

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.



HUAXI HOLDINGS COMPANY LIMITED

華禧控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1689)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS.

- Revenue increased by 3.5% to HK\$148.85 million
- Gross profit increased by 526.3% to HK\$46.22 million
- Operating loss decreased by 73.8% to HK\$31.36 million
- Loss attributable to owners of the Company decreased by 69.3% to HK\$34.01 million
- Basic losses per share decreased by 69.3% to HK4.85 cents
- No final dividend was proposed for the year ended 31 December 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Huaxi Holdings Company Limited (the “**Company**”) hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Year**”), together with its comparative figures for the corresponding period in 2024.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		Year ended 31 December	
		2025	2024
	Note	HK\$'000	HK\$'000
Revenue	4	148,854	143,768
Cost of sales	5	(102,635)	(136,393)
Gross profit		46,219	7,375
Distribution costs	5	(1,050)	(998)
Administrative expenses	5	(33,560)	(41,227)
Net impairment losses on financial and contract assets	6	(44,467)	(79,612)
Other gains/(losses) – net		1,524	(5,156)
Share of loss of an associate accounted for using the equity method		(22)	(274)
Operating loss		(31,356)	(119,892)
Finance income/(cost) – net		495	(110)
Loss before income tax		(30,861)	(120,002)
Income tax (expense)/credit	7	(3,233)	8,931
Loss for the year		(34,094)	(111,071)
Loss attributable to:			
– Owners of the Company		(34,010)	(110,765)
– Non-controlling interests		(84)	(306)
		(34,094)	(111,071)
Other comprehensive income/(loss)			
<i>Item that will not be reclassified to profit or loss:</i>			
Currency translation differences on translation to presentation currency		6,304	(6,524)
Other comprehensive income/(loss) for the year, net of tax		6,304	(6,524)
Total comprehensive loss for the year		(27,790)	(117,595)
Total comprehensive loss attributable to:			
– Owners of the Company		(27,555)	(117,433)
– Non-controlling interests		(235)	(162)
		(27,790)	(117,595)
Losses per share attributable to owners of the Company (expressed in HK cent per share)			
– Basic and diluted losses per share	8	HK(4.85) cents	HK(15.79) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	31 December 2025	31 December 2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	27,215	51,357
Right-of-use assets	7,224	6,746
Intangible assets	14	17
Deferred tax assets	9,389	10,427
Investment properties	10 <u>32,496</u>	<u>14,172</u>
	<u>76,338</u>	<u>82,719</u>
Current assets		
Inventories	20,589	24,245
Contract assets	4(a) 11,702	19,184
Trade receivables	12 91,412	143,601
Prepayments and other receivables	11 3,569	4,594
Financial assets at fair value through profit or loss	11,500	13,161
Restricted cash at banks	42,863	37,548
Cash and cash equivalents	45,084	25,826
	<u>226,719</u>	<u>268,159</u>
Total assets	<u>303,057</u>	<u>350,878</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	3,508	3,508
Other reserves	219,145	212,690
Accumulated losses	(45,854)	(11,844)
	<u>176,799</u>	<u>204,354</u>
Non-controlling interests	<u>(6,983)</u>	<u>(6,748)</u>
Total equity	<u>169,816</u>	<u>197,606</u>

		31 December	31 December
		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,187	606
Deferred tax liabilities		3,820	4,914
		<u>5,007</u>	<u>5,520</u>
Current liabilities			
Trade and notes payables	<i>13</i>	104,609	109,265
Contract liabilities	<i>4(a)</i>	–	2,427
Lease liabilities		2,207	2,306
Other payables and accruals		19,011	20,970
Current income tax liabilities		2,407	2,524
Borrowings		–	10,260
		<u>128,234</u>	<u>147,752</u>
Total liabilities		<u>133,241</u>	<u>153,272</u>
Total equity and liabilities		<u>303,057</u>	<u>350,878</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 April 2013 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in (i) manufacturing and sales of cigarette packaging materials (the “**Cigarette Packaging Business**”); and (ii) environmental and ecological restoration treatment business (the “**Environmental Treatment Business**”) in the Chinese Mainland.

The ultimate parent company of the Company is SXD Limited, which was incorporated in the British Virgin Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 6 December 2013.

These consolidated financial statements are presented in thousands of Hong Kong dollars (“**HK\$**”) unless otherwise stated.

2. BASIS OF PREPARATION

- (a) Compliance with HKFRS Accounting Standards and Hong Kong Companies Ordinance (Cap.622) (“**HKCO**”)

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards and the disclosure requirements of HKCO.

