

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

MATRIX
MATRIX HOLDINGS LIMITED
美力時集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1005)

2025 FINAL RESULTS ANNOUNCEMENT

The Board of Directors (the “**Directors**”) of Matrix Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	4	483,219	456,859
Cost of sales		(352,197)	(304,493)
Gross profit		131,022	152,366
Other income	6	1,110	11,319
Other gains and losses	7	36,812	4,559
Distribution and selling costs		(146,228)	(181,074)
Administrative expenses		(132,441)	(160,096)
Research and development costs		(2,575)	(3,666)
Impairment loss on property, plant and equipment		(1,658)	(13,041)
Impairment loss on intangible assets		–	(41,822)
Impairment loss on right-of-use assets		(41,159)	(38,284)
Impairment loss on financial assets		(770)	(1,738)
Loss from operations		(155,887)	(271,477)
Finance costs	8	(6,275)	(4,473)
Loss before tax	10	(162,162)	(275,950)
Income tax expense	9	(982)	(22,781)
Loss for the year		(163,144)	(298,731)

	<i>Note</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Other comprehensive expense for the year, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(29,101)</u>	<u>(23,908)</u>
Total comprehensive expense for the year		<u>(192,245)</u>	<u>(322,639)</u>
Loss for the year attributable to:			
Owners of the Company		<u>(163,602)</u>	(298,573)
Non-controlling interests		<u>458</u>	<u>(158)</u>
		<u>(163,144)</u>	<u>(298,731)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		<u>(191,891)</u>	(322,692)
Non-controlling interests		<u>(354)</u>	<u>53</u>
		<u>(192,245)</u>	<u>(322,639)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share:			
Basic and diluted	<i>12</i>	<u>(21.6)</u>	<u>(39.5)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		73,992	81,283
Right-of-use assets		35,916	38,995
Deposits		101,096	109,573
		<hr/> 211,004	<hr/> 229,851
Current assets			
Inventories		257,181	307,751
Contract assets		3,485	–
Trade and bills receivables	<i>13</i>	87,196	77,591
Prepayment, deposits and other receivables		22,022	19,296
Income tax recoverable		1,939	1,939
Fixed bank deposits with maturity over three months		–	899
Bank and cash balances		54,270	56,834
		<hr/> 426,093	<hr/> 464,310
Current liabilities			
Trade payables	<i>14</i>	47,462	27,007
Accruals and other payables		83,548	77,421
Contract liabilities		7,864	3,471
Bank and other borrowings		9,016	5,242
Lease liabilities		17,559	10,552
Amounts due to directors		86,683	2,904
Income tax payable		9,497	9,497
		<hr/> 261,629	<hr/> 136,094
Net current assets		<hr/> 164,464	<hr/> 328,216
Total assets less current liabilities		<hr/> 375,468	<hr/> 558,067

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	85,921	61,746
Deferred tax liabilities	2,354	1,759
	<u>88,275</u>	<u>63,505</u>
NET ASSETS	<u>287,193</u>	<u>494,562</u>
Capital and reserves		
Share capital	75,620	75,620
Reserves	224,378	431,393
	<u>299,998</u>	<u>507,013</u>
Equity attributable to owners of the Company	299,998	507,013
Non-controlling interests	(12,805)	(12,451)
	<u>287,193</u>	<u>494,562</u>
TOTAL EQUITY	<u>287,193</u>	<u>494,562</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Matrix Holdings Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of its registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company and its subsidiaries are principally engaged in manufacturing and trading of toys and lighting products and property development.

In the opinion of the directors of the Company, as at 31 December 2025, Smart Forest Limited, a company incorporated in the British Virgin Islands (“**BVI**”), is the immediate and ultimate parent; and Mr. Cheng Yung Pun, who is also the chairman and executive director of the Company, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collectively term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). 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 and the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

Going Concern

The consolidated financial statements have been prepared on a going concern basis. As at 31 December 2025, the Group had cash and bank balances of HK\$54,270,000, while total lease liabilities, amounts due to directors and other borrowings amounted to HK\$199,179,000, of which HK\$113,258,000 was classified as current liabilities. In addition, the Group incurred a loss of HK\$163,144,000 and net cash outflows from operating activities of HK\$60,387,000 for the year then ended. These conditions indicate the existence of liquidity challenges that required careful assessment by the directors.

