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HENGDELI HOLDINGS LIMITED

亨得利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2025	2024	YoY change
	RMB'000	RMB'000	%
Revenue	648,953	1,043,555	(37.8)
Gross profit	163,549	148,758	9.9
Loss for the year	(24,173)	(55,472)	(56.4)
Loss attributable to equity shareholders	(26,901)	(65,161)	(58.7)

The board (the “Board”) of directors (the “Directors”) of Hengdeli Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025 (hereinafter referred to as the “year” or “year under review”), which have been audited by the Company’s auditor, ZHONGHUI ANDA CPA LIMITED in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

(Expressed in Renminbi)

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Revenue	<i>3</i>	648,953	1,043,555
Cost of sales		<u>(485,404)</u>	<u>(894,797)</u>
Gross profit		163,549	148,758
Other revenue	<i>4</i>	49,775	66,384
Other net gain/(loss)	<i>4</i>	51,754	(26,427)
Distribution costs		(50,758)	(64,472)
Administrative expenses		(180,805)	(188,672)
Impairment loss of trade and other receivables		<u>(42,857)</u>	<u>(890)</u>
Loss from operations		(9,342)	(65,319)
Share of profits of associates		(8,303)	23,169
Finance costs	<i>5(a)</i>	<u>(2,648)</u>	<u>(4,559)</u>
Loss before taxation	<i>5</i>	(20,293)	(46,709)
Income tax expense	<i>6</i>	<u>(3,880)</u>	<u>(8,763)</u>
Loss for the year		<u>(24,173)</u>	<u>(55,472)</u>
Attributable to:			
Equity shareholders of the Company		(26,901)	(65,161)
Non-controlling interests		<u>2,728</u>	<u>9,689</u>
Loss for the year		<u>(24,173)</u>	<u>(55,472)</u>
Basic and diluted loss per share	<i>8</i>	<u>RMB(0.006)</u>	<u>RMB(0.015)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the year ended 31 December 2025*

(Expressed in Renminbi)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year	(24,173)	(55,472)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Release of exchange differences on disposal of subsidiaries	(953)	–
Exchange differences on translation of overseas subsidiaries' financial statements	(52,566)	39,817
Share of associates exchange differences on translating foreign operations	(6,681)	4,006
	(60,200)	43,823
Items that will not be reclassified subsequently to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	(30,021)	(2,430)
Exchange differences on translation of equity investments at fair value through other comprehensive income	(16,727)	12,742
Exchange differences on translation of the Company's financial statements	(46,505)	34,533
	(93,253)	44,845
Total comprehensive income for the year	(177,626)	33,196
Attributable to:		
Equity shareholders of the Company	(180,374)	23,538
Non-controlling interests	2,748	9,658
Total comprehensive income for the year	(177,626)	33,196

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(Expressed in Renminbi)

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current assets			
Investment properties		251,822	259,110
Property, plant and equipment		509,978	538,212
		761,800	797,322
Intangible assets		4,497	5,245
Goodwill	<i>9</i>	52,195	53,728
Interests in associates	<i>10</i>	146,180	161,164
Other investments	<i>11</i>	356,895	402,240
Prepayment and deposits	<i>13</i>	7,665	7,894
Deferred tax assets		829	1,125
		1,330,061	1,428,718
Current assets			
Inventories	<i>12</i>	137,948	175,432
Trade and other receivables	<i>13</i>	515,615	616,205
Loans to associates	<i>14</i>	33,235	34,719
Other investments	<i>11</i>	–	12,181
Current tax recoverable		434	251
Deposits with banks		99,243	329,600
Cash and cash equivalents	<i>15</i>	1,227,806	937,036
		2,014,281	2,105,424
Current liabilities			
Trade and other payables and contract liabilities	<i>16</i>	175,502	168,777
Bank loans	<i>17</i>	37,142	45,953
Lease liabilities		7,571	9,188
Current taxation		1,243	3,006
		221,458	226,924
Net current assets		1,792,823	1,878,500
Total assets less current liabilities		3,122,884	3,307,218

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2025*

(Expressed in Renminbi)

	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current liabilities			
Bank loans	<i>17</i>	11,127	12,050
Lease liabilities		10,568	15,664
		21,695	27,714
NET ASSETS		3,101,189	3,279,504
CAPITAL AND RESERVES			
Share capital	<i>7(b)</i>	21,254	21,254
Reserves		3,007,946	3,188,320
Total equity attributable to equity shareholders of the Company		3,029,200	3,209,574
Non-controlling interests		71,989	69,930
TOTAL EQUITY		3,101,189	3,279,504

NOTES

(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The final results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2025 but are extracted therefrom.

