

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



NAMYUE HOLDINGS LIMITED

南粵控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01058)

2025 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

	For the year ended 31 December		
	2025	2024	Change
Subcontracted leather processing volume (in thousand square feet)	34,192	18,965	+80.3%
Sales volume of cowhides (in thousand square feet)	3,486	5,343	-34.8%
Revenue (in thousand HK\$)	71,262	89,099	-20.0%
Loss for the year (in thousand HK\$)	(14,231)	(33,765)	+57.9%
Basic loss per share (in HK cents)	(2.65)	(6.28)	+57.8%
Key Indicators (As at 31 December)	2025	2024	Change
Current Ratio	0.49 times	0.67 times	-26.9%
Quick Ratio	0.37 times	0.35 times	+5.7%
Debt to asset ratio	92.3%	80.4%	+14.8%
Total assets (in thousand HK\$)	81,774	97,154	-15.8%
Net asset value per share (HK\$)	0.01	0.04	-75.0%

FINANCIAL RESULTS

The board of directors (the "Board") of Namyue Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025 together with the comparative figures for 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
REVENUE	4	71,262	89,099
Cost of sales		<u>(67,990)</u>	<u>(88,714)</u>
Gross profit		3,272	385
Other income and losses, net	5	3,049	2,029
Selling and distribution expenses		(605)	(1,383)
Administrative expenses		(19,202)	(24,582)
Impairment on items of plant and equipment		(4,789)	(4,158)
Other operating income/(expenses), net	5	4,140	(5,888)
Finance costs		<u>(500)</u>	<u>(504)</u>
LOSS BEFORE TAX	6	(14,635)	(34,101)
Income tax credit	7	<u>404</u>	<u>336</u>
LOSS FOR THE YEAR		<u>(14,231)</u>	<u>(33,765)</u>
LOSS PER SHARE	8		
- Basic		<u>HK(2.65) cents</u>	<u>HK(6.28) cents</u>
- Diluted		<u>HK(2.65) cents</u>	<u>HK(6.28) cents</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
LOSS FOR THE YEAR	(14,231)	(33,765)
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Surplus on revaluation of buildings	1,793	978
Income tax effect	(448)	(245)
	1,345	733
<i>Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	127	(818)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX	1,472	(85)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR	(12,759)	(33,850)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		36,662	37,277
Right-of-use assets		10,235	10,274
		<u>46,897</u>	<u>47,551</u>
CURRENT ASSETS			
Inventories		8,713	24,048
Receivables, prepayments and deposits	<i>10</i>	16,763	20,839
Pledged bank balances		2,736	1,297
Cash and bank balances		6,665	3,419
		<u>34,877</u>	<u>49,603</u>
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	24,875	36,759
Other payables, accruals and provision	<i>12</i>	25,657	27,061
Interest-bearing bank borrowings		19,264	8,639
Due to a PRC joint venture partner		1,131	1,131
		<u>70,927</u>	<u>73,590</u>
NET CURRENT LIABILITIES		<u>(36,050)</u>	<u>(23,987)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,847</u>	<u>23,564</u>
NON-CURRENT LIABILITY			
Deferred tax liabilities		4,545	4,503
NET ASSETS		<u>6,302</u>	<u>19,061</u>
EQUITY			
Share capital		75,032	75,032
Reserves		(68,730)	(55,971)
TOTAL EQUITY		<u>6,302</u>	<u>19,061</u>

Notes:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for buildings classified as property, plant and equipment and bills receivable which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

The financial information relating to the years ended 31 December 2025 and 31 December 2024 included in this preliminary announcement of annual results for the year ended 31 December 2025 does not constitute the Company's statutory annual consolidated financial statements for those years, but in respect of the year ended 31 December 2024, is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2025 in due course.

Going Concern

The Group incurred a loss of approximately HK\$14,231,000 for the year ended 2025 and as at 31 December 2025, the Group had net current liabilities of approximately HK\$36,050,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have been undertaking a number of plans and measures to improve the Group's liquidity and financial position, including:

- (i) 南粵(集團)有限公司 (Nam Yue (Group) Company Limited), in which the immediate holding company has agreed to provide the Group with a financial support facility of RMB30,000,000 to ensure that the Group can settle its debts as they fall due and meet its normal operating requirements for the next 15 months commencing from 19 March 2026;
- (ii) the Group had renewed the pledged bank facilities amounting to RMB35,000,000 up to April 2027 with Bank of Nanjing Co., Ltd. and had a bank borrowing amounting to RMB8,000,000 with Rural Commercial Bank Co., Ltd. up to June 2026 to finance daily operation;
- (iii) the Directors continue to strengthen and implement a variety of measures to improve the working capital and cash flows of the Group, including closely monitoring the production costs, selling and distribution expenses, and general administrative and operating expenses; and
- (iv) the Directors are actively seeking new business opportunities to achieve profitability and abundant working capital, and explore new sources of income.