In evaluating the appropriateness of the going concern basis, the directors have given due consideration to the Group’s future liquidity position and performance, including available sources of financing, for a period of at least twelve months from 31 December 2025. This assessment incorporates the following key plans and measures adopted to mitigate liquidity pressures and enhance cash flows:

- (i) Subsequent to the reporting period, in February 2026, the Group drew down bank loans of approximately HK\$5 million under secured banking facilities of approximately HK\$11 million from a financial institution for its operations. The directors intend to negotiate the renewal of these banking facilities upon their maturity at the end of November 2026.

- (ii) The Group continues to pursue cost control measures and resource optimisation initiatives aimed at reducing operating and administrative expenses while maintaining disciplined capital expenditure. Furthermore, the directors anticipate revenue growth through the securing of additional customer orders, with this projection supported by discussions and non-binding indications of interest from existing and prospective customers.
- (iii) In January 2025, the Company entered into a loan agreement with Mr. Cheng Yung Pun, the major shareholder and a director of the Company pursuant to which Mr. Cheng agrees to make available to the Company, and the Company agrees to borrow from Mr. Cheng, at its sole discretion, provide loan advances to the Company from time to time upon the request by the Company. Mr. Cheng shall have no obligation to make any advance, and each advance shall be subject to Mr. Cheng's prior consent. In March 2025, Mr. Cheng entered into another loan agreement with a subsidiary of the Group pursuant to which Mr. Cheng granted a loan facility totaling VND33,482,000,000 (equivalent to HK\$9,918,000) to the subsidiary. Up to 31 December 2025, the Group received advances of approximately HK\$84,593,000 from Mr. Cheng, for procurement of raw materials and working capital purposes. Mr. Cheng has confirmed that he will not demand repayment of these advances until the Company has sufficient financial resources to do so without adversely impacting its business operations and ongoing viability.

The directors have reviewed the Group's cash flow projections covering at least twelve months from 31 December 2025, including the underlying assumptions and the mitigating actions described above. Based on these projections, and absent unforeseeable circumstances, the directors consider that, assuming successful execution of the plans and measures outlined, the Group will maintain sufficient working capital to fund its operations and meet its financial obligations as they fall due over this period.

A significant component of these forecasts is the projected increase in sales revenue, expected primarily from incremental customer orders based on ongoing customer discussions and non-binding indications of interest. The directors view these discussions as providing a reasonable foundation for the anticipated growth. Nevertheless, this element involves substantial estimation uncertainty, as realisation depends on factors beyond the Group's control, such as customers' final decisions to commit, market and economic conditions, competitive environment, and the actual timing and scale of orders. Consequently, actual results could differ materially from those forecasted.

The directors' assessment of the going concern basis required significant judgement, particularly regarding the achievability and timing of the sales growth projections, the extent of secured customer commitments, and the reliability and effectiveness of the other mitigating plans and measures. The directors are satisfied that, having regard to the foregoing, it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group fail to successfully implement the aforementioned plans and measures, adjustments would be required to reduce the carrying amounts of assets to their recoverable amounts, to recognise any additional liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied amendments to HKAS 21, the effects of changes in foreign exchange rates – Lack of exchangeability issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, Financial Instruments and HKFRS 7, Financial Instruments: Disclosures – Contracts Referencing Nature-Dependent Electricity	1 January 2026
Amendments to HKFRS 9, Financial Instruments and HKFRS 7, Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

4. REVENUE

Disaggregation of revenue

	2025	2024
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major product lines:		
– Manufacturing and trading of toys	449,766	439,957
– Manufacturing and trading of lighting products	33,453	16,902
	483,219	456,859
Timing of recognition:		
– At a point in time	475,734	456,859
– Over time	7,485	–
	483,219	456,859

5. SEGMENT INFORMATION

The operating segments of the Group are determined based on information reported to the executive directors of the Company, being the chief operating decision makers (“CODM”), for the purpose of resources allocation and performance assessment. The executive directors consider the business from a product and service perspective. The executive directors considered that the Group principally engaged in two different operating and reportable segments which are subject to different business risks and economic characteristics. The two reportable operating segments are as follows:

- Manufacturing – Manufacture and sales of toys and lighting products
- Property development – Development of properties for sale

The executive directors of the Company considered the operating activities of manufacturing and trading of toys and lighting products as a single operating segment.