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- equity investments

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

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

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group.

- Amendments to HKAS 21 and HKFRS 1, Lack of Exchangeability

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing of high-end consuming accessories, building up of high-end consuming service platforms, international commodity trading and its related supply chain services.

Turnover represents the sales value of goods sold to customers, net of value added tax and deduction of any sales discounts and returns.

The Group's customer base is diversified and at the end of reporting period 61% and 83% of the Group's revenue come from the largest customer and top five customers respectively.

Further details regarding the Group's principal activities are disclosed in note 3(b).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography (mainly in Mainland China and Hong Kong).

The Group has identified the following reportable segments:

- High-end consuming accessories
- Manufacturing of watches accessories and shop design and decoration services business;
- Commodity trading
- Trading of iron ore and coal

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group's businesses are separated into the two reportable segments on a geographical and products and services basis, as the divisional managers for each of these regions report directly to the senior executive team. All segments primarily derive their retail and trading revenue through their own network.

(i) **Segment results and assets**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the profit or loss and assets attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. However, other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "gross profit".

Segment assets represent inventories only, without eliminating the unrealised inter-segment profits.

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

	High-end consuming accessories		Commodity trading		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Revenue from external customers	579,409	688,104	69,544	355,451	648,953	1,043,555
Inter-segment revenue	114,905	197,358	-	-	114,905	197,358
Reportable segment revenue	<u>694,314</u>	<u>885,462</u>	<u>69,544</u>	<u>355,451</u>	<u>763,858</u>	<u>1,240,913</u>
Reportable segment gross profit	<u>152,620</u>	<u>136,995</u>	<u>10,929</u>	<u>11,763</u>	<u>163,549</u>	<u>148,758</u>
Reportable segment assets	<u>59,666</u>	<u>69,420</u>	<u>78,282</u>	<u>106,012</u>	<u>137,948</u>	<u>175,432</u>

During the year ended 31 December 2025, the high-end consuming accessories segment in PRC is mainly engaged in the manufacturing of watches accessories and shop design and decoration services business in PRC.

(ii) **Reconciliations of reportable segment revenues, profit or loss and assets**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue		
Total revenue for reportable segments	763,858	1,240,913
Elimination of inter-segment revenue	<u>(114,905)</u>	<u>(197,358)</u>
Consolidated revenue	<u><u>648,953</u></u>	<u><u>1,043,555</u></u>
Loss		
Total gross profit for reportable segments	<u>163,549</u>	<u>148,758</u>
Other revenue	49,775	66,384
Other net gain/(loss)	51,754	(26,427)
Distribution costs	(50,758)	(64,472)
Administrative expenses	(180,805)	(188,672)
Impairment losses of trade and other receivables	(42,857)	(890)
Share of profits of associates	(8,303)	23,169
Finance costs	<u>(2,648)</u>	<u>(4,559)</u>
Consolidated loss before taxation	<u><u>(20,293)</u></u>	<u><u>(46,709)</u></u>
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Assets		
Assets for reportable segments (inventories)	137,948	175,432
Trade, other receivables, prepayment and deposits	523,280	624,099
Loans to associates	33,235	34,719
Current tax recoverable	434	251
Cash and cash equivalents	1,227,806	937,036
Deposits with banks	99,243	329,600
Investment properties	251,822	259,110
Property, plant and equipment	509,978	538,212
Intangible assets	4,497	5,245
Goodwill	52,195	53,728
Interests in associates	146,180	161,164
Other investments	356,895	414,421
Deferred tax assets	<u>829</u>	<u>1,125</u>
Consolidated total assets	<u><u>3,344,342</u></u>	<u><u>3,534,142</u></u>

(iii) Geographic information

The following table sets out information about the geographical locations of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, intangible assets, goodwill, interests in associates, prepayment and deposits and other investments ("specified non-current assets"). The geographical locations of customers are based on the locations at which the services were provided or the goods delivered. The geographical locations of the specified non-current assets are based on the physical locations of the assets, in the case of property, plant and equipment, the locations of operations to which they are allocated, in the case of intangible assets and goodwill, and the locations of operations, in the case of prepayment and deposits and other investments.

The Group's businesses are mainly managed in three principal economic environments, Mainland China, Hong Kong and Taiwan.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from external customers		
Mainland China	519,919	905,767
Hong Kong	129,034	137,788
Total	648,953	1,043,555
Specified non-current assets		
Mainland China	665,483	683,960
Hong Kong	573,032	652,760
Taiwan	90,717	90,873
Total	1,329,232	1,427,593
Revenue from major customers		
Customer A		
– high-end consuming accessories segment	398,849	463,899
Customer B		
– commodity trading segment	63,803	193,354

Revenue from above customers individually contributed more than 10% of the total consolidated revenue of the Group.

