derecognition of financial assets upon factoring without recourse	50	307
Unwinding of finance costs on lease liabilities	–	3
	2,374	3,165

8. PROFIT BEFORE TAXATION

Profit before taxation is stated at after charging/(crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract costs of goods sold and services rendered <i>(note (a))</i>	141,406	194,802
Depreciation of property, plant and equipment	5,872	5,799
Depreciation of right-of-use assets	–	56
Amortisation of land use rights	990	990
Impairment of trade and bills receivables	9,113	12,889
Impairment/(reversal of impairment) of contract assets	2,145	(1,664)
Impairment of contract assets and trade and bills receivables, net	11,258	11,225
Net loss on disposal of property, plant and equipment	95	56
Exchange loss, net	199	–
Auditor's remuneration	1,102	1,176
Short-term operating lease charges in respect of properties and land use rights	488	473
Staff costs, including directors' remuneration:		
– Salaries, wages and other benefits	16,454	16,215
– Contributions to defined contribution retirement plans	3,310	3,235
Total staff costs	19,764	19,450
Research and development expenses <i>(note (b))</i>	10,009	11,441

Notes:

(a) Contract costs of goods sold and services rendered

Included in the contract costs of goods sold and services rendered were the raw materials consumed of approximately RMB101,177,000 (2024: RMB135,168,000), staff costs of approximately RMB6,445,000 (2024: RMB7,408,000), installation costs of approximately RMB11,555,000 (2024: RMB16,357,000), transportation costs of approximately RMB9,908,000 (2024: RMB11,545,000), depreciation of property, plant and equipment of approximately RMB5,066,000 (2024: RMB5,178,000), which were included in the respective total amounts disclosed above for each type of these expenses.

(b) Research and development expenses

Included in the research and development expenses were raw materials consumed of approximately RMB4,756,000 (2024: RMB6,881,000), staff costs of approximately RMB2,795,000 (2024: RMB2,279,000) and depreciation of property, plant and equipment of approximately RMB468,000 (2024: RMB393,000), which were included in the respective total amounts disclosed above for each type of these expenses.

9. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group has no taxable income derived in Hong Kong during the years ended 31 December 2025 and 2024.

The PRC Corporate Income Tax (“CIT”) has been provided at the statutory rate of 25% (2024: 25%). On 7 November 2019, JiaChen Floor was recognised by the relevant authorities as “High Technology Enterprise”. Accordingly, JiaChen Floor had been entitled to a preferential CIT rate of 15% for three years commencing on 1 January 2019. The qualification was renewed in 2025 and JiaChen Floor was entitled to enjoy preferential CIT rate of 15% for the period of three years from 2025.

According to applicable regulations prevailing in the PRC, dividends distributed by a company established in the PRC to foreign investors with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. Under the double taxation arrangement between the PRC and Hong Kong, the relevant withholding tax rate applicable to the Group is reduced from 10% to 5% subject to the fulfilment of certain conditions. As at 31 December 2025 and 2024, no provision for deferred tax is recognised with respect to the withholding tax on undistributed profits of JiaChen Floor as the Group can control the dividend policy of JiaChen Floor which has no plan to make dividend distribution in the foreseeable future.

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax – PRC Corporate Income Tax		
– Charge for the year	1,664	4,020
Deferred tax		
– Reversal and origination of temporary differences	(1,689)	(1,683)
	<u>(25)</u>	<u>2,337</u>

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the years ended 31 December 2025 and 2024 are based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year attributable to the owners of the Company	3,789	11,882
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,000,000	1,000,000

Basic earnings per share for the year ended 31 December 2025 amounted to RMB0.38 cent (2024: RMB1.19 cents) per share.

Diluted earnings per share is the same as basic earnings per share as there was no dilutive potential ordinary share of the Company outstanding during both years.

11. TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	189,812	246,878
Bills receivables	8,106	5,621
	197,918	252,499
Less: allowance for impairment loss	(59,712)	(50,599)
	138,206	201,900

An ageing analysis of the trade and bills receivables (net of allowance for impairment loss) as at 31 December 2025, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	30,010	52,430
1 to 3 months	14,403	55,843
3 to 6 months	12,995	15,568
6 to 9 months	11,878	3,737
9 to 12 months	8,053	20,441
1–2 years	42,661	42,301
Over 2 years	18,206	11,580
	138,206	201,900

The Group grants a credit period ranging from 60 to 365 days to its customers. The Group does not hold any collaterals as security for the trade and bills receivables at 31 December 2025 and 2024. The trade and bills receivables are non-interest bearing.

12. TRADE PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	<u>37,368</u>	<u>38,554</u>

An ageing analysis of the trade payables as at 31 December 2025, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	31,920	29,492
1 to 3 months	1,919	4,486
3 to 6 months	2,078	3,434
Over 6 months	<u>1,451</u>	<u>1,142</u>
	<u>37,368</u>	<u>38,554</u>

Trade payables are non-interest bearing and have a credit term ranging from one to two months after invoice date.