Based on the cash flow projection of the Group and having taken into account the available financial resources of the Group and the above measures, the Directors consider that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their application is not expected to have material impact on the financial performance and the financial position of the Group except for the adoption of HKFRS 18 as mentioned below.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. OPERATING SEGMENT INFORMATION

No separate analysis of operating segment information is presented by the Group as over 90% of the Group's revenue, results and assets related to the processing and sale of semi-finished and finished leather, and subcontracted leather processing in the People's Republic of China (the "PRC" or "Mainland China") during the year.

Information about major customer

Revenue from the following customer individually contributed over 10% of the consolidated revenue of the Group is as follows:

	2025	2024
	HK\$'000	HK\$'000
Customer A	10,174	N/A*
Customer B	8,595	12,834
Customer C	7,992	N/A*
Customer D	7,972	12,756
Customer E	N/A*	9,631

* The revenue from Customer E (2024: Customer A and C) contributed not more than 10% of the Group's revenue in 2025, therefore the amount is not disclosed.

4. REVENUE

An analysis of revenue is as follows:

	2025	2024
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers</i>		
Sale of processed leather	25,787	51,337
Subcontracted leather processing	45,475	37,762
	71,262	89,099

(i) Disaggregated revenue information

Revenue is recognised when goods are transferred at a point in time to customers. The amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period was HK\$750,000 (2024:HK\$482,000).

The Group sells/subcontracted leather to the customers. Revenue is recognised when control of the processed leather has transferred, being when the processed leather is delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the processed leather and the customer has obtained legal titles to the processed leather.

(ii) Performance obligations

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

Sale of goods/subcontracted processing

The performance obligation is satisfied upon delivery of the goods at a point in time and payment is generally due within 30 to 180 days from the date of delivery, except for new customers, where payment in advance is normally required. A receivable is recognised when the processed leather is delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. OTHER INCOME AND LOSSES, AND OTHER OPERATING INCOME/(EXPENSES), NET

(a) *Other income and losses, net*

	2025	2024
	HK\$'000	HK\$'000
Finance income	18	9
Sale of raw and scrap materials in Mainland China	2,173	1,617
Government grants*	1	122
Gains on disposal of property, plant and equipment	871	805
Net exchange losses	(2)	(116)
Others	(12)	(408)
	3,049	2,029

* During the year ended 31 December 2025, the Group received approximately HK\$1,000 (2024: HK\$122,000) from the PRC local government as a support to the Group's PRC operations. There are no unfulfilled conditions or contingencies relating to these grants.

(b) *Other operating income/(expenses), net*

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Reversal of impairment/(impairment) of trade receivables	2,821	(6,232)
(Impairment)/reversal of impairment of other receivables	(359)	283
Net gain on termination of lease	10	-
Reversal of accruals and payables	1,668	61
	<u>4,140</u>	<u>(5,888)</u>

6. **LOSS BEFORE TAX**

The Group's loss before tax is arrived at after charging:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of inventories sold	80,201	96,148
Auditor's remuneration	650	750
Depreciation of property, plant and equipment	3,028	3,267
Depreciation of right-of-use assets	293	295
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	17,801	21,018
Pension scheme contributions (defined contribution schemes)*	3,742	4,241
	<u>21,543</u>	<u>25,259</u>
Reversal of provision for inventories**	(12,211)	(7,434)
Expenses related to short-term leases	16	106

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** This item is included in the "Cost of sales" on the face of the consolidated statement of profit or loss.

7. **INCOME TAX CREDIT**

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024. Taxes on profits assessable in the PRC have been calculated at the rate of tax prevailing in the PRC in which the Group operates.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current - Mainland China		
Provision for the year	2	-
Deferred tax liabilities	(406)	(336)
Total tax credit for the year	<u>(404)</u>	<u>(336)</u>

8. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the year and the weighted average number of ordinary shares of 538,019,000 (2024: 538,019,000) in issue during the year.

