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MIKO INTERNATIONAL HOLDINGS LIMITED

米格國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1247)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Miko International Holdings Limited (the “**Company**”) announced the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the financial year ended 31 December 2025 (the “**FY2025**”) together with the comparative figures for the year ended 31 December 2024 (the “**FY2024**”), which have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) and reviewed by the audit committee of the Company as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025 (Expressed in Renminbi)

	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	3	608,415	389,137
Cost of sales		<u>(594,424)</u>	<u>(370,017)</u>
Gross profit		13,991	19,120
Other revenue	4	3,247	2,712
Written down on inventories		(77)	(2,577)
(Allowance)/Reversal of allowance for expected credit losses on trade and other receivables, net		(24,856)	269
Selling and distribution expenses		(23,557)	(25,424)
Administrative and other operating expenses		<u>(27,281)</u>	<u>(21,361)</u>
Loss from operations		(58,533)	(27,261)
Finance costs	5(a)	<u>(316)</u>	<u>(615)</u>
Loss before taxation	5	(58,849)	(27,876)
Income tax expenses	6	<u>(165)</u>	<u>(541)</u>
Loss for the year attributable to shareholders of the Company		(59,014)	(28,417)
Other comprehensive income for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>200</u>	<u>(972)</u>
Total comprehensive loss for the year attributable to shareholders of the Company		<u>(58,814)</u>	<u>(29,389)</u>
Loss per share (RMB cents)			
– Basic and diluted	7	<u>(28.70)</u>	<u>(16.23)</u>

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			
Property, plant and equipment		44,647	44,559
Intangible assets		–	–
Right-of-use assets		2,057	2,251
Deposits paid for property, plant and equipment		9,394	–
		<u>56,098</u>	<u>46,810</u>
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Current assets			
Inventories		57,933	17,491
Trade receivables	8	43,297	88,515
Prepayments, deposits and other receivables		968	13,587
Cash and cash equivalents		55,241	39,655
		<u>157,439</u>	<u>159,248</u>
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	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current liabilities			
Trade and other payables	9(a)	71,110	55,089
Contract liabilities	9(b)	15,634	–
Lease liabilities		88	102
Bank loans		10,000	17,000
		<u>96,832</u>	<u>72,191</u>
Net current assets		<u>60,607</u>	<u>87,057</u>
Total assets less current liabilities		<u>116,705</u>	<u>133,867</u>
Non-current liabilities			
Lease liabilities		–	91
Deferred tax liabilities		1,300	1,300
		<u>1,300</u>	<u>1,391</u>
Net assets		<u>115,405</u>	<u>132,476</u>
Equity			
Share capital		18,860	15,654
Reserves		96,545	116,822
Total equity		<u>115,405</u>	<u>132,476</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at Room 1601, Ho King Commercial Centre, 2-16 Fa Yuen Street, Mong Kok, Kowloon, Hong Kong.

As at 31 December 2025, the directors of the Company consider the immediate and ultimate controlling parties to be Think Wise Holdings Investment Limited and Mr. Ding Peiji respectively.

During the year, the Group were principally engaged in the wholesale business of design, manufacture and sales of children's apparel and other apparel related products. In addition, the supply chain management business of the Group has been emerged and the type of business scope included but not limited to the trading of bulk commodities in Mainland China. Other than this, there were no significant changes in the nature of the Group's principal activities during the year.

2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated statements

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Application of amendments to IFRSs

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-Dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual period beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors anticipate that the application of the new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions consistent with the way in which information is reported internally to the Group's most senior management for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments.

The Group's operations and reportable segments are as follows:

- (i) Wholesale business – design, manufacture and sales of children's apparel and other apparel related products; and
- (ii) Supply chain management business – trading of bulk commodity products.

Segment revenue and results:

The following is an analysis of the Group's revenue and results by reportable segments.

	Wholesale business		Supply chain management business		Total	
	2025	2024	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment revenue						
– Revenue from external customer	<u>75,378</u>	260,336	<u>533,037</u>	128,801	<u>608,415</u>	<u>389,137</u>
Segment results	<u>(49,597)</u>	(24,534)	<u>(2,196)</u>	(646)	<u>(51,793)</u>	(25,180)
Other revenue					3,247	2,712
Central administration costs					(9,987)	(4,793)
Finance costs					<u>(316)</u>	<u>(615)</u>
Loss before taxation					<u>(58,849)</u>	<u>(27,876)</u>

All of the segment revenue reported above are generated from external customers. Revenue from contracts with customers are recognised at a point in time.

