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B.Duck Semk Holdings International Limited

小黃鴨德盈控股國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2250)

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

FINANCIAL HIGHLIGHTS

	FY2025 HK\$'000	FY2024 HK\$'000
Revenue	172,535	128,526
Loss for the year	(89,691)	(49,340)
Loss attributable to equity holders of the Company	(87,700)	(46,404)
Adjusted net loss under non-HKFRS financial measures ⁽¹⁾	(83,454)	(40,505)
Adjusted net loss margin under non-HKFRS financial measures (%) ⁽²⁾	(48.4)	(31.5)

Notes:

- (1) Adjusted net loss under non-HKFRS financial measures as loss for the year attributable to equity holders of the Company, excluding share-based payment.
- (2) Adjusted net loss margin under non-HKFRS financial measures for the year is calculated as the adjusted net loss attributable to equity holder of the Company under non-HKFRS financial measures for the year divided by the revenue for the respective year.

KEY FINANCIAL RATIOS

	As at/for the year ended	
	31 December 2025	31 December 2024
Segment gross profit margin (%) ⁽¹⁾	57.3	46.7
Net loss margin (%) ⁽²⁾	(52.0)	(38.4)
Return on equity (%) ⁽³⁾	(81.7)	(25.6)
Return on total assets (%) ⁽⁴⁾	(36.5)	(16.8)
Current ratio (times) ⁽⁵⁾	1.5	2.0
Quick ratio (times) ⁽⁶⁾	1.3	1.8
Gearing ratio (%) ⁽⁷⁾	45.6	23.8
Net debt to equity ratio (%) ⁽⁸⁾	N/A ⁽⁹⁾	N/A ⁽⁹⁾

Notes:

- (1) No gross profit margin can be determined for character licensing business segment. Segment gross profit margin for each year is calculated based on the revenue attributable to the Group's e-commerce and other business deducting cost of inventories sold divided by the revenue attributable to the Group's e-commerce and other business for the respective year.
- (2) Net loss margin for each year is calculated based on net loss divided by revenue for the respective year.
- (3) Return on equity equals to loss for the year divided by total equity as at the end of the relevant year.
- (4) Return on total assets equals to loss for the year divided by total assets as at the end of the relevant year.
- (5) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year.
- (6) Quick ratio is calculated based on total current assets less inventories, divided by the total current liabilities as at the end of the respective year.
- (7) Gearing ratio is calculated based on the total interest-bearing borrowings divided by total equity as at the end of the respective year.
- (8) Net debt to equity ratio is calculated based on net debt as at the end of the respective year divided by total equity as at the end of the respective year. Net debt includes all interest-bearing borrowings (if any), net of cash and cash equivalents (including the time deposits with original maturity over three months).
- (9) The Group was in a net cash position, as the amount of cash and cash equivalents (including the time deposits with original maturity over three months) exceeded the total interest-bearing borrowings of the Group, such that the net debt to equity ratio is not applicable.

ANNUAL RESULTS

The board (“**Board**”) of directors (“**Director(s)**”) of B.Duck Semk Holdings International Limited (“**Company**”, together with its subsidiaries, the “**Group**” or “**B.Duck SEMK**”) announces the consolidated results of the Group for the year ended 31 December 2025 (“**FY2025**”), together with the comparative figures for the year ended 31 December 2024 (“**FY2024**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		For the year ended	
		31 December	
		2025	2024
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	172,535	128,526
Other income	4	8,046	10,412
Other loss, net	4	(998)	(4,485)
Net gain/(loss) on financial asset of fair value through profit or loss		778	(535)
Cost of inventories sold		(38,767)	(36,453)
Employee benefit expenses		(78,450)	(64,604)
Promotion costs		(26,496)	(18,426)
Online platform usage fee		(11,067)	(10,195)
Depreciation and amortisation		(16,385)	(15,544)
Net impairment losses on financial assets and contract assets		(53,824)	(3,049)
Other expenses	5	(41,432)	(37,884)
Operating loss		(86,060)	(52,237)
Finance income		2,683	4,356
Finance costs		(2,743)	(2,861)
Finance (costs)/income, net		(60)	1,495
Loss before income tax		(86,120)	(50,742)
Income tax expense	6	(3,571)	1,402
Loss for the year		(89,691)	(49,340)

		For the year ended	
		31 December	
		2025	2024
	<i>Note</i>	HK\$'000	HK\$'000
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Currency translation differences		1,794	(1,426)
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
– Currency translation differences		117	(104)
		1,911	(1,530)
Total comprehensive loss for the year		(87,780)	(50,870)
Loss for the year attributable to			
Equity holders of the Company		(87,700)	(46,404)
Non-controlling interests		(1,991)	(2,936)
		(89,691)	(49,340)
Total comprehensive loss attributable to:			
Equity holders of the Company		(85,906)	(47,830)
Non-controlling interests		(1,874)	(3,040)
		(87,780)	(50,870)
Loss per share for loss attributable to			
the equity holders of the Company for the year:			
– Basic and diluted (expressed in HK cents per share)	7	(9.2)	(4.9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		As at 31 December	
	Note	2025 HK\$'000	2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		18,984	13,374
Intangible assets		2,924	3,313
Investment in an associate		482	–
Right-of-use assets		10,180	16,276
Deferred income tax assets		12,227	11,323
Deposits, prepayments and other receivables		19,436	64,232
Financial assets at fair value through profit or loss		10,016	9,000
		<u>74,249</u>	<u>117,518</u>
Current assets			
Inventories		25,957	13,879
Trade receivables	9	48,789	39,068
Contract assets		6,855	19,713
Deposits, prepayments and other receivables		30,724	39,887
Time deposits with original maturity over three months		–	40,000
Cash and cash equivalents		58,848	22,985
		<u>171,173</u>	<u>175,532</u>
Total assets		<u>245,422</u>	<u>293,050</u>
Equity and liabilities			
Equity attributable to holders of the Company			
Share capital		191	191
Share premium		240,511	240,511
Capital reserve		(33,883)	(33,883)
Retained earnings		(47,892)	39,808
Other reserves		(65,624)	(55,057)
		<u>93,303</u>	<u>191,570</u>
Non-controlling interests		<u>16,418</u>	<u>1,345</u>
Total equity		<u>109,721</u>	<u>192,915</u>

		As at 31 December	
		2025	2024
	Note	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		6,417	10,357
Deferred income tax liabilities		470	13
Redemption liabilities		16,607	–
Borrowings		907	–
		<u>24,401</u>	<u>10,370</u>
Current liabilities			
Contract liabilities		6,837	10,116
Trade payables	10	8,457	2,307
Accruals and other payables		35,773	22,344
Current income tax liabilities		4,055	2,124
Amount due to a shareholder		1,710	–
Borrowings		50,007	45,923
Lease liabilities		4,461	6,951
		<u>111,300</u>	<u>89,765</u>
Total liabilities		<u>135,701</u>	<u>100,135</u>
Total equity and liabilities		<u>245,422</u>	<u>293,050</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

B.Duck Semk Holdings International Limited (the “**Company**”) was incorporated in the Cayman Islands on 10 December 2020 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of licensing services, design consultation services and trading of licensed brand products in Hong Kong and the Mainland China (the “**Business**”).

Semk Products (Holdings) Limited is the ultimate holding company of the Company.

Mr. Hui Ha Lam is the ultimate controlling shareholder of the Group.

