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MEGAIN Holding (Cayman) Co., Ltd.

美佳音控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6939)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

RESULTS HIGHLIGHTS

Revenue of the Group for the Relevant Period increased by approximately 3.8% to approximately RMB155,338,000 (2024: approximately RMB149,654,000).

Gross profit of the Group for the Relevant Period decreased by approximately 81.9% to approximately RMB8,719,000 (2024: approximately RMB48,251,000).

Loss after income tax of the Group for the Relevant Period was approximately RMB83,697,000, while profit after income tax of the Group for the corresponding period last year was approximately RMB9,662,000.

Basic loss per share of the Group for the Relevant Period was approximately RMB16.1 cents (2024: basic earnings per share approximately RMB1.9 cents).

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025.

The Board of MEGAIN Holding (Cayman) Co., Ltd. is pleased to announce the audited consolidated financial results of the Group for the Relevant Period together with the audited comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Revenue	4	155,338	149,654
Cost of sales and services		<u>(146,619)</u>	<u>(101,403)</u>
Gross profit		8,719	48,251
Other income and gains and losses	5	3,833	16,496
Impairment losses of trade receivables		(1,958)	(1,712)
Impairment losses of property, plant and equipment		(2,989)	–
Impairment losses of intangible assets		(18,398)	–
Research and development expenses		(22,232)	(19,142)
Selling and distribution expenses		(16,511)	(9,929)
Administrative expenses		(28,579)	(22,852)
Finance costs		(721)	(306)
(Loss)/profit before income tax expense	6	(78,836)	10,806
Income tax expense	7	(4,861)	(1,144)
(Loss)/profit for the year		(83,697)	9,662
Other comprehensive income for the year, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(899)</u>	<u>192</u>
Total comprehensive income for the year		(84,596)	9,854
(Loss)/profit for the year attributable to:			
Owners of the Company		(83,691)	9,662
Non-controlling interests		(6)	–
		<u>(83,697)</u>	<u>9,662</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(84,590)	9,854
Non-controlling interests		(6)	–
		<u>(84,596)</u>	<u>9,854</u>
(Loss)/earnings per share – Basic and diluted	9	(0.161)	0.019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		23,712	6,320
Intangible assets		13,341	24,114
Prepayments		356	5,770
Other receivables		2,092	1,272
Finance lease receivable		227	491
Deferred tax assets		–	1,268
Bank deposits		40,000	40,000
		<hr/>	<hr/>
Total non-current assets		79,728	79,235
		<hr/>	<hr/>
Current assets			
Inventories		22,095	33,730
Trade receivables	<i>10</i>	53,654	67,349
Deposits, prepayments and other receivables		14,565	26,834
Finance lease receivable		264	254
Income tax recoverable		–	437
Bank deposits		20,000	30,000
Cash and cash equivalents		144,602	172,352
		<hr/>	<hr/>
Total current assets		255,180	330,956
		<hr/>	<hr/>
Current liabilities			
Trade payables	<i>11</i>	15,091	17,963
Accruals and other payables		8,170	8,271
Bank borrowings		12,000	10,000
Lease liabilities		2,776	483
Contract liabilities		667	524
Provisions		870	1,368
		<hr/>	<hr/>
Total current liabilities		39,574	38,609
		<hr/>	<hr/>
Net current assets		215,606	292,347
		<hr/>	<hr/>
Total assets less current liabilities		295,334	371,582
		<hr/>	<hr/>

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		8,148	141
Deferred tax liabilities		245	654
		<hr/>	<hr/>
Total non-current liabilities		8,393	795
		<hr/>	<hr/>
NET ASSETS		286,941	370,787
		<hr/>	<hr/>
Capital and reserves			
Share capital	<i>12</i>	4,325	4,325
Reserves		281,872	366,462
		<hr/>	<hr/>
Equity attributable to owners of the Company		286,197	370,787
		<hr/>	<hr/>
Non-controlling interests		744	–
		<hr/>	<hr/>
TOTAL EQUITY		286,941	370,787
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 June 2016 as an exempted company with limited liability and its shares have been listed on the Stock Exchange. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of its subsidiaries is the PRC.

The principal activity of the Company is investment holding. The Group is engaged in the provision of research, design, development and sales of compatible cartridge chips.

2. ADOPTION OF HKFRSs

(a) Adoption of amended HKFRSs

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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Impact of the adoption of these amended HKFRSs and HKASs on the Group's results and financial position for current or prior period are discussed below.

These amendments do not have a material impact on these consolidated financial statements.

(b) New and amended HKFRSs that have been issued but are not yet effective

The following amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IAS 1	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2027.

³ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by the HKICPA.

The adoption of these new or amended HKFRSs has no material impact on the Group's financial statements except as explained below.

HKFRS 18, Presentation and Disclosure in Financial Statements

HKFRS 18 improves comparability and transparency of companies' performance reporting. HKFRS 18 has also resulted in narrow changes to the statement of cash flows.

HKFRS 19, Subsidiaries without Public Accountability: Disclosures

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRSs. The Company's shares are listed and traded on The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

The directors of the Company are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred as the "HKFRS Accounting Standards" or "HKFRSs") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies set out below.

(c) Functional and presentation currency

The functional currency of the Company is US\$, while the consolidated financial statements are presented in RMB. All values are rounded to the nearest thousand (RMB'000) except when otherwise indicated. The consolidated financial statements are presented in RMB as in the opinion of the directors of the Group, it presents more relevant information to the management who monitors the performance and financial position of the Group based on RMB.

4. REVENUE AND SEGMENT INFORMATION

The executive director of the Company has been identified as the chief operating decision maker of the Group who reviews the Group's internal reporting in order to assess the performance of the Group on a regular basis and allocate resources.

The Group is principally engaged in the provision of research, design, development and sales of compatible cartridge chips. The chief operating decision-maker assesses the performance of the business based on a measure of operating results and considers the business in a single operating segment. Information reported to the chief operating decision-makers for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one operating segment and no segment information is presented.

(i) Disaggregation of the Group's revenue from contracts with customers:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Products		
Sales of chips	72,247	122,457
Trading of integrated circuits and other cartridge components	83,091	27,197
	<u>155,338</u>	<u>149,654</u>
Timing of revenue recognition		
Point in time	<u>155,338</u>	<u>149,654</u>

(ii) Geographic information

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. The following table provides an analysis of the Group's revenue from external customers and non-current assets other than deferred tax assets, financial assets and prepayments:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
External revenue by location of customers		
PRC	67,897	106,577
Overseas	87,441	43,077
	<u>155,338</u>	<u>149,654</u>
Non-current assets by location of assets		
PRC	36,031	29,511
Overseas	1,022	923
	<u>37,053</u>	<u>30,434</u>

(iii) Information about major customers

Revenue from customers contributing over 10% or more of the Group's revenue is as follow:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	61,366	36,464

All the Group's revenue is derived from contracts with customers.

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	53,654	67,349
Contract liabilities	667	524

Contract liabilities represent receipts in advance from customers for goods or services that have not yet been transferred to the customers. As at 31 December 2025, the contract liabilities represented the receipts in advance received from sales of compatible cartridge chips.

As at 31 December 2025, the Group did not have transaction price allocated to performance obligations that are unsatisfied under contracts for technical and design services for chips (2024: RMB Nil).

5. OTHER INCOME AND GAINS AND LOSSES

An analysis of other income and gains and losses is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank interest income	1,621	7,379
Interest income from finance lease receivable	23	8
Interest income from financial assets at fair value through profit or loss	–	541
Exchange (losses)/gains, net	(1,679)	1,387
Government grants (<i>note</i>)	2,894	6,124
Effect of lease modifications	9	44
Waiver of debt	1,000	–
Sundry (expense)/income, net	(35)	1,013
	3,833	16,496

Note: Government grants were mainly comprised of subsidies related to the Group's innovation projects and refund of value-added tax. There are no unfulfilled conditions or contingencies attaching to these grants.

6. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(Loss)/profit before income tax expense is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount of inventories sold	126,753	90,218
Provision for impairment losses of inventories	<u>6,070</u>	<u>573</u>
Cost of inventories recognised as expense	132,823	90,791
Amortisation of intangible assets	4,931	3,244
Auditor's remuneration	1,087	1,250
Bad debt written off	–	64
Depreciation of property, plant and equipment		
– Owned property, plant and equipment	2,925	1,851
– Right-of-use assets	2,875	1,630
Loss on disposal of property, plant and equipment	3	363
Write-off of property, plant and equipment	405	–
Short-term leases expenses	374	398
Research and development expenses (other than staff costs)	<u>14,567</u>	<u>9,706</u>
Staff costs (including directors' emoluments)		
– Salaries, wages and other benefits	24,542	24,573
– Retirement scheme contributions	<u>4,408</u>	<u>4,405</u>
	<u>28,950</u>	<u>28,978</u>

7. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PRC Enterprise Income Tax		
– Current year	–	580
– Under provision in prior years	2,155	46
Deferred tax		
– Charged to profit or loss for the year	859	518
Withholding tax	<u>1,847</u>	<u>–</u>
Income tax expense	<u>4,861</u>	<u>1,144</u>

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

Subsidiaries operating in Hong Kong are subject to Hong Kong profits tax. Hong Kong profits tax is calculated at two-tiered tax rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million. For the years ended 31 December 2025 and 2024, under the two-tiered tax rates regime, if an entity has one or more connected entities, the two tiered tax rates would only apply to the one which is nominated to be chargeable at the two-tiered tax rates.

For those entities which do not qualify for the two-tiered profits tax rates, a profits tax rate of 16.5% on assessable profit shall remain in calculating Hong Kong profits tax.

Under the PRC Enterprise Income Tax Law, which became effective on 1 January 2008, the Group's PRC entities are subject to income tax at a rate of 25%, unless otherwise specified. One of the Group's subsidiaries, Zhuhai Megain, is eligible for a preferential income tax rate of 15% as a high new technology enterprise during the year. For the year ended 31 December 2025, income tax provision is calculated at 15% (2024: 15%) of the assessable income of Zhuhai Megain.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

Withholding tax arose from the payment of a withholding tax at 10%, for the dividend paid by Zhuhai Megain to its immediate holding company outside the PRC, Megain Group (HK), in respect of the years ended 31 December 2025 and 2024.

8. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Final dividends – RMB0.0179 per share for the year ended 31 December 2024	–	9,286

On 28 June 2024, the Company paid a final dividend of RMB9,286,000, in aggregate to its owners of the Company in respect of the year ended 31 December 2024. The board of directors did not propose any final dividend for the year ended 31 December 2025.

9. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/profit for the purposes of basic and diluted (loss)/earnings per share (loss)/profit for the year attributable to the owners of the Company	(83,691)	9,662
	2025 <i>Number'000</i>	2024 <i>Number'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	518,750	518,750

Note:

Weighted average of 518,750,000 shares for the years ended 31 December 2025 and 2024 represent the number of shares in issue throughout the year.

Diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share as the Group had no dilutive potential ordinary shares for the years ended 31 December 2025 and 2024.

10. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	59,173	71,477
Less: Loss allowance for trade receivables	(5,519)	(4,128)
	53,654	67,349

Notes:

- (a) All of the trade receivables are expected to be recovered within one year.

During the years ended 31 December 2025 and 2024, the Group offered credit periods ranging from 30 to 120 days to its customers. Before accepting any new customer, the Group assesses the potential customer's credit quality. Credit term granted to customers is reviewed regularly.

Included in trade receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of each of the reporting periods:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 90 days	34,707	47,125
91 to 180 days	15,696	10,754
Over 180 days	3,251	9,470
	53,654	67,349

- (b) The Group recognised impairment of trade receivables for the years ended 31 December 2025 and 2024 based on the relevant accounting policies.

11. TRADE PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	15,091	17,963

Notes:

- (a) A credit period granted by suppliers is normally 30 days to 60 days. Due to the short maturity periods, the carrying values of the Group's trade payables are considered to be a reasonable approximation of their fair values.
- (b) Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the end of each of the reporting periods:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	11,423	13,686
31 to 90 days	2,368	1,759
Over 90 days	1,300	2,518
	15,091	17,963

12. SHARE CAPITAL

	Number of share '000	Amount <i>RMB'000</i>
Ordinary shares, issued and fully paid: At 31 December 2024 and 2025	518,750	4,325

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of research, design, development and sales of compatible cartridge chips and other chips. Our compatible cartridge chips can be broadly applied to compatible cartridges of (i) desktop laser printers; (ii) desktop inkjet printers; and (iii) commercial printers. Other chips are mainly IoT related chips such as Hall sensor chips, power management ICs (“PMICs”), battery charge management ICs, etc. In addition, the Group is also engaged in the trading of ICs and other cartridge components, including plastic parts and toners, as ancillary services to our customers, the sales of printer consumables, and the provision of technical and design services for chips at the request of customers.

Compatible Cartridge Chips Business

During the Relevant Period, China’s economy developed steadily. The PRC government adopted a series of economic stimulus measures, which restored some momentum to growth. However, under the shadow of the Sino-US trade war and the unstable geopolitics, the economic outlook looks uncertain and the pace of economic growth has been stagnant.

During the Relevant Period, although the demand for compatible printer cartridge chips increased, the intense competition among producers in the compatible printer cartridge chips industry negatively affected the gross profit of the Group. During the Relevant Period, the Group’s sales volume of compatible printer cartridge chips increased from approximately 15,291,000 pieces for the year ended 31 December 2024 to approximately 17,304,000 pieces for the Relevant Period, representing an increase of approximately 13.2%. However, the average selling price per piece of the Group’s compatible printer cartridge chips decreased by approximately 56.6% from approximately RMB7.6 per piece in the same period last year to approximately RMB3.3 per piece during the Relevant Period. The Group’s gross profit margin of compatible printer cartridge chips for the Relevant Period decreased from approximately 39.3% in the same period last year to 9.8% for the Relevant Period.

The number of newly developed compatible printer cartridge chips of the Group as at 31 December 2025 and the comparative data of that of 31 December 2024 are as follows:

	As at 31 December	
	2025	2024
	Number of newly developed compatible printer cartridge chips	Number of newly developed compatible printer cartridge chips
Compatible printer chips applied to the following products:		
Desktop laser printer	78	325
Desktop inkjet printer	48	57
Commercial printer	–	–
	<hr/>	<hr/>
Total:	126	382
	<hr/>	<hr/>

The total number of newly developed compatible cartridge chips as at 31 December 2025 was less than that as at 31 December 2024 because less original models of printer have been developed by the printers manufacturers.

IoT Chips Business

Since the commencement of the IoT chips business, the Group has developed a series of IoT chips such as Hall sensor chips, PMICs, battery charge management ICs, etc. At the same time, we have also developed IoT products such as temperature and humidity measuring instruments to provide customers with IoT solutions. During the Relevant Period, the Group successfully developed 13 models of IoT chips, including Hall chips, metal oxide semiconductors (the “MOS”), low-dropout regulating chips (the “LDO”) for power management, silicon carbide metal oxide semiconductor field effect transistors (the “SiCMOS”) (碳化矽金屬氧化物半導體場效電晶體) for electric current control, and 4 kinds of IoT smart hardwares.

The IoT chips market is huge, with the characteristics of having a wide range of applications, a large number of buyers but small amount for each transaction, and hence it takes a long time to build up a customer base. The Group has just entered this market, which is still in the early stage of production and market development, and has not yet achieved economies of scale. Coupled with the modest recovery of China’s manufacturing industry, the Group has put more effort into various aspects such as marketing and hopes to improve the performance of the IoT chips business.

Trading of ICs and other Cartridge Components

We also engaged in the trading of ICs and other cartridge components, including plastic parts and toner, as ancillary services to our customers.

In order to further increase the Group's sales channels and product categories, the Group commenced an online sales business in 2024, mainly selling compatible printer cartridges, toner and other finished printer consumables.

Strengthening of Research and Development Capacity

In order to maintain the competitiveness and the leading position of the Group in the industry, we continue to invest to strengthen our research and development capacity. As a result of the continuous effort and investment in our research and development capability, the Group has gradually developed a strong patent portfolio. During the Relevant Period, we submitted in total 7 applications for the registration of patent in the PRC. Our patents mainly involve the designs and technologies relating to chips and measurement devices.

As a symbol of our research achievement, Zhuhai Megain has been recognised as a High and New Technology Enterprise in China (高新技術企業) by the regulatory authorities in Guangdong province since 2016.

FINANCIAL REVIEW

Revenue

Our overall revenue increased by approximately 3.8% from approximately RMB149.7 million for the year ended 31 December 2024 to approximately RMB155.3 million for the Relevant Period. The following table summarises the revenue for each of the product categories by application during the periods indicated:

	Year ended 31 December								
	2025				2024				Percentage increase/ decrease in revenue
	Revenue	% of total revenue	Sales volume 000' pieces of chips	Average selling price RMB	Revenue	% of total revenue	Sales volume 000' pieces of chips	Average selling price RMB	
	RMB'000	%			RMB'000	%			%
Sales of chips									
Product category-application									
– Desktop laser printers	36,070	23.2	12,894	2.8	93,204	62.3	11,222	8.3	(61.3)
– Desktop inkjet printers	19,041	12.3	4,208	4.5	20,030	13.4	3,824	5.2	(4.9)
– Commercial printers ¹	1,899	1.2	202	9.4	2,568	1.7	245	10.5	(26.1)
Sub-total	57,010	36.7	17,304	3.3	115,802	77.4	15,291	7.6	(50.8)
Sales of other chips	15,237	9.8	21,502	0.7	6,655	4.4	12,822	0.5	129.0
Trading of ICs and other cartridge components ²	83,091	53.5	N/A	N/A	27,197	18.2	N/A	N/A	205.5
Total	155,338	100.0			149,654	100.0			3.8

Notes:

- Commercial printers include mainly commercial laser printers.
- In addition to the provision of chips, we also engaged in the trading of ICs and other cartridge components, including plastic parts and toner, as ancillary services to our customers, and the sales of compatible cartridges, toner and other printer consumables in online shops and through our sales channels.

(i) Sales of compatible cartridge chips

Our revenue from the sales of compatible cartridge chips decreased by approximately 50.8% from approximately RMB115.8 million for the year ended 31 December 2024 to approximately RMB57.0 million for the Relevant Period. The decrease was mainly attributable to the decrease in revenue from the sales of chips for (i) laser printers from approximately RMB93.2 million for the year ended 31 December 2024 to approximately RMB36.1 million for the Relevant Period, and (ii) inkjet printers from approximately RMB20.0 million for the year ended 31 December 2024 to approximately RMB19.0 million for the Relevant Period.

The sales volume of compatible cartridge chips of the Group increased to approximately 17,304,000 pieces for the Relevant Period from approximately 15,291,000 pieces for the corresponding period last year. However, the average selling price of our compatible cartridge chips decreased to approximately RMB3.3 per piece for the Relevant Period from approximately RMB7.6 per piece for the corresponding period last year. The decrease in average selling price was mainly due to the intensifying competition in the industry.

(ii) Sales of other chips

Since 2021, the Group has developed several new IoT chips such as Hall sensor, PMICs, battery management ICs, etc. We also provide customised IoT solution to clients. The sales of other chips for the Relevant Period increased by approximately 129.0% from approximately RMB6.7 million for the year ended 31 December 2024 to approximately RMB15.2 million for the Relevant Period. The increase was mainly due to the increase in the sales of metal oxide semiconductor field effect transistor (the “MOSFET”) (金屬氧化物半導體場效電晶體), a transistor used to control electric current.

(iii) Trading of ICs and other cartridge components

Our revenue generated from trading of ICs and other cartridge components increased by approximately 205.5% from approximately RMB27.2 million for the year ended 31 December 2024 to approximately RMB83.1 million for the Relevant Period, mainly due to the increase in the sales of compatible printer cartridges and cartridge components, especially the sales through our online shops.

Cost of sales and services

Our cost of sales and services increased from approximately RMB101.4 million for the year ended 31 December 2024 to approximately RMB146.6 million for the Relevant Period. The increase was mainly caused by the increase in direct materials costs primarily driven by the increase in the sales of trading in ICs and other cartridge components.

Gross profit and gross profit margin

Our overall gross profit decreased by approximately 81.9% from approximately RMB48.3 million for the year ended 31 December 2024 to approximately RMB8.7 million for the Relevant Period. Our overall gross profit margin decreased from approximately 32.2% for the year ended 31 December 2024 to approximately 5.6% for the Relevant Period. The following table sets forth a breakdown of our gross profit and gross profit margin for each of the product categories by application during the periods indicated:

	Year ended 31 December			
	2025		2024	
	Gross profit	Gross profit	Gross profit	Gross profit
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales of chips				
Product category-application				
– Desktop laser printers	6,290	17.4	45,678	49.0
– Desktop inkjet printers	(1,215)	(6.4)	(1,325)	(6.6)
– Commercial printers	539	28.4	1,116	43.5
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total	5,614	9.8	45,469	39.3
Sales of other chips	2,042	13.4	704	10.6
Trading of ICs and other cartridge components	1,063	1.3	2,078	7.6
	<hr/>	<hr/>	<hr/>	<hr/>
Total	8,719	5.6	48,251	32.2
	<hr/>	<hr/>	<hr/>	<hr/>

(i) Sales of compatible cartridge chips

The gross profit from the sales of compatible cartridge chips decreased from approximately RMB45.5 million for the year ended 31 December 2024 to approximately RMB5.6 million for the Relevant Period, mainly due to the decrease in gross profit from the sales of our chips for desktop laser printers from approximately RMB45.7 million for the year ended 31 December 2024 to approximately RMB6.3 million for the Relevant Period, and the gross loss from the sales of chips for inkjet printers of approximately RMB1.3 million and RMB1.2 million for the years ended 31 December 2024 and 2025 respectively, which was mainly due to the keen price competition in the compatible cartridge chips industry.

Our gross profit margin of compatible cartridge chips decreased from approximately 39.3% for the year ended 31 December 2024 to approximately 9.8% for the Relevant Period, mainly due to price competition as mentioned above.

(ii) Sales of other chips

The gross profit from the sales of other chips amounted to approximately RMB2.0 million for the Relevant Period, representing an increase of approximately 190.1% as compared with RMB 0.7 million for the corresponding period last year. The gross profit margin of the sales of other chips increased from approximately 10.6% for the year ended 31 December 2024 to approximately 13.4% for the Relevant Period. The increase in gross margin of the sales of other chips was attributable to the higher gross margin of some new IoT chips and products such as MOSFET and humidity and temperature measuring instruments than that of other IoT products.

(iii) Trading of ICs and other cartridge components

Our gross profit from trading of ICs and other cartridge components decreased from approximately RMB2.1 million for the year ended 31 December 2024 to approximately RMB1.1 million for the Relevant Period. The decrease in gross profit margin from approximately 7.6% for the year ended 31 December 2024 to approximately 1.3% for the Relevant Period was mainly due to the high proportion of the sales of trading of other cartridge components which has a low gross profit margin in the total sales of trading of ICs and other cartridge components.

Other net income

Our other net income decreased by approximately 76.8% from approximately RMB16.5 million for the year ended 31 December 2024 to approximately RMB3.8 million for the Relevant Period, which was mainly due to the decrease in bank interests, government grants and exchange gain.

Provision of impairment losses of assets

During the Relevant Period, the Group recognized provision of impairment losses of (i) trade receivables, (ii) property, plant and equipment, and (iii) intangible assets of approximately RMB2.0 million, RMB3.0 million, and RMB18.4 million, respectively due to operating losses.

Research and development expenses

Our research and development expenses increased by approximately 16.1% from approximately RMB19.1 million for the year ended 31 December 2024 to approximately RMB22.2 million for the Relevant Period. Such increase was mainly due to the increase in the spending in IoT research and development projects.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 66.3% from approximately RMB9.9 million for the year ended 31 December 2024 to approximately RMB16.5 million for the Relevant Period. The increase was primarily attributable to higher online sales expenses, the recruitment of new sales staff, and the additional rent and renovation of the PRC headquarters.

Administrative expenses

Our administrative expenses increased by approximately 25.1% from approximately RMB22.9 million for the year ended 31 December 2024 to approximately RMB28.6 million for the Relevant Period mainly due to the change of the headquarters in the PRC and written-off of raw materials costs.

Income tax expense

Our income tax expense increased by approximately 324.9% from approximately RMB1.1 million for the year ended 31 December 2024 to approximately RMB4.9 million for the Relevant Period attributable to the charging of a withholding tax which arose from the dividend paid by Zhuhai Megain to its immediate holding company outside the PRC, Megain Group (HK).

Net profit/loss and net profit margin

The Group recorded a net loss attributable to owners of the Company of approximately RMB83.7 million during the Relevant Period as compared with the net profit attributable to owners of the Company of approximately RMB9.7 million for the corresponding period in 2024. The turnaround from the net profit after income tax to the net loss after income tax during the Relevant Period was mainly attributable to the reasons for the movements of revenue and expenses of the Group disclosed above, in particular the decrease in the gross profit of compatible printer cartridge chips.

Our net profit margin decreased from 6.5% for the year ended 31 December 2024 to negative 53.9% for the Relevant Period mainly due to the reasons for the movements of revenue and expenses of the Group disclosed above, in particular the decrease in the gross profit margin of compatible printer cartridge chips.

Net current assets

We recorded net current assets of approximately RMB215.6 million as at 31 December 2025 and approximately RMB292.3 million as at 31 December 2024 respectively. Our current assets decreased from approximately RMB331.0 million as at 31 December 2024 to approximately RMB255.2 million as at 31 December 2025, mainly due to the decrease in inventories, trade receivables, and deposits, prepayments and other receivables. Our current liabilities increased from approximately RMB38.6 million as at 31 December 2024 to approximately RMB39.6 million as at 31 December 2025 primarily due to the increase in bank borrowing payable and lease liabilities.

Property, plant and equipment

The net carrying amount of our property, plant and equipment increased from approximately RMB6.3 million as at 31 December 2024 to approximately RMB23.7 million as at 31 December 2025 mainly due to the addition of right-of-use assets as a result of entering into leases for new offices and renewal of an office.

Intangible assets

Our intangible assets consisted mainly of software and patent. The net carrying amount of our intangible assets decreased from approximately RMB24.1 million as at 31 December 2024 to approximately RMB13.3 million as at 31 December 2025 mainly due to the assets impairment provision made.

Inventories

Inventories primarily comprised raw materials, finished goods, goods-in-transit and right to recover returned goods. Inventories decreased from approximately RMB33.7 million as at 31 December 2024 to approximately RMB22.1 million as at 31 December 2025 mainly due to a provision made against the carrying value of inventories.

Trade receivables

Our trade receivables decreased from approximately RMB67.3 million as at 31 December 2024 to approximately RMB53.7 million as at 31 December 2025 mainly due to the fact that during the Relevant Period, the Company has been actively expanding its trading business and customers in our trading business settled their accounts receivables more quickly, and the impairment provision made.

Deposits, prepayments and other receivables

Our deposit, prepayments and other receivables decreased from approximately RMB26.8 million as at 31 December 2024 to approximately RMB14.6 million as at 31 December 2025 mainly due to the decrease in the prepayments as a result of the completion of the renovation of the new offices.

Trade payables

Our trade payables decreased from RMB18.0 million as at 31 December 2024 to RMB15.1 million as at 31 December 2025, mainly due to the decrease in the purchase of raw materials.

Indebtedness

The table below sets out the breakdown of the indebtedness of our Group as at the respective dates indicated:

	As at 31 December 2025 RMB'000 (Audited)	As at 31 December 2024 RMB'000 (Audited)
Current liabilities		
Bank borrowings due within one year	12,000	10,000
Lease liabilities	2,776	483
Non-current liabilities		
Lease liabilities	8,148	141
	22,924	10,624

As at 31 December 2025, our Group, as a lessee, had outstanding contractual lease payments amounting to approximately RMB10.9 million in aggregate in relation to the remaining lease terms of lease contracts, which is unsecured and unguaranteed. Our lease liabilities represented the related liabilities arisen when obtaining the right to use certain properties through tenancy agreements.

KEY FINANCIAL RATIOS

The following table sets forth key financial ratios as of and for the years indicated:

	<i>Notes</i>	Year ended/As at 31 December	
		2025	2024
Current ratio	<i>1</i>	6.4	8.6
Quick ratio	<i>2</i>	5.9	7.7
Return on equity	<i>3</i>	(29.2%)	2.6%
Return on total assets	<i>4</i>	(25.0%)	2.4%
Gross profit margin	<i>5</i>	5.6%	32.2%
Net profit margin	<i>6</i>	(53.9%)	6.5%

Notes:

1. Current ratio is calculated by dividing total current assets by total current liabilities as at the respective dates.
2. Quick ratio is calculated by dividing current assets (net of inventories) by total current liabilities as at the respective dates.
3. Return on equity is calculated by dividing profit after income tax for the year by closing balance of total equity and multiplying the resulting value by 100%.
4. Return on total assets is calculated by dividing profit after income tax for the year by closing balance of total assets and multiplying the resulting value by 100%.
5. Gross profit margin is calculated by dividing gross profit for the year by revenue and multiplying the resulting value by 100%. Gross profit equals revenue minus cost of sales.
6. Net profit margin is calculated by dividing profit after income tax for the year by revenue and multiplying the resulting value by 100%.

Current ratio and quick ratio

The current ratio of the Group was approximately 8.6 and 6.4 as of 31 December 2024 and 2025 respectively. The quick ratio of the Group was approximately 7.7 and 5.9 as of 31 December 2024 and 2025 respectively. The decrease in both current ratio and quick ratio of the Group was mainly due to the increase in current liabilities as a result of the increase in bank borrowings and lease liabilities, and the decrease in current assets as a result of the decrease in inventories, trade receivables and prepayments. As both current ratio and quick ratio of the Group as at 31 December 2025 were greater than 1, the short-term liquidity status of the Group was healthy.

Return on equity

The return on equity of the Group decreased from approximately 2.6% for the year 31 December 2024 to approximately negative 29.2% for the Relevant Period. The decrease was mainly attributable to the decrease in net profit of the Group for the Relevant Period.

Return on total assets

The return on total assets of the Group decreased from approximately 2.4% for the year 31 December 2024 to approximately negative 25.0% for the Relevant Period. Such decrease was primarily attributable to the decrease in net profit of the Group during the Relevant Period.

Gross profit margin

The gross profit margin of the Group decreased from approximately 32.2% for the year ended 31 December 2024 to approximately 5.6% for the Relevant Period. The decrease was a result of the decrease in gross profit of the Group during the Relevant Period due to the reasons discussed in the section “Gross profit and gross profit margin”.

Net profit margin

The net profit margin of the Group decreased from approximately 6.5% for the year ended 31 December 2024 to approximately negative 53.9% for the Relevant Period. The decrease was mainly attributable to the reasons discussed in the section “Gross profit and gross profit margin”.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

During the Relevant Period, the Group financed its operations mainly by cash generated from operations, debt financing, and the proceeds of the Listing. The Group will continue to follow a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that it is well placed to take advantage of growth opportunities for the business.

As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB144.6 million, current bank deposits of approximately RMB20 million, and non-current bank deposits of approximately of RMB40 million (as at 31 December 2024: cash and cash equivalents of approximately RMB172.4 million, current bank deposits of approximately RMB30 million, and non-current bank deposits of approximately of RMB40 million).

As at 31 December 2025, the Group had net current assets of approximately RMB215.6 million (as at 31 December 2024: approximately RMB292.3 million) and net assets of approximately RMB286.9 million (as at 31 December 2024: approximately RMB370.8 million).

Taking into account the cash flow generated from operations, the loan facilities provided by banks and the net proceeds from the Listing, the Directors are of the view that the Group has sufficient working capital to meet its current liquidity demand and the liquidity demand within at least 12 months from the end of the Relevant Period.

Capital Structure

A. *Borrowing*

The total bank borrowings of the Group as at 31 December 2025 was RMB12 million (as at 31 December 2024: RMB10 million). The Group's borrowing patterns did not exhibit any significant seasonality, as its financing needs remained relatively stable throughout the Relevant Period. During the Relevant Period, the Group did not experience any difficulties in utilising its banking facilities with its lenders. As at 31 December 2025, the Group had unused bank loan facilities of RMB20 million.

B. *Gearing Ratio*

As at 31 December 2025, the Group's gearing ratio was 4.2% (as at 31 December 2024: 2.7%), calculated as the total borrowings divided by the total equity as at the end of the Relevant Period multiplied by 100%. The Group's gearing ratio demonstrated that the financial position of the Group was healthy as at the end of the Relevant Period.

Pledge of Assets

As at 31 December 2025, the Group did not pledge any assets of the Group.

Contingent Liabilities

As at 31 December 2025 and 2024, the Group did not have any material contingent liabilities.

Capital Expenditure

The Group's capital expenditure requirements were mainly related to additions of its property, plant and equipment such as rights-of-use assets generated from property leases, the newly purchased machinery and equipment, and leasehold improvement. For the Relevant Period, the Group spent approximately RMB13.6 million on the addition of its property, plant and equipment.

Material Acquisition, Significant Investment and Disposal by the Group

During the Relevant Period, the Group did not make any material acquisition, significant investment or disposal of subsidiaries, associates and joint ventures.

Foreign Currency Exposure

Majorities of the Group's assets, liabilities and cash flows were denominated in RMB and part of the Group's assets such as cash and cash equivalents and trade receivables, were denominated in USD or HKD. We are exposed to foreign currency risk arising from fluctuations in exchange rates between RMB against USD or HKD. During the Relevant Period, changes of RMB against USD or HKD did not have any significant effect on translation. During the Relevant Period, the Group did not engage in any hedging activities and the Group has no intention to carry out any hedging activities in the near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

Human Resources

As at 31 December 2025, we had approximately 159 full-time headcounts (including Directors), of which 149 were based in the PRC and 10 were based in Taiwan, Hong Kong and overseas. The Group has adopted policies on recruitment, compensation, dismissal, equal opportunities, diversity, anti-discrimination, and other benefits and welfare. The Group provides induction to new employees on its business, culture, structure, and products. We also provide regular trainings to our employees. Our employees' remuneration comprises salaries, bonuses, employee retirement fund and social security contributions and other welfare payments. The Group also adopted the Share Option Scheme as part of the incentive package. We regularly assess the performance of our employees, the results of which would form the basis for salary increments, bonuses and promotions.

Outlook and Future Plan

The performance of the Group is closely related to the economic cycle. Looking forward, we expect that the pace of China's economic development, Sino-US trade disputes, regional military conflicts, and interest rate movement shall still affect the global economic development, indirectly affecting the demand for compatible printer cartridge chips. We believe the authorities of China will introduce more fiscal and monetary policies to boost the economy, so we are still prudently optimistic to the performance of the Group in the future.

Coupled with the nebulous future, we shall continue the strategy of developing IoT business, so that the Group can fully take advantage of its research capability and expand our business horizon. In addition, we have diversified our sales platform by establishing online shops, so that the Group can sell its products overseas.

The principal goal of the Group is to maintain and strengthen our position as a leading compatible printer cartridge chips provider in the PRC. To meet our goal, we intend to implement the following key business strategies:

- (i) to strengthen our product development capacity and diversify our product portfolio;
- (ii) to step up our sales and marketing efforts to cater for the expansion of our product offerings; and
- (iii) to improve the functionality of our back office to support our business growth.

The core strength of the Group is its research and development capabilities which is also one of the key success factors in our industry in the PRC. Most of the strategies of the Group aim at strengthening this core competency. Save as disclosed above, as at 31 December 2025, the Group did not have plans for material investments and capital assets in the coming year.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025.

The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As far as the Company is aware, as at 31 December 2025, the interests and/or short positions of the Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange, will be as follows:

Name of Director	Capacity/Nature of Interest	Number of Shares⁽¹⁾	Approximate Percentage of Shareholding
Mr. Cheng	Interest in a controlled corporation ⁽²⁾	151,812,500(L)	29.27%
Mr. Lam	Beneficial owner	86,250,000(L)	16.63%

Notes:

- (1) The letter "L" denotes a long position in the Shares.
- (2) As at 31 December 2025, the Company is approximately 29.27% directly owned by GMTL. As at 31 December 2025, GMTL was wholly owned by Mr. Cheng. By virtue of the SFO, Mr. Cheng is deemed to be interested in all the Shares held by GMTL.

Save as disclosed above, none of the Directors and the chief executive of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2025.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares

So far as the Directors are aware, as at 31 December 2025, the following persons have an interest or a short position in the Shares and the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Shareholding
GMTL	Beneficial owner ⁽²⁾	151,812,500(L)	29.27%
Mr. Cheng	Interest in a controlled corporation ⁽²⁾	151,812,500(L)	29.27%
GLC	Beneficial owner ⁽³⁾	97,500,000(L)	18.80%
Mr. Yu	Interest in a controlled corporation ⁽³⁾	97,500,000(L)	18.80%
Mr. Lam	Beneficial owner	86,250,000(L)	16.63%

Notes:

- (1) The letter "L" denotes a long position in the Shares.
- (2) As at 31 December 2025, our Company is approximately 29.27% directly owned by GMTL. As at 31 December 2025, GMTL was wholly owned by Mr. Cheng. By virtue of the SFO, Mr. Cheng is deemed to be interested in all the Shares held by GMTL.
- (3) As at 31 December 2025, our Company is approximately 18.80% directly owned by GLC. As at 31 December 2025, GLC was wholly owned by Mr. Yu. By virtue of the SFO, Mr. Yu is deemed to be interested in all the Shares held by GLC.

Save as disclosed herein, our Directors are not aware of any person who, as at 31 December 2025, have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE OPTION SCHEME

On 26 February 2021, the Company conditionally adopted the Share Option Scheme. Under the Share Option Scheme, the Board may, at their absolute discretion, at any time within a period of ten years commencing from 26 February 2021 offer to grant to any eligible persons, including employees, directors, consultants, suppliers, customers and shareholders of any member of the Group, options to subscribe for Shares.

No share option has been granted by the Company under the Share Option Scheme since its adoption.

SUFFICIENCY OF PUBLIC FLOAT

According to the information disclosed publicly and as far as the Directors are aware, upon the Listing on the Main Board of the Stock Exchange on 31 March 2021 and up to the date of this announcement, the Company maintained the amount of public float as required under the Listing Rules.

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

Since the Listing Date and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including treasury shares (as defined under the Listing Rules)).

GOING CONCERN

Based on the current financial position and the available financing facilities, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the Financial Statements were prepared on a "going concern" basis.

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Main Board on the Listing Date. As disclosed in the Prospectus, the Company intended to use the net proceeds from the Global Offering for the following purposes:

- (i) approximately 51.4% of the net proceeds for strengthening the Group's product development capacity and diversifying its product portfolio;
- (ii) approximately 16.8% of the net proceeds for accelerating the development of the Group's hardware design capabilities through acquisition of integrated circuit design company;
- (iii) approximately 16.8% of the net proceeds for increasing the Group's presence in the compatible cartridge industry through forward vertical expansion;
- (iv) approximately 2.5% of the net proceeds for stepping up the Group's sales and marketing efforts to cater for the expansion of its product offerings;
- (v) approximately 2.5% of the net proceeds for improving the functionality of the Group's back office to support its business growth; and
- (vi) approximately 10.0% of the net proceeds for general working capital of the Group.

The net proceeds from the Global Offering and the exercise of the over-allotment option thereof, upon deduction of underwriting commissions and related costs and expenses, are approximately HK\$118 million (equivalent to approximately RMB98.5 million).

As disclosed in the announcement of the Company dated 2 January 2024 (the "Announcement"), the Board resolved to revise the expected deadline for the use of the net proceeds which remained unutilised as at the date of the Announcement to on or before 31 December 2024.

UPDATE ON THE EXPECTED TIMETABLE AND CHANGE IN THE USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The Board wishes to inform the shareholders of the Company that the net proceeds from the Global Offering which remained unutilised as of 31 December 2024 were approximately HK\$47.3 million (the “Unutilised Net Proceeds”). Having considered the reasons set out in the sub-paragraph headed “Reasons for the updated expected timetable and the change in the use of the net proceeds from the Global Offering” below, the Board has resolved to extend the expected deadline for the use of the Unutilised Net Proceeds and change the use of the Unutilised Net Proceeds as set out below:

Intended use of net proceeds from the Global Offering	Approximate percentage of total amount	Allocation of net proceeds as disclosed in the Prospectus (RMB million) (approximately)	Revised allocation of the Unutilised Net Proceeds (RMB million) (approximately)	Actual utilised amount as at 31 December 2025 (RMB million) (approximately)	Unutilised Net Proceeds as at 31 December 2025 (RMB million) (approximately)
Strengthening the Group’s product development capacity and diversifying the Group’s product portfolio	51.4%	50.7	9.5	9.1	0.4
Accelerating the development of the Group’s hardware design capabilities through acquisition of integrated circuit design company	16.8%	16.6	–	–	–
Increasing the Group’s presence in the compatible cartridge industry through forward vertical expansion	16.8%	16.6	–	–	–
Increasing the Group’s presence in the compatible cartridge industry through online channels	–	–	30.30	17.6	12.7
Stepping up the Group’s sales and marketing efforts to cater for the expansion of the Group’s product offerings	2.5%	2.5	–	–	–

Intended use of net proceeds from the Global Offering	Approximate percentage of total amount	Allocation of net proceeds as disclosed in the Prospectus (RMB million) (approximately)	Revised allocation of the Unutilised Net Proceeds (RMB million) (approximately)	Actual utilised amount as at 31 December 2025 (RMB million) (approximately)	Unutilised Net Proceeds as at 31 December 2025 (RMB million) (approximately)
Improving the functionality of the Group's back office to support its business growth	2.5%	2.5	–	–	–
General working capital	10.0%	9.6	4.0	4.0	–
Total:	100%	98.5	43.8	30.7	13.1

Note: The figures in the above table are subject to rounding adjustments. The discrepancy (if any) between totals and sums of separate figures listed are due to rounding adjustments.

REASONS FOR THE UPDATED EXPECTED TIMETABLE AND THE CHANGE IN THE USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The intended use of the net proceeds from the Global Offering as disclosed in the Prospectus was based on the best estimation made by the Board in relation to the then future market conditions and business plans as at the latest practicable date of the Prospectus.

As disclosed in the interim report of the Company for the six months ended 30 June 2024 published on 23 September 2024 (the “Interim Report”), while part of the net proceeds from the Global Offering were applied in accordance with the intended usage set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus and within the timeframe indicated in the Announcement, the actual utilisation of the net proceeds from the Global Offering was slower than expected. The delay was mainly caused by the impacts of the COVID-19 pandemic which has resulted in the slowdown of the Group’s business development as a whole and the fierce competition for talents in the research and development of semi-conductors from different industries such as artificial intelligence, electric vehicle, internet, smartphone, etc. Specifically, while the Group has been persistently striving for strengthening its product development capacity and diversifying its products portfolio, the keen competition for talents in the research and development of semi-conductors made it difficult to expand its research and development team for hardware and software components on schedule.

The net proceeds allocated to “strengthening the Group’s product development capacity and diversifying the Group’s product portfolio” had not been fully utilised as at 31 December 2024 mainly due to the following reasons:

- due to the shortage of skilled software talents and the higher costs related to the hiring of full-time employees, to reduce overall costs and provide greater flexibility, the Group had outsourced the research and development capacity instead of recruiting additional employees, therefore the net proceeds originally allocated to expanding the team of talents in research and development had not been fully utilised; and
- due to the decrease in consumer demand for printers, there has been a reduction in the number of new models of original brand printers being launched in the market and a general slowdown in the introduction of new models of original brand printers, therefore the net proceeds originally allocated to acquiring new models of original brand printers had not been fully utilised.

The Board expects that the unutilised net proceeds allocated to “strengthening the Group’s product development capacity and diversifying the Group’s product portfolio” will be fully utilised on or before 31 December 2025 by outsourcing its research and development projects and purchasing new models of original brand printers.

Regarding the net proceeds allocated to “accelerating the development of the Group’s hardware design capabilities through acquisition of integrated circuit design company”, although the Group has been exploring for suitable acquisition opportunities that are in line with the Group’s business strategy, in view of the uncertain economic outlook and market uncertainty, the Group had not been able to identify potential targets that are complementary to the Group’s business. The Board expects that the economic uncertainty will continue for a foreseeable future and that the high valuation of integrated circuit design companies will continue due to strong demand for integrated circuit design companies. As a result of the high valuation, it may take longer periods to release returns and lead to increased costs. Accordingly, the Board is of the view that, it is unlikely for the Group to fully utilise the total amount of RMB16.6 million for the acquisition of integrated circuit design company in the near future and has resolved to develop its hardware design capabilities mainly through outsourcing of its hardware design needs to professional research and development companies.

Regarding the net proceeds allocated to “increasing the Group’s presence in the compatible cartridge industry through forward vertical expansion”, at the time of the Listing, according to the industry consultant of the Company for the Listing, the total demand for compatible toner cartridges and compatible ink cartridges in the PRC in terms of sales volume was projected to grow. However due to the outbreak of the COVID-19 pandemic and economic slowdown, there had been a decrease in demand for original brand printers, which in turn resulted in the decrease in demand for compatible cartridges. Although the Group has been exploring for suitable acquisition opportunities since the Listing, the Group had not been able to identify potential targets that are complementary to the Group’s business. The Board is of the view that due to the decrease in demand for compatible cartridges, acquiring downstream compatible cartridge manufacturers may expose the Group to additional liabilities and uncertainties. Instead of acquiring downstream compatible cartridge manufacturers that may not yield immediate returns and require significant ongoing operating, maintenance and repair costs,

the Board has resolved to expand its presence in the compatible cartridge industry by selling compatible cartridges produced by other manufacturers under the Group's brand name through online channels. The Board is of the view that this provides greater flexibility and requires lower upfront investments and represents a better utilisation of the Unutilised Net Proceeds.

The Board has resolved to reallocate the RMB33.1 million originally allocated to “accelerating the development of the Group's hardware design capabilities through acquisition of integrated circuit design company” and “increasing the Group's presence in the compatible cartridge industry through forward vertical expansion” as follows:

- RMB30.3 million to be reallocated to expanding its presence in the compatible cartridge industry through online channels. The Group intends to enhance its e-commerce capabilities, which include setting up online shops through e-commerce platforms, increasing digital marketing efforts to improve its online visibility, implementing online marketing promotions and recruiting additional employees for the operation of the online shops. The Board considers that selling of compatible printer cartridges, toner and other finished printer consumables through online channels can increase its market presence, broaden its market reach and attract new customers, which will in turn result in increased sales and improved financial results; and
- RMB2.8 million to be reallocated to general working capital.

Regarding the net proceeds allocated to “improving the functionality of the Group's back office to support its business growth”, the Directors consider that due to the slowdown of operating activities, there is no immediate need to expand the current team of legal and compliance staff. The Board has resolved to reallocate RMB1.2 million of the net proceeds originally allocated to improving the functionality of the Group's back office to support its business growth to general working capital.

The Directors consider that the development direction of the Group is still in line with the disclosures in the Prospectus despite the change in use of the Unutilised Net Proceeds as stated above. As at the date of this announcement, the Directors confirm that there is no material change in the nature of business of the Group as set out in the Prospectus. The Directors consider the change in use of the Unutilised Net Proceeds in the best interest of the Company and its shareholders as a whole and will not have any material adverse impact on the business and operations of the Group. The Unutilised Net Proceeds will be utilised in a manner consistent with the above usage. The expected timetable to use the Unutilised Net Proceeds is based on the Directors' best estimation, barring any unforeseen circumstances, and it may be subject to change based on the market conditions. In the event of any material change in the plan for the use of the Unutilised Net Proceeds, the Company will make appropriate announcement(s) in due course.

For further details, please refer to the announcement of the Company dated 10 January 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board strives to uphold the principles of corporate governance set out in the CG Code contained in Appendix C1 to the Listing Rules, and adopted various measures to enhance the internal control system, the Directors' continuing professional training and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

The Company complied with the code provisions as set out in Appendix C1 to the Listing Rules during the Relevant Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code governing securities transactions of the Directors.

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 the Relevant Period.

REVIEW BY AUDIT COMMITTEE

We have established the Audit Committee on 26 February 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code.

The Audit Committee has three members, namely Mr. Li Huaxiong, Mr. Chen Mark Da-jiang and Mr. Kao Yi-Ping, all being our Independent Non-executive Directors. Mr. Li Huaxiong has been appointed as the chairman of the Audit Committee, and is the Independent Non-executive Director possessing the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

The consolidated financial statements in this announcement were agreed by the auditor of the Company, BDO Limited. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement. The Audit Committee has reviewed with the management of the Company the audited consolidated financial statements, the annual results announcement and the annual report of the Company for the Relevant Period and agreed with the accounting treatments adopted by the Company, and was of the opinion that the preparation of the consolidated financial statements of the Company for the Relevant Period complies with the applicable accounting standards and the requirements under the Listing Rules and adequate disclosures have been made.

EVENTS AFTER THE REPORTING PERIOD

The Subscription Agreements

On 8 January 2026 and 23 January 2026, the Company and Geehy International Limited (the “Offeror”) entered into the subscription agreements (the “Subscription Agreements”), pursuant to which the Offeror has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 103,750,000 shares in the Company (the “Subscription Share(s)”) at HK\$0.61 per Subscription Share. The Subscription Shares shall be allotted and issued pursuant to the general mandate to allot and issue shares in the Company granted to the Directors by a resolution of the Shareholders passed at the annual general meeting held on 6 June 2025. The completion of the subscription pursuant to the Subscription Agreements is conditional upon the fulfilment of the conditions precedent as set out in the Subscription Agreements.

The Share Purchase Agreement and Possible Unconditional Mandatory Cash Offer

The Board was informed by the Offeror that on 8 January 2026, the Offeror (as purchaser) and several existing Shareholders (as sellers) entered into the share purchase agreement (the “Share Purchase Agreement”) for the acquisition of an aggregate of 211,000,000 Shares at a total consideration of HK\$105,500,000 (being HK\$0.50 per Sale Share). The completion of the share purchase pursuant to the Share Purchase Agreement is conditional upon the fulfilment of the conditions precedent as set out in the Share Purchase Agreement.

Immediately upon the completion of the Subscription Agreements and the Share Purchase Agreement, the Offeror will be interested in 314,750,000 Shares, representing approximately 50.56% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription Agreements, assuming that there will be no changes in the issued share capital of the Company between the date of this announcement and the date of the allotment and issue of the Subscription Shares. Accordingly, the Offeror will then be required to make an unconditional mandatory cash offer (the “Offer”) pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”) for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer, if made, will be extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The price of the Offer will be HK\$0.61 per Shares payable in cash.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer and will take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

For the details of the Subscription Agreements, the Share Purchase Agreement and the Offer, please refer to the joint announcement dated 23 January 2026 issued by the Company and the Offeror.

DISCLOSURE OF INFORMATION

The annual results announcement for the year ended 31 December 2025 is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) under “Listed Company Information” and the website of the Company (<http://www.megaincayman.com>). The annual report of the Company for the year ended 31 December 2025 will be sent to Shareholders in due course, and will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) under “Listed Company Information” and the website of the Company (<http://www.megaincayman.com>) under “Investor Relations”.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“BDO Limited”	BDO Limited Certified Public Accountants
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China and, for the sole purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Company”	MEGAIN Holding (Cayman) Co., Ltd. (美佳音控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 22 June 2016, which is the holding company of our Group and the Shares of which are listed on the Main Board
“Corporate Governance Code(s)” or “CG Code(s)”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“COVID-19”	the Coronavirus Disease 2019
“Director(s)”	the director(s) of our Company
“Executive Director(s)”	the executive director(s) of our Company

“Financial Statements”	the audited consolidated financial statements of the Group for the year ended 31 December 2025, comprising the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies
“GLC”	GOOD LOYAL CORPORATION (忠好有限公司), a company incorporated in the BVI with limited liability on 7 July 2017 and wholly owned by Mr. Yu, and a substantial shareholder of our Company
“Global Offering”	the offer of 37,500,000 new Shares for subscription by the public in Hong Kong and the conditional placing of 87,500,000 new Shares to international investors by our Company at the offer price of HK\$1.26
“GMTL”	GLOBAL MEGAIN TECHNOLOGY PTE. LTD., an international business company incorporated in Belize on 23 December 2014 and wholly owned by Mr. Cheng, and a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”, “HKD” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKASs”	Hong Kong Accounting Standards
“HKFRSs”	HKFRS Accounting Standard
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“IC”	integrated circuit, a set of electronic circuits where all the elements of the circuit are integrated together on a single semiconductor chipset

“Independent Non-executive Director(s)”	independent non-executive director(s) of our Company
“IoT”	Internet of Things being a system of interrelated computing devices, mechanical and digital machines, objects and people with the ability to transfer data over a network; the system includes physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors and actuators, which enable these objects to connect, collect and exchange data through various communication protocols
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	31 March 2021, the date on which the Shares are listed and dealings in the Shares first commence on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified or supplemented from time to time
“Main Board”	the Main Board of the Stock Exchange
“Megain Group (HK)”	MEGAIN GROUP (HK) LIMITED (香港美佳印科技股份有限公司), a company incorporated in Hong Kong with limited liability on 22 July 2015 and a direct wholly-owned subsidiary of our Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Cheng”	Mr. Cheng Hsien-Wei (鄭憲徽), an Executive Director, the chairman of our Board and a substantial shareholder of our Company
“Mr. Lam”	Mr. Lam Tsz Leung (林子良), a Non-executive Director and a substantial shareholder of our Company
“Mr. Yu”	Mr. Yu Yiding (余一丁), a substantial shareholder of our Company
“Non-executive Director(s)”	non-executive director(s) of our Company
“Prospectus”	the prospectus of the Company dated 18 March 2021 in relation to the Global Offering and the Listing

“Relevant Period”	the year ended 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 26 February 2021
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules, unless the context otherwise requires
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“US”	the United States of America
“US\$”, “USD” or “US dollar(s)”	United States dollars, the lawful currency of the United States
“Zhuhai Megain”	Zhuhai Megain Technology Co., Ltd.* (珠海美佳音科技有限公司), a company incorporated in the PRC with limited liability on 13 September 2010 and an indirect wholly-owned subsidiary of our Company
“%”	per cent

By Order of the Board
MEGAIN Holding (Cayman) Co., Ltd.
Cheng Hsien-Wei
Chairman

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises Mr. Cheng Hsien-Wei as Executive Director; Mr. Lam Tsz Leung and Ms. Yu Erhao as Non-executive Directors; and Mr. Chen Mark Da-jiang, Mr. Kao Yi-Ping and Mr. Li Huaxiong as Independent Non-executive Directors.

* For identification purposes only