The accounting policies of the operating segments are the same as the Group's accounting policies to the consolidated financial statements. Segment results represent the loss recorded by each segment without allocation of other revenue, finance costs and central administrative costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segment assets and liabilities:

	Wholesale business		Supply chain management business		Total	
	2025	2024	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	<u>85,665</u>	<u>150,260</u>	<u>92,352</u>	<u>51,589</u>	<u>178,017</u>	<u>201,849</u>
Unallocated assets					<u>35,520</u>	<u>4,209</u>
Total assets					<u><u>213,537</u></u>	<u><u>206,058</u></u>
Segment liabilities	<u>21,716</u>	<u>29,879</u>	<u>21,217</u>	<u>118</u>	<u>42,933</u>	<u>29,997</u>
Unallocated liabilities					<u>55,199</u>	<u>43,585</u>
Total liabilities					<u><u>98,132</u></u>	<u><u>73,582</u></u>

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain other prepayments and receivables and certain cash and cash equivalents; and
- all liabilities are allocated to reportable segments other than deferred tax liabilities and certain other payables.

Other segment information:

	Wholesale business		Supply chain management business		Total	
	2025	2024	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure*	5,976	11,410	–	443	5,976	11,853
Depreciation of property, plant and equipment	5,553	5,896	–	58	5,553	5,954
Amortisation of right-of-use assets	198	107	–	–	198	107
Written down on inventories	77	2,577	–	–	77	2,577
Allowance/(reversal of allowance) for expected credit losses on trade and other receivables, net	24,897	(310)	(41)	41	24,856	(269)

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

Geographical information:

All the Group's revenue from external customers and majority of the Group's non-current assets are based in Mainland China.

Information about major customers:

Revenue from customers which individually contributed over 10% of the Group's revenue for the years ended 31 December 2025 and 2024 is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A from supply chain management business	82,447	N/A*
Customer B from supply chain management business	127,180	N/A*
Customer C from supply chain management business	75,212	N/A*
Customer D from supply chain management business	N/A	97,763

* The corresponding revenue does not contribute over 10% of the Group's revenue for the respective year

Disaggregation of revenue from contracts with customers:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of children's and other apparel products	75,378	260,336
Sales of bulk commodity products	533,037	128,801

	608,415	389,137
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	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
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Timing of revenue recognition

At a point in time	608,415	389,137
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Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining obligations under the contracts as all contract works have an original expected duration of one year or less.

4 OTHER REVENUE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income	1,026	1,433
Rental income	2,161	1,161
Others	60	118
	3,247	2,712

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(a) Finance costs:		
Interest on bank loans	305	612
Interest in lease liabilities	11	3
	<u>316</u>	<u>615</u>
(b) Staff costs:		
Contributions to defined contribution retirement plans	1,043	3,145
Salaries, wages and other benefits	19,205	23,926
	<u>20,248</u>	<u>27,071</u>
(c) Other items:		
Depreciation of property, plant and equipment	5,553	5,954
Amortisation of right-of-use assets	198	107
Auditors' remuneration		
– Audit services	830	829
Written down on inventories	77	2,577
Allowance/(reversal of allowance) for expected credit losses, net		
– trade receivables	24,846	(253)
– other receivables	10	(16)
Design and development expenses	710	927
Cost of inventories sold [#]	594,424	370,017
Loss on disposal of property, plant and equipment	291	10
	<u>594,424</u>	<u>370,017</u>

[#] Cost of inventories for the year ended 31 December 2025 includes approximately RMB8,561,000 (2024: approximately RMB12,873,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately in notes 5(b) and (c) above for each of these types of expenses.

6 TAXATION

Income tax expenses in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax		
– PRC corporate income tax	165	541
Deferred tax		
– Origination of temporary differences	–	–
	165	541

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year of approximately RMB59,014,000 (2024: loss of approximately RMB28,417,000) and the weighted average of 205,657,189 ordinary shares (2024: 175,055,000 ordinary shares).

(b) Diluted loss per share

The effect of the Company's share options was anti-dilutive for the year ended 31 December 2025 and 2024, and therefore, diluted loss per share is the same as the basic loss per share.

8 TRADE RECEIVABLES

In general, the credit period granted to customers is 30 to 120 days (2024: 30 to 120 days).