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

Segment profits or losses do not include other income, other gains and losses, central administrative costs, finance costs and income tax;

Segment assets do not include income tax recoverable and corporate assets which are managed on a central basis; and

Segment liabilities do not include deferred tax liabilities, income tax payable and corporate liabilities.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating and reportable segment:

For the year ended 31 December 2025

	Manufacturing <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	<u>483,219</u>	–	<u>483,219</u>
Segment results	<u>(190,110)</u>	<u>(86)</u>	<u>(190,196)</u>
Other income			1,110
Other gains and losses			36,812
Unallocated corporate expenses			(3,613)
Finance costs			<u>(6,275)</u>
Loss before tax			<u><u>(162,162)</u></u>

For the year ended 31 December 2024

	Manufacturing <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	456,859	–	456,859
Segment results	(251,386)	–	(251,386)
Other income			11,319
Other gains and losses			4,559
Unallocated corporate expenses			(35,969)
Finance costs			(4,473)
Loss before tax			(275,950)
6. OTHER INCOME			
		2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income on financial assets measured at amortised cost			
– Interest income on bank deposits		101	1,106
– Others		48	–
		149	1,106
Income from subleasing of right-of-use assets		–	3,526
Royalty income		–	29
Prize money earned from horse racing		–	5,300
Others		961	1,358
		1,110	11,319
7. OTHER GAINS AND LOSSES			
		2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
Gain/(loss) on disposal of property, plant and equipment		18,337	(322)
Net foreign exchange gains/(losses)		16,291	(8,317)
Gain on dissolution of a subsidiary		–	13,000
Gain on early termination of a lease		2,184	198
		36,812	4,559
8. FINANCE COSTS			
		2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense on bank borrowings		57	220
Interest expense on lease liabilities		6,218	4,253
Interest on financial liabilities not at fair value through profit or loss		6,275	4,473

9. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
– Hong Kong	–	–
– Other jurisdictions		
Provision for the year	–	686
Under/(over) provision in prior years	337	(1,397)
	<u>337</u>	<u>(711)</u>
Deferred tax	<u>645</u>	<u>23,492</u>
	<u>982</u>	<u>22,781</u>

10. LOSS BEFORE TAX

The Group's loss before tax is stated after (crediting) charging the following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	3,830	3,546
– Non-audit services	77	75
Depreciation of property, plant and equipment	20,414	31,612
Depreciation of right-of-use assets	11,073	21,321
Impairment loss on intangible assets	–	41,822
Impairment loss on right-of-use assets	41,159	38,284
Impairment loss on property, plant and equipment	1,658	13,041
Impairment loss on financial assets	770	1,738
Royalty expenses (included in distribution and selling expenses)	37,176	43,286
Research and development costs recognised as expenses	<u>2,575</u>	<u>3,666</u>

11. DIVIDENDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Dividends approved and paid:		
– 2023 second interim (HK3 cents per share)	–	22,686
– 2024 interim (HK1.5 cents per share)	–	11,343
– 2024 final (HK1 cent per share)	7,562	–
– 2025 interim (HK1 cent per share)	7,562	–
	<u>15,124</u>	<u>34,029</u>

The Board of Directors has resolved not to recommend for shareholder's approval the payment of any final dividend for the year ended 31 December 2025 (2024: HK1 cent per share).

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>(163,602)</u>	<u>(298,573)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>756,203,000</u>	<u>756,203,000</u>

Diluted loss per share is equal to the basic loss per share as the Company does not have any diluted potential ordinary shares outstanding during both years.

13. TRADE AND BILLS RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	94,938	81,892
Bills receivables	–	2,890
	<u>94,938</u>	<u>84,782</u>
Less: allowance for doubtful debts	<u>(7,742)</u>	<u>(7,191)</u>
	<u>87,196</u>	<u>77,591</u>

The Group allows a credit period ranged from 30 to 90 days to its customers. The aging analysis of trade and bills receivables based on the invoice date, and net of allowance is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 60 days	65,372	53,338
61 to 90 days	9,098	8,146
More than 90 days	12,726	16,107
	87,196	77,591

14. TRADE PAYABLES

The aging analysis of trade payables presented based on the invoice date is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 60 days	31,303	18,517
61 to 90 days	4,452	5,897
More than 90 days	11,707	2,593
	47,462	27,007

15. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not provided for in these consolidated financial statements are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,383	737