The calculation of basic loss per share is based on:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss for the year, used in the basic loss per share calculation	<u>14,231</u>	<u>33,765</u>

	Number of shares	
	2025 <i>'000</i>	2024 <i>'000</i>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<u>538,019</u>	<u>538,019</u>

No adjustment has been made to the calculation of the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 as there was no dilutive event during the years ended 31 December 2025 and 2024.

9. DIVIDEND

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

10. RECEIVABLES, PREPAYMENTS AND DEPOSITS

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Trade receivables	<i>(i)</i>	15,302	16,230
Bills receivables	<i>(i)</i>	413	2,973
Prepayments, deposits and other receivables	<i>(ii)</i>	1,048	1,472
Amount due from a director	<i>(iii)</i>	<u>-</u>	<u>164</u>
		<u>16,763</u>	<u>20,839</u>

Notes:

- (i) The Group's trading terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended to 150 days. Each customer has a maximum credit limit. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The carrying amounts of trade and bills receivables approximate their fair values.

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

	2025 HK\$'000	2024 <i>HK\$'000</i>
Within 3 months	13,273	16,621
3 to 6 months	571	1,883
6 to 12 months	156	3,284
1 to 2 years	3,755	5,453
2 to 3 years	3,384	2,294
Over 3 years	<u>2,307</u>	<u>-</u>
	<u>23,446</u>	<u>29,535</u>
Impairment	<u>(7,731)</u>	<u>(10,332)</u>
	<u>15,715</u>	<u>19,203</u>

- (ii) As at 31 December 2025, a provision of approximately HK\$759,000 (2024: HK\$334,000) was made for other receivables.

The carrying amounts of other receivables approximate their fair values.

- (iii) The amount due is unsecured, interest-free and repayable on demand.

11. TRADE AND BILLS PAYABLES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 3 months	4,109	7,573
3 to 6 months	2,342	6,765
Over 6 months	9,306	18,196
Trade payables	<u>15,757</u>	<u>32,534</u>
Bills payables	<u>9,118</u>	<u>4,225</u>
	<u>24,875</u>	<u>36,759</u>

The trade payables of the Group are non-interest-bearing and are normally settled on terms of 90 days. The carrying amounts of trade and bills payables approximate their fair values.

12. OTHER PAYABLES, ACCRUALS AND PROVISION

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other payables	6,801	5,484
Accruals	6,110	8,876
Deposits received	2,493	1,889
Other tax payables	149	438
Provision	9,674	9,436
Contract liabilities	430	857
Lease liabilities	-	81
	<u>25,657</u>	<u>27,061</u>

Note:

As at 31 December 2025, the balance included (i) a provision in relation to an early termination of a joint venture agreement of approximately HK\$3,322,000 (2024: HK\$3,240,000) and (ii) a provision for penalty of approximately HK\$6,352,000 (2024: HK\$6,196,000).

13. EVENTS AFTER THE REPORTING PERIOD

In January 2026, Qingdao Nanhai Tannery Co., Ltd. (“Qingdao Tannery”), a subsidiary of the Group, was deemed deregistered by the relevant PRC authority. Following a legal opinion obtained in February 2026, the Group reassessed the necessity of certain provisions and payables relating to Qingdao Tannery. Accordingly, a total reversal of approximately HK\$7,569,000 has been recognised in February 2026.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by HKICPA and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

We draw attention to Note 1 to this results announcement which states that the Group incurred a loss of approximately HK\$14,231,000 for the year ended 31 December 2025, and as at 31 December 2025, the Group had net current liabilities of approximately HK\$36,050,000. These conditions indicate a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CHAIRMAN'S STATEMENT

RESULTS

I would like to present to the shareholders that the consolidated loss attributable to shareholders of the Group for year 2025 was HK\$14,231,000 (2024: HK\$33,765,000), representing a decrease in loss of 57.9%. Basic loss per share was HK2.65 cents (2024: HK6.28 cents).

DIVIDEND

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

REVIEW

In 2025, the global economic landscape remained complex and volatile, with geopolitical tensions and trade frictions continuing to exert pressure on the manufacturing industry. China's leather industry is undergoing a period of profound restructuring, with contracting market demand and a persistently low leather market sentiment index. Losses have become widespread among industry participants, with small and medium-sized tanneries facing particularly acute survival pressures. Nationwide, the leather tanning sector has experienced declines in sales revenue, production volume and profits. At the same time, intensified competition in international markets particularly from Southeast Asian countries such as Vietnam has continued to erode China's traditional share of export footwear orders, placing significant pressure on the industry as a whole.