As of the end of the reporting period, the ageing analysis of trade receivables of the Group based on invoice date and net of allowance for expected credit losses, is as below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 90 days	26,990	53,428
91-120 days	3,272	6,830
121-180 days	7,537	19,748
181-365 days	5,498	8,509
	43,297	88,515

9 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

(a) Trade and other payables

Included in the trade and other payables, as of the end of the reporting year the trade payables were approximately RMB361,000 (2024: approximately RMB2,694,000).

In general, the credit period granted by suppliers is 30 days (2024: 30 days).

Set out below is an ageing analysis of the trade payables at the end of the reporting period based on relevant invoice dates:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	361	2,694

(b) Contract liabilities

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current:		
Sales of bulk commodity products	15,634	–

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

The Group applied the practical expedient of not disclosing the transaction price allocated to the unsatisfied performance obligations as the original expected duration of the relevant contracts is less than 12 months.

10 DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

BUSINESS REVIEW AND OUTLOOK

For the full year of 2025, revenue and net loss before taxation of the Group amounted to approximately RMB608.4 million and RMB58.8 million respectively, as compared to revenue and net loss before taxation of approximately RMB389.1 million and RMB27.9 million respectively for the full year of 2024. The significant increase in revenue was primarily driven by the further development of the Group's supply chain management business during the year.

During the year of 2025, the economy of Mainland China faced a challenging period of time in operating environment even the Chinese government continued to implement certain stimulated policies on domestic demand and consumption. Changes in consumption pattern, lower confidence and lower income of the consumers were observed as the consumers became more cautious in spending and the consumption of the goods. This resulted in lower and soft demand in the wholesale and retail market in Mainland China in the year of 2025. These external factors, combined with the characteristics of the supply chain management business, lowered the Group's overall gross margin during the year.

The Group expects the business scope of the supply chain management business to be expanded to the importing and exporting of bulk commodity including but not limited to industrial and food products. In addition, the Group aims to further diversify its business by exploring new opportunities in relation to the Group's existing apparel business in Mainland China.

The supply chain management business is an industry that generally operates with lower gross margins compared to the Group's traditional apparel business. This margin difference, combined with the challenging market conditions, was the primary driver of the overall lower margin. Accordingly, the Group continued to face with a challenging year despite the strong top-line growth in the year of 2025.

To achieve the Group's strategic objectives, the Group is committed to enhancing operational efficiency by actively improving internal systems, refining processes, enhancing quality and lowering costs. In addition, the Group is continuously strengthening budget management, reduced costs, enhanced efficiency and controlled expenses to manage spending, lower costs and reduce losses. The Group will be committed to deepening marketing and commercialization, actively responding to our challenges in the PRC market. The Group will enhance the capabilities of our commercialization team through internal training and recruitment of talents with relevant expertise. To bring satisfactory and suitable returns to the Company's shareholders, the Directors will use its best endeavor to maintain the Group's existing apparel business, and at the same time, keep exploring the opportunities emerged from the Group's new business segments such as its supply chain management business and all other opportunities for investments of new scope of businesses that can have sustainable growth potential.

The Chinese government will continuously make certain effective measures and changes to stimulate the overall economic environment that would motivate the consumer demand and improve overall business environment in Mainland China. The outlook of the wholesale business of apparel related industry and supply chain management business in the year of 2026 remains optimistic in Mainland China. The Group also expects the supply chain management business to expand the business scope to the importing and exporting of bulk commodity including but not limited to industrial and food products in the year of 2026. In the medium to long-term, the Group remains positive about its business and believes that it will bring satisfactory and sustainable returns to the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's products were principally engaged in the wholesale business of design, manufacture and sales of children's apparel and other apparel related products in Mainland China. In addition, the supply chain management business of the Group has been emerged and its business scope included but not limited to the trading of bulk commodity in Mainland China in the year of 2025.

The Group's revenue was affected by the challenging business environment in the year of 2025 even with the emergence of the supply chain management business. The Group's revenue recorded an increase of about 56.4%, from approximately RMB389.1 million for FY2024 to approximately RMB608.4 million for FY2025.

Wholesale business of children's apparel and other apparel related products amounted to approximately RMB75.4 million or approximately 12.4% for the Group's revenue during FY2025 as compared to that of approximately RMB260.3 million for FY2024.

Supply chain management business amounted to approximately RMB533.0 million or 87.6% for the Group's revenue during FY2025 as compared to that of approximately RMB128.8 million for FY2024.

Cost of Sales

The cost of sales increased by approximately RMB224.4 million or approximately 60.6%, from approximately RMB370.0 million for FY2024 to approximately RMB594.4 million for FY2025. The increase was generally in line with the changes in products and sales mix with the emergence of supply chain management business in relation to the trading of bulk commodity during the year.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit decreased by approximately RMB5.1 million or approximately 26.8%, from approximately RMB19.1 million for FY2024 to approximately RMB14.0 million for FY2025. Gross profit margin decreased by 2.6 percent points, from 4.9% for FY2024 to 2.3% for FY2025.

Other Revenue

Other revenue primarily consisted of interest income from bank deposits of approximately RMB1.0 million (FY2024: approximately RMB1.4 million) and rental income and others of approximately RMB2.2 million (FY2024: approximately RMB1.3 million).

(Allowance)/Reversal of Allowance Expected Credit Losses on Trade and Other Receivables, Net

Allowance for expected credit losses on trade and other receivables of approximately RMB24.9 million (FY2024: reversal of allowance for expected credit losses of approximately RMB0.3 million) are recorded resulting from the management of the Company taking into consideration of the current credit worthiness, the past collection history, the aged status and the prevailing market conditions. The Company will continue to conduct comprehensive review of the distributors' repayment histories, resources and financial capabilities to ensure that they are able to repay the debt within the credit period.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of salaries and benefits for sales and marketing personnel, and advertising and marketing expenses. Selling and distribution expenses recorded a decrease of approximately 7.1%, from approximately RMB25.4 million for FY2024 to approximately RMB23.6 million for FY2025. The decrease was resulted from the less advertising and marketing expenses under the current business environment.

As a percentage of turnover, selling and distribution expenses were 6.5% and 3.9% for FY2024 and FY2025 respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses primarily consisted of design and development expenses, salaries and benefits for administrative personnel, and professional expenses in relation to legal and financial advisory services.

Administrative and other operating expenses were approximately RMB27.3 million for FY2025, representing an increase of approximately RMB5.9 million or an increase of approximately 27.7% as compared to approximately RMB21.4 million for FY2024.

As a percentage of turnover, administrative and other operating expenses were 5.5% and 4.5% for FY2024 and FY2025 respectively.

Finance Costs

Finance costs decreased by approximately RMB0.3 million, from approximately RMB0.6 million for FY2024 to approximately RMB0.3 million for FY2025.

Income Tax Expenses

Income tax expenses of approximately RMB0.2 million was recorded for FY2025 (FY2024: RMB0.5 million). Currently, the principal subsidiaries of the Group in Mainland China are subject to an enterprise income tax rate of 25%.

Loss for the Year before Taxation

As a result of the foregoing, loss before taxation for FY2025 of approximately RMB58.8 million was recorded as compared to approximately RMB27.9 million for FY2024.

Working Capital Management

The Group possesses sufficient cash to meet liquidity requirements and for strategic alliances and acquisitions, if any. As of 31 December 2025, the cash and cash equivalents, and bank deposits totaled approximately RMB55.2 million (31 December 2024: approximately RMB39.7 million), representing 35.1% (31 December 2024: 24.9%) of the total amount of the current assets.

Current ratio and quick ratio were 1.6 times and 1.0 times, respectively, as at 31 December 2025, as compared to 2.2 times and 2.0 times, respectively, as at 31 December 2024.

Inventories

The inventories increased by approximately RMB40.4 million, from approximately RMB17.5 million as of 31 December 2024 to approximately RMB57.9 million as at 31 December 2025. Inventories mainly comprised raw materials of approximately RMB0.4 million (31 December 2024: approximately RMB0.8 million), work in progress of approximately RMB0.03 million (31 December 2024: approximately RMB0.1 million) and finished goods of approximately RMB57.5 million (31 December 2024: approximately RMB16.6 million). The inventory turnover was 23 days for FY2025 (FY2024: 24 days).

Written down on inventories of approximately RMB0.1 million (2024: approximately RMB2.6 million) is provided due to allowance made for obsolete and slow-moving inventory items as the net realisable value for such inventories based primarily on the estimated subsequent selling prices and salability of inventories.

Trade Receivables

Trade receivables decreased by approximately RMB45.2 million, from approximately RMB88.5 million as of 31 December 2024 to approximately RMB43.3 million as of 31 December 2025.

Trade receivables turnover was 38 days for FY2025 (FY2024: 86 days).

Allowance for expected credit losses on trade and other receivable, net of approximately RMB24.9 million (FY2024: reversal of allowance for expected credit losses of approximately RMB0.2 million) is provided resulting from the management of the Company taking into consideration of the current credit worthiness, the past collection history, the aged status and the prevailing market conditions. The Group continues to conduct comprehensive review of the distributors' repayment histories, resources and financial capabilities to ensure that they are able to repay the debt within the credit period.

Trade Payables

Trade payables decreased from approximately RMB2.7 million as of 31 December 2024 to approximately RMB0.4 million as of 31 December 2025.

LIQUIDITY AND FINANCIAL RESOURCES

The following table sets forth the cash flows for FY2025 and FY2024:

	FY2025 RMB'000	FY2024 RMB'000
Net cash used in operating activities	(8,359)	(35,615)
Net cash used in investing activities	(14,300)	(10,420)
Net cash generated from financing activities	39,822	46,944
	<hr/>	<hr/>
Net increase in cash and cash equivalents	17,163	909
Cash and cash equivalents at 1 January	39,655	39,721
Effect of foreign exchange rate changes	(1,577)	(975)
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	55,241	39,655
	<hr/> <hr/>	<hr/> <hr/>

The Group was in net cash position as of 31 December 2025, and the gearing ratio was 8.6% as of 31 December 2025 (31 December 2024: 12.8%).

Notes to financial ratios

- (1) *Inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant period divided by cost of sales of the relevant year and multiplied by 365 days*
- (2) *Trade receivables turnover days equal to the average of the opening and closing balances of trade receivables of the relevant period divided by turnover of the relevant year and multiplied by 365 days*
- (3) *Current ratio equals to current assets divided by current liabilities as of the end of the year*
- (4) *Quick ratio equals to current assets less inventories divided by current liabilities as of the end of the year*
- (5) *Gearing ratio equals to total of bank and other borrowings divided by total equity as of the end of the year*

FINANCIAL RISK MANAGEMENT

The Group has a treasury policy that aims to better control its treasury operations and lower borrowing cost. The treasury policy requires the Group to maintain an adequate level of cash and cash equivalents, and sufficient available banking facilities to finance its daily operations and to address short-term funding needs. The Group reviews and evaluates the treasury policy from time to time to ensure its adequacy and effectiveness.

Except for operations of the Company and other investment holding companies outside Mainland China, the Group's businesses are principally conducted in RMB and most of the Group's monetary assets and liabilities are denominated in RMB. Accordingly, the management considers the Group's exposure to currency risk insignificant.

The interest rate risk of the Group arises primarily from bank borrowings. As the Group's operations are mainly conducted in Mainland China and the majority of the Group's assets and liabilities, and sales and purchases are transacted in RMB, the Directors are of the view that the Group is not subject to significant foreign exchange rate risks.

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

Placing of Shares under General Mandate

On 26 May 2025 (after trading hours), the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best efforts basis, up to 31,635,200 placing shares at the placing price of HK\$1.35 per placing share to not less than six placees who are professional, institutional or other investors that are third parties independent of the Company and its connected persons. The placing shares were allotted and issued pursuant to the general mandate, which had been approved at the annual general meeting of the Company. Details of the placing of new shares were set out in the announcements of the Company dated 26 May 2025, 29 May 2025 and 13 June 2025.

The Placing Price of HK\$1.35 per Placing Share represents: (i) a discount of approximately 15.09% to the closing price of HK\$1.59 per Share as quoted on the Stock Exchange on 26 May 2025, being the date of the Placing Agreement; and (ii) a discount of approximately 14.77% to the average closing price of the Shares of approximately HK\$1.584 per Share as quoted on the Stock Exchange from 19 May 2025 to 23 May 2025, all dates inclusive, being the last five trading days immediately prior to the date of the Announcement.

Use of Proceeds from Placement of Shares

On 13 June 2025, the Company completed the placement of 31,632,000 Shares and raised net proceeds of approximately HK\$41.9 million. The Company intends to fully utilise the net proceeds for the purpose as disclosed in the announcement of the Company dated 26 May 2025, 29 May 2025 and 13 June 2025.

The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2025.

	Planned applications <i>HK\$ million</i>	Percentage of total net proceeds	Actual usage up to 31 December 2025 <i>HK\$ million</i>
(i) Setting up a cross-border business-to-business platform in multi-language support and intelligent customs declaration system	7.0	16.7%	7.0
(ii) Channel development and marketing	10.0	23.9%	1.0
(iii) Expansion of manpower of the Group for the Group's expanded scope of business	6.0	14.3%	3.0
(iv) General working capital including rental payments, professional fees and other general administrative and operating expenses in respect of the Group's expanded scope of business	18.9	45.1%	18.9
	<u>41.9</u>	<u>100.0%</u>	<u>29.9</u>

CAPITAL COMMITMENTS

As of 31 December 2025, the Group has no capital commitments (31 December 2024: Nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as of 31 December 2025 and 2024.