13. BANK BORROWINGS

The analysis of the carrying amount of bank borrowings were as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Repayable within 1 year:		
Unsecured bank loans	39,990	8,990
Secured bank loans	–	42,000
Guaranteed bank loans	<u>25,000</u>	<u>40,000</u>
	<u>64,990</u>	<u>90,990</u>

At 31 December 2025, all bank borrowings were denominated in RMB and bearing interest at the rates ranging from 2.35% to 3.01% (2024: 2.80% to 3.45%) per annum.

14. DIVIDENDS

The board of directors did not recommend the payment of any dividend in respect of the years ended 31 December 2025 and 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

The Group is principally engaged in the manufacturing and sales of access flooring products and provide related installation services with the headquarters based in Changzhou City, Jiangsu Province, the PRC. The Group's products mainly consist of: (i) steel access flooring products; and (ii) calcium-sulfate access flooring products. The access flooring products of the Group are generally applied in office buildings in the PRC with the characteristics of: (i) cable management (wires and cables are managed and organised underfloor with flexibility to accommodate any electronic devices); (ii) short installation time; (iii) high compressive strength and fire-resistance characteristic; and (iv) high bearing capacity.

Access flooring products have been widely applied for use in office buildings, industrial office buildings, data centres, classrooms, libraries, etc. It is believed that the usage of raised access flooring products, in long term, will increase at a steady rate in the PRC due to the growth in the investments in new office buildings as well as growing construction area of industrial land. This steady growth trend can mainly be attributed to the following primary factors: (i) a rising demand from construction of industrial office buildings in second-tier and above cities in the PRC; (ii) an increase in the number of aging office buildings in the PRC with the retirement of more and more obsolete access flooring products units; (iii) adoption of more stringent policies by the PRC Government, stimulating an expected increase in the demand for access flooring products; (iv) a growth in price of access flooring products as a result of increasing raw materials prices; and (v) increasing penetration rate of calcium sulfate access flooring products due to its high performance.

As the Group is considered as one of the largest market players in the access floor manufacturing industry in the PRC, the Board believes that a top-down management structure is conducive to further market penetration in the industry. While the sales manager is responsible for: (i) formulating sales and marketing strategy and planning upon the approval of the general manager; (ii) managing major on-site promotional activities; (iii) analysing the market environment, target, planning and business activities on a regular basis; (iv) formulating the market price of the Group's products based on the market and industry situation; (v) negotiating and entering into agreement; (vi) allocating resources for annual sales plan; and (vii) understanding customers' needs by visit, the principal duties of the sales representatives are to expand the customer base, track the existing customers' needs, negotiate and enter into contract with them. As for back-up supporting staff, they assist in supervising contract execution, compiling relevant statistics for analysis and handling customers' concerns in a timely fashion. With the concerted efforts of the staff, the Group continues its commitment to quality access flooring products with different sales and marketing strategies, including improving quality products, brand recognition and the responsiveness to customers. In addition, the Group would also enhance its effort in attending trade fairs and exhibitions, which are considered as good platforms for brand promotion and expansion of customer base.

The Group is committed to exhibiting a high level of consciousness on product design, function and quality and accordingly, it has established a research and development team, the members of which have obtained relevant qualification as assistant engineer (助理工程師). With its strong research and development capability, the Group has made the following achievements: (i) better recombination ability of the coating resin in graphene; and (ii) better performance of the graphene coating powder in terms of coating flexibility, resistance and other technical areas. For the year ended 31 December 2025, the Group spent approximately RMB10.0 million in research and development as compared to that of approximately RMB11.4 million for the year ended 31 December 2024.

The Group's presence in the access flooring manufacturing industry is established in the PRC. The Group was awarded ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Assessment) certificates. With the commitment to quality control, the Group's market recognition and service quality are further underpinned. The Group was also awarded the 常州市知名商標證書 (Well-known Trademark of Changzhou City*) by the 常州市知名商標認定委員會 (Recognition Committee of Well-known Trademark of Changzhou City*) in 2011, 江蘇名牌產品證書 (Jiangsu Famous Brand Certificate*) by the 江蘇省名牌戰略推進委員會 (Jiangsu Promotion Commission for Famous Brand Strategy*) in 2017, 企業信用等級證書 AAA綜合信譽信用等級 (the accreditation of AAA Credit Enterprise*) by 聯合信用管理有限公司江蘇分公司 (Jiangsu Branch of Lianhe Credit Information Service Co., Ltd.*) for the period from 2016 to 2018, 江蘇省質量信用等級 (the accreditation of AA Quality Credit Rating*) by the 江蘇省市場監督管理局 (Market Supervision Bureau of Jiangsu Province*) in 2019, 常州市高新技術產品認定證書 (Changzhou High-tech Product Certification*) by the 常州市科學技術局 (Science and Technology Bureau of Changzhou City*) in 2020. Moreover, the Group was awarded three 實用新型專利證書 (Patent Registration Certificate of New Utility*) and 發明專利證書 (Patent Registration Certificate*) respectively for our technologies and products by 中國知識產權局 (China National Intellectual Property Administration*) in 2021.

