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PAK FAH YEOW INTERNATIONAL LIMITED

白花油國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 239)

ANNOUNCEMENT OF ANNUAL RESULTS 2025

HIGHLIGHTS

- Revenue and Underlying Recurring Profit decreased year-on-year by 9.7% and 7.8% respectively, primarily due to a decline in sales revenue in Healthcare business.
- Reported profit increased by 16.2%, mainly attributable to a significant reduction of non-cash fair value losses on investment properties recognised in 2025.
- A final dividend of HK3.8 cents per share and a special final dividend of HK7.2 cents per share were proposed.

The board of directors (the “Board”) of Pak Fah Yeow International Limited (the “Company”) is pleased to announce the consolidated audited results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2025, together with comparative figures for the previous year:

RESULTS SUMMARY

	<i>Notes</i>	Year ended 31 December		Change
		2025	2024	
		<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	1	213,880	236,759	-9.7%
Reported profit	2	91,346	78,629	+16.2%
Underlying recurring profit	3	95,548	103,611	-7.8%
		<i>HK cents</i>	<i>HK cents</i>	
Earnings per share:				
Reported profit	4	29.3	25.2	+16.3%
Underlying recurring profit		30.7	33.2	-7.5%
Total dividends per share	4	19.0	20.0	-5.0%
		At 31 December		
		2025	2024	
		<i>HK\$'000</i>	<i>HK\$'000</i>	
Shareholders' funds	5	722,748	731,908	-1.3%
		<i>HK\$</i>	<i>HK\$</i>	
Net asset value per share	6	2.32	2.35	-1.3%

Notes: 1. Revenue represents revenue derived from the three business segments, namely healthcare (“Healthcare”), property investments (“Property Investments”) and treasury investments (“Treasury Investments”).

2. Reported profit (“Reported Profit”) is the profit attributable to owners of the Company, which is prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants.

3. Underlying recurring profit (“Underlying Recurring Profit”) reflects the Group’s performance of the three business segments and is arrived at by excluding from Reported Profit the unrealised fair value changes of financial assets at fair value through profit or loss and of investment properties.

4. The basic and diluted earnings per share and the total dividends per share are calculated using the weighted average number of ordinary shares in issue during the year.

5. Shareholders’ funds are the equity attributable to owners of the Company, which is equivalent to the total equity as presented in the Company’s consolidated statement of financial position.

6. Net asset value per share represents shareholders’ funds divided by the number of ordinary shares of the Company in issue as at the year end date.

CHAIRMAN'S STATEMENT

Dear fellow shareholders,

OVERVIEW

The year 2025 was marked by continued global economic uncertainties and evolving consumer behaviour across our key markets. While the external environment remained challenging, we demonstrated resilience through disciplined cost management, prudent treasury operations and stabilisation of our property investment portfolio.

For the year ended 31 December 2025, total revenue amounted to HK\$213.9 million, representing a decrease of 9.7% from HK\$236.8 million in 2024. The decline was primarily attributable to softer performance in the Healthcare segment, particularly in China, where market demand continued to normalise following the post-pandemic period.

Underlying Recurring Profit decreased by 7.8% to HK\$95.5 million (2024: HK\$103.6 million), reflecting lower contribution from Healthcare segment. However, Reported Profit increased by 16.2% to HK\$91.3 million (2024: HK\$78.6 million), mainly due to a significant reduction in unrealised fair value losses on investment properties compared with the substantial losses recorded in 2024.

The improved bottom-line performance demonstrated the stabilisation of our property portfolio and prudent investment strategy despite top-line pressure.

DIVIDENDS

In line with our commitment to delivering sustainable value to shareholders, we propose a final dividend of HK3.8 cents per share (2024: HK3.8 cents per share) and a special final dividend of HK7.2 cents per share (2024: HK6.7 cents per share), subject to approval at the upcoming annual general meeting. Together with the interim dividends of HK8.0 cents per share (2024: HK9.5 cents per share), the total dividends for 2025 will amount to HK19.0 cents per share (2024: HK20.0 cents per share).

BUSINESS

Healthcare remained the principal revenue contributor, accounting for approximately 92.3% of total revenue. Segment revenue declined by 9.2% to HK\$197.3 million, while segment profit decreased by 8.6% to HK\$116.8 million.

The China market experienced continued adjustment, although the rate of decline moderated compared with 2024, indicating gradual stabilisation. Chinese Mainland revenue was affected by cautious consumer sentiment and the continued normalisation of purchasing behaviour. Revenue in Macau declined significantly due to inventory built up in 2024 during product license renewal process, which effectively pulled forward demand. This impact is considered temporary in nature. In Hong Kong, core distribution channels remained stable, reflecting sustained brand loyalty and resilient domestic demand. In response to structural shifts in consumption patterns, we increased advertising investment on Douyin and Xiaohongshu, strengthened collaborations with key opinion leaders, and enhanced video content marketing to reinforce brand visibility and consumer engagement. Cross-border e-commerce operations were launched during the year to diversify sales channels and capture emerging digital demand. Southeast Asia remained broadly stable, while North America delivered modest growth despite geopolitical and tariff uncertainties.