RESULTS

During the year of 2025 (the “**year**”), the Group’s consolidated revenue reported approximately HK\$483,219,000, increased by approximately HK\$26,360,000 or 5.8% as compared to approximately HK\$456,859,000 of 2024 (the “**last year**”). The loss attributable to the owners of the Company amounted to approximately HK\$163,602,000, representing a decrease of 45.2% as compared with the loss of approximately HK\$298,573,000 last year. The reduction in loss for 2025 was primarily driven by higher US revenue and lower in administrative and distribution expenses following the implementation of cost-control initiatives. In addition, the Group recorded a decrease in impairment loss on property, plant and equipment and intangible assets, compared with significant impairment losses recognized in last year. Tax expense also recorded a decrease in 2025 when compared to last year.

FINANCIAL REVIEW

Revenue

Revenue for the year recorded approximately HK\$483,219,000, increased by 5.8% from last year as primarily driven by expanded market penetration and sustained demand in the US market. The successful launch of new product offerings, along with the enhancement of sales channels contributed to increased sales volumes.

Gross profit

The Group’s gross profit for the year decreased by approximately 14.0% to approximately HK\$131,022,000, which was primarily due to the increase in write-down of inventories of HK\$22,999,000, resulted in a decrease in gross profit margin to 27.1%, compared to 33.4% in last year.

Other gains or losses

Other gains or losses primarily represents the net exchange gain and gain on disposal of property, plant and equipment for the year.

Distribution and selling costs

Distribution and selling costs decreased by approximately 19.2% to approximately HK\$146,228,000 for the year. The decrease was mainly attributable to the decrease in staff salaries, advertising and royalty expenses.

Administrative expenses

Administrative expenses for the year decreased by approximately 17.3% to approximately HK\$132,441,000, which mainly consisted of office staff salaries, rent and rates of offices, depreciation of property, plant and equipment and other administrative expenses.

Finance costs and income tax

Finance costs of the year increased by approximately 40.3% to approximately HK\$6,275,000 as compared to last year due to the increase in the interest of lease liabilities. Income tax expense for the year recorded approximately HK\$982,000 as compared to income tax expense of approximately HK\$22,781,000 of last year due to the decrease in deferred tax expense.

Trade and bills receivables, prepayment, deposits and other receivables

Trade and bills receivables of the year increased by approximately 12.4% to approximately HK\$87,196,000 as compared to last year, mainly attributed from the increase in sales. Prepayment, deposit and other receivables increased by approximately 14.1% to approximately HK\$22,022,000, mainly due to the outstanding consideration receivables for disposal of property, plant and equipment.

Trade payables, accruals and other payables

Trade payables of the year increased by approximately 75.7% to approximately HK\$47,462,000 as compared to last year, mainly due to the expansion of our trading business. Accruals and other payables increased by approximately 7.9% to approximately HK\$83,548,000, mainly due to the increase in royalty payables.

Quick Ratio and Current Ratio

The quick ratio and current ratio of the year decreased mainly due to the increase in amounts due to directors.

Financial position and cash flows review

The Group recorded a net cash outflow from operating activities of approximately HK\$60,387,000 for the year, as compared to a net cash outflow of HK\$60,759,000 in last year.

Banking facilities and Pledge of assets

As at 31 December 2025, the Group's banking facilities of VND37,000,000,000 (equivalent to approximately HK\$10,960,000). Property, plant and equipment and inventories with a total amount VND354,347,000,000 (equivalent to approximately HK\$104,960,000) as well as equity interest of several subsidiaries of the Group were pledged to secure the general credit facilities granted to the Group.

As at 31 December 2024, the Group's banking facilities of approximately HK\$70,000,000 was secured by corporate guarantee provided by a subsidiary of the Group and the Company.

Going Concern

The consolidated financial statements have been prepared on a going concern basis. As at 31 December 2025, the Group had cash and bank balances of HK\$54,270,000, while total lease liabilities, amounts due to directors and other borrowings amounted to HK\$199,179,000, of which HK\$113,258,000 was classified as current liabilities. The Group also recorded a net loss of HK\$163,144,000 and net cash outflows from operating activities of HK\$60,387,000 for the year then ended. These conditions reflect liquidity challenges that required careful assessment by the directors in determining the appropriateness of the going concern basis.