4. OTHER REVENUE AND NET GAIN/(LOSS)

(a) Other revenue

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income	30,515	41,212
Dividend income from other investments	12,028	5,509
Rental income from investment properties	1,581	2,929
Rental income from operating leases, other than those relating to investment properties	1,854	2,423
Government grants	1,932	3,670
Others	1,865	10,641
	<u>49,775</u>	<u>66,384</u>

In 2025, the Group successfully applied for government grants that relate to funding support set up by the Mainland China Government. Under the conditions of the funding support, the Group is required to maintain sufficient value-added tax sales, enhance the visibility of brand and product, and production capabilities in the Mainland market.

(b) Other net gain/(loss)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net foreign exchange gain/(loss)	45,316	(41,872)
Net (loss)/gain on disposal of property, plant and equipment and intangible assets	(90)	60
Fair value gain on financial assets held for trading	–	6,535
Net realised gain on financial assets held for trading	5,574	4,027
Reversal of impairment of property, plant and equipment	–	4,768
Net gain on disposal of a subsidiary	954	55
	<u>51,754</u>	<u>(26,427)</u>

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(a) Finance costs		
Interest on bank loans	1,435	3,138
Interest on lease liabilities	709	861
Bank charges	504	560
	<u>2,648</u>	<u>4,559</u>
(b) Staff costs		
Salaries, wages and other benefits	99,284	95,064
Contributions to defined contribution retirement plans	14,847	15,827
	<u>114,131</u>	<u>110,891</u>
(c) Other items		
Amortisation of intangible assets	1,622	564
Depreciation		
– Investment properties and property, plant and equipment	42,023	55,875
– Right-of-use assets	9,601	10,547
Impairment losses of		
– Trade receivables	41,923	890
– Other receivables	934	–
Expenses relating to short-term leases and leases of low-value assets	2,868	2,903
Direct operating expenses of investment properties that generate rental income	570	567
Direct operating expenses of investment properties that did not generate rental income	2,295	2,070
Auditors' remuneration	1,845	1,817
Cost of inventories [#]	<u>485,404</u>	<u>894,797</u>

[#] Cost of inventories includes RMB120,668,000 (2024: RMB129,261,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each type of expenses.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	–
Under provision in respect of prior years	–	26
	<u>–</u>	<u>26</u>
	-----	-----
Current tax – Overseas		
Provision for PRC Corporate Income Tax for the year	3,710	6,887
Over provision in respect of prior years	(68)	(260)
	<u>3,642</u>	<u>6,627</u>
	-----	-----
Deferred tax		
Origination and reversal of temporary differences	238	2,110
	<u>238</u>	<u>2,110</u>
	-----	-----
Total	<u><u>3,880</u></u>	<u><u>8,763</u></u>

(b) **Reconciliation between tax expense and accounting loss at applicable tax rates:**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss before taxation	<u>(20,293)</u>	<u>(46,709)</u>
Notional tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(5,465)	(9,672)
Tax effect of non-taxable income	(9,993)	(15,215)
Tax effect of non-deductible expenses	5,825	5,785
Over provision in respect of prior years	(68)	(234)
Effect of tax losses not recognised	<u>13,581</u>	<u>28,099</u>
Actual tax expense	<u><u>3,880</u></u>	<u><u>8,763</u></u>

Pursuant to the rules and regulations of the Cayman Islands, the Company is exempt from income tax in the Cayman Islands. In addition, subsidiaries located in jurisdictions other than Hong Kong, Mainland China and Taiwan are not subject to any income tax in these jurisdictions.

The provision for Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision of the Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

The applicable income tax rate of the Group's Mainland China subsidiaries is 25% (2024: 25%) for the year.

The provision for Taiwan Income Tax is calculated at 20% (2024: 20%) of the estimated assessable profits for the year.

7. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2025 and 2024.