Amid these adverse conditions, the Group has remained firmly focused on its core mission of "turning losses into profits and enhancing quality and efficiency," demonstrating resilience in navigating a challenging operating environment. During the year, the Group conducted a comprehensive review of its production and operational processes, actively deepened business transformation and focused its development efforts on the processing segment. Through technological upgrades, it unlocked additional production capacity and achieved breakthrough growth. During the year, the production volume of the subcontracting business reached 34.19 million sq. ft., representing a substantial year-on-year increase of 80.3%. Revenue from the subcontracting business amounted to RMB45.47 million, up 20.4% year-on-year. Meanwhile, the Group continued to deepen its long-term cooperation with core subcontracting clients, maintaining a stable pipeline of orders and achieving greater stability in its customer base. The subcontracting business had emerged as a crucial pillar supporting the Group's stable revenue stream. In terms of business development, the Group actively explored the potential of existing clients, assisted them in research and development of processing techniques, strengthened cooperative relationships, and further increased processing volumes and revenue streams, laying a solid foundation for stable operations.

In respect of environmental protection and process optimisation, the Group consistently adhered to sustainable development principles by benchmarking industry standards to refine tanning techniques and reduce pollutant emissions at source. By cleaning and repairing chromium solution sedimentation tanks and bar screens, skin scum was effectively intercepted, reducing the cost of subsequent chromium sludge and waste water treatment. At the same time, specialised personnel carefully trimmed dehaired hides and grey hides to enhance by-product recovery rates, enabling standardized collection and sales and creating new opportunities for profit growth. These practices not only fulfil the Group's corporate social responsibilities but also inject green momentum into its long-term development.

In terms of internal management, the Group continued to strengthen refined management practices by optimizing processes in human resources, finance, procurement and quality inspection, thereby further reducing overall costs and enhancing operational efficiency. Through these measures, the Group maintained stable production and operations despite the overall industry downturn, achieving tangible progress in energy conservation, consumption reduction and by-product value enhancement.

PROSPECTS

Looking ahead to 2026, the external operating environment is expected to remain challenging. The Group will adopt the strategic approach of “consolidating its competitive edge in the fur processing business while strengthening profit-driven operations.” The Group will prioritize tanning and processing operations as the core driver for profit improvement, implement comprehensive refined management to reduce various forms of consumption, and develop initiatives linked to cost savings and profit growth. These efforts will stimulate the initiative of employees at all levels to reduce costs and improve efficiency, ensuring the effective implementation of operational objectives.

In terms of business development, the Group plans to further expand the scale of its subcontracting operations on the basis of its existing foundation and extend into post-subcontracting services such as dyeing and finishing. This initiative aims to enhance capacity utilization and increase value-added contributions. Following the technological upgrades completed in 2025, the upgraded equipment is operating smoothly. Through refined production scheduling and process optimization, the Group will fully release the newly added production capacity, laying a solid foundation for future growth. In addition, the Group will continue to leverage its existing sales channels to identify potential products among partner clients and conduct targeted marketing initiatives to drive further growth in revenue and profits. In terms of management, the Group will implement more comprehensive and refined management based on its annual budget, strengthen cost control, and enhance workforce management and skills training so as to improve employees' capabilities and further reduce operational costs. Meanwhile, the Group will continue to strengthen risk management, ensure production safety and environmental compliance, and enhance its operational resilience.

In response to the ever-changing market environment, the Group will not only continue to consolidate and expand its leather processing operations but also adopt a flexible and forward-looking approach. With an open and prudent mindset, the Group will actively seek and evaluate opportunities conducive to diversified development. The Group remains committed to optimizing its asset structure, enhancing profitability and delivering long-term value to its shareholders.

Cai Binglong
Chairman and Managing Director

Hong Kong, 26 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group's consolidated loss attributable to shareholders for the year ended 31 December 2025 was HK\$14,231,000 (2024: HK\$33,765,000), representing a decrease in loss of HK\$19,534,000 or 57.9% from the previous year.

The net asset value of the Group as at 31 December 2025 was HK\$6,302,000, representing a decrease of HK\$12,759,000 and HK\$7,762,000 as compared to the net asset value as at 31 December 2024 and 30 June 2025, respectively.

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

Business Review

In 2025, the leather industry continued to undergo significant adjustment amid persistently weak market conditions and intense industry competition. Enterprises faced multiple pressures, including shrinking demand and declining profitability. Amid challenging conditions, the Group remained focused on its core mission of “turning losses into profits and enhancing quality and efficiency.” Through a series of refined operational initiatives, including deepening the external processing business model, upgrading production equipment through technological improvements, and comprehensively implementing energy-saving and consumption reduction measures, the Group effectively controlled operational risks. During the year, the Group achieved progress in expanding production capacity and reducing unit cost, thereby strengthening its operational resilience and enhancing its ability to navigate market challenges and future development.

During the year, the Group's gross profit margin increased from 0.4% in 2024 to 4.6% this year, while operating losses narrowed significantly, decreasing substantially by HK\$19,534,000 as compared to the corresponding period of last year. On the one hand, the Group strengthened client partnerships, increased processing output, and implemented equipment upgrades to optimize production conditions and enhance product quality. On the other hand, it continued to deepen internal reforms, strengthened cost control, and drove a significant improvement in overall operational efficiency. During the year, benefiting from growth in subcontracting business and contributions from inventory sales, coupled with continued tightening of administrative expense control, improved management of accounts receivable, and further reductions in operating costs through the clearance of long-outstanding balances, the Group's operating performance improved significantly compared to the corresponding period of last year. Overall operational results continued to demonstrate positive momentum.

In advancing its energy conservation and consumption reduction initiatives, the Group achieved significant savings in electricity, steam, and water consumption, thereby lowering unit production costs. Through the completion of a rooftop solar power project covering nearly 30,000 square meters of factory buildings, the Group not only eliminated potential safety hazards but also significantly reduced carbon emissions. Meanwhile, improvements in the power factor enabled the Group to obtain incentives from the power supply company, while the utilization of off-peak electricity discounts and clean energy effectively reduced electricity costs. In respect of steam usage, optimization and modifications of steam pipelines and insulation systems, coupled with the shortening of delivery routes, reduced steam consumption by 15% to 20%. Newly acquired stainless steel hot water tanks, along with upgraded insulation measures for existing tanks and internal workshop pipelines further minimized heat loss. With regard to water resources, the Group was recognized as an industrial enterprise in Jiangsu Province that had achieved the national water consumption standards for 2024, in recognition of its outstanding performance in water efficiency. These initiatives demonstrated the Group's commitment to actively fulfilling its social responsibilities and lay a solid foundation for its sustainable development.

During the year, the production volume of subcontracting business was 34,192,000 sq. ft. (2024: 18,965,000 sq. ft.), representing an increase of 15,227,000 sq. ft. or 80.3% as compared to last year. The production volume of cowhides was 1,515,000 sq. ft. (2024: 3,325,000 sq. ft.) representing a decrease of 1,810,000 sq. ft. or 54.4% as compared to last year. No grey hides were produced during the year (2024: 497 tons).

During the year, the sales volume of subcontracting business was 34,192,000 sq. ft. (2024: 18,965,000 sq. ft.), representing an increase of 15,227,000 sq. ft. or 80.3% as compared to last year. The sales volume of cowhides was 3,486,000 sq. ft. (2024: 5,343,000 sq. ft.), representing a decrease of 1,857,000 sq. ft. or 34.8% as compared to last year. No grey hides were sold during the year (2024: 497 tons).

During the year, the consolidated revenue of the Group was HK\$71,262,000 (2024: HK\$89,099,000), representing a decrease of HK\$17,837,000 or 20.0% as compared to last year, of which the revenue of subcontracting business amounted to HK\$45,475,000 (2024: HK\$37,762,000), representing an increase of 20.4%; and that of cowhides amounted to HK\$25,787,000 (2024: HK\$48,719,000), representing a decrease of 47.1%; and that of grey hides was nil (2024: HK\$2,618,000).

In 2025, the Group deepened its subcontracting business model and actively released tanning production capacity. To support capacity expansion, the Group prioritized equipment upgrades and maintenance to address production bottlenecks. Key equipment, such as rotary drums and deboning machines, underwent replacement, upgrades and systematic maintenance. Technical upgrades and capacity expansion in the workshop continued, resulting in a significant increase in production capacity. The total volume of processed hides rose by approximately 25%. The production volume of various finished and semi-finished products under the subcontracting business increased by 80.3% compared to the corresponding period of last year, achieving significant results in cost reduction and efficiency enhancement. The transition to subcontracting model not only ensured efficient and rational utilization of production and capital flows but also delivered tangible operational improvements. This approach effectively met the needs of processing clients while narrowing costs, laying the foundation for the sustained expansion of processing business.

The Group continued to advance human resource optimization by streamlining headcount to enhance operational efficiency. Concurrently, it prioritized process refinement and environmental improvements by enhancing the cleanliness of fur trimming and repairing chromium liquid treatment facilities to reduce pollutant generation at the source. Additionally, it strengthened the recovery and sale of by-product to develop new revenue streams, achieving a balance between economic benefits and environmental responsibility. Furthermore, the Group implemented a number of measures to lower maintenance costs, including adjusting material storage areas to minimize cargo handling, repairing leaks in workshop water, gas and oil, cleaning fur-cleaning machines, improving fur trimming processes, reducing the weight of solid waste, and leasing specialized equipments. In terms of procurement, the Group continued to enhance transparency by utilizing platforms such as “gdycy.com” and “JD.com” to reduce costs. During the year, the Group procured auxiliary raw materials in total HK\$19,513,000 to support production based on actual circumstances, representing a decrease of 36.9% compared to the corresponding period of last year. These measures reflect the Group's strong performance in cost control and resource optimization.

As at 31 December 2025, the Group’s consolidated inventory amounted to HK\$8,713,000 (31 December 2024: HK\$24,048,000), representing a decrease of HK\$15,335,000 or 63.8% as compared to that as at 31 December 2024. The Group actively reduced inventory with the goal of accelerating capital turnover. During the year, based on the current status of blue leather and market demand, the Group conducted a comprehensive review and classification of inventory, with phased implementation of disposal measures to address inventory stagnation and minimize losses. Additionally, through measures such as craft research and development and product innovation, the Group made every effort to sell off old inventory. The Group has reassessed the value of inventories based on its ageing and net realizable value and made a net reversal of provision for inventories of HK\$12,211,000 for 2025 (2024: HK\$7,434,000).

As at 31 December 2025, the Group’s property, plant and equipment amounted to HK\$36,662,000 (31 December 2024: HK\$37,277,000), representing a decrease of HK\$615,000 or 1.6% as compared to that as at 31 December 2024. In view of the loss on the Group’s operating results during the year, the recoverable amount of plant and equipment was calculated by using value in use based on the discounted cash flow method, and an impairment loss on plant and equipment of HK\$4,789,000 was made for 2025 (2024: HK\$4,158,000).

Financial Review

Liquidity and Financial Resources

As at 31 December 2025, the Group’s cash and cash equivalents amounted to HK\$6,665,000 (31 December 2024: HK\$3,419,000), representing an increase of HK\$3,246,000 or 94.9% as compared to 31 December 2024, of which 6.3% were in Hong Kong dollars, 92.2% in Renminbi and 1.5% in United States dollars. Net cash outflow from operating activities for the year was HK\$1,691,000, which was mainly attributable to the increase in accounts payables outflow. Net cash outflow from investing activities was HK\$5,377,000, which was mainly attributable to the increase in payment for renovations, purchase of equipment and pledged bank balances. Net cash inflow from financing activities was HK\$10,190,000, which was mainly attributable to the increase in bank borrowings.

As at 31 December 2025, the Group had interest-bearing borrowing in Renminbi of HK\$19,264,000 (31 December 2024: HK\$8,639,000), charged at fixed rate. The Group’s banking facilities secured by pledged bank balances, buildings and right-of-use assets of HK\$45,221,000 in total.

As at 31 December 2025, the Group's gearing ratio of interest-bearing borrowings to shareholders' equity plus interest-bearing borrowings was 75.4% (31 December 2024: 31.2%). The annual interest rate of loan interest and discount interest during the year was approximately 1.6% to 3.9%. During the year, the Group's interest expenses amounted to HK\$500,000 (2024: HK\$504,000), representing a decrease of 0.8% as compared to the corresponding period of last year.

As at 31 December 2025, the Group had banking facilities of HK\$38,749,000 (31 December 2024: 37,797,000) in total, of which the utilized banking facilities amounted to HK\$9,118,000, unutilized banking facilities amounted to HK\$29,631,000 (31 December 2024: utilized banking facilities amounted to HK\$4,225,000, unutilized banking facilities amounted to HK\$33,572,000). Taking into account the existing cash resources and available credit facilities, the Group has adequate financial resources to meet its day-to-day operational requirements.

Capital Expenditure

As at 31 December 2025, the net amount of non-current assets including property, plant and equipment and right-of-use assets amounted to HK\$46,897,000, representing a decrease of HK\$654,000 over the net value of HK\$47,551,000 as at 31 December 2024. The capital expenditure for the year amounted to HK\$4,861,000 (2024: HK\$4,304,000) in total, which was mainly used for renovations as well as acquisition of equipment to meet the production needs.

Pledge of Assets

As at 31 December 2025, the Group's bank deposits of HK\$2,736,000 (31 December 2024: HK\$1,297,000), buildings of HK\$32,250,000 (31 December 2024: HK\$32,851,000) and right-of-use assets of HK\$10,235,000 (31 December 2024: HK\$10,274,000) were pledged to a bank to secure general banking facilities.

Foreign Exchange Exposure

The assets, liabilities and transactions of the Group are basically denominated in Hong Kong dollars, United States dollars or Renminbi. The Group is exposed to foreign currency risk primarily from purchases from overseas suppliers that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly the United States dollars against Renminbi. The Group did not make any purchases from overseas suppliers during the year, and therefore did not hedge its exposure to risks arising from fluctuations in exchange rates. Should the Group consider that its exposure to foreign currency risk justifies hedging, it may use forward or hedging contracts to reduce the risks.

Remuneration Policy for Employees

As at 31 December 2025, the Group had 223 staff (31 December 2024: 261). The Group's remuneration policy is based on its operating results and the employees' performance. The Group has adopted a performance-based appraisal scheme for its employees and established an operation assessment mechanism focusing on "accountability and performance". Based on the Group's operating efficiency, the incentive scheme provides bonuses to the management, key officers and outstanding employees according to different ranking and individual performance, which effectively motivates employees to make contributions. In addition, the Group offered social and medical insurance coverage and pension schemes to all employees in different areas.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Group recognizes the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its business and the best interest of all of its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of good corporate governance of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In the opinion of the directors of the Company (the “Directors”), the Company had complied with the code provisions and, where appropriate, the applicable recommended best practices in the CG Code throughout the year ended 31 December 2025, save for the deviation from Code Provision C.2.1 and Code Provision B.3.5 as explained below:

1. Code Provision C.2.1 requires a clear division of responsibilities between the roles of chairman and chief executive officer, and stipulates that these two roles should be performed by separate individuals (the Company considers the term “chief executive officer” to have the same meaning as the Managing Director of the Company). Mr. Cai Binglong, the Chairman and Managing Director of the Company, has assumed both roles since his appointment as an Executive Director of the Company on 1 October 2025. Despite the deviation from the Code Provision C.2.1, Mr. Cai, with his extensive experience and knowledge in management and operation, will provide solid and continuous leadership to the Group.
2. Code Provision B.3.5 provides that, with effect from 1 July 2025, issuers listed on the Stock Exchange should appoint at least one director of a different gender to the nomination committee. In compliance with this Code Provision, the Company appointed Ms. Li Jieyu as a member of the Nomination Committee with effect from 22 August 2025 following the completion of the required internal approval procedures..

REVIEW OF ANNUAL RESULTS

The annual results of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee of the Company.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited during the year.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2026 annual general meeting of the Company (“2026 AGM”) will be held on Thursday, 18 June 2026. A circular containing, among other matters, further information relating to the 2026 AGM will be despatched to the shareholders of the Company as soon as practicable.

For the purpose of determining the eligibility of shareholders to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Friday, 12 June 2026 to Thursday, 18 June 2026 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2026 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 11 June 2026.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.namyueholdings.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2025 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and, together with the environmental, social and governance report, will be made available on the abovementioned websites before end of April 2026..

By Order of the Board
Cai Binglong
Chairman and Managing Director

Hong Kong, 26 March 2026

As at the date of this announcement, the Board comprises two Executive Directors, namely, Mr. Cai Binglong and Mr. Liao Siyang; three Non-Executive Directors, namely, Mr. Kuang Hu, Ms. Li Jieyu and Ms. Li Qi; and three Independent Non-Executive Directors, namely, Mr. Yeung Man Lee, Mr. Leung Luen Cheong and Mr. Yang Ge.