PLEDGE OF ASSETS

As of 31 December 2025, certain properties and right-of-use assets totalled approximately RMB9.1 million (31 December 2024: approximately RMB9.5 million) were pledged for certain bank loans.

SUBSEQUENT EVENTS

Subsequent to the year ended 31 December 2025, the Group's indirect wholly-owned subsidiary Red Kids Group (Hong Kong) Limited entered into a Sale and Purchase Agreement on 2 December 2025 with Fujian Quanzhou Langyaoda Investment Company Limited* (福建泉州朗曜達投資有限公司) (wholly-owned by Mr. Ding Peiji, the Company's Executive Director and Chairman) to conditionally dispose of the entire equity interest of Quanzhou Hungyu Innovative Business Development Limited* (泉州紅隅科創產業發展有限公司) (the "**Target Company**"), an indirect wholly-owned property-holding subsidiary of the Company, at a consideration of RMB75.7 million (equivalent to approximately HK\$83.2 million).

This disposal constitutes a major and connected transaction under the Hong Kong Stock Exchange Listing Rules. The Company convened an extraordinary general meeting ("**EGM**") on 30 January 2026, at which the independent shareholders approved the disposal and the contemplated transactions. The purchaser has undertaken to continue leasing the Group's operational properties until 30 June 2027 upon completion. As at the date of approval of these consolidated financial statements, the disposal is yet to be completed.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group made no significant investments, material acquisitions or disposal of subsidiaries during the year ended 31 December 2025.

INVESTMENTS HELD IN FOREIGN CURRENCY AND HEDGING

For FY2025, the Group did not hold any investments denominated in foreign currencies. Furthermore, the Group's working capital or liquidity did not encounter any material difficulties or material impacts as a result of the movement in exchange rate.

* *For identification purpose only*

EMPLOYEES AND REMUNERATION POLICIES

The emolument policy of the Group aims at attracting, retaining and motivating talented individuals. The principle is to have performance-based remuneration which reflects market standards. Remuneration package for each employee is generally determined based on his or her job nature and position with reference to market standards. The emolument policy of the Group will be adjusted depending on a number of factors, including changes to the market practice and stages of the business development, so as to achieve the operational targets of the Group. As at 31 December 2025, the Company employed around 200 full-time employees. The total staff costs for FY2025 was approximately RMB20.2 million (FY2024: approximately RMB27.1 million).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2025.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. During FY2025, the Board comprised of three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). During FY2025, the Company has complied with the CG Code, except for the deviation as explained below.

Code provision A.2.1 provides that the roles of Chairman and Chief executive should be separate and should not be performed by the same individual. As Mr. Ding Peiji (“**Mr. Ding**”) is both the chief executive officer and the chairman of the Board of the Company, the Company is in deviation from code provision A.2.1. The Company considers that vesting the roles of both chairman and chief executive officer in Mr. Ding has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board composition and structure taking into account the background and experience of the Directors.

Code provision C.1.2 provides that management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer'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 FY2025, the management of the Company had not provided regular monthly updates to the members of the Board. The management had provided information and updates to the members of the Board as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during FY2025.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established for the purposes of reviewing and providing supervision over the Group’s financial reporting process, internal controls and risk management. The Audit Committee has reviewed the audited consolidated financial statements for FY2025 and the accounting principles and practices adopted, and discussed auditing, internal controls, and financial reporting matters with the management and the Company’s auditors.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

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

FINAL DIVIDEND

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

PUBLICATION OF ANNUAL RESULTS

This announcement of audited annual results is published on the website of the Company (www.redkids.com) and the website of the Stock Exchange (www.hkexnews.hk). The 2025 Annual Report containing all the information required by Appendix 16 to the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) will be despatched to the shareholders of the Company and published on the website of the Company and the Stock Exchange in due course.

APPRECIATION

The Board would like to express its sincere appreciation to the shareholders, customers, suppliers, management team and staff for their continuous support to the Group.

On behalf of the Board
Miko International Holdings Limited
Ding Peiji
Chairman

Hong Kong
30 March 2026

As at the date of this announcement, the Directors are:

Executive Directors: Mr. Ding Peiji, Ms. Liu Min and Mr. Yu Jianjun

Independent non-executive Directors: Mr. Ng Shing Kin, Mr. Chen Jun and Mr. Guo Zheng