(b) Share capital

Authorised and issued share capital

	2025		2024	
	Number of shares	Amount <i>HKD</i>	Number of shares	Amount <i>HKD</i>
Authorised:				
Ordinary shares of HKD0.005 each	<u>10,000,000,000</u>	<u>50,000,000</u>	<u>10,000,000,000</u>	<u>50,000,000</u>
Issued and fully paid:				
At 1 January and at 31 December	<u>4,404,018,959</u>	<u>22,020,094</u>	<u>4,404,018,959</u>	<u>22,020,094</u>
		equivalent <i>RMB'000</i>		equivalent <i>RMB'000</i>
		<u>21,254</u>		<u>21,254</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB26,901,000 (2024: loss RMB65,161,000) and the weighted average of 4,404,018,959 ordinary shares (2024: 4,404,018,959 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2025	2024
Issued ordinary shares at 1 January	<u>4,404,018,959</u>	<u>4,404,018,959</u>
Weighted average number of ordinary shares at 31 December	<u><u>4,404,018,959</u></u>	<u><u>4,404,018,959</u></u>

(ii) Consolidated loss attributable to ordinary equity shareholders of the Company

	2025 RMB'000	2024 RMB'000
Loss attributable to equity shareholders of the Company	<u><u>(26,901)</u></u>	<u><u>(65,161)</u></u>

(iii) Loss per share

	2025	2024
Basic loss per share	<u><u>RMB(0.006)</u></u>	<u><u>RMB(0.015)</u></u>

(b) Diluted loss per share

There were no dilutive potential ordinary shares during the years ended 31 December 2025 and 2024, and therefore, diluted loss per share are the same as basic loss per share.

9. GOODWILL

RMB'000

Cost:

At 1 January 2024	241,461
Exchange adjustments	7,526
	<hr/>
At 31 December 2024	248,987
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At 1 January 2025	248,987
Exchange adjustments	(10,327)
	<hr/>
At 31 December 2025	238,660
	<hr style="border-top: 1px dashed black;"/>
Accumulated impairment losses:	
At 1 January 2024	(188,850)
Exchange adjustments	(6,409)
	<hr/>
At 31 December 2024	(195,259)
	<hr style="border-top: 1px dashed black;"/>
At 1 January 2025	(195,259)
Exchange adjustments	8,794
	<hr style="border-top: 1px dashed black;"/>
At 31 December 2025	(186,465)
	<hr style="border-top: 1px dashed black;"/>
Carrying amount:	
At 31 December 2025	52,195
	<hr style="border-top: 3px double black;"/>
At 31 December 2024	53,728
	<hr style="border-top: 3px double black;"/>

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units identified according to places of operations and reportable segments as follows:

	2025	2024
	RMB'000	RMB'000
High-end consuming accessories	52,195	53,728
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

High-end consuming accessories

At 31 December 2025, before impairment testing, goodwill of RMB32,509,000 (2024: RMB34,042,000), RMB18,000,000 (2024: RMB18,000,000) and RMB1,686,000 (2024: RMB1,686,000) were allocated to Born Talent Limited, 上海亨冠裝飾工程管理有限公司 and 廣州亨雅實業集團有限公司 within the high-end consuming accessories segment respectively.

The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rate and revenue/gross profit growth rate. The Group prepares cash flow forecasts derived from the two years financial budgets and extrapolates cash flows for the following three years based on estimated annual average growth rates in sales ranging from 1% to 6% (2024: 1% to 13%), growth rates in gross profit ratio ranging from 1% to 4% (2024: 1% to 3%), at a discount rate of 9.3% to 9.4% (2024: 12.6% to 15.1%). Cash flows beyond five years period are projected using 3% (2024: 3%) growth rate. This rate does not exceed the average long-term growth rate for the relevant market. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The growth rates are determined by management based on the performance of the relevant cash-generating units and their estimated future development.

10. INTERESTS IN ASSOCIATES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unlisted corporate entities		
Share of net assets	146,180	161,164

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

Name	Hengdeli Deyesion International Shipping Limited		Mark Ocean Limited		Deyi Diligence Maritime Limited	
	Hong Kong		Hong Kong		Hong Kong	
Principal place of business/country of incorporation	Hong Kong		Hong Kong		Hong Kong	
Principal activities	Engaged in provision of shipping services		Engaged in vessel holding		Engaged in vessel holding	
% of ownership interests/voting rights held by the Group	46%		46%		35%	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 31 December:						
Non-current assets	–	–	88,437	99,575	120,086	135,877
Current assets	218,011	250,096	30,266	59,843	54,563	52,156
Current liabilities	(90,786)	(80,770)	(11,403)	(53,868)	(65,223)	(88,830)
Net assets	127,225	169,326	107,300	105,550	109,426	99,203
Group's share of net assets	58,523	77,890	49,358	48,553	38,299	34,721
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Year ended 31 December:						
Revenue	221,102	245,108	84,148	119,342	81,064	116,557
(Loss)/profit after tax	(35,785)	1,846	6,430	26,950	14,858	28,824
Other comprehensive income	(6,317)	4,504	(4,680)	2,472	(4,634)	2,278
Total comprehensive income	(42,102)	6,350	1,750	29,422	10,224	31,102
Dividends received from associates	–	–	–	–	–	–