Property Investments revenue increased by 9.0% to HK\$9.9 million, driven by improved rental performance across Hong Kong, Singapore and the United Kingdom. The segment returned to profitability, recording a profit of HK\$2.1 million compared with a loss in 2024. This improvement was mainly attributable to a substantial reduction in unrealised fair value losses.

Treasury Investments revenue declined due to lower interest income amid a moderation in deposit yields. However, segment profitability improved, supported by higher unrealised fair value gains on listed investments and disciplined portfolio management.

NON-FINANCIAL PERFORMANCE

We believe that business sustainability can only be accomplished by operating successfully while ensuring the well-being of both society and the environment. We therefore incorporate concepts of environmental, social and corporate governance (“ESG”) into our business strategies to cultivate sustainable value for shareholders by seizing opportunities and managing risks associated with developments in the economy, society and environment. Our ESG Report 2025, detailing our environmental and social performance as well as progress towards sustainability objectives, will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company concurrently with the annual report.

OUTLOOK

Looking ahead to 2026, we expect the operating environment to remain challenging. Consumer sentiment in China remains cautious, and the pace of recovery may be gradual. The launch of cross-border e-commerce and enhanced digital marketing initiatives provide longer-term structural opportunities; however, these initiatives may require time before contributing meaningfully to revenue growth. Southeast Asia is expected to remain stable, though performance remains sensitive to regional economic conditions. The United States market may continue to face policy and tariff-related uncertainties.

The Hong Kong property market remains susceptible to vacancy pressures and yield adjustments. We will continue to adopt prudent asset management strategies to safeguard rental stability.

Treasury operations will remain conservative, prioritising capital preservation while seeking reasonable risk-adjusted returns.

The ongoing geopolitical tensions in the Middle East have introduced additional uncertainties to the global economic environment. The conflict has contributed to heightened volatility in energy prices and financial markets, which may exert inflationary pressures and affect consumer sentiment across various regions. We remain cautious of potential indirect effects, including increased operating costs, fluctuations in exchange rates, and changes in consumer spending behaviour in our key markets. We will continue to closely monitor these developments and adopt a prudent approach in cost management, pricing strategy and treasury operations.

Overall, we remain cautiously positioned, maintaining a strong balance sheet and liquidity profile to navigate uncertainties and preserve long-term shareholder value.

CLOSING REMARKS

On behalf of the Board, I would like to express my sincere appreciation to our shareholders, customers, business partners and employees for their continued trust and support.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

Throughout this Management Discussion and Analysis section, percentage changes are calculated based on figures presented in thousands, as shown in the consolidated financial statements.

RESULTS OVERVIEW

For the year ended 31 December 2025, the Group reported total revenue of HK\$213.9 million, representing a decrease of 9.7% from HK\$236.8 million in 2024. The decline was mainly attributable to reduced Healthcare revenue in China and lower interest income from Treasury Investments, partially offset by improved rental income from Property Investments. Revenue breakdown for each business segment is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Change %
Healthcare	197,311	217,367	-9.2
Property Investments	9,934	9,111	+9.0
Treasury Investments	6,635	10,281	-35.5
	213,880	236,759	-9.7

Underlying Recurring Profit decreased by 7.8% to HK\$95.5 million (2024: HK\$103.6 million), reflecting lower Healthcare contribution, partially mitigated by improved recurring rental income and stronger treasury segment profitability. Earnings per share of Underlying Recurring Profit stood at HK30.7 cents, marking a 7.5% decrease from HK33.2 cents in 2024.

Reported Profit increased by 16.2% to HK\$91.3 million (2024: HK\$78.6 million), mainly attributable to a significant reduction in unrealised fair value losses on Hong Kong and Singapore investment properties, which narrowed from HK\$23.9 million in 2024 to HK\$7.4 million in 2025. The United Kingdom portfolio recorded a modest fair value gain compared with a loss in 2024. This shift highlights reduced valuation volatility and improved stability within the property portfolio. Earnings per share of Reported Profit stood at HK29.3 cents, reflecting a 16.3% increase from HK25.2 cents in 2024.

The reconciliation between Underlying Recurring Profit and Reported Profit is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Change %
Underlying Recurring Profit	95,548	103,611	-7.8
Unrealised fair value changes of:			
Financial assets	2,126	1,061	
Investment properties:			
United Kingdom	1,025	(2,149)	
Hong Kong and Singapore	(7,353)	(23,894)	
Reported Profit	91,346	78,629	+16.2

The revaluation of other properties, accounted for as other comprehensive income, resulted in a net revaluation loss of HK\$50.2 million in 2025 compared to HK\$43.0 million in 2024.

Total comprehensive income attributable to owners of the Company for 2025 amounted to approximately HK\$48.5 million compared to HK\$33.7 million in 2024.