In 2022, 高新技術企業 (High-tech Enterprise*) issued by 江蘇省科學技術廳, 江蘇省財政廳及國家稅務總局江蘇省稅務局 (Department of Science and Technology of Jiangsu Province*, Department of Finance of Jiangsu Province*, and Jiangsu Provincial Taxation Bureau of the State Administration of Taxation*), 江蘇省專精特新中小企業 (Jiangsu Province Specialized and New Small and Medium-sized Enterprise*) issued by 江蘇省工業和信息化廳 (Department of Industry and Information Technology of Jiangsu Province*), 品牌質量獎 (Brand Quality Award*) issued by 中共常州市武進區橫林鎮委員會及常州市武進區橫林鎮人民政府 (Henglin Town Committee of Wujin District of Changzhou City, and the People's Government of Henglin Town, Wujin District of Changzhou City*), 勞動保障誠信企業 (Labor Security Integrity Enterprise*) issued by 常州市人力資源和社會保障局 (Changzhou Municipal Bureau of Human Resources and Social Security*), 常州市創建和諧勞動關係先進企業 (Advanced Enterprise for Creating Harmonious Labor Relations in Changzhou City*) issued by 常州市協調勞動關係三方委員會 (Tripartite Committee for Coordinating Labour Relations in Changzhou City*), CSA8000 常州市企業社會責任標準達標企業 (CSA8000

* For identification purposes only

Changzhou Corporate Social Responsibility Standard Conformity Enterprise*) issued by 常州市協調勞動關係三方委員會 (Tripartite Committee for Coordinating Labour Relations in Changzhou City*) and 中國防靜電裝備品牌企業榮譽證書 (China Anti-static Equipment Brand Enterprise Honor Certificate*) issued by 中國電子儀器行業協會防靜電裝備分會 (Anti-static Equipment Branch of the China Electronic Instrument Industry Association*) were awarded to the Group.

In 2024, 質量管理體系認證證書 (Certificate of Approval*) issued by 盛唐認證南京有限責任公司 (Shentang Certification Nanjing Co., Ltd.*), 環境管理體系認證證書 (Certificate of Environment Management System*) issued by 盛唐認證南京有限責任公司 (Shentang Certification Nanjing Co., Ltd.*), 職業健康安全管理体系認證證書 (Certificate of Occupational Health and Safety Management System*) issued by 盛唐認證南京有限責任公司 (Shentang Certification Nanjing Co., Ltd.*), 2024年度發展貢獻獎 (2024 Development Contribution Award*) issued by 中共常州市武進區橫林鎮委員會及常州市武進區橫林鎮人民政府 (Henglin Town Committee of Wujin District of Changzhou City* and the People's Government of Henglin Town, Wujin District of Changzhou City*), 2024年度納稅大戶銅獎 (Bronze Award for Large Tax payer in 2024*) issued by 中共江蘇常州經濟開發區工作委員會及江蘇常州經濟開發區管理委員會 (CPC Jiangsu Changzhou Economic Development Zone Working Committee* and Jiangsu Changzhou Economic Development Zone Management Committee*), 會員證書及團體會員證書 (Certificate of Membership and Certificate of Corporate Membership*) issued by 中國電子儀器行業協會防靜電裝備分會 (Anti-static Equipment Branch of the China Electronic Instrument Industry Association*), 守合同重信用企業公示證書 (The Publicity Certificate of Trustworthy Enterprise*) issued by 江蘇省企業信用管理協會 (Jiangsu Enterprise credit Management Association*), 常州市企業技術中心 (Changzhou Enterprise Technology Center*) issued by 常州市工業和信息化局 (Changzhou Bureau of Industry and Information Technology*), and 知識產權合規管理體系認證證書 (Intellectual Property Compliance Management System Certification*) issued by 中規(北京)認證有限公司 (Zhonggui (Beijing) Certification Co., Ltd.*) were awarded to the Group.

In 2025, the Group has been awarded with the following:

- 高新技術企業證書 (High-tech Enterprise Certificate*), issued by 江蘇省科學技術廳, 江蘇省財政廳及國家稅務總局江蘇省稅務局 (Jiangsu Department of Science and Technology*, Jiangsu Finance Department* and the State Taxation Administration of Jiangsu Province*).
- 綠色工廠 (Green Factory*) issued by 常州市工業和信息化局 (Changzhou Municipal Bureau of Industry and Information Technology*).