11. OTHER INVESTMENTS

(a) Equity investments at fair value through other comprehensive income

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Equity securities designated at FVOCI (non-recycling)			
– Listed securities	<i>(i)</i>	150,285	177,779
– Unlisted fund investments	<i>(ii)</i>	206,610	224,461
		356,895	402,240

Notes:

- (i) Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which the Group intends to hold for strategic purposes, and which the Group has irrevocably elected at initial recognition to recognise in this category. RMB9,627,000 of dividends were received on these investments during the year (2024: RMB5,509,000).
- (ii) During the year, RMB2,401,000 of dividends were received on the unlisted fund investments (2024: Nil).
- (iii) The value of the above investments was individually insignificant (individually less than 5% of the Group's total assets).

(b) Equity investments at fair value through profit or loss

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Equity securities, at fair value			
– Listed securities	<i>(i)</i>	–	12,181

Note:

- (i) During the year, no dividends were received on the equity investments at fair value through profit or loss (FVPL) (2024: Nil).

12. INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	2025 RMB'000	2024 <i>RMB'000</i>
Raw materials	16,040	17,493
Work in progress	36,904	45,001
Finished goods and merchandise	85,004	112,938
	137,948	175,432

13. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Current assets			
Trade receivables, net of loss allowance		342,685	458,649
Other receivables, net of loss allowance	<i>(i)</i>	55,598	71,969
Contract assets		22,133	–
PRC value added tax receivables		21,718	28,860
Interest receivables		7,372	5,861
		449,506	565,339
Prepayment and deposits	<i>(ii)</i>	66,109	50,866
		515,615	616,205
Non-current assets			
Prepayment and deposits		7,665	7,894
		523,280	624,099

All of the trade and other receivables in current assets are expected to be recovered within one year.

Notes:

- (i) Other receivables include advances to third parties of RMB20,291,000 (2024: RMB21,197,000), which are interest bearing at 6% per annum as at 31 December 2025 and are recoverable within one year. The advances to third parties are fully secured by collaterals obtained by the Group as at 31 December 2025.
- (ii) Prepayment includes freight charges to an associate of RMB21,039,000 (2024: RMB22,031,000).

Ageing analysis

The ageing analysis of trade receivables (net of loss allowance) at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Within 3 months	119,945	243,018
Over 3 months but less than 12 months	97,040	213,785
Over 12 months	125,700	1,846
	342,685	458,649

Trade receivables are due within 30 to 360 days from the date of billing.

14. LOANS TO ASSOCIATES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loans to associates	<u>33,235</u>	<u>34,719</u>

The loans to associates are unsecured, interest-free and are repayable on demand.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash at banks and on hand	<u>1,227,806</u>	<u>937,036</u>

16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	98,449	97,834
Contract liabilities	25,873	29,748
Other payables and accrued expenses	<u>51,180</u>	<u>41,195</u>
	<u>175,502</u>	<u>168,777</u>

Ageing analysis

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	72,056	66,119
Over 1 month but less than 3 months	13,734	20,738
Over 3 months but less than 12 months	7,478	4,502
Over 12 months	<u>5,181</u>	<u>6,475</u>
	<u>98,449</u>	<u>97,834</u>

17. BANK LOANS

As at 31 December 2025, the bank loans were repayable as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year or on demand	<u>37,142</u>	<u>45,953</u>
After 1 year but within 2 years	1,005	976
After 2 years but within 5 years	3,166	3,074
After 5 years	<u>6,956</u>	<u>8,000</u>
	<u>11,127</u>	<u>12,050</u>
	<u>48,269</u>	<u>58,003</u>

As at 31 December 2025, the bank loans were secured as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank loans within one year or on demand – Secured	<u>37,142</u>	<u>45,953</u>
Bank loans after one year – Secured	<u>11,127</u>	<u>12,050</u>
	<u>48,269</u>	<u>58,003</u>

Certain secured bank loans are all drawn down under certain bank facilities secured by certain land and buildings of the Group with aggregate carrying values of RMB165,219,000 (2024: RMB170,687,000).

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL REVIEW

The Group maintained a sound and stable financial position.

Revenue

For the year ended 31 December 2025, the Group recorded revenue of RMB648,953,000 (2024: RMB1,043,555,000), representing a year-on-year decrease of 37.8%; the revenue from high-end consuming accessories business amounted to RMB579,409,000 (2024: RMB688,104,000), representing a year-on-year decrease of 15.8%; the revenue from commodity trading amounted to RMB69,544,000 (2024: RMB355,451,000), representing a year-on-year decrease of 80.4%.