OPERATIONS REVIEW

Healthcare

Revenue from Healthcare segment declined by 9.2% to HK\$197.3 million (2024: HK\$217.4 million), while segment profit decreased by 8.6% to HK\$116.8 million (2024: HK\$127.8 million). The reduction in segment profit was broadly in line with the revenue decline, indicating that profit margins remained relatively stable despite lower sales volume. Geographically, segment revenue is detailed below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Change %
China	148,589	167,797	-11.4
Southeast Asia	35,395	36,569	-3.2
North America	11,916	11,546	+3.2
Others	1,411	1,455	-3.0
Segment revenue	197,311	217,367	-9.2
Segment result – profit	116,761	127,752	-8.6

Market Analysis:

China

Overall revenue in the China market declined by 11.4%, significantly slower than the rate of decline recorded in 2024, indicating gradual stabilisation.

Revenue in Chinese Mainland declined in 2025, primarily attributable to cautious consumer sentiment and the continued normalisation of purchasing behaviour following the post-pandemic period. Despite the decline, actual sales performance met the original full-year target.

To address evolving consumption patterns, the Group increased focus on major digital platforms such as Douyin and Xiaohongshu. Strategic collaborations with key opinion leaders, together with enhanced video content marketing, were implemented to strengthen brand exposure, improve consumer engagement, and lay the foundation for sustainable future growth. In addition, cross-border e-commerce operations were launched during the year to diversify channels and capture emerging demand.

Revenue in Macau declined in 2025, mainly attributable to inventory built up in 2024 during the product license renewal process, which effectively pulled forward demand and reduced sell-through in 2025. This impact was temporary in nature and sales are expected to recover to a normalised level in 2026.

In Hong Kong, core distribution channels, including drug stores and major chain retailers, remained stable during the year, demonstrating the continued resilience of the brand in the domestic market.

Southeast Asia

Sales turnover across Southeast Asian markets remained broadly stable compared to 2024. A modest decline in sales to the Philippines was recorded, primarily due to inventory rebalancing initiatives at the local warehouse to achieve healthier stock levels of bottles and caps. Other markets in the region delivered steady performance, with only minor single-digit percentage variances year on year. Ongoing marketing initiatives, including branding and promotional activities in key markets such as the Philippines, Singapore, and Thailand, are expected to continue supporting brand expansion across the region.

North America

North America recorded overall growth during the year. The United States once again delivered strong results despite tariff measures and a volatile political environment. In contrast, sales in Canada declined, reflecting broader economic headwinds, including sluggish growth and elevated inflationary pressures.

Property Investments

Property Investments segment reported revenue of HK\$9.9 million, a 9.0% increase from HK\$9.1 million in 2024, supported by improved rental renewals and full occupancy. The segment result improved from a loss of HK\$18.5 million in 2024 to a profit of HK\$2.1 million in 2025, due to significantly reduced fair value losses on investment properties. Revenue breakdown by location is as follows:

	2025	2024	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Hong Kong – office and residential	3,416	3,192	+7.0
Singapore – industrial	347	317	+9.5
United Kingdom – retail/residential	6,171	5,602	+10.2
	<u>9,934</u>	<u>9,111</u>	+9.0
Segment revenue	<u>9,934</u>	<u>9,111</u>	+9.0
	<u>2,141</u>	<u>(18,483)</u>	n/m
Segment result – profit (loss)	<u>2,141</u>	<u>(18,483)</u>	n/m

Note: n/m = not meaningful

In 2025, approximately 34.4%, 3.5% and 62.1% (2024: 35.0%, 3.5% and 61.5%) of segment revenue was derived from investment properties in Hong Kong, Singapore and the United Kingdom respectively. Occupancy rates for these properties were 100.0%, 100.0% and 100.0% respectively (2024: 79.5%, 100.0% and 100.0%).

Underlying Recurring Segment Result, which excludes unrealised fair value changes of investment properties, recorded a profit of HK\$8.5 million in 2025, reflecting a 12.0% increase from HK\$7.6 million in 2024. The property expenses ratio as a percentage of segment revenue reduced to 14.7% in 2025 (2024: 17.0%), reflecting better property expenses management in 2025.

Segment result for 2025 reflected a profit of HK\$2.1 million (2024: loss of HK\$18.5 million), primarily due to a significant reduction of unrealised fair value losses on investment properties compared with 2024.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Change %
Underlying Recurring Segment Result	8,469	7,560	+12.0
Unrealised fair value changes of investment properties:			
United Kingdom	1,025	(2,149)	
Hong Kong and Singapore	(7,353)	(23,894)	
Segment result – profit (loss)	<u>2,141</u>	<u>(18,483)</u>	n/m

Note: n/m = not meaningful

Treasury Investments

In addition to placing funds in reputable banks, the Group diversified its investment portfolio to include equity and debt securities, mutual funds, and dual currency investments, aiming to optimise returns.

Segment revenue, primarily derived from interest income, dropped 35.5% to HK\$6.6 million (2024: HK\$10.3 million) due to lower interest income following moderation in deposits yields. Underlying Recurring Segment Result posted an increase of 9.3%, reaching HK\$9.2 million (2024: HK\$8.5 million). The segment recorded a profit of HK\$11.4 million, marking a 19.5% increase from HK\$9.5 million in 2024. This improvement was primarily attributed to improved portfolio allocation, partially offset by lower interest income compared to 2024.

Below is the reconciliation between Underlying Recurring Segment Result and the segment result:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Change %
Underlying Recurring Segment Result	9,246	8,458	+9.3
Unrealised fair value changes of financial assets	<u>2,126</u>	<u>1,061</u>	
Segment result – profit	<u>11,372</u>	<u>9,519</u>	+19.5

FINANCIAL REVIEW

The preceding sections, including the results overview and operations review, provide insights into the financial performance of the Group's three business segments. This section discusses other significant financial items.

Staff Costs

Staff costs are classified into production-related payroll expenses and administration payroll expenses, which include costs for management and head office staff. Total staff costs increased by 5.3% from HK\$43.3 million to HK\$45.6 million. Such increase was primarily due to the impact of annual salary increments.

Other Operating Expenses

Other operating expenses decreased by 16.1% to HK\$23.6 million (2024: HK\$28.2 million), primarily due to a lower overall expenditure on advertising and promotional activities. The ratio of other operating expenses to total revenue slightly reduced to 11.0% in 2025 (2024: 11.9%), reflecting a broadly consistent level of marketing expenses relative to sales turnover from the Healthcare business compared with 2024.

Finance Costs

Finance costs declined by 6.5% to HK\$546,000 (2024: HK\$584,000), primarily due to a lower interest rates on the underlying loan. The interest coverage ratio, calculated as profit from operations before interest, taxes and unrealised fair value changes of financial assets and investment properties divided by finance costs, decreased to 205.6 times in 2025 (2024: 211.2 times).

Taxation

Taxation decreased by 15.4% from HK\$19.1 million to HK\$16.2 million, primarily due to a decline in taxable operating profits of subsidiaries.

Investment Properties

The Group's investment properties were valued at 31 December 2025 by independent professional valuers on a fair value basis. The total valuation as at year-end 2025 was HK\$228.5 million, a slight increase of 0.6% from HK\$227.0 million as at year-end 2024. The valuation of properties in each geographical segment as at the year-end date is as follows:

	2025		2024		Change in HK\$ %
	<i>Original currency '000</i>	<i>HK\$'000</i>	<i>Original currency '000</i>	<i>HK\$'000</i>	
Hong Kong – office and residential	HK\$102,090	102,090	HK\$111,480	111,480	-8.4
Singapore – industrial	S\$2,434	14,742	S\$2,225	12,706	+16.0
United Kingdom – retail/residential	GBP10,660	111,664	GBP10,560	102,854	+8.6
		228,496		227,040	+0.6

An unrealised fair value loss on investment properties of HK\$6.3 million (2024: HK\$26.0 million) and an exchange gain realignment of HK\$7.8 million (2024: loss of HK\$2.2 million) were recognised in 2025.

Overall, the Group's investment property portfolio remained stable in 2025. The decrease in Hong Kong valuation reflected continued softness in the office market, while the increases in Singapore and the United Kingdom were driven by resilient rental performance and favourable exchange rate movements. Compared with the significant valuation losses recorded in 2024, the marked reduction in fair value volatility in 2025 contributed positively to reported earnings. The portfolio continues to provide stable recurring rental income, supported by diversified geographic exposure and prudent asset management.

FINANCIAL RESOURCES AND TREASURY POLICIES

The Group maintained a prudent treasury policy throughout the year. The gearing ratio (interest-bearing borrowings divided by total shareholders' funds) as at 31 December 2025 was 0.7% (2024: 0.6%). The Group's total bank borrowings amounted to HK\$4.8 million (2024: HK\$4.2 million), primarily denominated in Pound Sterling with floating interest rates.

The current ratio (current assets divided by current liabilities) stood at 18.4 times as at 31 December 2025 (2024: 16.2 times). The Group maintained sufficient cash reserves, marketable securities and available banking facilities to meet its short-term liabilities, commitments and working capital requirements.

EXCHANGE RATE EXPOSURES

Most of the Group's business transactions were conducted in Hong Kong Dollars and United States Dollars. Some sales to Chinese Mainland and overseas markets were denominated in Renminbi, Australian Dollars and Malaysian Ringgit, while rental income in the United Kingdom was received in Pound Sterling. As at 31 December 2025, the Group's debt borrowings were mainly denominated in Pound Sterling. The Group also had equity and debt securities denominated in foreign currencies.

The Group considers there is no significant exposure to foreign exchange fluctuations for United States Dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. Other than United States Dollars whose exchange rate with Hong Kong Dollars remained relatively stable during the year, the Group's foreign exchange exposure relating to investments in overseas securities and bank balances as at 31 December 2025 were approximately HK\$36.7 million (2024: HK\$72.6 million) in total, or about 4.4% (2024: 8.6%) of the Group's total assets. The Group was also exposed to foreign exchange rate changes (net of the underlying debt borrowings) of approximately HK\$106.9 million (2024: HK\$98.7 million) relating to carrying amount of the properties investments in the United Kingdom.

PLEDGE OF ASSETS

As at 31 December 2025, the Group's investment properties in the United Kingdom with an aggregate carrying value of approximately HK\$111.7 million (2024: HK\$102.9 million) were pledged to secure banking facilities granted to the Group to the extent of approximately HK\$57.0 million (2024: HK\$57.8 million), of which approximately HK\$4.8 million (2024: HK\$4.2 million) were utilised as at 31 December 2025.

CONTINGENT LIABILITIES

As at 31 December 2025, no legal proceedings were initiated by any third parties against the Group as defendant, nor were there any outstanding claims which may result in significant financial losses to the Group.

PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS IN THE FUTURE

The Group has no plan for significant investment or acquisition of material capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 100 (2024: 106) employees. Remuneration packages of employees and directors are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits including medical allowance and educational subsidies to eligible employees as part of its commitment to employee well-being.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	3	213,880	236,759
Other revenue	3	136	156
Other net income	4	296	555
Changes in inventories of finished goods		(112)	(874)
Raw materials and consumables used		(29,200)	(31,745)
Staff costs		(45,599)	(43,289)
Depreciation expenses		(5,830)	(7,383)
Net exchange gain (loss)		2,320	(2,684)
Other operating expenses	5	(23,618)	(28,166)
Profit from operations before fair value changes of financial assets through profit or loss and of investment properties		112,273	123,329
Net gain on financial assets at fair value through profit or loss		2,126	1,061
Revaluation deficit in respect of investment properties, net		(6,328)	(26,043)
Profit from operations		108,071	98,347
Finance costs	5	(546)	(584)
Profit before taxation	5	107,525	97,763
Taxation	6	(16,179)	(19,134)
Profit for the year, attributable to owners of the Company		91,346	78,629

	2025	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive loss		
<i>Item that will not be reclassified to profit or loss:</i>		
Revaluation deficit of leasehold land and buildings, net of tax effect of HK\$9,915,000 (2024: HK\$8,488,000)	<u>(50,175)</u>	<u>(42,953)</u>
<i>Items that are reclassified or may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising from translation of financial statements of overseas subsidiaries	6,825	(1,988)
Exchange difference arising from translation of inter-company balances with overseas subsidiaries representing net investments	<u>497</u>	<u>40</u>
	<u>7,322</u>	<u>(1,948)</u>
Other comprehensive loss for the year, net of tax, attributable to owners of the Company	<u>(42,853)</u>	<u>(44,901)</u>
Total comprehensive income for the year, attributable to owners of the Company	<u>48,493</u>	<u>33,728</u>
	<i>HK</i>	<i>HK</i>
Earnings per share		
Basic and diluted	8	
	<u>29.3 cents</u>	<u>25.2 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Investment properties		228,496	227,040
Property, plant and equipment		203,060	268,690
Intangible assets		2,450	2,450
Financial assets at fair value through profit or loss		4,831	4,867
Deferred tax assets		1,128	1,066
		439,965	504,113
Current assets			
Inventories		12,634	12,083
Trade and other receivables	9	27,241	33,217
Financial assets at fair value through profit or loss		13,268	14,202
Tax recoverable		3,999	3,921
Bank balances and cash		331,267	275,818
		388,409	339,241
Current liabilities			
Bank borrowings, secured		4,794	4,204
Current portion of deferred income		324	294
Trade and other payables	10	12,947	13,941
Tax payable		2,022	1,406
Dividends payable		1,027	1,042
		21,114	20,887
Net current assets		367,295	318,354
Total assets less current liabilities		807,260	822,467
Non-current liabilities			
Long-term portion of consideration payable for acquisition of trademarks		2,073	2,073
Long-term portion of deferred income		43,382	39,693
Provision for directors' retirement benefits		6,843	6,465
Deferred tax liabilities		32,214	42,328
		84,512	90,559
NET ASSETS		722,748	731,908
Capital and reserves			
Share capital		15,582	15,582
Share premium and reserves		707,166	716,326
TOTAL EQUITY		722,748	731,908

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and in compliance with the disclosure requirements of the Companies Ordinance. These consolidated 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 “Listing Rules”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the following revised HKFRS Accounting Standards that is relevant to the Group and effective from the current year.

Adoption of revised HKFRS Accounting Standards

Amendments to HKAS 21

Lack of Exchangeability

Amendments to HKAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties, leasehold land and buildings and financial assets at fair value through profit or loss (“FVPL”), which are measured at fair value.

2. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker – the executive directors for making strategic decisions and resources allocation. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group is currently organised into three operating businesses as follows:

- a) Healthcare – manufacture and sale of Hoe Hin brand of products
- b) Property investments
- c) Treasury investments

Each of the Group's operating segments represents a strategic business unit subject to risks and returns that are different from those of the other operating segments.

For the purposes of assessing the performance of the operating segments between segments, the executive directors assess segment profit or loss before income tax without allocation of finance costs, directors' emoluments, office staff salaries, legal and professional fees and central administrative costs and the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than deferred tax assets, tax recoverable and other corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, provision for directors' retirement benefits, tax payable, dividends payable and other corporate liabilities.

Business segments

	Year ended 31 December 2025			
	Healthcare	Property	Treasury	Consolidated
	HK\$'000	investments	investments	HK\$'000
		HK\$'000	HK\$'000	
Revenue from external customers	<u>197,311</u>	<u>9,934</u>	<u>6,635</u>	<u>213,880</u>
Segment results	<u>116,761</u>	<u>2,141</u>	<u>11,372</u>	130,274
Unallocated corporate expenses				<u>(22,203)</u>
Profit from operations				108,071
Finance costs				<u>(546)</u>
Profit before taxation				107,525
Taxation				<u>(16,179)</u>
Profit for the year				<u>91,346</u>
Assets				
Segment assets	312,816	229,791	279,242	821,849
Unallocated corporate assets				<u>6,525</u>
Consolidated total assets				<u>828,374</u>
Liabilities				
Segment liabilities	11,398	49,451	–	60,849
Unallocated corporate liabilities				<u>44,777</u>
Consolidated total liabilities				<u>105,626</u>
Other information				
Additions to non-current assets	(437)	–	–	(437)
Depreciation expenses	(5,655)	(175)	–	(5,830)
Revaluation deficit in respect of investment properties	–	(6,328)	–	(6,328)
Revaluation deficit of leasehold land and buildings (in other comprehensive income)	(50,175)	–	–	(50,175)
Net gain on financial assets at fair value through profit or loss	<u>–</u>	<u>–</u>	<u>2,126</u>	<u>2,126</u>

Year ended 31 December 2024

	Healthcare <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Treasury investments <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	217,367	9,111	10,281	236,759
Segment results	127,752	(18,483)	9,519	118,788
Unallocated corporate expenses				(20,441)
Profit from operations				98,347
Finance costs				(584)
Profit before taxation				97,763
Taxation				(19,134)
Profit for the year				78,629
Assets				
Segment assets	360,292	228,193	248,616	837,101
Unallocated corporate assets				6,253
Consolidated total assets				843,354
Liabilities				
Segment liabilities	12,578	45,143	–	57,721
Unallocated corporate liabilities				53,725
Consolidated total liabilities				111,446
Other information				
Additions to non-current assets	(590)	(347)	–	(937)
Depreciation expenses	(7,262)	(121)	–	(7,383)
Revaluation deficit in respect of investment properties	–	(26,043)	–	(26,043)
Revaluation deficit of leasehold land and buildings (in other comprehensive income)	(42,953)	–	–	(42,953)
Net gain on financial assets at fair value through profit or loss	–	–	1,061	1,061

Geographical information

The Group's businesses cover Hong Kong, Macau, other regions in the People's Republic of China (the "PRC" or "Chinese Mainland"), Southeast Asia, North America and the United Kingdom.

The following tables provide an analysis of the Group's revenue and results from operations (before taxation and finance costs) by geographical location of customers and geographical location of the related assets for healthcare products, property investment and treasury investment operations:

	Revenue from external customers		Results from operations	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
China (Note)	157,296	179,040	86,795	83,148
Southeast Asia	36,866	38,244	26,520	21,217
North America	11,916	11,907	5,842	6,411
United Kingdom	6,391	6,113	6,953	3,622
Other regions	1,411	1,455	34	1,756
Unallocated corporate expenses	–	–	(18,073)	(17,807)
	213,880	236,759	108,071	98,347

Note: China includes Hong Kong, Macau and other regions in the PRC.

	Non-current assets (Note)	
	2025 HK\$'000	2024 HK\$'000
China	305,150	380,170
Southeast Asia	17,192	15,156
United Kingdom	111,664	102,854
	434,006	498,180

Note: Non-current assets exclude financial instruments and deferred tax assets.

Information about major customers

Revenues from external customers contributing 10% or more of the total revenue from the Group's business segment of healthcare products are as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	26,525	32,470
Customer B	37,970	37,648
Customer C	36,958	27,463
Customer D	25,769	26,969
Customer E	19,779	*
	147,001	124,550

* This customer individually contributed less than 10% of the total revenue from the Group's healthcare products segment during the year ended 31 December 2024.