In evaluating the Group's ability to continue as a going concern, the directors have considered the Group's liquidity position, performance outlook, and available financing sources for a period of at least twelve months from 31 December 2025. The assessment incorporates the following key measures:

- **Secured banking facilities:** In February 2026, the Group drew down HK\$5 million under banking facilities of approximately HK\$11 million, for operational purposes. The directors intend to negotiate the renewal of these facilities upon their maturity in November 2026.
- **Operational efficiency initiatives:** The Group continues to implement cost control measures and resource optimisation strategies to reduce operating and administrative expenses, while maintaining disciplined capital expenditure. The directors have also resolved that capital expenditure will be carefully monitored and, if necessary, deferred or scaled back to preserve liquidity.
- **Revenue growth initiatives:** Revenue growth is anticipated through securing additional customer orders, supported by ongoing discussions and non-binding indications of interest from existing and prospective customers.
- **Shareholder support:** In January 2025, the Group entered into a loan agreement with Mr. Cheng Yung Pun, the major shareholder and a director of the Group pursuant to which Mr. Cheng agrees to make available to the Group and the Group agrees to borrow from Mr. Cheng at its sole discretion provide loan advances to the Group from time to time upon the request by the Group. Mr. Cheng shall have no obligation to make any advance, and each advance shall be subject to Mr. Cheng's prior consent. In March 2025, Mr. Cheng entered into another loan agreement with a subsidiary of the Group pursuant to which Mr. Cheng granted a loan facility totalling VND33,482,000,000 (equivalent to HK\$9,918,000) to the subsidiary. Up to 31 December 2025, the Group received net advances of approximately HK\$84,593,000 from Mr. Cheng, for procurement of raw materials and working capital purposes. Mr. Cheng has confirmed that he will not demand repayment of these advances until the Group has sufficient financial resources to do so without adversely impacting its business operations and ongoing viability.
- **Asset realisation strategy:** The directors have also considered the option of disposing of certain properties to generate additional working capital. Proceeds from such disposals, if executed, would be directed toward financing the Group's trade business and strengthening liquidity.

The directors have reviewed cash flow projections covering at least twelve months from 31 December 2025. These projections, together with the mitigating actions outlined above, indicate that the Group would maintain sufficient working capital to fund operations and meet obligations as they fall due, assuming successful execution of the plans described.

A significant component of these forecasts is the projected increase in sales revenue, expected primarily from incremental customer orders. While management considers ongoing customer discussions a reasonable basis for this projection, it acknowledges that this involves substantial estimation uncertainty, as outcomes depend on factors beyond the Group's control, including market conditions, competitive dynamics, and customer decisions. Consequently, actual results could differ materially from those forecasted.

The directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. However, should the Group fail to implement the plans and measures described, adjustments would be required to reduce asset carrying amounts, recognise additional liabilities, and reclassify non-current items as current. These adjustments have not been reflected in the consolidated financial statements.

Management also notes that while the toy market shows signs of recovery, operations remain subject to external risks, including geopolitical tensions, exchange rate fluctuations, oil price volatility, vessel freight costs and availability, and rapid changes in tariff rates. The Group will continue to operate cautiously, with management reviewing risks regularly and reporting to the board of directors. Contingency actions, including reductions in operational and staff costs, deferral of capital expenditure, and asset disposals, will be taken if unexpected circumstances arise.

Capital Expenditure and Commitment

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$16,686,000 (31 December 2024: HK\$25,024,000) for the facilities. These capital expenditures were financed primarily by internal fund.

Assets and liabilities

At 31 December 2025, the Group had total assets of approximately HK\$637,097,000 (31 December 2024: HK\$694,161,000), total liabilities of approximately HK\$349,904,000 (31 December 2024: HK\$199,599,000) and equity attributable to owners of the Company of approximately HK\$299,998,000 (31 December 2024: HK\$507,013,000). The net assets of the Group decreased by 41.9% to approximately HK\$287,193,000 as at 31 December 2025 (31 December 2024: HK\$494,562,000).

SIGNIFICANT INVESTMENT AND ACQUISITION

There was no significant investment and acquisition for the year ended 31 December 2025.

SIGNIFICANT DISPOSAL/IMPORTANT EVENT

There was no significant disposal/important corporate event for the year ended 31 December 2025.