The consolidated financial statements are presented in Hong Kong dollars (HK\$) and all values are rounded to the nearest thousand (“**HK\$’000**”) unless otherwise stated.

The Company has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 17 January 2022 (the “**Listing**”).

2 CHANGE IN ACCOUNTING POLICY AND DISCLOSURES

(a) Adoption of new or amended standards and interpretations that are effective on 1 January 2024

The following new and amended standards and interpretations apply for the first time to the Group’s financial reporting period commencing on 1 January 2025:

HKAS 21 and HKFRS 1(Amendments) Lack of Exchangeability

The adoption of amendments to standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

The following new and amended standards and interpretations, which are potentially relevant to the Group's 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.

		Effective for accounting periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	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
Hong Kong Interpretation 5 (Amendments)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced, but not yet completed, an assessment of the impact of the new standards and amendments to standards on its results of operations and financial position. The Group is not yet in a position to state whether these new standards, amendments to standards and interpretations would have any significant impact on its results of operations and financial positions.

3 REVENUE

(a) Revenue

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Revenue		
<u>Recognised over time</u>		
Provision of licensing services	46,118	43,602
Provision of design consultation services	22,019	16,468
	<u>68,137</u>	<u>60,070</u>
<u>Recognised at a point in time</u>		
Sales of licensed brand products	91,913	68,456
LBE – related ticketing income	12,485	—
	<u>104,398</u>	<u>68,456</u>
Total revenue	<u>172,535</u>	<u>128,526</u>

For the year ended 31 December 2025, there was no customer (2024: 1) which individually contributed 10% or more of the Group's total revenue. The revenue contributed from the customers that contributed 10% or more of the Group's revenue is as follows:

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Customer A – licensing services and design consultation services	<u>N/A</u>	<u>14,071</u>

(b) Segment information

The directors have been identified as the CODM of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The directors regard the Group's business as two reporting segments based on respective revenue and segment results, being profit after tax before unallocated expenses for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as these consolidated financial statements. Information relating to segment assets and liabilities are not disclosed as such information not regularly reported to the CODM.

The CODM identifies two reportable segments considering the nature of products and services, namely Character licensing and E-commerce and other. The Character licensing business is mainly engaged in the provision of licensing services and design consultation services, whilst E-commerce and other business is mainly engaged in the trading of licensed brand products through online platforms and offline channels.

	Character licensing HK\$'000	E-commerce and other HK\$'000	Total HK\$'000
For the year ended 31 December 2025			
Gross revenue	82,077	91,913	173,990
Inter-segment revenue	(1,455)	–	(1,455)
	<u>80,622</u>	<u>91,913</u>	<u>172,535</u>
Revenue from external sales			
	<u>80,622</u>	<u>91,913</u>	<u>172,535</u>
Segment results	<u>(75,887)</u>	<u>(9,558)</u>	<u>(85,445)</u>
Unallocated:			
– Share-based payment			<u>(4,246)</u>
Loss after income tax			<u>(89,691)</u>
Other segment items			
Employee benefit expenses	(52,010)	(22,194)	(74,204)
Depreciation and amortisation	(14,010)	(2,375)	(16,385)
Cost of inventories sold	–	(38,767)	(38,767)
Other expenses	(31,465)	(9,967)	(41,432)
	<u>(31,465)</u>	<u>(9,967)</u>	<u>(41,432)</u>
For the year ended 31 December 2024			
Gross revenue	62,650	68,456	131,106
Inter-segment revenue	(2,580)	–	(2,580)
	<u>60,070</u>	<u>68,456</u>	<u>128,526</u>
Revenue from external sales			
	<u>60,070</u>	<u>68,456</u>	<u>128,526</u>
Segment results	<u>(26,887)</u>	<u>(16,554)</u>	<u>(43,441)</u>
Unallocated:			
– Share-based payment			<u>(5,899)</u>
Loss after income tax			<u>(49,340)</u>
Other segment items			
Employee benefit expenses	(42,544)	(16,161)	(58,705)
Depreciation and amortisation	(13,064)	(2,480)	(15,544)
Cost of inventories sold	–	(36,453)	(36,453)
Other expenses	(31,163)	(6,721)	(37,884)
	<u>(31,163)</u>	<u>(6,721)</u>	<u>(37,884)</u>

The amount of revenue by customers' location is shown in the following table:

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Mainland China	158,522	121,460
Hong Kong	2,215	2,211
Southeast Asia and Taiwan	9,089	4,391
Others	2,709	464
	<u>172,535</u>	<u>128,526</u>

As of 31 December 2025, the total of non-current assets other than deferred tax assets located in Hong Kong was HK\$23,338,000 (2024: HK\$69,716,000) and the total of these non-current assets located in Mainland China was HK\$38,684,000 (2024: HK\$36,479,000).

4 OTHER INCOME AND OTHER GAIN/(LOSS), NET

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Other income		
Sample sales	1,051	1,220
Management fee income	906	2,726
Government subsidies (<i>Note a</i>)	1,433	313
Compensation received (<i>Note b</i>)	1,528	2,874
E-commerce solutions service (<i>Note c</i>)	753	2,197
Gain on early termination of leases	5	224
Sundry income	2,370	858
	<u>8,046</u>	<u>10,412</u>
Other loss, net		
Net foreign exchange losses	(982)	(4,584)
Loss on loss of control of a subsidiary (<i>Note d</i>)	(1,167)	–
Reversal of litigation provision (<i>Note 11</i>)	1,092	–
Changes in surrender value of investment life insurance contract	59	99
	<u>(998)</u>	<u>(4,485)</u>

Note a: Government subsidies comprise grant received from various local governments in Mainland China and Hong Kong. There are no unfulfilled conditions or contingencies in relation to the grants.

Note b: The amount represented compensation from legal action against third parties for infringement of the Group's trademark.

Note c: During the year ended 31 December 2024 and 2025, the Group provided operation support to the e-commerce business of ENS Toys (Huizhou) Limited, which is a company ultimately wholly owned by Mr. Hui Ha Lam, an Executive Director of the Company.

Note d: During the year ended 31 December 2025, the Group has lost control over Shenzhen Dequ Technology Co., Ltd.* (深圳德趣科技有限公司) upon the capital injection from the non-controlling shareholder.

5 OTHER EXPENSES

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Travelling and transportation	6,268	7,995
Office expenses	6,706	4,977
Legal and professional fees	11,677	16,397
Agency fee	6,866	162
Rental expenses – short term leases	2,530	856
Building management fee	1,361	1,662
Auditor's remuneration		
– Audit service	1,528	1,360
– Non-audit service	290	290
Others	4,206	4,185
	<u>41,432</u>	<u>37,884</u>

6 INCOME TAX EXPENSE

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current income tax:		
– Hong Kong profits tax	–	2
– Mainland China corporate income tax	1,733	237
– Withholding tax	2,261	2,024
Over provision in prior year	–	(6)
	<u>3,994</u>	<u>2,257</u>
Deferred income tax	<u>(423)</u>	<u>(3,659)</u>
	<u>3,571</u>	<u>(1,402)</u>

Hong Kong profits tax has been provided at the rate of 16.5% for the years ended 31 December 2025 and 2024.

In accordance with the two-tiered profits tax regime effective from 1 January 2018, Hong Kong profits tax has calculated at 8.25% on the first HK\$2,000,000 for one of the subsidiaries in Hong Kong, and 16.5% on the remaining balance of the estimated assessable profits for the years ended 31 December 2025 and 2024.

The Group is also subject to withholding tax at the rate of 7% and 10%, respectively, on management fee and design fee charged from the Group's Hong Kong subsidiaries to the Group's Mainland China subsidiaries.

No overseas profits tax has been calculated as the Company incorporated in the Cayman Islands is exempted from local income tax.

As at 31 December 2025 and 2024, there were no deferred income tax provided in relation to the unremitted earnings as the Group's management has approved that the Mainland China subsidiaries have no intention and are not probable to declare dividend in the foreseeable future and the Group is able to control the timing of the reversal of the temporary differences and it is decided that the unremitted earnings will not be remitted in the foreseeable future.

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate applicable to the respective jurisdiction as follows:

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Loss before income tax	<u>(86,120)</u>	<u>(50,742)</u>
Tax charge at 16.5%	(14,210)	(8,372)
Effect of different taxation rates in other countries	(325)	(530)
Income not subjected to tax	(538)	(454)
Over provision in prior year	—	(6)
Non-deductible expenses for tax purposes	11,553	3,407
Tax losses not recognised	5,112	3,541
Tax effect of withholding tax	(282)	(1,012)
Withholding tax	<u>2,261</u>	<u>2,024</u>
	<u>3,571</u>	<u>(1,402)</u>

Note:

The statutory income tax rate applicable to entities in the Mainland China is 25% during the year ended 31 December 2025 (2024: same), other than a qualified subsidiary registered in Qianhai Shenzhen – Hong Kong Modern Service Industry Cooperation Zone, which is entitled to a concessionary tax rate of 15% from 2022.

7 LOSS PER SHARE

The calculation of the basic and diluted loss per share is as follows:

a) Basic

Basic losses per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024.

There were no shares repurchased and cancelled or repurchased under Share Award Scheme for the year ended 31 December 2025 that were accounted at at time portion basis (2024: 19,007,000 shares repurchased and 8,244,000 shares repurchased under Share Award Scheme).

	For the year ended 31 December	
	2025	2024
Loss attributable to equity holders of the Company (HK\$'000)	<u>(87,700)</u>	<u>(46,404)</u>
Weighted average number of ordinary shares in issue	<u>951,464,142</u>	<u>944,139,227</u>
Basic losses per share (expressed in HK cents per share)	<u>(9.2)</u>	<u>(4.9)</u>

b) Diluted

For the year ended 31 December 2025, the Company had potential ordinary shares being share awards (2024: same).

Diluted loss per share presented for the year ended 31 December 2025 is the basic loss per share as the inclusion of the potential ordinary shares in the calculation of dilutive loss per share would be anti-dilutive.

8 DIVIDEND

The Board has resolved not to propose any final dividend in respect of the year ended 31 December 2025.

9 TRADE RECEIVABLES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Trade receivables	70,355	57,561
Less: loss allowance	(21,566)	(18,493)
	<u>48,789</u>	<u>39,068</u>

The Group normally grants credit term to its customers ranging from 0 to 30 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current – 30 days	20,891	14,753
31 – 60 days	1,024	512
61 – 90 days	997	201
91 – 120 days	1,124	96
121 – 180 days	368	764
Over 180 days	45,951	41,225
	<u>70,355</u>	<u>57,561</u>

Movement on the credit loss allowance of trade receivables is as follows:

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Beginning of the year	(18,493)	(19,803)
Impairment loss on trade receivables	(4,985)	(4,024)
Written off	2,417	4,932
Currency translation differences	(505)	402
End of the year	<u>(21,566)</u>	<u>(18,493)</u>

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The gross amounts of the Group's trade receivables are denominated in the following currencies:

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	739	1,020
RMB	68,880	56,405
Thailand Baht	736	136
	<u>70,355</u>	<u>57,561</u>

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables mentioned above. The Group does not hold any collateral as security.

10 TRADE PAYABLES

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
– Third parties	<u>8,457</u>	<u>2,307</u>

The credit period granted by suppliers for trade payables generally range around 60 days. The ageing analysis of the trade payables by invoice date is as follows:

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 30 days	4,515	1,545
31 to 60 days	1,589	172
61 to 90 days	443	222
Over 90 days	1,910	368
	<u>8,457</u>	<u>2,307</u>

The Group's trade payables are denominated in the following currencies:

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	10	286
RMB	8,447	2,021
	<u>8,457</u>	<u>2,307</u>

11 LITIGATION

In May 2021, a third party (the “**Claimant**”) has lodged a claim to seek compensation of RMB55,000,000 (equivalent to approximately HK\$59,393,000), with the allegation of the Group and a retailer of the Group’s licensed products (the “**Licensee**”) for causing unfair competition and infringement of certain registered trademarks (the “**Claimant’s Trademarks**”) by sales of kitchen utensils, towels, and shoes and apparels bearing the trademarks of the Group (the “**Alleged Trademarks**”), which were alleged to be similar to the Claimant’s Trademarks.

Judgement of the first hearing from the Jiangsu Suzhou Intermediate People’s Court (the “**Judgement**”) on 30 December 2022 held that the Group and the Licensee were liable to pay sums of RMB6,000,000 and RMB1,000,000 respectively (equivalent to approximately HK\$6,479,000 and HK\$1,080,000 respectively) for damages to the Claimant.

On 19 January 2023, the Group has lodged an appeal (the “**Appeal**”) against the Judgement. During 2023, the Claimant’s Trademarks were invalidated by the China National Intellectual Property Administration and the Claimant’s Appeal against the invalidation claim has been rejected in June 2024. Based on the opinion from the legal advisors of the Group, there is a high probability that the Judgement can be overturned.

On 21 December 2025, the Jiangsu Higher People’s Court issued a final ruling (the “**Final Ruling**”), setting aside the first-instance judgement rendered by the Jiangsu Suzhou Intermediate People’s Court on 30 December 2022, and granting the Claimant’s withdrawal of the lawsuit. As a result, the case has been concluded with the Claimant’s withdrawal, and the Group’s and the Licensee’s liabilities for compensation under the case have been discharged.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) the character licensing business: the creation, design, licensing, brand management and marketing of self-created B.Duck Family Characters across multi-channels, where the Group licenses the B.Duck Family Characters and brands to its licensees, provides them with product design application services and allows them to incorporate these designs into their products and services offering; and (ii) the e-commerce and other business: the design, development, procurement and retail sales of the Group's B.Duck Family Characters-featured products through multi-channels including operation of mobile games.

Character Licensing Business

The Group's character licensing business can be broadly divided into five service types, namely (i) merchandise licensing; (ii) location-based entertainment ("LBE") licensing; (iii) content and media licensing; (iv) promotion licensing; and (v) design consultation, which are interrelated and complementary to each other, with each of them being provided on a single, multi-service or integrated basis.

E-commerce and Other Business

The Group's e-commerce and other business mainly involves the sale of B.Duck Family Characters-featured products through third party e-commerce platforms and offline sales channels. Seeing the potential synergies to be generated from the Group's character licensing business, the Group began to explore the possibility of designing and selling its own products on e-commerce platforms. In 2015, the Group launched the first online flagship store on Tmall, a well-known business-to-customer online shopping platform in China. Following the success of this flagship store, the Group subsequently expanded to other e-commerce platforms, such as JD.com, VIP.com, HKTVmall and Douyin, to offer its products and enable customers to make online payments with direct shipping to their designated locations.

The following table sets forth a breakdown of revenue by business segments:

	FY2025 HK\$'000	FY2024 HK\$'000
Character licensing business	80,622	60,070
E-commerce and other business	91,913	68,456
Total	172,535	128,526

FINANCIAL REVIEW

Revenue by Business Segment

The Group's revenue from the character licensing business increased by approximately HK\$20.6 million or approximately 34.2% from approximately HK\$60.1 million for FY2024 to approximately HK\$80.6 million for FY2025. The increase was primarily attributed to an increase in royalty charged and excess royalty charged to licensees under merchandise licensing. With growing emphasis on intellectual property ("IP") in China, the Group is encountering increasingly fierce market competition. To address this, the Group not only introduced additional incentives to attract new licensees across various product categories but also expanded into overseas markets, including Brazil and South Africa, to strengthen its presence in the licensing industry.

The following table sets forth the movement of the number of licensees (exclusive of licensing agents) with which the Group had established business relationship during FY2025:

As at the end of FY2025	As at the end of FY2024
619	530

The Group's revenue from the e-commerce and other business increased by approximately HK\$23.4 million or approximately 34.3% from approximately HK\$68.5 million for FY2024 to approximately HK\$91.9 million for FY2025. The increase was primarily driven by the Group's ongoing promotional efforts on e-commerce platforms, as well as its continued expansion into additional e-commerce platforms across the PRC and Southeast Asia. The Group engaged multiple domestic OEM suppliers to handle product manufacturing and has procured products from licensees under its character licensing business for sale through third-party e-commerce platforms, such as Tmall, JD.com, VIP.com, HKTVmall and Douyin. Moving forward, the Group will remain focused on developing overseas e-commerce sales platforms, including markets such as Thailand, Indonesia, Vietnam, the Philippines, Malaysia, and Singapore. The overseas e-commerce business is still in its growth phase, presenting significant opportunities and potential for further expansion.

Revenue by Customers' Geographical Location

The following table sets forth a breakdown of the Group's revenue by customers' geographical locations for FY2025 and FY2024:

	FY2025		FY2024	
	HK\$'000	%	HK\$'000	%
Mainland China	158,522	91.9	121,460	94.5
Hong Kong	2,215	1.2	2,211	1.7
Southeast Asia and Taiwan	9,089	5.3	4,391	3.4
Others <i>(Note)</i>	2,709	1.6	464	0.4
Total	<u>172,535</u>	<u>100.0</u>	<u>128,526</u>	<u>100.0</u>

Note: Others include revenue generated from Brazil, Latin America and other countries.

Revenue generated from Character Licensing Business

The following table sets forth a breakdown of the Group's revenue by service types under its character licensing business for FY2025 and FY2024:

	FY2025		FY2024	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Merchandise licensing				
Minimum guarantee	29,359	36.4	29,690	49.4
Excess royalties	3,687	4.6	7,547	12.6
	<hr/>	<hr/>	<hr/>	<hr/>
Total royalty income	33,046	41.0	37,237	62.0
LBE licensing				
Minimum guarantee	6,420	8.0	3,536	5.9
Excess royalties	6,596	8.2	202	0.3
	<hr/>	<hr/>	<hr/>	<hr/>
Total royalty income	13,016	16.2	3,738	6.2
LBE related ticketing income	12,485	15.5	–	–
Content and media licensing				
Minimum guarantee	27	0.0	2,347	3.9
Excess royalties	–	–	20	0.0
	<hr/>	<hr/>	<hr/>	<hr/>
Total royalty income	27	0.0	2,367	3.9
Promotion licensing				
Minimum guarantee	29	0.0	226	0.4
Excess royalties	–	–	34	0.1
	<hr/>	<hr/>	<hr/>	<hr/>
Total royalty income	29	0.0	260	0.5
Design consultation service fees	22,019	27.3	16,468	27.4
	<hr/>	<hr/>	<hr/>	<hr/>
Total	80,622	100.0	60,070	100.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Revenue by IPs

The Group's B.Duck Family Characters are targeted at consumers aged between 15 and 34 years old who are brand conscious and possess qualities such as trendiness, high purchasing power, tech-savviness and affinity with social media primarily located in Asia.

The following table sets forth a breakdown of the Group's revenue by IP character under its character licensing business:

	FY 2025		FY 2024	
	HK\$'000	%	HK\$'000	%
The Group's self-created IP characters				
B.Duck	72,261	89.6	52,040	86.6
Buffy	3,396	4.2	3,203	5.4
B.Duck Baby	3,442	4.3	4,155	6.9
	<u>79,099</u>	<u>98.1</u>	<u>59,398</u>	<u>98.9</u>
Licensed Characters	<u>1,523</u>	<u>1.9</u>	<u>673</u>	<u>1.1</u>
Total	<u><u>80,622</u></u>	<u><u>100</u></u>	<u><u>60,070</u></u>	<u><u>100</u></u>

B.Duck products are the Group's major product type. Revenue from B.Duck products, which contributed 89.6% of its licensing revenue in 2025, increased by approximately 38.9% from approximately HK\$52.0 million for 2024 to approximately HK\$72.3 million for 2025.

Cost of Inventories Sold and Employee Benefit Expenses

Cost of inventories sold (comprising primarily cost of inventories for the Group's e-commerce and other business) amounted to approximately HK\$36.5 million and HK\$38.8 million for FY2024 and FY2025, respectively, which accounted for approximately 19.9% and 18.2% of its total operating expenses (comprising employee benefit expenses, depreciation and amortisation, promotion costs, online platform usage fees, cost of inventories sold and other expenses) for the respective years. The Group generally sets the price of the merchandise it offers to its customers based on the merchandise procurement costs plus a profit margin. When the prices offered to the Group by its suppliers fluctuate, the selling prices of the merchandises would be adjusted correspondingly. However, there is no guarantee that the Group can fully translate the additional procurement costs into higher prices for customers and the results of operation may therefore be adversely affected. In addition, any rise in the merchandise selling price due to increase in procurement costs may render the merchandise less competitive in the market and lead to a possible decrease in the Group's profit margin.

Employee Benefit Expenses

The employee benefit expenses (primarily comprising salaries and allowances) amounted to approximately HK\$64.6 million and HK\$78.5 million for FY2024 and FY2025, respectively, representing approximately 35.3% and 36.8% of the Group's total operating expenses (comprising employee benefit expenses, depreciation and amortisation, promotion costs, online platform usage fees, cost of inventories sold and other expenses) for the respective years. We are dedicated to the research and development and production of games and sales of derivative merchandizes, and establish design team which applies AI techniques, so as to strengthen our creativity. Moreover, the Group provides key employees with awarded shares with incentives for continued operation and development of the Group.

	FY2025		FY2024	
	Revenue <i>HK\$'000</i>	Employee benefit expenses <i>HK\$'000</i>	Revenue <i>HK\$'000</i>	Employee benefit expenses <i>HK\$'000</i>
Character licencing business	80,622	52,641	60,070	42,543
E-commerce and other business:	91,913	21,563	68,456	16,161
– E-commerce sales in China (Apparels, gifts and accessories)	74,309	9,664	59,592	7,791
– E-commerce sales in overseas markets (Apparels, gifts and accessories, etc.)	8,906	2,870	4,687	1,353
– E-commerce sales in China (Trendy toys)	2,872	2,604	3,253	1,005
– Others	5,826	6,425	924	6,011
Share award scheme expenses	–	4,246	–	5,899
Total	<u>172,535</u>	<u>78,450</u>	<u>128,526</u>	<u>64,604</u>

Net Impairment Losses on Financial Assets and Contract Assets

The Group recorded net impairment losses on financial assets and contract assets of approximately HK\$3.0 million and HK\$53.8 million for FY2024 and FY2025, respectively. The significant increase in FY2025 was mainly attributable to the expected credit loss on the consideration receivables from the trademark transfer, as further detailed below.

In 2022, the Group entered into a trademark transfer agreement (“**Trademark Transfer Agreement**”) with Boogie Bear Brand Co., Ltd. (the “**Transferee**”) for the transfer of 161 registered trademarks in the PRC comprising all classes in relation to “巴菲鴨”, Bath’N Duck and the head image of Bath’N Duck (with the exception of class 43) for a consideration of HK\$88 million with Lixun Group Limited (“**Lixun**”) being the guarantor of this transaction.

The consideration of HK\$88 million was agreed to be payable by the Transferee to the Group with a down payment of HK\$8,800,000 within two months from the date of the Trademark Transfer Agreement and four instalments of HK\$19.8 million each on or before 31 December for each of the calendar years from 2023 to 2026.

The Group subsequently negotiated with the Transferee in 2023 and rescheduled the payment timetable as HK\$6 million to be paid on or before 31 March 2024, HK\$14 million to be paid on or before 30 June 2025, HK\$20 million to be paid on or before 31 March 2026, HK\$20 million to be paid on or before 31 March 2027 and HK\$19.2 million to be paid on or before 31 March 2028.

The Transferee paid HK\$2 million to the Group in March 2025 but failed to make the payment of the remaining HK\$12 million on or before 30 June 2025. Subsequent to 31 December 2025, the Transferee paid HK\$4.3 million to the Group in March 2026.

The Group has been in regular conversations with the management of the Transferee and Lixun to follow up on the payments for this transaction. Considering the fact that Lixun is one of the Group’s largest customer and the Group has received merchandise licensing and design consultation service fee of approximately RMB89.0 million in previous 5 years from 2021 to 2025, the management adopted a relatively mild approach in the follow up actions with the Transferee and Lixun over the payments for this transaction, such as not to immediately exercise the other rights under the Trademark Transfer Agreement.

As a results, as stipulated in HKFRS 9, this default event, together with the historical repayment pattern, provides objective evidence that the receivable has been classified as credit-impaired. As a result, there was an expected credit loss of the consideration receivable from transfer of trademarks of approximately HK\$50.0 million in FY2025.

Other Income

Other income decreased by approximately 22.7% from approximately HK\$10.4 million for FY2024 to approximately HK\$8.0 million for FY2025, primarily due to the decrease in the compensation received from legal action against third parties for infringement of the Group’s trademark.

Promotion Costs

The Group's promotion costs primarily comprise costs incurred for promotional campaigns, advertisements, brand management and marketing activities. For FY2024 and FY2025, the Group's promotion costs amounted to approximately HK\$18.4 million and HK\$27.7 million, respectively. The increase was primarily attributed to the launch of various large-scale physical events, including themed carnivals, pop-up events, and international festivals, which significantly enhanced the B.Duck brand's influence and business momentum.

	2025		2024	
	Revenue	Promotion costs	Revenue	Promotion costs
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Character licencing business	<u>80,622</u>	<u>7,129</u>	<u>60,070</u>	<u>5,425</u>
E-commerce and other business:	91,913	19,367	68,456	13,001
– E-commerce sales in China (Apparels, gifts and accessories)	74,309	13,468	59,592	10,267
– E-commerce sales in overseas markets (Apparels, gifts and accessories, etc.)	8,906	1,504	4,687	691
– E-commerce sales in China (Trendy toys)	2,872	2,557	3,253	639
– Others	5,826	1,838	924	1,404
Total	<u>172,535</u>	<u>26,496</u>	<u>128,526</u>	<u>18,426</u>

Online Platform Usage Fees

The Group's online platform usage fees primarily represent sales commission and service fees payable to the e-commerce platforms for the Group's online sales under the e-commerce and other business. For FY2024 and FY2025, online platform usage fees amounted to approximately HK\$10.2 million and HK\$11.1 million, respectively. The increase in online platform usage fees was primarily attributed to the Group's expansion of e-commerce operations.

Operating Loss

As a result of the above, the Group's operating loss increased by approximately 64.7% from operating loss of approximately HK\$52.2 million for FY2024 to approximately HK\$86.1 million for FY2025.

Other Expenses

The following table sets forth a breakdown of the Group's other expenses:

	FY2025		FY2024	
	HK\$'000	%	HK\$'000	%
Travelling and transportation	6,268	15.1	7,995	21.1
Office and office co-sharing expenses	6,706	16.2	4,977	13.1
Legal and professional fees	11,677	28.2	16,397	43.3
Auditor's remuneration	1,818	4.4	1,650	4.4
Agency fees	6,866	16.6	162	0.4
Building management fee and rental expenses	3,891	9.4	2,518	6.7
Licensing fee	205	0.5	47	0.1
Others <i>(Note)</i>	4,001	9.6	4,138	10.9
	<u>41,432</u>	<u>100.0</u>	<u>37,884</u>	<u>100.0</u>

Note: Others include, among others, repair and maintenance, insurance expenses, decoration expenses, sample fees, utilities and testing fees, etc.

Legal and professional fees mainly relate to legal costs incurred in (i) the protection of trademarks, and (ii) legal proceedings of the Group. Agency fees represent (i) the commission of licensing agents; and (ii) licensing fee for the licensed characters obtained from independent licensors. Such expenses increased for FY2025 primarily resulting from increase in agency fees and partially offset by reduced legal and professional fees associated with the Group's legal proceedings.

Finance (Costs)/Income, Net

Finance (costs)/income changed from a net finance income of approximately HK\$1.5 million in FY2024 to a marginal net finance cost in FY2025.

Income Tax Expense

The income tax position shifted from an income tax credit of approximately HK\$1.4 million in FY2024 to an income tax expense of approximately HK\$3.6 million in FY2025, representing a change of approximately HK\$5.0 million. This was primarily due to an increase in income tax in FY2025 compared to FY2024.

Non-HKFRS Financial Measures

Adjusted net loss under non-HKFRS financial measures is defined as the loss for the year attributable to equity holders of the Company excluding share award scheme (“**Share Award Scheme**”) expenses. As Share Award Scheme expenses is non-recurring in nature and not related to the performance of the Group’s operation, the Directors consider that the presentation of the Group’s adjusted net loss under non-HKFRS financial measures by eliminating the impact of Share Award Scheme expenses can better reflect the operational performance during the respective years.

Furthermore, the Group’s management also uses the non-HKFRS financial measures to assess the Group’s operating performance and formulate business plans. The Group believes that the non-HKFRS financial measures provide useful information to the investors about its core business operations, which they can use to evaluate the Group’s operating results and understand its consolidated results of operations in the same manner as the management. The following table sets forth a reconciliation of the Group’s adjusted net loss under non-HKFRS financial measures for the years indicated to that prepared in accordance with HKFRS measures:

	FY2025 HK\$’000	FY2024 <i>HK\$’000</i>
Loss for the year attributable to equity holders of the Company	(87,700)	(46,404)
Add:		
Share Award Scheme expenses	<u>4,246</u>	<u>5,899</u>
Adjusted net loss under non-HKFRS financial measures	<u>(83,454)</u>	<u>(40,505)</u>

Having said the above, the presentation of the non-HKFRS financial measures is not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with HKFRS measures. The non-HKFRS financial measures have limitations as analytical tools and the Group’s non-HKFRS financial measures may differ from the non-HKFRS financial measures used by other companies, and therefore the comparability of such information may be limited. The investors are encouraged to review the Group’s financial information in its entirety.

Loss for the Year

As a result of the above, the Group’s loss for the year increased by approximately 81.8% from a loss of approximately HK\$49.3 million for FY2024 to a loss of approximately HK\$89.7 million for FY2025.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group funded its cash requirements principally from cash generated from its operating activities and financing activities. As at 31 December 2025, the Group had cash and cash equivalents of HK\$58.8 million, compared to the cash and cash equivalents of HK\$23.0 million as at 31 December 2024. As at 31 December 2025, the Group's cash and cash equivalents were mainly denominated in Renminbi, United States Dollar and Hong Kong Dollar.

As at 31 December 2025, the Group had total borrowings of HK\$50.9 million, compared to the total borrowings of HK\$45.9 million as at 31 December 2024. As at 31 December 2025, the Group's total borrowings were mainly denominated in HK\$, with weighted average effective interest rates was 4.50% per annum.

As at 31 December 2025, the Group had lease liabilities of HK\$10.9 million, compared to the lease liabilities of HK\$17.3 million as at 31 December 2024.

The Board will evaluate the Group's capital structure from time to time based on the Group's operations, its business growth, the relevant funding requirements and available financial resources.

The shares of the Company (the "**Shares**") were successfully listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 January 2022 (the "**Listing Date**"). Since then and up to 31 December 2025, the Company's capital structure has not changed. The Company's equity only consists of ordinary Shares.

As at 31 December 2025, the issued share capital of the Company amounted to US\$24,524.825 divided into 980,993,000 Shares of US\$0.000025 each.

TREASURY POLICY

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Group's liquidity and financing requirements are frequently reviewed. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development.

Assets, Financial Resources and Capital Expenditures

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. A variety of the below resources are maintained to meet its working capital:

– Current assets and current liabilities

The Group's net current assets decreased from approximately HK\$85.8 million as at 31 December 2024 to approximately HK\$59.9 million as at 31 December 2025. The decrease in net current assets was primarily attributable to the decrease in contract assets, deposits, prepayments and other receivables, together with the increase in trade payables, accruals and other payables and bank and other borrowings.

– Trade receivables and contract assets

As at 31 December 2025, the Group had gross trade receivables and contract assets amounting to approximately HK\$70.3 million (31 December 2024: HK\$57.6 million) and approximately HK\$7.0 million (31 December 2024: HK\$20.9 million) respectively, and loss allowance amounting to approximately HK\$21.7 million (31 December 2024: HK\$19.7 million). The total amount of net trade receivables and contract assets represented approximately 22.7% (31 December 2024: 20.1%) of the total assets.

As at 31 December 2025, net trade receivables and contract assets decreased to approximately HK\$55.6 million from approximately HK\$58.8 million as at 31 December 2024, primarily because there were more timely payment collection from customers.

Provision for expected credit loss is made when the Group is not expected to collect all amounts due. The provision is determined by grouping together debtors with similar risk characteristics and collectively, or individually assessing them for likelihood of recovery. The provision matrix is determined based on the Group's historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. In making the judgement, the Group's management considers available reasonable and supportive forwarding-looking information such as actual or expected significant changes in the operating results of customers, and actual or expected significant adverse changes in business and customers' financial position. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed by the Group's management.

– Inventories

The Group's inventories comprise finished goods. The Group's inventories increased from approximately HK\$13.9 million as at 31 December 2024 to approximately HK\$26.0 million as at 31 December 2025, primarily due to increase in procurement to support the growth in the e-commerce business.

– Cash and cash equivalents and time deposits at bank

The Group's cash and cash equivalents and time deposits at bank primarily comprise cash at bank and were denominated in HK\$ and RMB. Cash and cash equivalents and time deposits at bank decreased from approximately HK\$63.0 million as at 31 December 2024 to approximately HK\$58.8 million as at 31 December 2025, primarily due to repayment of lease liabilities and the purchase of property, plant and equipment.

– Right-of-use assets

The Group's right-of-use assets comprise the initial measurement of the corresponding lease liability in relation to its office, lease payments made at or before the commencement date and any initial direct costs. The Group's right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term. The Group's right-of-use assets decreased from approximately HK\$16.3 million as at 31 December 2024 to approximately HK\$10.2 million as at 31 December 2025, primarily due to the depreciation of such assets resulting from usage of offices and lease payments.

– Intangible assets

The Group's intangible assets consist mainly of trademarks. The Group's intangible assets slightly decreased from approximately HK\$3.3 million as at 31 December 2024 to approximately HK\$2.9 million as at 31 December 2025, primarily due to amortisation of the trademarks through continuing usage.

– Bank and other borrowings

The following table sets forth a breakdown of the Group's borrowings as at the dates indicated:

	As at	
	31 December 2025	31 December 2024
	HK\$'000	HK\$'000
Non-current portion		
Other loan – secured	<u>907</u>	–
Current portion		
Bank borrowings – secured	46,461	45,923
Other loan – secured	<u>3,546</u>	–
	50,007	45,923
	<u>50,914</u>	<u>45,923</u>

The Group's bank and other borrowings as at 31 December 2025 were denominated in HK\$ and RMB with fixed interest rates ranging from 3.1% to 14.4% per annum. As at 31 December 2025, the weighted average effective interest rate of bank borrowing was 4.50% per annum.

PLEDGE OF ASSETS

The Group has certain assets with an aggregate net carrying amount of approximately HK\$3.8 million pledged for bank and other borrowing as of 31 December 2025 (31 December 2024: Nil).

GEARING RATIO

As at 31 December 2025 and 31 December 2024, the Group's gearing ratio was 45.6% and 23.8%, respectively. The gearing ratio is calculated based on the total interest-bearing borrowings divided by total equity.

CONTINGENT LIABILITIES

In May 2021, a third party (the “**Claimant**”) has lodged a claim to seek compensation of RMB55,000,000 (equivalent to approximately HK\$59,393,000), with the allegation of the Group and a retailer of the Group’s licensed products (the “**Licensee**”) for causing unfair competition and infringement of certain registered trademarks (the “**Claimant’s Trademarks**”) by sales of kitchen utensils, towels, and shoes and apparels bearing the trademarks of the Group (the “**Alleged Trademarks**”), which were alleged to be similar to the Claimant’s Trademarks.

Judgement of the first hearing from the Jiangsu Suzhou Intermediate People’s Court (the “**Judgement**”) on 30 December 2022 held that the Group and the Licensee were liable to pay sums of RMB6,000,000 and RMB1,000,000 respectively (equivalent to approximately HK\$6,479,000 and HK\$1,080,000 respectively) for damages to the Claimant.

On 19 January 2023, the Group has lodged an appeal (the “**Appeal**”) against the Judgment. During 2023, the Claimant’s Trademarks were invalidated by the China National Intellectual Property Administration and the Claimant’s appeal against the invalidation claim has been rejected in June 2024. Based on the opinions from the legal advisors of the Group, there is a high probability that the Judgement can be overturned. Furthermore, should the Group fail to overturn the Judgement in the Appeal, potential exposure shall be limited to the gains of the Group resulted from the sales of goods of certain class bearing the Alleged Trademarks.

On 21 December 2025, the Jiangsu Higher People’s Court issued a final ruling (the “**Final Ruling**”), setting aside the first-instance judgement rendered by the Jiangsu Suzhou Intermediate People’s Court on 30 December 2022, and granting the Claimant’s withdrawal of the lawsuit. As a result, the case has been concluded with the Claimant’s withdrawal, and the Group’s and the Licensee’s liabilities for compensation under the case have been discharged.

In summary, the case has been finally resolved and will not have any material adverse impact on the financial position and operating results of the Group.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group operates principally in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollar (“**US\$**”) and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group does not hold or issue any derivative financial instruments to manage its exposure to foreign currency risk. Majority of the revenue generated, and cost incurred from the local operations are primarily transacted in local functional currency and therefore foreign exchange transactional risks are minimal. Management manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposure.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group's capital expenditures consist of (i) purchases of property, plant and equipment; and (ii) purchases of intangible assets mainly financed by internal resources. As at 31 December 2025, the Group did not have any material capital commitments.

HUMAN RESOURCES

As of 31 December 2025, the Group had a total of 225 employees, including 85 licensing and sales personnel, 67 designers and personnel specializing in Artificial Intelligence Generated Content (“AIGC”) and 73 administrative and others personnel. For FY2025, the Group incurred staff costs (including remuneration, payrolls, allowances and benefits) of approximately HK\$78.5 million (FY2024: HK\$64.6 million).

The establishment of an AIGC team has been instrumental in streamlining design processes, allowing the Group to reduce the number of staff designers while maintaining high-quality output. This shift not only helps in cost management but also enables designers to focus on high-value tasks that require human creativity and judgment. Concurrently, the Group has a dedicated merchandise management team that ensures new products align with current market trends and consumer preferences. By leveraging AI for design and human expertise for market analysis, the Group is well-positioned to launch trendy products that resonate with the audience, thereby driving business growth and reinforcing brand influence. This dual approach enables the Group to balance innovation with operational efficiency, ensuring that products remain competitive and appealing in a rapidly evolving market landscape.

The Group recruits the employees based on a number of factors such as their relevant work experience, educational background, language ability and vacancies. Competitive remuneration package is offered to retain elite employees, including salaries, medical insurance, discretionary bonuses as well as mandatory provident fund schemes for employees in Hong Kong. The Group also provides training to certain employees to strengthen staff commitment and enhance their skills and technical knowledge at work. The Company has also adopted a share option scheme and the Share Award Scheme to recognise and acknowledge the contributions made by the Group's employees, to attract skilled and experienced personnel, to incentivise them to stay with the Company and to motivate them to strive for the future development and expansion of the Company and its subsidiaries, by providing them with the opportunity to acquire equity interests in the Company.

As at 31 December 2025, the Group had 225 full-time employees. The following table sets forth a breakdown of its employees by functions and by geographical location as at 31 December 2025:

Number of employees by functions	Hong Kong and overseas	Mainland China	Total
Management	5	2	7
Design	6	53	59
AIGC	–	8	8
Licensing	3	33	36
Sales	1	48	49
Branding	1	17	18
Human resources and administration	3	17	20
Finance	2	8	10
Merchandise management	–	18	18
	21	204	225
Total	21	204	225

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed above, the Group did not have other plans for material investments or capital assets as of 31 December 2025.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investment as at 31 December 2025.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

Except for the establishment of Wuxi Binhu Sindo Cultural Tourism Development Co., Ltd.* (無錫濱湖星德文旅有限公司), a non-wholly-owned subsidiary of the Company, on 5 September 2025 (“**Establishment of JV**”), the Group did not have any other, material acquisitions or disposals of subsidiaries, associates, or joint ventures during FY2025. More details of the Establishment of JV were set out in the Company’s announcement dated 2 July 2025.

EVENT AFTER REPORTING PERIOD

On 28 January 2026, the Company entered into a placing agreement with Grand China Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent agreed to procure, on a best effort basis, not less than six placees to subscribe for new Shares (the “**Placing**”). The Placing was completed on 25 February 2026, with a total of 27,362,000 new Shares being issued at a placing price of HK\$0.74 per Share under the general mandate granted to the Directors by the Company’s shareholders (the “**Shareholders**”) at the annual general meeting held on 26 May 2025. The gross proceeds from the Placing amounted to approximately HK\$20.2 million, and the net proceeds after deducting related expenses were approximately HK\$19.8 million. Details of the Placing are set out in the Company’s announcements dated 28 January 2026 and 25 February 2026.

Except for the above mentioned, there were no other material events subsequent to 31 December 2025 which would materially affect the Group’s operating and financial performance as of the date of this announcement.

FUTURE OUTLOOK

This year marks the 20th anniversary of the birth of B.Duck, and B.Duck SEMK is undergoing a transformation from a “single IP operator” to an “IP ecosystem platform.” Over the past two decades, B.Duck SEMK has demonstrated the commercial value of Chinese IPs with a little yellow duck. In the future, the Group aims to show the global influence of Chinese IPs with the entire ecosystem.

With the global retail sales of licensed consumer products exceeding \$307.9 billion and the licensing market in China recording a growth for seven consecutive years, what the Group witnessing is not the twilight of a golden age but the dawn of a new era, in which Chinese IPs are evolving from a follower to a trendsetter.

1. IP Ecosystem: Enabling the Family to Thrive

The growth of a single IP is ultimately limited while the value of an IP portfolio lies in network effects. B.Duck SEMK is building an IP spectrum targeting all age groups and covering all consumption scenarios by not only piling up IPs but by personifying each IP with unique emotional appeal and a clear target audience.

The classic IPs in the B.Duck family are characters with distinct appearances that serve as the projections of different personalities and emotions containers. Through personified positioning and operation, these IPs have evolved from “being seen” to “being recognized”. Other IP characters incubated by the Group, which offer profound insights into the emotional appeal with today’s youth, will continue to engage with fans. The addition of Hidden Woo serves as a key piece of the puzzle in reaching Gen Z. IPs such as Cimmy, SLLO, and diudiu baby, together with B.Duck, have formed a dual-engine approach of “classic + trendy”, covering the entire customer base from parents and children to young adults.

2. Fun and Trendy Creation: Retail Serving as a Must-visit Place for Fans

In 2026, B.Duck SEMK will officially launch the “Fun and Trendy Creation Project” and built a brand-new retail brand, “iPlayful”, which is a global platform for fun and trendy IP merchandise. This platform serves as a brand-new consumer-centric retail ecosystem driven by IP value instead of a traditional way of selling goods. Every store shall act as a must-visit place for fans, where fans can form a genuine bonding with their favorite IPs.

Brand experience stores are benchmarks for brand image, centers for immersive experiences, and hot spots for fans while pop-up stores are the primary venues for market testing, buzz marketing, and new product launches. Theme park stores act as platforms for immersive experiences, scenario-based integration, and traffic conversion. Through continuous operation and deep market engagement, we aim to build a strong brand presence and form a retail network that is extensive in coverage, diverse in format, and highly synergistic.

3. AI: An Amplifier for Creativity

B.Duck SEMK has established AI-driven business division in August 2023. For over two years since then, the Group has completed a four-stage evolution, progressing from model training to process automation, to AI Agent, and finally toward cross-departmental co-creation. AI is not here to replace creativity, but to unleash it.

Through continuous iteration, the proprietary AI model of B.Duck SEMK is able to accurately recreate the standard visual identity of B.Duck. This goes beyond simple AI-generated imagery by representing the digital preservation of brand assets. By profoundly empowering graphic design, product design, stock image creation, brand promotion, and social media outreach, AIGC reshapes the paradigm of content production and team collaboration. Designers are now turning from executor to planner. In the future, B.Duck SEMK will continue to optimize and promote the B.Duck AI application platform, enabling every licensee and partner to experience the productivity leap brought by AI.

4. Location-based Cultural Tourism: A Ubiquitous Touch of Joy

B.Duck SEMK is building a multi-dimensional integrated model comprising “small city parks + medium amusement parks + large cultural tourism attractions”. Small city parks serve as high-frequency brand touchpoints which offer a ubiquitous touch of joyful experiences. Medium amusement parks act as flagship projects that realize the deep integration of IP and cultural tourism, creating a replicable business model. Large cultural tourism attractions, anchored by the Huangguoshu B.Duck Colorful Rafting Park, serve as strategic vantage points to elevate the brand positioning. B.Duck SEMK is committed to turning every cultural tourism project into a local traffic engine and a landmark that transforms a “one-time visit” into “repeated visits.”

5. Globalization: Enabling Chinese IPs to Truly “Travel” the World

Going global is more than just “selling Chinese products overseas” and is about “integrating Chinese IPs into the world”. It is not about exporting but a dialogue to establish an emotional connection with local youth through local languages, local channels, and local contexts. Capitalizing China’s robust supply chain advantages, B.Duck SEMK have been selling their products through offline retail channels such as LoFt in Thailand and have established a presence on international e-commerce platforms including Lazada, TikTok, and Amazon. Meanwhile, the Group is establishing licensing partnerships with overseas brands to bring B.Duck into more international consumption settings. The success achieved in B.Duck Playful World City Funs Carnival in Bangkok, Thailand, has demonstrated the cross-cultural adaptability of the “IP + cultural tourism” model. In the future, B.Duck SEMK will replicate this model in more overseas cities, making B.Duck a joyful landmark for local youth.

The golden age of Chinese IPs has just begun. B.Duck SEMK is continuously expanding the width and depth of its business through a three-dimensional strategy of “IP licensing + merchandise retail + location-based cultural tourism” with an aim to create an IP-based ecological commercial portfolio.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares have been listed on the Stock Exchange since 17 January 2022. Based on the offer price of HK\$2.05 per Share, the net proceeds from the global offering, after deducting listing related expenses, amounted to approximately HK\$206.8 million (the “**Net Proceeds**”).

The Group utilised such Net Proceeds for the purposes set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at 31 December 2025, the Net Proceeds were fully utilised.

The table below sets out the planned application of the Net Proceeds:

Intended application of the Net Proceeds	Percentage of total Net Proceeds	Planned allocation <i>HK\$ in million</i>	Amount	Amount	Amount	Expected timeline for utilization of the remaining proceeds
			unutilized as at 1 January 2025 <i>HK\$ in million</i>	utilized during the year ended 31 December 2025 <i>HK\$ in million</i>	unutilized as at 31 December 2025 <i>HK\$ in million</i>	
Enhancing the Company’s brand image and awareness of its IP characters	25.8%	53.4	23.6	23.6	–	N/A
Establishing the Company’s “Fans Platform”	25.7%	53.2	7.1	7.1	–	N/A
Strengthening the Company’s new economy online sales channel	17.5%	36.2	11.0	11.0	–	N/A
Further enhancing the Company’s in-house design capabilities to offer creative and innovative solutions	11.8%	24.4	–	–	–	N/A
Repaying existing indebtedness to improve the Group’s gearing ratio	9.2%	19.0	–	–	–	N/A
General working capital	10%	20.6	–	–	–	N/A
Total	100.0%	206.8	41.7	41.7	–	

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including treasury shares (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"))) during FY2025. The Company did not hold any treasury shares (as defined in the Listing Rules) as of 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (the "**CG Code**"). During the year ended 31 December 2025, save for the deviation from code provisions C.2.1 and D.1.2 of the CG Code as disclosed below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code and the Directors will use their best endeavours to procure the Company to comply with the CG Code and make disclosure of deviation from the CG Code in accordance with the Listing Rules.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. Mr. Hui Ha Lam ("**Mr. Hui**") is the chairman of the Board and the chief executive officer of the Company. Considering that Mr. Hui has been operating and managing the Group since its foundation, the Board believes that it is in the best interest of the Group to have Mr. Hui taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

In respect of code provision D.1.2 of the CG Code, the Company did not provide all members of the Board with monthly updates. However, the Company has based on business situation, provided to the Board from time to time, updated business information to enable the Board as a whole and each Director to discharge their duties. The Company considers that such business information arising out of the ordinary business provided to the Board from time to time instead of monthly updates are sufficient for the Board to discharge its duties. In the event if there are any significant updates, the Company will update all the Directors as early as practicable for discussion and resolution.

FINAL DIVIDEND

The Board did not propose any final dividend for FY2025 (FY2024: Nil).

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on Friday, 29 May 2026 (“**AGM**”), the register of members of the Company will be closed from Friday, 22 May 2026 to Friday, 29 May 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date for determining the entitlement to attend and vote at the AGM is Friday, 29 May 2026. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21 May 2026.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the “**Audit Committee**”) on 15 December 2021 with written terms of reference in compliance with the Listing Rules and the CG Code. The Audit Committee comprises all independent non-executive Directors, namely Mr. Wu Di, Ms. Leung Ping Fun Anita and Prof. Chan Ka Yin Karen, *JP* with Mr. Wu Di being the chairman of the Audit Committee.

The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting process, risk management and internal control systems, review of the Group’s financial information and perform the Company’s corporate governance functions.

The Audit Committee has reviewed the consolidated results of the Group for FY2025 and is of the opinion that such consolidated results complied with the applicable accounting standards, the Listing Rules, other applicable legal requirements and that adequate disclosures have been made.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for FY2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for FY2025. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

APPRECIATION

The Company would like to express its sincere thanks to the valuable contribution from the management team of the Group. The Company would also like to express its gratitude to employees for their hard work in the execution of the Group's strategies and operations during the past years. The Company wish to thank all Shareholders, fans, suppliers, licensees and bankers for their continuous support and confidence.

On behalf of the Board
B.Duck Semk Holdings International Limited
Hui Ha Lam
Chairman of the Board and Executive Director

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises Mr. Hui Ha Lam as chairman of the Board and executive Director, Mr. Kwok Chun Kit, Mr. Sung Chi Keung and Mr. Lyu Xing yuan as executive Directors, Ms. Xu Wenya as non-executive Director and Ms. Leung Ping Fun Anita, Prof. Chan Ka Yin Karen, JP and Mr. Wu Di as independent non-executive Directors.

** For identification purposes only*