3. REVENUE AND OTHER REVENUE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15		
Sale of Hoe Hin brand of products		
– Fixed price	75,248	116,411
– Variable price	<u>122,063</u>	<u>100,956</u>
	<u>197,311</u>	<u>217,367</u>
Revenue from other sources		
Lease income under operating leases with		
– Fixed lease payments	9,934	9,111
Interest income calculated using the effective interest method from bank deposits	<u>6,635</u>	<u>10,281</u>
	<u>16,569</u>	<u>19,392</u>
Revenue	<u>213,880</u>	<u>236,759</u>
Listed investments		
Dividend income from financial assets at FVPL	131	144
Gain on disposal of financial assets at FVPL	<u>5</u>	<u>12</u>
Other revenue	<u>136</u>	<u>156</u>
Total revenue	<u><u>214,016</u></u>	<u><u>236,915</u></u>

4. OTHER NET INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Commission income	32	40
Sundry income	<u>264</u>	<u>515</u>
	<u><u>296</u></u>	<u><u>555</u></u>

5. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(a) Other operating expenses		
Advertising, promotion and event expenses (<i>Note</i>)	10,163	14,134
Auditor's remuneration	513	507
Certificate and licensing fees	568	340
Legal and professional fees	1,292	1,853
Office and administrative expenses	3,072	3,218
Production overheads	2,653	2,469
Repairs and maintenance	565	1,099
Sponsorship fee	670	670
Travelling and transportation	1,876	1,800
Others	2,246	2,076
	<u>23,618</u>	<u>28,166</u>

Note: Included lease charges on short-term leases of advertising spaces of HK\$2,271,000 (2024: HK\$2,219,000).

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(b) Finance costs		
Interest on bank borrowings	266	304
Interest on consideration payable for acquisition of trademarks	280	280
	<u>546</u>	<u>584</u>
(c) Other items		
Cost of inventories	50,903	53,396
Contributions to defined contribution plan (included in staff costs) (<i>Note</i>)	919	899
Loss on disposal of property, plant and equipment	147	19
Gross rental income from investment properties less direct operating expenses of HK\$235,000 (2024: HK\$445,000)	(9,699)	(8,665)
	<u>(9,699)</u>	<u>(8,665)</u>

Note: The Group had no forfeited contribution available to reduce its contribution payable in future years as at 31 December 2025 and 2024.

6. TAXATION

Under the two-tiered profits tax rates regime introduced in 2018, the first HK\$2 million of profits of qualifying group entity in Hong Kong are taxed at 8.25% and profits above HK\$2 million are taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Overseas taxation has been provided on the estimated assessable profits for the year, in respect of the Group's overseas operations, at the rates of taxation prevailing in the relevant jurisdictions.

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Current tax		
Hong Kong Profits Tax	15,316	18,371
Overseas tax	<u>1,124</u>	<u>1,045</u>
	16,440	19,416
Deferred taxation		
Origination and reversal of temporary differences	<u>(261)</u>	<u>(282)</u>
	<u><u>16,179</u></u>	<u><u>19,134</u></u>

Reconciliation of effective tax rate

	2025	2024
	%	%
Applicable tax rate in Hong Kong	16.5	16.5
Non-deductible expenses and losses	2.0	5.8
Non-taxable revenue and gains	(2.0)	(2.6)
Effect of two-tiered profits tax rate	(0.2)	(0.2)
Others	<u>(1.3)</u>	<u>0.1</u>
Effective tax rate for the year	<u><u>15.0</u></u>	<u><u>19.6</u></u>

7. DIVIDENDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Attributable to the current year:		
Interim dividend of HK3.0 cents per share <i>(2024: HK3.0 cents per share)</i>	9,349	9,349
Special interim dividend of HK5.0 cents per share <i>(2024: HK6.5 cents per share)</i>	15,582	20,257
Final dividend of HK3.8 cents per share <i>(2024: HK3.8 cents per share) (Note)</i>	11,842	11,842
Special final dividend of HK7.2 cents per share <i>(2024: HK6.7 cents per share) (Note)</i>	<u>22,438</u>	<u>20,880</u>
	<u>59,211</u>	<u>62,328</u>
Attributable to previous years, approved and paid during the year:		
Final dividend of HK3.8 cents per share <i>(2024: HK3.8 cents per share)</i>	11,842	11,842
Special final dividend of HK6.7 cents per share <i>(2024: HK8.2 cents per share)</i>	<u>20,880</u>	<u>25,555</u>
	<u>32,722</u>	<u>37,397</u>

Note: The final dividend and special final dividend for the year ended 31 December 2025 proposed after the end of the reporting period are subject to shareholders' approval at the forthcoming annual general meeting. These dividends have not been recognised as liabilities at the end of the reporting period.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>91,346</u>	<u>78,629</u>
	2025	2024
Weighted average number of ordinary shares for basic earnings per share (<i>'000</i>)	<u>311,640</u>	<u>311,640</u>
	<i>HK</i>	<i>HK</i>
Earnings per share Basic and diluted	<u>29.3 cents</u>	<u>25.2 cents</u>

Diluted earnings per share equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

9. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Trade receivables	9(a)	12,221	19,190
Bills receivables		9,314	9,529
Other receivables			
Deposits, prepayments and other debtors		<u>5,706</u>	<u>4,498</u>
		<u>27,241</u>	<u>33,217</u>

(a) Trade receivables

The Group allows credit period ranging from 30 days to 120 days (2024: 30 days to 120 days) to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Within 30 days	7,627	14,638
31 – 60 days	1,613	1,537
61 – 90 days	1,580	1,917
91 – 120 days	<u>1,401</u>	<u>1,098</u>
	<u>12,221</u>	<u>19,190</u>

All trade receivables are expected to be recovered within 12 months and no provision had been made for non-repayment of balances at the end of the reporting period.

10. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	<i>10(a)</i>	<u>1,812</u>	<u>1,444</u>
Other payables			
Accrued charges and other creditors		6,689	6,610
Accrued advertising and promotion expenses		2,813	5,382
Accrued rebates and discounts	<i>10(b)</i>	<u>1,633</u>	<u>505</u>
		<u>11,135</u>	<u>12,497</u>
		<u>12,947</u>	<u>13,941</u>

(a) Trade payables

All trade payables are expected to be settled within one year. The ageing analysis of trade payables by invoice date is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	1,212	1,054
31 – 60 days	5	373
More than 90 days	<u>595</u>	<u>17</u>
	<u>1,812</u>	<u>1,444</u>

(b) Accrued rebates and discounts

During the year ended 31 December 2025, sales to distributors increased in second half of the year, thereby increasing the estimated rebates and discounts payable.

At 31 December 2025 and 2024, there were no contract liabilities arising from rebates and discounts that were expected to be settled after more than 12 months.

11. PLEDGE OF ASSETS

The Group's investment properties in the United Kingdom were pledged to secure banking facilities, including bank borrowings, granted to the Group to the extent of HK\$57,013,000 (2024: HK\$57,758,000), of which HK\$4,794,000 (2024: HK\$4,204,000) were utilised at the end of the reporting period.

The carrying amounts of the Group's pledged assets are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Investment properties	<u>111,664</u>	<u>102,854</u>

Except for the above, there are no significant restrictions on its ability to access or use the assets and settle the liabilities of the Group.

OTHER SUPPLEMENTARY INFORMATION

Audit Committee Review

The Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial results for the year ended 31 December 2025.

Scope of work of Forvis Mazars CPA Limited

The 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 the preliminary announcement have been agreed by the Group's auditor, Forvis Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2025. The work performed by Forvis Mazars CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Forvis Mazars CPA Limited on the preliminary announcement.

Final Dividend and Special Final Dividend

The Board has proposed a final dividend of HK3.8 cents per share (2024: HK3.8 cents per share) and a special final dividend of HK7.2 cents per share (2024: HK6.7 cents per share) for the year ended 31 December 2025 payable to shareholders on the register of members of the Company on 10 July 2026.

Subject to approval of the proposed final dividend and special final dividend by the shareholders at the forthcoming annual general meeting of the Company to be held on 2 June 2026, the final dividend and special final dividend will be paid to the shareholders of the Company on 7 August 2026.

Closing of register of members

The register of members of the Company will be closed from Thursday, 28 May 2026 to Tuesday, 2 June 2026, both days inclusive, during which no transfer of shares will be effected. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong but no later than 4:30 p.m. on Wednesday, 27 May 2026.

The register of members of the Company will also be closed from Wednesday, 8 July 2026 to Friday, 10 July 2026, both days inclusive, during which no transfer of shares will be effected. To rank for the proposed final dividend and special final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong but no later than 4:30 p.m. on Tuesday, 7 July 2026.

Purchase, sale or redemption of the Company's listed shares

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Corporate Governance Code

The Company adopted all the code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices.

The Company has complied with code provisions that were in force under the CG Code during the year ended 31 December 2025 except for the following deviation:

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Gan Wee Sean, the Chairman of the Board, was appointed as the acting Chief Executive Officer on 21 April 2008 until he becomes the Chief Executive Officer since 1 September 2011. Although these two roles are performed by the same individual, certain responsibilities have been shared with other executive directors to balance the power and authority. In addition, all major decisions have been made in consultation with members of the Board as well as senior management. The Board has one non-executive director and also three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there are adequate balance of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2025.

Board of Directors

As at the date of this announcement, (i) the executive directors of the Company are Mr. Gan Wee Sean (Chairman and Chief Executive Officer), Mr. Gan Fock Wai, Stephen and Mr. Gan Cheng Hooi, Gavin; (ii) the non-executive director of the Company is Ms. Gan Fook Yin, Anita; and (iii) the independent non-executive directors of the Company are Mr. Leung Man Chiu, Lawrence, Mr. Dell'Orto Renato and Mr. Chan Chi Chung, Simon.

By Order of the Board
Pak Fah Yeow International Limited
Gan Wee Sean
Chairman

Hong Kong, 30 March 2026

* *For identification purpose only*