Breakdown of revenue: (for the year ended 31 December)

	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
High-end Consuming Accessories	579,409	89.3	688,104	65.9
Commodity Trading	69,544	10.7	355,451	34.1
Total	<u>648,953</u>	<u>100</u>	<u>1,043,555</u>	<u>100</u>

Gross profit and gross profit margin

For the year ended 31 December 2025, the Group's gross profit amounted to approximately RMB163,549,000 (2024: RMB148,758,000), representing a year-on-year increase of 9.9%. Gross profit margin was approximately 25.2% (2024: 14.3%), representing a year-on-year increase of 10.9 percentage points. The increase in gross profit and in gross profit margin were mainly attributable to factors such as changes in the prices, costs, and portfolios of high-end consuming accessories and commodity trading during the year.

Loss for the year

The Group recorded a loss of RMB24,173,000 during the year (2024: loss of RMB55,472,000), representing a year-on-year decrease of 56.4%. Loss attributable to equity shareholders amounted to RMB26,901,000 (2024: loss of RMB65,161,000), representing a year-on-year decrease of 58.7%. The loss for the year was mainly attributable to a decline in sales, a shift from profit to loss in the share of associates, a decrease in bank interest income, as well as the combined impact of factors such as impairment loss of trade receivables.

Financial status and net debt to equity ratio

The Group maintained a sound and stable financial position. As at 31 December 2025, the Group had total equity of RMB3,101,189,000 (2024: RMB3,279,504,000) and net current assets of RMB1,792,823,000 (2024: RMB1,878,500,000), with cash and cash equivalents and deposits with bank of RMB1,327,049,000 (2024: RMB1,266,636,000) and total bank loans of RMB48,269,000 (2024: RMB58,003,000). As at 31 December 2025, bank loans bearing interests at floating rates of 2.4% to 3.2% (2024: 2.3% to 3.2%). As at 31 December 2025, approximately 75% (2024: 78%) and 25% (2024: 22%) of bank loans were denominated in RMB and NTD, respectively. The maturity profile of bank loans is set out in note 17 to the accompanying financial statements. During the year under review, there was no sign of significant changes in the Group's demand for loans in a particular quarter.

As at 31 December 2025, the Group's total debt amounted to RMB48,269,000 (2024: RMB58,003,000). The net debt to equity ratio of the Group was approximately zero (2024: zero) (Net debt is defined as total debt (which includes total interest-bearing borrowing) less cash and cash equivalents). It established a solid foundation for the further business expansion of the Group.

The Group adopts prudent treasury policies in financial and cash management, manages bank credit availability and monitors risks of credit cost centrally in various ways. The Group maintains a good partnership with a number of banks which provide financing facilities, and reviews its funding liquidity and financing needs regularly.

Foreign exchange risk

The Group's transactions are mainly denominated in HKD, RMB and USD. Therefore, the Group is exposed to foreign exchange risks. During the year under review, the Group has been actively monitoring its foreign exchange risk and will adopt a foreign exchange hedging policy for significant foreign exchange risks.

Pledge of assets

As at 31 December 2025, the Group had land and buildings equivalent to RMB165,219,000 (2024: RMB170,687,000) pledged as security for mortgage.

Contingent liabilities

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

Current assets

As at 31 December 2025, the current assets of the Group amounted to approximately RMB2,014,281,000 (2024: RMB2,105,424,000), comprising inventories of approximately RMB137,948,000 (2024: RMB175,432,000), trade and other receivables of approximately RMB515,615,000 (2024: RMB616,205,000), loans to associates of approximately RMB33,235,000 (2024: RMB34,719,000), cash and cash equivalents and deposits with banks of approximately RMB1,327,049,000 (2024: RMB1,266,636,000).

As at 31 December 2025, cash and cash equivalents of approximately 24% (2024: 22%), 49% (2024: 54%) and 27% (2024: 24%) were denominated in RMB, HKD and other currencies, respectively.

Current liabilities

As at 31 December 2025, the current liabilities of the Group amounted to approximately RMB221,458,000 (2024: RMB226,924,000), comprising bank loans of approximately RMB37,142,000 (2024: RMB45,953,000), trade and other payables of approximately RMB175,502,000 (2024: RMB168,777,000), lease liabilities of approximately RMB7,571,000 (2024: RMB9,188,000) and current taxation of approximately RMB1,243,000 (2024: RMB3,006,000).