EXCHANGE RATE RISK

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain bank balances, and trade and other receivables, trade and other payable and accruals of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

BUSINESS REVIEW

Manufacturing Operation

The US toy industry demonstrated improvement in 2025 compared with the previous two years, driven by higher average selling prices and increased unit volumes, particularly in premium, licensed, and collectible products linked to popular entertainment franchises. However, US administration tariffs on imports from China and Vietnam disrupted supply chains, squeezed margins, and drove up prices, though the generally low price points of most toys offered some resilience. Simultaneously, consumer spending on non-essential goods remained steady as inflation moderated. Nevertheless, slower job growth and anticipated increases in unemployment partly driven by federal workforce reductions added further strain to the labor market, constrained business planning and heightened overall uncertainty.

Despite these uncertainties, the Group recorded growth in sales of certain Original Brand Manufacturing (“**OBM**”) products, including “Fart Ninjas,” “Might Fleet,” and “Gazillion,” as well as Original Design Manufacturing (“**ODM**”) products such as “CAT” and “SpongeBob SquarePants and lighting products.” These gains helped offset declines in other OBM lines, including “Furlings,” “Burp Zombies”, “Sugar Surprise” and “Bright Fairy Friends”, and girl toy, as well as the ODM brand “Teenage Mutant Ninja Turtles.” The Group adapted effectively to evolving market dynamics through customer-focused product innovation and enhanced after-sales support, which improved customer retention and repeat purchases. Inflationary pressures eased, proactive and agile strategies helped mitigate adverse impacts and supported the operation for the year ended 31 December 2025. In particular, sales growth from the ODM brand “CAT” and “SpongeBob SquarePants” and OBM brands “Fart Ninjas” and “Gazillion” contributed significantly to this resilience.

In response to the market headwinds, the Group focused on strengthening customer loyalty in North America and Canada by refining product offerings and optimizing inventory management. It remained committed to its core brand strategies while launching marketing campaigns for key brands such as “CAT” and “Fart Ninjas.” To further broaden its product portfolio and address market challenges, the Group introduced licensed ODM products like “SpongeBob SquarePants” and OBM offerings such as “Burp Zombies.” Concurrently, the Group pursued cost control initiatives and advanced automation to improve efficiency. Despite the challenging operating environment, it maintained a disciplined and financially prudent approach.

The Group's principal manufacturing facility is located in Vietnam. Building on its strong market position and expansion plans in the country, the Group restructured plant operations and enhanced supply chain management, resulting in lower production costs. It also strengthened competitiveness by increasing capacity and improving product quality through localized production and management practices, supported by ongoing automation advancements across its manufacturing processes.

Property Development

The Company has strategically strengthened its footprint in Vietnam by acquiring lands in Danang City through its subsidiary. This move supports the Group's broader strategy to diversify and tap into Vietnam's expanding property market. By leveraging its established presence and management expertise in the region, the Company aims to seize opportunities in property development, thereby expanding its asset portfolio and income streams.

After thorough evaluation of various factors in Vietnam, including market conditions and resource availability, the Group would continue pursuing property development opportunities in 2026.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of approximately 2,200 (2024: 2,200) employees mainly in Hong Kong, Macau, the PRC, Vietnam, Australia, the US and Europe. The Group provides its employees with competitive remuneration packages commensurate with the level of pay established by the market trend in comparable businesses. A mandatory provident fund scheme and respective local retirement benefit schemes are also in place.

ENVIRONMENTAL PROTECTION

The Group believes that maintaining a healthy and harmonious relationship with its stakeholders and fulfilling its social responsibilities to the community is essential for building and preserving the value of the Group. Adhering to the principle of Reducing, Recycling and Reusing, the Group encourages green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off lightings and electrical appliances, and will consider implementing further eco-friendly measures and practices in the operation of the Group's business. Further information on other environmental protection initiatives implemented at the factories is set out in the Environmental, Social and Governance Report section of the 2025 Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those that have significant impact on the Group. The Board and internal audit and risk management department delegated by the Board monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. In accordance with the requirements of the laws, regulations and related policies in Hong Kong, the PRC, Vietnam and other relevant jurisdictions, the Company provides and maintains statutory benefits for its staff, including but not limited to mandatory provident fund, basic medical insurance and labour insurance. All employees are entitled to statutory holidays. The Group has registered its products, domain name and trademarks in Hong Kong, the PRC and other relevant jurisdictions and takes all appropriate actions to protect and enforce its intellectual property rights.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group acknowledges that employees, customers and business partners are crucial to its sustainable growth. The Group is hence committed to providing a friendly and caring working environment for its employees, providing excellent service to its customers and maintaining trust relationship with its business partners.

PROSPECT

Manufacturing Operation

The market is projected to maintain modest growth in 2026, driven by premium and licensed toys, technological advances, and strong media pipelines, despite ongoing tariff risks, and constrained discretionary spending. Consumer demand may polarise further between high-end and value products amid employment pressures, with tariffs posing the main risk for price volatility. Recent efforts between the countries to seek tariff resolutions with various countries have, however, helped ease some of these concerns.

The 2026 US Iran war severely disrupted global industries, including toys, through surging oil prices that spiked plastic price and diesel shipping costs, compounded by Strait of Hormuz blockades causing delays and reroutes, potentially inflating retail prices and eroding margins amid tight consumer budgets. To address global economic and geopolitical uncertainties, the Group would continue to operate cautiously and adopt a flexible strategy aimed at diversifying its product portfolio and strengthening customer engagement. It would also continue to manage financial resources and cash reserves prudently to reinforce its resilience under challenging market conditions. The Group would continue to focus on product innovation and licensed brand development. Companies that respond swiftly to evolving market dynamics are best positioned to sustain growth and competitiveness.

From a manufacturing standpoint, the Group would continue to invest in automation and process enhancements to drive efficiency and deliver long-term value to shareholders.

Property Development

Sustained growth in Southeast Asia, notably Vietnam, bolsters our confidence in regional investments. The Group is specifically capitalizing on this by investing in Vietnamese real estate.

Accordingly, the Company strategically prioritises four core pillars including production innovation, global sales expansion, operational excellence, and sustainability, to achieve sustainable growth and enduring shareholder value. This strategy is pursued through ongoing investment in research and development, deliberate international market expansion, optimised operational efficiency, and firm commitment to responsible manufacturing practices.

FINAL DIVIDEND

During the year, the Company paid an interim dividend of HK1.0 cent (2024: HK1.5 cents) in cash per share to the shareholders. The Directors have resolved not to recommend the payment of a final dividend for the year ended 31 December 2025. For the year 2025, the total dividend per share is HK1 cent (2024: HK2.5 cents).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE “CG CODE”)

The Board has complied with the corporate governance code in Appendix C1 (the “**HKEx Code**”) to the Listing Rules on the Stock Exchange.

None of the directors of the Company is aware of information that would reasonably indicate the Company is not or was not for any part of the year under review, in compliance with the HKEx Code.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted and amended from time to time its code for securities transactions by directors of listed issuers as the code of conduct governing directors’ securities transactions in compliance with the recently amended Appendix 10 to the Listing Rules (the “**Model Code**”). All Directors of the Company during the year, following specific enquiry by the Company, have confirmed that they have complied with the required standard set out in the Company’s own code and the amended Model Code throughout the year.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 22 May 2026 at 2:30 p.m. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 15 May 2026 to 22 May 2026, both days inclusive for the entitlement to attend the AGM, during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 14 May 2026.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2025, including the accounting principles and practices adopted by the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report from the independent auditor of the Group on the consolidated financial statements of the Group for the year ended 31 December 2025.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which indicates that as at 31 December 2025, the Group had cash and bank balances of HK\$54,270,000, while total lease liabilities, amounts due to directors and other borrowings amounted to HK\$199,179,000, of which HK\$113,258,000 was classified as current liabilities. In addition, the Group incurred a loss of HK\$163,144,000 and net cash outflows from operating activities of HK\$60,387,000 during the year ended 31 December 2025. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange. The 2025 Annual Report and Notice of AGM of the Company will be despatched to the shareholders of the Company as well as published on the website of the Stock Exchange in due course.

BOARD COMPOSITION

As at the date of this announcement, the Board comprises Mr. Cheng Yung Pun, Mr. Cheng King Cheung, Mr. Cheng Kin Cheong, Ms. Yip Hiu Har and Ms. Shirley Marie Price as executive Directors and Mr. Mak Shiu Chung, Godfrey, Mr. Heng Victor Ja Wei and Mr. Chui Ka Hing as independent non-executive Directors.

By Order of the Board
Cheng Yung Pun
Chairman

Hong Kong, 30 March 2026

* *For identification purpose only*