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REVIEW AND PROSPECT

During the year ended 31 December 2025, the PRC achieved a GDP growth rate of 5.0%, successfully meeting the government's target despite a complex economic environment. This growth was supported by innovation-led development and targeted macroeconomic policies. However, the construction and real estate sectors faced significant structural challenges. The commercial property market experienced particular pressure, with total floor space of newly built commercial buildings sold declining by 8.7% year-on-year. This contraction, coupled with pressure on gross margins and rising bad debt risks, necessitated the Group's adoption of a more prudent order-taking strategy. By "eliminating the weak and retaining the strong," we would strictly select customers with superior credit ratings and high-quality business opportunities.

In 2025, precious metals surged significantly, with the annual average gold price climbing 44% to reach US\$3,431 per ounce. Aluminum prices reached a three-year high, fluctuating in the US\$2,800 to US\$2,900 per tonne range. This sharp increase forced the Group to adjust pricing on flagship products to maintain margins. Due to long lead times inherent in our industry, we have prioritized strengthening quotation mechanisms and implementing robust cost-locking strategies.

Despite these headwinds, the Group has identified resilient growth opportunities. Benefiting from the explosive growth of the artificial intelligence industry, market demand for data center building materials remains exceptionally robust. Additionally, demand for renovation and retrofitting of existing commercial buildings remains strong, providing stable revenue streams. The Group will strategically concentrate resources on these high-growth segments while optimizing costs through favorable material price adjustments and expanding into overseas markets to diversify operational risks.

Despite the above challenges, the Board maintains an optimistic outlook for the access flooring products industry and the Group's future. The Group is committed to adapting swiftly to market shifts while prioritizing long-term growth. It will channel resources into enhancing product recognition through technological advancements and production line upgrades, ensuring cost efficiency and laying the groundwork for sustained success.

BUSINESS OBJECTIVES AND IMPLEMENTATION PLAN

An analysis comparing the business strategies set out in the prospectus of the Company dated 31 December 2019 with the Group's actual implementation progress up to 31 December 2025 is as follows:

Business Strategies	Planned use of net proceeds		Actual use of net proceeds up to 31 December 2024	Amount utilised during the year ended 31 December 2025	Unutilised amount as at 31 December 2025	Expected timeframe for the utilisation of the remaining balance
	(HK\$'million)	%	(HK\$'million)	(HK\$'million)	(HK\$'million)	
1. Enhancement of the production capacity and efficiency						
– acquisition of a parcel of land in Changzhou City	20.9	24.4	20.9	–	–	N/A
– construction of infrastructure including two new factory buildings for production and storage	21.9	25.5	21.9	–	–	N/A
– installation of five additional production lines	26.9	31.4	26.9	–	–	N/A
– installation of environmental friendly and energy-saving facilities and equipment	2.2	2.6	2.2	–	–	N/A
2. Acquisition of automated machinery and equipment for upgrading the existing production lines	5.1	5.9	5.1	–	–	N/A
3. Repayment of outstanding indebtedness of the Group	5.0	5.8	5.0	–	–	N/A
4. Enhancement and optimization of the information technology system	2.3	2.7	–	–	2.3	Enhancement and optimization of the information technology system aims at satisfying the requirements under the expansion of production capacity resulting from the utilisation of the factory buildings. The unutilised amount as at 31 December 2025 is anticipated to be utilised by the end of December 2027.
5. Working capital and general corporate purposes	1.5	1.7	1.5	–	–	N/A
Total	85.8	100.0	83.5	–	2.3	

SALES ANALYSIS

The Group recorded a consolidated revenue of approximately RMB189.7 million for the year ended 31 December 2025, representing an decrease of approximately RMB68.1 million or 26.4% as compared to that of approximately RMB257.8 million for the year ended 31 December 2024. The decrease in consolidated revenue was primarily due to the overall sluggish demand in the mainland real estate market and the decrease in new property completions.

Details of the Group's revenue by products are as follows:

	For the year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Steel access flooring products	113,827	60.0	177,315	68.8
Calcium-sulfate access flooring products	75,891	40.0	80,473	31.2
Total	<u>189,718</u>	<u>100.0</u>	<u>257,788</u>	<u>100.0</u>

For the year ended 31 December 2025, sales of steel access flooring products was the largest contributor to the Group's revenue and it accounted for approximately 60.0% of the total revenue. Revenue derived from sales of steel access flooring products decreased significantly by approximately 35.8% from approximately RMB 177.3 million for the year ended 31 December 2024 to approximately RMB113.8 million for the year ended 31 December 2025. This was mainly attributable to sluggish demand in the mainland real estate market and the decrease in new property completions during the year ended 31 December 2025.

Revenue derived from sales of calcium-sulfate access flooring products also decreased by 5.7% from approximately RMB80.5 million for the year ended 31 December 2024 to approximately RMB75.9 million for the year ended 31 December 2025. This was primarily due to the structural challenges faced by the real estate sector and the decline in the total floor space of newly built commercial buildings sold during the year ended 31 December 2025.

Details of the sales volume and average unit selling price by products are as follows:

	For the year ended 31 December			
	2025		2024	
	Sales volume <i>million m²</i>	Average unit selling price <i>RMB/m²</i>	Sales volume <i>million m²</i>	Average unit selling price <i>RMB/m²</i>
Steel access flooring products	0.83	137.1	1.34	132.3
Calcium-sulfate access flooring products	0.48	158.1	0.52	154.8
Total	1.31		1.86	

Sales volume for both steel access flooring products and calcium-sulfate access flooring products dropped significantly due to the significant structural challenges faced by the real estate sector and the decline in the total floor space of newly built commercial buildings sold during the year ended 31 December 2025.

Generally, it is considered that both product specifications and technical requirements are the major factors affecting the product price. Based on the market needs, the Group usually adopts a cost-plus pricing policy that takes various factors into consideration, such as the production cost, price of raw materials, suppliers of installation services, purchase volume of the customers, background of the customers and competition. Given the circumstances described above, the Group chose to adopt a competitive pricing policy as to maintain a reasonable profit margin.

Given the surge in prices of precious metals and alumina in 2025 and the risk of cost lag between quotation and final delivery due to long lead time, the Group has adopted a more prudent order taking strategy. By “eliminating the weak and retaining the strong”, the Group would strictly select customers with superior credit ratings and high business opportunities.

Details of the Group’s sale revenue by geographical location are as follows:

	For the year ended 31 December			
	2025		2024	
	<i>RMB’000</i>	%	<i>RMB’000</i>	%
PRC	146,671	77.3	225,574	87.5
Hong Kong, China	1,174	0.6	–	–
Other countries and regions	41,873	22.1	32,214	12.5
Total	189,718	100.0	257,788	100.0

For both of the years ended 31 December 2025 and 2024, the Group's products were mainly sold in the PRC and to a lesser extent exported to other countries and regions such as Singapore, The United Arab Emirates and Taiwan. For the year ended 31 December 2025, the Group's products were also sold to Hong Kong and Republic of Uzbekistan.

Details of the gross profit and gross profit margin by products are as follows:

	For the year ended 31 December			
	2025		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Steel access flooring products	30,069	26.4	45,224	25.5
Calcium-sulfate access flooring products	18,243	24.0	17,762	22.1
Total	48,312	25.5	62,986	24.4

The gross profit from steel access flooring products accounted for the majority of the gross profit of the Group for both of the years ended 31 December 2025 and 2024. The gross profit margin of the access flooring products was a combined result of gross profit margin of individual contracts undertaken by the Group, which was in turn affected by various factors, including but not limited to the tender or quotation price, scale, project specifications and other estimated costs, which vary from project to project. Gross profit margin of steel access flooring products for the year ended 31 December 2025 compared to that of the year ended 31 December 2024 increased by approximately 0.9 percentage points to 26.4%, while gross profit margin of calcium-sulfate access flooring products for the year ended 31 December 2025 compared to that of the year ended 31 December 2024 increased by approximately 1.9 percentage points to 24.0%. The improvement in gross profit margins for both product categories was primarily attributable to the enhancement of production efficiency following the relocation of production lines to the new factory plant in 2023.

OPERATING COSTS AND EXPENSES

Selling expenses decreased by approximately RMB1.7 million, representing a 14.1% decrease to approximately RMB10.5 million for the year ended 31 December 2025 from approximately RMB12.2 million for the year ended 31 December 2024. The decrease was primarily attributed to the decrease in consultation fees for external professionals engaged for business development initiatives aimed at securing more commercial opportunities for the Group.

The net impairment of contract assets and trade and bills receivables increased slightly by approximately 0.29% to approximately RMB11.3 million for the year ended 31 December 2025 from approximately RMB11.2 million for the year ended 31 December 2024. Further details of the recoverability assessment on contract assets and trade and bills receivables are set out below.

Administrative expenses decreased by approximately RMB0.9 million, representing a 6.0% decrease to approximately RMB14.2 million for the year ended 31 December 2025 from approximately RMB15.1 million for the year ended 31 December 2024. The decrease was primarily driven by the decrease in salaries and wages.

Finance costs decreased by approximately RMB0.8 million to approximately RMB2.4 million for the year ended 31 December 2025 from approximately RMB3.2 million for the year ended 31 December 2024. The decrease was mainly due to the reduction in bank borrowings during the year ended 31 December 2025.

OPERATING RESULTS

Profit before taxation decreased significantly from approximately RMB14.3 million for the year ended 31 December 2024 to approximately RMB3.8 million for the year ended 31 December 2025, representing an decrease of approximately 73.4%. The substantial drop of profit before taxation was primarily attributable to the decrease of 26.4% in the sales revenue of approximately RMB257.8 million for the year ended 31 December 2024 to approximately RMB189.7 million for the year ended 31 December of 2025, which outweighed the decrease in selling expenses, administrative expenses and the finance costs mentioned above.

RECOVERABILITY ASSESSMENT OF CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

The Group applies the simplified approach to provide for expected credit losses (“ECLs”) prescribed by the HKFRS 9 Financial Instruments, which permits the use of lifetime expected loss provision for contract assets and trade and bills receivables. To measure the lifetime ECLs on contract assets and trade and bills receivables, the Group categorised them based on their shared credit risk characteristics and ageing of current and past due days, evaluated their recoverability by reference to their payment history records with the Group using a provision matrix as adjusted for factors specific to the customers such as history and patterns of settlements from the customers, financial difficulties of the defaulted customers and other current conditions at the reporting period end, as adjusted for forward looking information, such as expected economic conditions by reference to the forecast of next year’s GDP in the PRC and subsequent settlements received from the customers after the respective reporting period ends.

Statistical regression model has been adopted to project the estimated lifetime ECL rates on each ageing band of contract assets and trade and bills receivables as at 31 December 2025 and 2024, based on co-efficient relationship of the actual bad debt rates on each ageing bands of trade and bills receivables and contract assets at each reporting period ended on 31 December 2015 to 2025 (2024: 2014 to 2024) and the respective annual PRC GDP growth rates following each of these reporting period ends.

The estimated ECL rates on contract assets and trade receivables, which are based on the statistical regression model, are further adjusted after considering the status of the subsequent settlements received from the customers after the end of the reporting period and additional individual assessment if the relevant customers are defaulted in settlement.

Management of the Group has been closely monitoring the status of accounts owing by its customers during and after the years ended 31 December 2025 and 2024. Close contact with customers has been maintained to ensure there is no major issue arising from the payment process. Consideration would be given to the issuance of pre-action letters and the institution of legal proceedings against the relevant customers to recover outstanding amounts as well as penalty, liquidated damages and other expenses as permitted under the laws of the PRC, and consideration would also be given to the negotiations of new repayment schedules to recover the outstanding debts if necessary.

Set out below is the analysis of the calculation of the ECL rates on contract assets and trade and bills receivables at 31 December 2025, using the co-efficient factors between the bad debt loss rates and the annual PRC GDP growth rates which were derived from the statistical regression model, and adjusted after considering the additional individual assessment of the status of subsequent settlements received from the customers and the financial difficulties of the defaulted customers:

	Coefficient of determination (R Squared), the proportion of the variance in the ECL rate that is predictable from the following year's PRC GDP growth rate *	Intercept for the linear following year's PRC GDP growth rate and actual bad debt loss rates at each reporting period end **	Coefficient factor between following year's PRC GDP growth rate and actual bad debt loss rates at each reporting period end **	Estimated ECL rate at 31 December 2025, based on the regression model C=A+B*2026 GDP growth rate (=4.5%) ***	Applied ECL rate at 31 December 2025 after considering individual assessment of customers %
		A %	B	C %	
Contract assets	0.53	4.90	-0.4939	2.68	7.18*****
Trade and bills receivables					
Not yet due or current	0.51	8.00	-0.8818	4.03	4.03
Past due:					
Within 1 month	0.67	13.57	-1.4161	7.20	7.20
1–3 months	0.71	21.50	-2.5709	9.93	9.93
3–6 months	0.43	9.88	-0.8149	6.21	13.42****
6–9 months	0.04	9.74	-0.1533	9.04	14.39****
9–12 months	0.50	24.92	-2.2369	14.86	32.69****
1–2 years	0.40	48.85	-3.8045	31.73	51.72****
Over 2 years	0.60	64.64	-4.7529	43.26	81.40****
Overall – Trade and bills receivables	0.58	21.33	-1.8219	13.13	30.17

Notes:

- * The coefficient of determination ranges from 0 to 1, representing 0% to 100% of the variation in the ECL rate at the reporting period end that can be explained by the following year's PRC GDP growth rate.
- ** $Intercept = (\Sigma y)(\Sigma x^2) - (\Sigma x)(\Sigma xy)/n(\Sigma x^2) - (\Sigma x)^2$ and $Coefficient\ factor = n(\Sigma xy) - (\Sigma x)(\Sigma y)/n(\Sigma x^2) - (\Sigma x)^2$, where y is the ECL rate for contract assets and trade and bills receivables falling into each of the ageing bands at the reporting period end and x is the following year's PRC GDP growth rate.
- *** The initial official target GDP growth rate for 2026 is 4.5% as announced by the PRC government. The expected GDP growth rate for 2026 is considered to be reasonable by reference to the estimation of the credit analysts.
- **** ECL rate for each of the above ageing bands of trade and bills receivables of past due within 3–6 months, 6–9 months, 9–12 months, 1–2 years and past due over 2 years are adjusted after considering the status of subsequent settlements received after 31 December 2025 and additional individual assessment on the payment history and patterns of the customers falling into each of these respective ageing bands of trade and bills receivables and financial difficulties of the defaulted customers.
- ***** ECL rate for contract assets are adjusted after considering the additional individual assessment on the payment history and patterns of the customers and financial difficulties of the defaulted customers.

An analysis of ECL against contract assets and trade and bills receivables at 31 December 2025 is set out below:

At 31 December 2025					
	Gross amount	ECL provision	Net carrying	Subsequent settlements up to	ECL rate on
	RMB'000	RMB'000	amount	20 March	gross amount
			RMB'000	2026	%
				RMB'000	
Contract assets	76,700	5,506	71,194	6,507	7.18
Trade and bills receivables					
Not yet due or current	54,507	2,196	52,311	18,332	4.03
Past due:					
Within 1 month	5,453	393	5,060	514	7.20
1–3 months	9,313	925	8,388	3,450	9.93
3–6 months	10,850	1,456	9,394	1,419	13.42
6–9 months	39,825	5,731	34,094	28,015	14.39
9–12 months	12,975	4,241	8,734	6,194	32.69
1–2 years	27,412	14,177	13,235	3,062	51.72
Over 2 years	37,583	30,593	6,990	8,685	81.40
Subtotal – Trade and bills receivables	<u>197,918</u>	<u>59,712</u>	<u>138,206</u>	<u>69,671</u>	<u>30.17</u>
Total	<u><u>274,618</u></u>	<u><u>65,218</u></u>	<u><u>209,400</u></u>	<u><u>76,178</u></u>	<u><u>23.75</u></u>

The matrix analysis of the Group's actual historic bad debt rates on the contract assets and trade and bills receivables at each of the reporting period ends of 2014 to 2024 (as updated for subsequent changes in estimates) and the expected rates for lifetime ECLs on contracts assets and trade and bills receivables at 31 December 2025 are as follows:

	Historical bad debt rates										Average	Estimated bad debt	
	at 31 December										historical	rates for lifetime ECL	
	2014	2015	2016	2017	2018	2019	2020*	2021*	2022*	2023*	bad debt	at 31 December	2025
										rates	2024**		
										at 31			
										December			
										2014 to			
										2023			
Contract assets	0.00%	0.00%	0.18%	1.43%	1.65%	2.13%	2.36%	4.24%	3.47%	5.23%	2.07%	9.66%	7.18%
Trade and bills receivables													
Not yet due or current	0.83%	1.12%	0.22%	1.20%	2.77%	4.17%	1.34%	5.25%	3.87%	11.16%	3.19%	1.01%	4.03%
Past due:													
Within 1 month	0.00%	1.27%	3.83%	3.02%	5.42%	8.87%	6.21%	12.96%	10.21%	3.53%	5.53%	5.64%	7.20%
1 to 3 months	0.00%	3.66%	4.49%	4.14%	6.20%	25.95%	5.73%	6.34%	3.93%	6.61%	6.71%	9.01%	9.93%
3 to 6 months	0.00%	0.85%	7.91%	3.69%	6.07%	12.74%	6.71%	3.18%	4.53%	5.97%	5.16%	6.16%	13.42%
6 to 9 months	0.00%	0.07%	7.68%	8.03%	9.26%	7.86%	15.05%	6.15%	24.64%	7.16%	8.59%	11.57%	14.39%
9 to 12 months	2.30%	1.44%	5.09%	7.60%	10.02%	13.69%	15.90%	22.61%	17.06%	27.33%	12.30%	11.53%	32.69%
1-2 years	25.62%	1.80%	4.79%	33.36%	16.46%	25.73%	23.23%	40.15%	29.89%	65.49%	26.65%	33.51%	51.72%
Over 2 years	8.07%	35.66%	31.41%	36.99%	25.53%	63.23%	35.93%	35.14%	42.66%	44.63%	35.93%	55.31%	81.40%
Overall – Trade and bills receivables	3.60%	6.38%	9.32%	6.12%	7.32%	10.69%	12.73%	11.82%	13.84%	18.61%	10.09%	12.15%	30.17%

* ECL rates for 2020 to 2023 were updated for subsequent changes in estimates.

** ECL rate for 2024 was updated for subsequent charges in estimates, excluding the addition institution of legal proceedings against the customers during 2025.

A lower estimated lifetime ECL rate on contract assets at 31 December 2025 at 7.18% (2024: 9.66%) was applied, after taking into account of several customers individually identified with significant financial difficulties at 31 December 2025.

In the opinion of the directors of the Company, the bad debt rates applied for the measurement of the lifetime ECLs of the Group's contract assets and trade and bill receivables at 31 December 2025 and 2024 are reasonable and adequate.

CAPITAL STRUCTURE

The Shares were successfully listed on the Main Board of the Stock Exchange in January 2020. There has been no changes in the capital structure of the Group since then. The Group funds its business and working capital requirements by using a balanced mix of internal resources, bank borrowings and the net proceeds raised from the initial public offering in 2020. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group held total assets of approximately RMB464.6 million (31 December 2024: approximately RMB492.3 million), including cash and cash equivalents of approximately RMB53.9 million (31 December 2024: approximately RMB46.8 million). The Group's cash and cash equivalents were mainly denominated in RMB (31 December 2024: RMB).

As at 31 December 2025, the Group had total liabilities of approximately RMB135.8 million (31 December 2024: approximately RMB167.3 million) which mainly comprised of bank borrowings amounting to RMB65.0 million (31 December 2024: approximately RMB91.0 million). The Group's bank borrowings were denominated in RMB and bore interest at the rates ranging from 2.35% to 3.01% (31 December 2024: 2.80% to 3.45%).

As at 31 December 2025, the debt-to-equity ratio, expressed as a percentage of total loans and borrowings and lease liabilities net of cash and cash equivalents and restricted bank deposits over total equity, was about 1.9% (31 December 2024: 11.7%). This substantial reduction was mainly resulted from the repayment of bank borrowings during the year ended 31 December 2025.

As at 31 December 2025, the Group had available and unused bank facilities of approximately RMB42.4 million (31 December 2024: approximately RMB28.0 million).

The gearing ratio, which is calculated by total borrowings and lease liabilities divided by total equity, was approximately 19.8% and 28.0% as at 31 December 2025 and 31 December 2024 respectively.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital commitments amounting to approximately RMB11.9 million in respect of property, plant and equipment which was contracted but not provided for (31 December 2024: approximately RMB19.3 million).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

The majority of the Group's business and all bank borrowings are denominated and accounted for in RMB. The Group, therefore, does not have significant exposure to foreign exchange fluctuation.

The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuation will have material impact on the business operations or financial results of the Group. The Group does not have a hedging policy and it did not commit to any financial instruments to hedge its exposure to foreign currency risk during the year ended 31 December 2025. However, the Group will closely monitor the foreign exchange market and take appropriate and effective measures from time to time to reduce any negative impact from exchange-rate risk to the furthest extent including establishment of a hedging policy.

CHARGES ON GROUP ASSETS

As at 31 December 2025, the Group had the following charges on its assets:

- (a) There was no outstanding secured bank borrowings as at 31 December 2025 (31 December 2024: approximately RMB42.0 million). However, the available facilities were secured by the following assets:
 - (i) land use rights with a carrying value of approximately RMB7.2 million as at 31 December 2025 (31 December 2024: approximately RMB7.3 million);
 - (ii) leasehold buildings with a carrying value of approximately RMB4.7 million as at 31 December 2025 (31 December 2024: approximately RMB5.4 million).
- (b) Restricted bank deposit of approximately RMB5.0 million (31 December 2024: approximately RMB6.0 million) was pledged as security for issuing commercial bills to suppliers.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 186 employees (31 December 2024: 212). The total staff costs including directors' remuneration for the year were approximately RMB19.8 million (2024: approximately RMB19.5 million). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses are offered with reference to our Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, the Group offers other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. The Group also adopts an annual appraisal system to assess the performance of staff, which forms the basis of decisions with respect to salary rises and promotions.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

There were no significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 31 December 2025.

The Group did not have other plans for significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by the Group as at 31 December 2025.

CAPITAL EXPENDITURE

For the year ended 31 December 2025, the Group spent approximately RMB12.1 million (2024: approximately RMB11.3 million) on capital expenditure, which was primarily related to the construction in progress and acquisition of plant and machinery.

EVENT AFTER THE REPORTING PERIOD

There was no significant event subsequent to 31 December 2025 and up to the date of this announcement.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2025 (2024: Nil).

CORPORATE GOVERNANCE PRACTICES

The Board is committed to establishing good corporate governance and adopt sound corporate governance practices. The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

Throughout the financial year ended 31 December 2025, the Company has complied with the requirements set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding Directors’ securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the code of conduct regarding the dealings in securities during the year ended 31 December 2025. Moreover, the Company was not aware of any non-compliance with the relevant provisions of the Model Code throughout the year ended 31 December 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 19 December 2019 with written terms of reference by reference to the code provisions of the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Xie Xing (Chairman), Mr. Wang Li and Ms. Long Mei.

The Audit Committee examined the accounting principles and practices adopted by the Group and discussed with management the internal controls of the Group. It has also reviewed the consolidated financial results of the Group for the year ended 31 December 2025.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Company’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Company’s auditor, Crowe (HK) CPA Limited, to the amounts set out in the Company’s consolidated financial statements for the year ended 31 December 2025. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Company (www.jiachencn.com.cn) and the website of the Stock Exchange (www.hkexnews.hk).

The annual report of the Company for the year ended 31 December 2025 containing all relevant information required under the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
JiaChen Holding Group Limited
SHEN Min
Executive Director and Chairman

Changzhou, the People's Republic of China, 25 March 2026

As at the date of this announcement, the executive Directors are Mr. SHEN Min, Mr. SHEN Minghui, Ms. LIU Hui and Mr. ZHU Wen; and the independent non-executive Directors are Mr. XIE Xing, Mr. WANG Li, and Ms. LONG Mei.

This announcement is available for viewing on the Company's website at www.jiachencn.com.cn and the website of the Stock Exchange at www.hkexnews.hk.