Capital structure

The Company's capital structure is composed of issued share capital, reserves and accumulated profits. As at 31 December 2025, the issued share capital of the Company was 4,404,018,959 shares (2024: 4,404,018,959 shares), with reserves and accumulated profits of RMB3,007,946,000 (2024: RMB3,188,320,000) in total.

Significant investment, material acquisition and disposal

The Company has no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year under review, except as disclosed in the notes to the financial statements.

Except as disclosed in the notes to the financial statements, the Company did not hold other significant investments during the year under review.

Final dividend

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

II. BUSINESS REVIEW

During the year under review, the Group's business was primarily focused on manufacturing high-end consuming accessories, building up high-end consuming service platforms, international commodity trading and its related supply chain services.

High-end Consuming Accessories Service

The Group possesses a mature industrial chain for high-end consuming accessories manufacturing, with companies located in Suzhou, Guangzhou and Dongguan, mainly covering the manufacturing of accessories and packaging products for watches, jewellery, cosmetics, and mobile phones, as well as commercial space design, production and decoration.

“Guangzhou Artdeco” and “Dongguan Born Talent”, mainly produce high-end watch boxes and watch accessories for various types of watches. After years of development, we have achieved remarkable progress and success in all aspects, with products transitioned from low-end to high-end, from simple processing to independent innovative designs, and from purely handmade to automated.

“Suzhou Henge” is a commercial space integration service enterprise engaged in product design, production, on-site installation and after-sales service its products comprising the design and decoration for various types of counters, props and stores.

After years of development, all companies under the Group have obtained ISO9000 quality management certification, which provides strong support for the manufacturing of high-quality products. The companies within the Group have earned a solid reputation in their respective fields, and have established close relationships, mutual trust and interest sharing with brand suppliers. The Group has a wide customer base covering China, Switzerland, the United States and other countries in the Asia Pacific region. The application of advanced information management systems, such as the industry-leading Enterprise Resource Planning (ERP), Building Information Modeling (BIM), and Manufacturing Execution System (MES), provides a solid foundation for efficient and standardized corporate operations.

During the year under review, although China’s consumer market showed signs of moderate recovery, the high-end consumable manufacturing sector still faced pressures and uncertainties. Affected by the shrinking demand in the industry and the fluctuations in the international market, the development of the Group’s high-end consuming accessories business continued to be under pressure, with a decline in sales revenue on a year-on-year basis. In response to these challenges, the Group continued to focus on stability and innovation for development, actively expanded its business model, developed new customers and new products, and continuously improved its operational efficiency and management level through measures such as technological innovation, process optimization, informatization and automation upgrade. Through the above efforts, the results of various measures have gradually emerged, laying a solid foundation for future business recovery and growth.

In the new year, the Group will actively respond to market changes and adjust its businesses model in a timely manner, further strengthening the industrial management together with technical R&D and innovation, adhering to taking quality as the priority and driving growth by innovation. We will continue to seek opportunities to conduct vertical and horizontal industry integration of products, so as to maintain and improve our leading position in the industry. The Group will focus on expanding the development in manufacturing of high-end consuming accessories, and deepen cooperation with brands and international counterparts. The Group will continue to enhance the service standard of its integrated services for commercial space in Mainland China and international markets. The Group will also render full support to promote a limited number of diversified business activities, leveraging the potential of the manufacturing of high-end consuming accessories in other high-end lifestyle products such as jewellery, cosmetics and mobile phones, and at the same time, expanding its commercial space beautification services to living space beautification services sectors, endeavoring to become an indispensable and independent party in the global industrial ecological chain of high-end consumption.

International Trading

During the year under review, in accordance with the established strategy, the Group continued to carry out the international commodity trading business. During the year, the business mainly covered the importation of iron ore, thermal coal and coking coal to Mainland China. Due to the complex operating environment such as trade barriers and tightening policies in export destinations, the international commodity trading business recorded a year-on-year decrease in terms of both sales and profits. In recent years, the Group developed its logistics business and built a bulk cargo transshipment logistics park in Mexico, which integrates customs clearance, import, transportation and warehousing, and is dedicated to serving large-scale enterprises in China.

In the new year, the Group will continue to closely monitor the market developments, steadily promote the international commodity trading activities with a prudent and pragmatic attitude, and actively explore a sustainable profit model that is in line with the Group's strategic direction, so as to lay a solid foundation for the long-term steady development and sustainable growth of the Group.