- (b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss (“**FVPL**”), which are carried at fair value.

- (c) New and amended standards adopted by the Group for the year ended 31 December 2025

The Group has applied the following standards and amendments for the first time for its reporting period commencing 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

The amendments to standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) New standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting period and have not been early adopted by the Group.

		Effective for reporting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts referencing nature-dependent electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective, except for HKFRS 18, which will mainly impact the presentation of statements of comprehensive income.

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (“CODM”), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

The Group is principally engaged in Cigarette Packaging Business and Environmental Treatment Business in the Chinese Mainland, which are identified as reportable segments. Agency service business is not separately reviewed by the CODM and therefore it is not separately presented.

The CODM assesses the performance of the operating segments based on a measure of operating profit or loss excluding other gains or losses arising from financial assets at FVPL, share of loss of an associate accounted for using the equity method and net impairment losses on financial and contract assets.

Segment assets exclude financial assets at FVPL, investment properties, interest in an associate and deferred tax assets. Segment liabilities exclude current income tax liabilities and deferred tax liabilities.

Capital expenditures represent addition for the acquisition of property, plant and equipment, intangible assets, investment properties, prepayments for non-current assets and right-of-use assets.

- (a) The segment results and other segment items of the Group for the year ended 31 December 2025 are as follows:

	Cigarette Packaging Business HK\$'000	Environmental Treatment Business HK\$'000	Unallocated HK\$'000	The Group HK\$'000
Revenue	<u>140,586</u>	<u>8,268</u>	–	<u>148,854</u>
Segment results	<u>11,691</u>	<u>(1,773)</u>	–	<u>9,918</u>
Net impairment losses on financial and contract assets	(8)	(44,459)	–	(44,467)
Other losses arising from financial assets at FVPL				5,027
Impairment of investment properties				(1,812)
Share of loss of an associate accounted for using the equity method				<u>(22)</u>
Operating loss				(31,356)
Finance income – net				<u>495</u>
Loss before income tax				(30,861)
Income tax expense				<u>(3,233)</u>
Loss for the year				<u><u>(34,094)</u></u>
<i>Other segment item</i>				
Depreciation and amortisation	<u>7,090</u>	<u>773</u>	–	<u>7,863</u>

The segment results and other segment items of the Group for the year ended 31 December 2024 were as follows:

	Cigarette Packaging Business <i>HK\$'000</i>	Environmental Treatment Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	The Group <i>HK\$'000</i>
Revenue	<u>132,636</u>	<u>11,025</u>	<u>107</u>	<u>143,768</u>
Segment results	<u>6,618</u>	<u>(41,836)</u>	<u>107</u>	<u>(35,111)</u>
Net impairment losses on financial and contract assets	(1,708)	(23,862)	(54,062)	(79,612)
Other losses arising from financial assets at FVPL				(4,895)
Share of loss of an associate accounted for using the equity method				<u>(274)</u>
Operating loss				(119,892)
Finance cost – net				<u>(110)</u>
Loss before income tax				(120,002)
Income tax credit				<u>8,931</u>
Loss for the year				<u><u>(111,071)</u></u>
<i>Other segment item</i>				
Depreciation and amortisation	<u>7,591</u>	<u>1,676</u>	<u>–</u>	<u>9,267</u>

(b) The segment assets and liabilities at 31 December 2025 are as follows:

	Cigarette Packaging Business <i>HK\$'000</i>	Environmental Treatment Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	The Group <i>HK\$'000</i>
Segment assets	<u>371,894</u>	<u>72,379</u>	<u>79</u>	<u>(194,680)</u>	249,672
Investment properties					32,496
Financial assets at FVPL					11,500
Deferred tax assets					<u>9,389</u>
Total assets					<u>303,057</u>
Segment liabilities	<u>74,768</u>	<u>246,926</u>	<u>-</u>	<u>(194,680)</u>	127,014
Current income tax liabilities					2,407
Deferred tax liabilities					<u>3,820</u>
Total liabilities					<u>133,241</u>
Capital expenditures	<u>2,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,650</u>

The segment assets and liabilities at 31 December 2024 were as follows:

	Cigarette Packaging Business <i>HK\$'000</i>	Environmental Treatment Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	The Group <i>HK\$'000</i>
Segment assets	<u>367,351</u>	<u>141,926</u>	<u>77</u>	<u>(196,236)</u>	313,118
Investment properties					14,172
Financial assets at FVPL					13,161
Deferred tax assets					<u>10,427</u>
Total assets					<u>350,878</u>
Segment liabilities	<u>74,648</u>	<u>267,422</u>	<u>-</u>	<u>(196,236)</u>	145,834
Current income tax liabilities					2,524
Deferred tax liabilities					<u>4,914</u>
Total liabilities					<u>153,272</u>
Capital expenditures	<u>4,220</u>	<u>1,595</u>	<u>-</u>	<u>-</u>	<u>5,815</u>

4. REVENUE

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
At a point in time		
Sales of cigarette packaging products	140,586	132,636
Agency services	–	107
	<u>140,586</u>	<u>132,743</u>
Over time		
Revenue from environmental and ecological restoration contracts		
– Construction services	2,474	6,131
– Maintenance and other services	5,794	4,894
	<u>8,268</u>	<u>11,025</u>
	<u><u>148,854</u></u>	<u><u>143,768</u></u>

Except for the customers listed below, no other customers individually accounted for more than 10% of the Group's revenue for the Year:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Customer E	48.6%	52.9%
Customer F	45.5%	37.6%

Majority of the Group's revenue were derived from customers in the Chinese Mainland for the Year. (2024: same)

(a) Assets and liabilities related to contracts with customers

(i) The Group has recognised the following assets related to contracts with customers:

	31 December	31 December
	2025 HK\$'000	2024 HK\$'000
Contract assets relating to construction contracts	26,496	25,859
Less: loss allowance	(14,794)	(6,675)
	<u>11,702</u>	<u>19,184</u>
Total contract assets	<u><u>11,702</u></u>	<u><u>19,184</u></u>
Contract liabilities – construction services	–	2,427

(ii) Unsatisfied contracts

The Group's contracts of sales of cigarette packaging products, rendering of agency services, and design and consulting services are for periods of one year or less. Contracts for construction services and maintenance services give the Group rights to consideration from customers in the amount that corresponds directly with the value to the customer of the Group's performance completed to date. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. EXPENSES BY NATURE

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Raw materials consumed and subcontracting costs for construction contracts	5,222	13,331
Cost of inventories sold	78,360	75,361
Cost of obtaining contracts recognised in cost of sales	–	24,954
Staff costs (including directors' emoluments)	33,984	36,400
Depreciation and amortisation		
– Depreciation of property, plant and equipment	5,120	6,437
– Depreciation of investment properties (<i>note 10</i>)	734	737
– Depreciation of right-of-use assets	2,005	2,082
– Amortisation of intangible assets	4	11
Utilities	2,727	2,559
Auditor's remuneration		
– Audit service	1,758	2,313
– Non-audit service	131	132
Other taxes and surcharges	1,551	1,435
Expenses relating to operating leases not recognised as lease liabilities	50	15
Delivery costs	1,335	1,341
Other expenses	4,264	11,510
	<hr/>	<hr/>
Total cost of sales, distribution costs and administrative expenses	137,245	178,618

6. NET IMPAIRMENT LOSS ON FINANCIAL AND CONTRACT ASSETS

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Impairment charges on:		
– Trade receivables	36,494	18,995
– Contract assets	7,909	6,737
– Other receivables and other non-current assets	64	53,880
	<hr/>	<hr/>
	44,467	79,612

7. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Current income tax		
Chinese Mainland enterprise income tax	<u>1,950</u>	<u>(9,768)</u>
Deferred income tax		
Chinese Mainland enterprise income tax	1,283	917
Reversal of withholding income tax on profit to be distributed from subsidiaries in the Chinese Mainland	<u>-</u>	<u>(80)</u>
	<u>1,283</u>	<u>837</u>
	<u>3,233</u>	<u>(8,931)</u>

There were no income tax charges relating to components of other comprehensive income for the Year (2024: same).

8. LOSSES PER SHARE

(a) Basic

Basic losses per share are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Year.

	Year ended 31 December	
	2025	2024
Loss attributable to owners of the Company (HK\$'000)	(34,010)	(110,765)
Weighted average number of ordinary shares in issue	<u>701,430,000</u>	<u>701,430,000</u>
Basic losses per share	<u>HK(4.85) cents</u>	<u>HK(15.79) cents</u>

(b) Diluted

Diluted losses per share adjusts the figures used in the determination of basic losses per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Diluted losses per share equals to basic losses per share as there were no potential diluted shares outstanding as at 31 December 2025 and 2024.

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2024: nil).

10. INVESTMENT PROPERTIES

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Opening net book amount	14,172	15,223
Transfer from property, plant and equipment	<u>20,261</u>	<u>–</u>
Depreciation charges	(734)	(737)
Impairment	(1,812)	–
Currency translation differences	<u>609</u>	<u>(314)</u>
Closing net book amount	<u><u>32,496</u></u>	<u><u>14,172</u></u>

The investment properties consist of certain offices and carparks located at Guorui Convention and Exhibition Center, No. 28 Zhucheng Road, Zhuchi Subdistrict, Longhu District, Shantou City, Guangdong Province, the People's Republic of China.

Management carried out an impairment review on the investment properties as at 31 December 2025. The recoverable amounts of the offices and carparks have been determined based on fair value less cost to sell. The fair value estimation was in level 3, using market approach, and the key unobservable input was sales prices of comparable offices and carparks.

Based on the results of the impairment assessment, the recoverable amount of carparks was determined to be approximately HK\$1,812,000 lower than the carrying amount, therefore an impairment loss has been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2025.

The fair value of the investment properties as at 31 December 2025 was RMB34,120,000 (equivalent to HK\$37,777,000).

11. PREPAYMENTS AND OTHER RECEIVABLES

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Other receivables (a)	25,336	25,500
Amounts due from an associate (b)	32,407	31,609
Loan to a third party (c)	10,850	10,583
Prepayments	839	1,191
Less: allowance for impairment of other receivables, amounts due from an associate and loan to a third party	<u>(65,863)</u>	<u>(64,289)</u>
	<u><u>3,569</u></u>	<u><u>4,594</u></u>

- (a) As at 31 December 2025, other receivables mainly included RMB20,000,000 (equivalent to HK\$22,143,000) (31 December 2024: HK\$21,598,000) receivables due from an independent third party company, Zhongcai Xiangrui (Beijing) Investment Management Company Limited (中財祥瑞(北京)投資管理有限公司) (“**Zhongcai Xiang Rui**”). The amount represented a prepayment for equity investment to Zhongcai Xiang Rui. In November 2024, as the relevant investment project failed to be successfully implemented, the Group was entitled to collect the prepaid amount with accumulated interest of 4% per annum in accordance with the signed agreement. Therefore, the amount was transferred to other receivables. Considering the commercial dispute currently dealing with Zhongcai Xiang Rui, the Group expected the collectability of the amount was remote, and a 100% impairment loss was provided for the year ended 31 December 2024 accordingly.
- (b) The amount represented the funds advanced to an associate, Shengshi Heng Rui (Guangdong) Technology Company Limited (盛世恒瑞(廣東)科技有限公司) (“**Shengshi Heng Rui**”), which were unsecured, interest free and is repayable on demand but not expected to be recovered within one year. Since the funds advanced to Shengshi Heng Rui had been transferred to Zhongcai Xiang Rui, and considering the commercial dispute currently dealing with Zhongcai Xiang Rui, the Group expected the collectability of the amount was remote and a 100% impairment loss was provided for the year ended 31 December 2024 accordingly. The amounts due from an associate were denominated in Renminbi (“**RMB**”) at 31 December 2025 (31 December 2024: same).
- (c) Loan to a third party of RMB9,800,000 (equivalent to HK\$10,850,000) (31 December 2024: HK\$10,583,000) was a loan granted to a property developer in Shantou, Guangdong Province, China, an independent third party. The loan was for obtaining good interest return and maximizing the possible return for the Group, which was in line with the Group’s business strategy and in the interest of the Company and its Shareholders as a whole. The loan was unsecured, bearing interest at 1.5% per month and repayable on 30 June 2023. The loan was fully impaired based on the lifetime expected credit loss model due to the significant financial difficulties of the borrower (31 December 2024: same). The loan to a third party was denominated in RMB at 31 December 2025 (31 December 2024: same).
- (d) The Group’s other receivables were denominated in the following currencies:

	31 December 2025 HK\$’000	31 December 2024 HK\$’000
Denominated in RMB	25,033	24,655
Denominated in HK\$	303	835
	<u>25,336</u>	<u>25,500</u>

- (e) As at 31 December 2025, the Group’s maximum exposure to credit risk was the carrying value of other receivables mentioned above. The Group does not hold any collateral as security (31 December 2024: same).

12. TRADE RECEIVABLES

	31 December 2025 HK\$’000	31 December 2024 HK\$’000
Trade receivables (a)	181,872	202,485
Less: allowance for impairment of trade receivables	(90,460)	(58,884)
Trade receivables – net	<u>91,412</u>	<u>143,601</u>

- (a) Ageing analysis of trade receivables based on dates of billing at respective dates was as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Within 90 days	31,001	25,872
91 days to 180 days	1,214	9,073
181 days to 365 days	1,786	6,114
Over 365 days	147,871	161,426
	<u>181,872</u>	<u>202,485</u>

- (b) The Group's trade receivables were denominated in RMB at 31 December 2025 (31 December 2024: same).
- (c) As at 31 December 2025, the Group's maximum exposure to credit risk was the carrying value of trade receivables mentioned above. The Group did not hold any collateral as security (31 December 2024: same).

13. TRADE AND NOTES PAYABLES

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Trade payables (a)	62,473	73,364
Notes payable – bank acceptance notes	42,136	35,901
	<u>104,609</u>	<u>109,265</u>

- (a) Ageing analysis of trade payables based on date of billing at respective dates was as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Within 90 days	60,401	69,652
91 days to 180 days	224	164
Over 180 days	1,848	3,548
	<u>62,473</u>	<u>73,364</u>

- (b) The Group's trade and notes payables were denominated in RMB as at 31 December 2025 (31 December 2024: same).
- (c) The fair value of trade and notes payables approximated their carrying amounts at 31 December 2025 (31 December 2024: same).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

The principal activities of the Group were Cigarette Packaging Business and Environmental Treatment Business in the Chinese Mainland.

For the Year, the Group recorded revenue of approximately HK\$148.85 million, representing an increase of approximately HK\$5.08 million or 3.5% compared to HK\$143.77 million for 2024, and loss attributable to owners of the Company of approximately HK\$34.01 million, representing a decrease of approximately HK\$76.76 million or approximately 69.3% compared to the loss attributable to owners of the Company of approximately HK\$110.77 million for 2024.

Cigarette Packaging Business

During the Year, the revenue of the Cigarette Packaging Business saw improvement. Revenue of the Cigarette Packaging Business for the Year was approximately HK\$140.59 million, representing an increase of HK\$7.95 million or 6.0% compared to approximately HK\$132.64 million for 2024.

The following table sets forth the breakdown of the Group's revenue from sales of cigarette packaging materials for 2025 and 2024:

	2025		2024	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Inner Frame paper	81,871	58.3	86,877	65.5
Tipping paper	35,021	24.9	31,132	23.5
Cigarette box frame paper	16,751	11.9	8,604	6.5
Cigarette trademark label	6,777	4.8	5,918	4.5
Others	166	0.1	105	0.0
Total	<u>140,586</u>	<u>100.0</u>	<u>132,636</u>	<u>100.0</u>

Environmental Treatment Business

In the absence of new construction projects awarded during the Year, the completion of existing construction projects that have entered the settlement stage, and the income generated from river ecological maintenance during the Year, the Environmental Treatment Business recorded a revenue of approximately HK\$8.26 million, representing a decrease of HK\$2.77 million or 25.1% compared to approximately HK\$11.03 million for 2024.

Gross profit and gross profit margin

The gross profit of the Group for the Year was HK\$46.22 million (2024: HK\$7.38 million) which comprised gross profit of HK\$42.56 million (2024: HK\$36.26 million) from the Cigarette Packaging Business, gross profit of HK\$3.66 million (2024: gross loss of HK\$28.99 million) from the Environmental Treatment Business, and gross profit of approximately HK\$nil (2024: HK\$0.11 million) from other business.

The gross profit margin of the Group for the Year was 31.1%, representing an increase of 26.0 percentage points compared to 5.1% for 2024. This was mainly due to (i) the improvement in the gross profit margin of the Cigarette Packaging Business and (ii) the turnaround in gross profit of the Environmental Treatment Business due to the completed construction projects reaching the settlement stage, and thereby eliminating the need for the Group to incur additional costs for maintaining these projects.

The gross profit margin of the Cigarette Packaging Business was approximately 30.3%, representing an increase of 3.0 percentage points compared to 27.3% for 2024. The increase in gross profit margin was mainly due to higher sales of products with relatively higher profit margins in the Cigarette Packaging Business during the Year.

Distribution Costs

The distribution costs of the Group for the Year were amounted to approximately HK\$1.05 million representing an increase of HK\$0.05 million compared to approximately HK\$1.00 million for 2024.

Administrative expenses

The administrative expenses of the Group for the Year were approximately HK\$33.56 million (2024: HK\$41.23 million), a decrease of 18.6% or approximately HK\$7.67 million, due to effective cost control during the Year.

Net impairment losses on financial and contract assets

During the Year, the net impairment losses on financial and contract assets were approximately HK\$44.47 million, representing a decrease of approximately HK\$35.14 million compared to HK\$79.61 million for 2024. The net impairment loss for the Year was mainly due to the adoption of higher expected loss rates for certain customers in the Environmental Treatment Business in view of their long overdue status.

Other gains/(losses) – net

The net other gains of the Group for the Year were approximately HK\$1.52 million (2024: net other losses of HK\$5.16 million), mainly due to the improvement in the securities markets of both Hong Kong and Chinese Mainland during the Year, offset by the impairment loss on investment properties of HK\$1.81 million (2024: HK\$nil) for the Year. The Group recognised dividend income from financial assets at fair value through profit or loss (“**FVPL**”) of approximately HK\$0.25 million (2024: HK\$0.73 million) and net fair value gains on financial assets at FVPL of approximately of HK\$4.78 million (2024: net fair value losses of HK\$5.62 million) for the Year.

Finance income/(cost) – net

During the Year, the net finance income/(cost) of the Group mainly comprised interest income on certain non-derivative wealth management products and bank deposits and interest expenses on lease liabilities. The net financial income for the Year was approximately HK\$0.50 million (2024: net finance cost of HK\$0.11 million).

Income tax (expenses)/credit

The income tax expenses for the Year were approximately HK\$3.23 million (2024: income tax credit of HK\$8.93 million).

Loss attributable to owners of the Company

The Group recorded a loss attributable to owners of the Company for the Year of approximately HK\$34.01 million, representing a decrease of approximately HK\$76.76 million or approximately 69.3%, as compared to the loss attributable to owners of the Company of approximately HK\$110.77 million for 2024.

Dividend

In light of the Group incurring a loss for the Year, the Board does not recommend the payment of final dividend for the Year (2024: nil).

Securities Investments

The Group adopts a prudent approach to its securities investments, aiming for medium to long-term growth while capitalizing on short-term opportunities during market volatility. The Group manages risks within acceptable limits to maintain flexibility in funds management and to deliver reasonable returns to Shareholders.

The Group primary focuses on investing in listed equities—including exchange-traded funds (ETFs) covering various sectors, indices, or commodities—on designated stock exchanges in Hong Kong, the Chinese Mainland and the United States to achieve diversification and mitigate risk. Investments are managed with a risk-aware approach, whereby a sustained loss exceeding 25% of the portfolio's value at cost will trigger an immediate review by the Board. The Group only invests in listed equities with sufficient market capitalization and trading liquidity, subject to the following constraints: (i) no single industry sector shall exceed 50% of the total portfolio value, and (ii) no single security (excluding broadly-indexed ETFs) shall exceed 30%. Derivatives (such as long put options and option spread strategies) may be used solely for hedging purpose to protect against significant market downturns and shall not be employed for speculative activities that could lead to unlimited losses (for example, short selling and naked short options). The Group also requires the portfolio to maintain sufficient flexibility and liquidity to respond to market changes and emerging opportunities, as well as to ensure that the Group's normal operational funding needs are met. All investment funds must be sourced exclusively from internal funds approved by the Board.

The Board is responsible for the overall oversight of investments, as well as governance, compliance and approval of the securities investment policy. The implementation of the investment strategy, management and execution of transactions within the portfolio, and maintenance of appropriate records are delegated to designated personnel, who are responsible to reporting their portfolio performance to the Board regularly.

As at 31 December 2025, the investment portfolios comprised equity securities listed in Hong Kong, the Chinese Mainland and the United States, as well as index options. The fair value of the investment portfolios as at 31 December 2025 amounted to HK\$11.50 million (31 December 2024: HK\$13.16 million). The Group's net gain from the investment portfolios for the Year was approximately HK\$5.03 million (2024: net loss of HK\$4.90 million), which included a gain of HK\$4.78 million (2024: a loss of HK\$5.62 million) on the change in fair value due to normal market volatility.

The investment portfolios held by the Group as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	<i>Number of shares</i>	<i>Amount HK\$'000</i>	<i>Number of shares</i>	<i>Amount HK\$'000</i>
Equity securities listed in Hong Kong				
Other equity securities (<i>Note 1</i>)		919		1,236
Equity securities listed in the Chinese Mainland				
Guangdong Liantai 聯泰環保 (603797)	850,000	4,395	1,260,972	5,447
Guangdong Tonze Electric 天際股份 (002759)	–	–	350,000	3,315
Ping An Insurance 平安保險 (601318)		3,786		2,843
Other equity securities (<i>Note 2</i>)		–		320
Equity securities listed in the United States				
NVIDIA Corp (NDVA)	314	456		–
Tesla Inc (TSLA)	79	276		–
Microsoft Corp (MSFT)	68	256		–
Meta Platforms Inc (META)	48	247		–
Alibaba Group Holding Ltd (BABA)	208	237		–
Other equity securities (<i>Note 3</i>)		922		–
United States Index options		6		–
		11,500		13,161

Notes:

- (1) Other listed equity securities comprised 1 equity security listed in Hong Kong (31 December 2024: 3).
- (2) As at 31 December 2024, other listed equity securities comprised 2 equity securities listed in the Chinese Mainland.
- (3) Other listed equity securities comprised 37 equity securities listed in the United States (31 December 2024: nil).

Capital structure, liquidity and financial resources

As at 31 December 2025, the Group had net assets of HK\$169.82 million (31 December 2024: HK\$197.61 million) and working capital surplus of HK\$98.49 million (31 December 2024: HK\$120.41 million).

As at 31 December 2025, the total cash and cash equivalents and restricted cash balances of the Group amounted to approximately HK\$87.95 million (31 December 2024: HK\$63.37 million), including restricted cash at banks of HK\$42.86 million (31 December 2024: HK\$37.55 million) of which all (31 December 2024: all) were denominated in RMB, and cash and cash equivalents of HK\$45.09 million (31 December 2024: HK\$25.83 million) of which HK\$40.44 million (31 December 2024: HK\$25.23 million) were denominated in RMB and HK\$0.18 million (31 December 2024: HK\$0.08 million) were denominated in US\$.

The following table sets forth the cash flows for 2025 and 2024:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net cash generated from operating activities	27,894	17,193
Net cash generated from investing activities	1,969	12,084
Net cash used in financing activities	(12,510)	(14,530)
Net decrease in cash and cash equivalents	17,353	14,747
Cash and cash equivalents at the beginning of the Year	25,826	12,341
Effect on change in exchange rates	1,905	(1,262)
Cash and cash equivalents at the end of the Year	45,084	25,826

Sources of funds of the Group are mainly cash inflows from operating activities and bank borrowings. The Group regularly monitors its liquidity position, projected liquidity requirements and its compliance with lending covenants, as well as maintains long-term sound relationships with major banks to ensure that it has sufficient liquidity to meet its working capital requirements and future development needs.

Borrowings and gearing ratio

As at 31 December 2025, the Group did not have any borrowings. As at 31 December 2024, the Group's borrowings of HK\$10.26 million consisted of fixed-rate borrowings denominated in RMB, secured by a personal guarantee provided by the controlling Shareholder, with an interest rate of 3.70% per annum, and maturing within one year.

The Group's gearing ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as borrowings plus lease liabilities less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the consolidated financial statements plus net borrowings. No gearing was presented as the Group had net cash surplus as at 31 December 2025 and 2024.

Exposure to fluctuations in exchange rates

The Group's transactions for its principal subsidiaries in the Chinese Mainland are mainly conducted in RMB, the functional currency of the subsidiaries, and the major receivables and payables of the Group are also denominated in RMB.

The Group's exposure to foreign currency risk is primarily related to certain cash and bank balances, financial assets at FVPL, trade receivables, prepayment and other receivables, other payables and accruals and lease liabilities that are denominated in HK\$. Presently, the Group has no hedging policy in place with respect to the foreign exchange exposure.

Capital expenditure and commitments

During the Year, the Group's total capital expenditure amounted to approximately HK\$2.65 million, which was used in the acquisition of property, plant and equipment and right-of-use assets (2024: HK\$5.82 million).

As at 31 December 2025 and 2024, the Group had no capital commitments.

Charge on assets

As at 31 December 2025, the Group placed cash deposits of approximately HK\$42.86 million (31 December 2024: HK\$37.55 million), which consisted of deposits of HK\$42.14 million (31 December 2024: HK\$35.90 million) as collateral for the Group's notes payable and deposits of HK\$0.66 million (31 December 2024: HK\$1.58 million) as performance guarantee letter deposits, which were all denominated in RMB.

Contingent liabilities

The Group had no contingent liabilities as at 31 December 2025 and 2024.

Material acquisitions and disposals for subsidiaries, associates and joint ventures

The Group did not have any material acquisitions and disposals relating to subsidiaries, associates and joint ventures during the Year (2024: same).

Significant investment activities

The Group had no significant investment activities during the Year (2024: same).

Future Plans for Material Investments or Capital Assets

There were no plans authorised by the Board for any material investments or additions of capital assets as at 31 December 2025 (31 December 2024: same).

FUTURE OUTLOOK AND PROSPECTS

Looking ahead, under the national strategy of high-quality development—emphasizing technological self-reliance and accelerating the green and low-carbon transition—in its “15th Five-Year Plan” cycle, the Cigarette Packaging Business and the Environmental Treatment Business will continue to face challenges.

The Cigarette Packaging Business will remain the core business of the Group. We will continue to strengthen our relationships and maintain our excellent reputation with existing customers, while actively seeking new customers to enhance our presence in the cigarette packaging materials market.

Given that fiscal conditions remain stressful for local governments, the Environmental Treatment Business is expected to remain challenging in the near future, and the likelihood of awarding new ecological restoration projects will continue to be low.

In response to these challenges, the Group remains committed to its core principles of prudent operation and customer value creation. We will reinforce our core business, strengthen our competitive resilience, and actively seek new growth drivers to maximize the long-term value of the Company and our Shareholders.

HUMAN RESOURCES

As at 31 December 2025, the Group employed a total of 247 (31 December 2024: 258) permanent employees in the Chinese Mainland and Hong Kong. Total employee remuneration (including Directors’ emoluments and benefits) for the Year amounted to HK\$33.98 million (2024: HK\$36.40 million). The Group provided its employees with competitive remuneration packages which were determined by their performance, qualification, experience and will continue to review with reference to the level and composition of pay and general market condition. In addition to basic salary, employees are entitled to other benefits including social insurance contributions, employee provident fund schemes and discretionary incentive.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Friday, 26 June 2026 (the “AGM”). The register of members of the Company will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026, both days inclusive, for the purpose of identifying Shareholders who are entitled to attend the AGM, during which no transfer of Shares will be registered. In order to qualify for attending the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 18 June 2026.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group strives to attain and maintain high standards of corporate governance best suited to the needs of its businesses and the best interests of its stakeholders as the Board believes that effective governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted and applied the principles of the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules (the "CG Code").

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. In the opinion of the Directors, the Company was in compliance with the applicable code provisions of the CG Code for the Year and, where appropriate, the applicable recommended best practices of the CG Code, save the followings:

Code Provision C.2.1

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer (CEO) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the CEO should be clearly established and set out in writing.

Mr. Zheng Andy Yi Sheng is the chairman of the Board and the CEO of the Group. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and departments heads and the substantial decisions are left to the Board (including independent non-executive Directors ("INEDs")), the Board considers that vesting the roles of both chairman and CEO in the same person will not impair the balance of power and authority between the Board and the management of the Company.

Code Provision C.5.1

Code Provision C.5.1 stipulates that the Board should meet regularly and Board meeting should be held at least four times a year approximately quarterly intervals. During the Year, only two regular Board meetings were held to review and discuss the annual and interim results of the Company. Since the Company does not announce its quarterly results, the Board does not consider the holding of quarterly meetings as necessary. Instead, the Board meets on other occasions when a Board-level decision on a particular matter is required. Apart from the foresaid two regular Board meetings, the Board held two additional Board meetings during the Year to discuss the appointment of a female member to the nomination committee of the Company and to transact other business affairs.

Code Provision D.1.2

Pursuant to Code Provision D.1.2, management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under rule 3.08 and Chapter 13 of the Listing Rules. During the Year, the management of the Company did not provide monthly updates to all members of the Board as required by the code provision D.1.2, as all the Executive Directors are involved in the daily operation of the Group and are fully aware of the performance, position and prospects of the Company, and the management has provided to all Directors (including INEDs) periodically updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to the regular Board meetings. In addition, the management has provided all Directors, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

REVIEW OF FINAL RESULTS

The audit committee of the Company has reviewed the final results of the Group for the Year.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS ON THIS PRELIMINARY ANNOUNCEMENT

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

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the Company's website (www.huaxihds.com.hk) and the Stock Exchange's website (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 shall be dispatched to the Shareholders and made available on the aforesaid websites in due course.

By Order of the Board
Huaxi Holdings Company Limited
Zheng Andy Yi Sheng
Chairman

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises Mr. Zheng Andy Yi Sheng, Mr. Zheng Minsheng and Ms. Zheng Catherine Jia Lin as executive Directors; and Mr. Lau Kwok Hung, Mr. Fok Po Tin and Mr. Cai Xiaowen as independent non-executive Directors.