International Shipping

During the year under review, in line with the Group's established strategic direction and the development of its international trading business, the Group continued the in-depth development of its international shipping business which mainly focused on global maritime transportation of dry bulk cargo, such as steel, coal, iron ore, manganese ore, food and industrial salt.

In 2025, the global trade in dry bulk cargo was characterized by "stable rather than breakthrough". The shipping market was affected by geopolitics and trade frictions, showing a complicated situation of "strong demand but weak shipping costs". There was a corresponding pullback in both revenue and profit of the Group's shipping business. Facing the turbulence and uncertainty in the market, the Group adhered to the prudent and stable operation strategy, adhered to the operation of its own fleet as the core, and actively leveraged on its experience and advantages in traditional shipping routes to focus on serving the long-term transportation needs of key customers. In terms of vessel management, the maintenance team implemented more refined management, and strictly controlled the selection, recruitment, training and assessment of seafarers to ensure the safe and smooth navigation of vessels, while focusing on optimizing operation and docking costs, so as to improve the competitiveness of the Group's fleet escort.

With China being a major importer of bulk raw materials in the world, although there are some uncertainties in global economy growth and demand from China, the fundamentals of long-term upward trend of Chinese economy remain unchanged. In the new year, it is expected that the global dry bulk shipping market will operate in a more rational environment, with less geopolitical and trade policy disturbances, structural bright spots on the demand side, and mild repair of freight rates. The Group will keep a close eye on the market trend, continue to deepen the exploration of China's shipping demand market, and at the same time look to the international market to broaden its customer base, new cargoes and new routes, provide customers with better shipping services, and strive to achieve healthy and stable cargo volume and profit growth.

III. OUTLOOK

Currently, the global political situation remains turbulent, trade barriers and frictions remain severe, and economic recovery faces considerable uncertainty. Against this backdrop, the economy of Mainland China also faces phased challenges including insufficient demand and sluggish consumption awaiting stimulation, while structural adjustments continue to deepen. Nevertheless, the economy of Mainland China has a stable foundation, strong resilience and great potential, supported by its positive long-term development trajectory remains unchanged. With multiple measures further implemented and refined by the Chinese government to “pursue stability while seeking progress”, it is believed that the momentum of Mainland China’s economic development will steadily increase with overall sustainable growth.

In the new year, the Group will continue to adhere to its principle of “pursuing stability while maintaining sound, steady, and long-term operations”, and will leverage the stable and favorable business development environment in Mainland China to keep abreast of the market dynamics and further advance the process of international trade in a prudent and steady manner. Additionally, the Group will continue to deepen its layout and expansion of its international shipping business uphold its position as a highly competitive participant in the international shipping supply chain and achieve new breakthroughs in corporate development.

The Group will continue to strive for sustainable business development, adapt to market demands and continuously enhance the service standard of its integrated services for commercial space in both Mainland China and international markets. The Group will continuously adjust the strategy of high-end accessories manufacturing for renowned watches while embarking on a limited number of diversified business activities to include the manufacturing of high-end consuming accessories in high-end lifestyle products such as jewellery, cosmetics and mobile phones, and to expand its commercial space beautification services to include living space beautification services, thus becoming an indispensable independent segment in the industry ecological chain of high-end consuming accessories.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no important events affecting the Company and its subsidiaries which have occurred since the end of the year under review.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 12 May 2026 to Friday, 15 May 2026 (both days inclusive) to confirm the members on the register of members who are eligible to attend and vote at the general meeting. In order to establish entitlements to attending and voting at the general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 11 May 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) (2024: Nil).

As of 31 December 2025, the issued share capital of the Company was 4,404,018,959 shares (31 December 2024: 4,404,018,959 shares).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Directors are of the opinion that the Company complied with the Corporate Governance Code except for the deviation from provision C.2.1 during the year under review. Given the existing corporate structure of the Company, the roles of the chairman and chief executive officer have not been separated, and both are performed by Mr. Cheung Wing Lun Tony. Although the roles and duties of the chairman and chief executive officer have been performed by the same individual, the Board of directors believes that the current arrangement is in the best interests of the Company and all shareholders, all major decisions of the Company would only be made (where applicable) after consultation with the Board, which comprises three independent non-executive Directors. Therefore, the Board is of the opinion that the Company has achieved an adequate balance of power and been able to guarantee scientific decision-making.

By Order of the Board
Cheung Wing Lun Tony
Chairman

Hong Kong, 30 March 2026

As at the date of this announcement, the executive Directors are Mr. Cheung Wing Lun Tony (Chairman), Mr. Lee Shu Chung, Stan; the non-executive Director is Mr. Shi Zhongyang; and the independent non-executive Directors are Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing.