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Changhong Jiahua Holdings Limited

長虹佳華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3991)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS

The board of directors (the “Board”) of the Company is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	3	43,826,238	39,986,349
Cost of sales		(42,427,060)	(38,603,498)
Gross profit		1,399,178	1,382,851
Other income	4	83,890	76,648
Distribution and selling expenses		(518,969)	(498,713)
Research and development expenses		(30,200)	(26,507)
Administrative expenses		(186,862)	(202,094)
Finance costs	6	(178,796)	(261,659)
Impairment loss under expected credit loss model, net of reversal		(70,878)	(33,149)
Exchange loss, net		(19,973)	(21,941)

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit before tax		477,390	415,436
Income tax expenses	7	<u>(76,533)</u>	<u>(36,170)</u>
Profit for the year attributable to the owners of the Company	8	<u>400,857</u>	<u>379,266</u>
Other comprehensive income (expense) <i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising from translation of consolidated financial statements to presentation currency		<u>104,660</u>	<u>(84,130)</u>
Total comprehensive income for the year		<u>505,517</u>	<u>295,136</u>
Earnings per share	9		
Basic and diluted (<i>HK cents</i>)		<u>15.59</u>	<u>14.75</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		4,873	2,934
Investment properties		428	430
Intangible assets		28,379	25,601
Right-of-use assets		16,715	25,494
Financial assets at fair value through profit or loss		31,682	34,989
Deferred tax assets		57,246	43,357
		139,323	132,805
Current assets			
Inventories		6,828,616	5,582,487
Trade receivables	10	3,989,195	4,460,739
Bills receivables at fair value through other comprehensive income		270,072	174,219
Prepayments, deposits and other receivables		412,927	391,364
Amounts due from related companies		34,524	34,699
Refundable trade deposits		1,194,955	1,128,433
Pledged bank deposits		4,155,611	5,602,464
Cash and cash equivalents		415,399	561,776
		17,301,299	17,936,181
Current liabilities			
Trade and bills payables	11	4,719,686	5,194,413
Bills payables under supplier chain financing	11	5,524,745	5,865,134
Other payables		487,362	474,401
Tax payables		25,974	17,510
Borrowings		2,411,242	2,723,459
Amounts due to related companies		3,622	24,063
Contract liabilities		894,701	765,228
Lease liabilities		11,457	12,130
		14,078,789	15,076,338
Net current assets		3,222,510	2,859,843
Total assets less current liabilities		3,361,833	2,992,648

	2025	2024
<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	<u>5,687</u>	<u>13,493</u>
Net assets	<u><u>3,356,146</u></u>	<u><u>2,979,155</u></u>
Capital and reserves		
Share capital	36,366	36,366
Convertible preference shares	27,897	27,897
Reserves	<u>3,291,883</u>	<u>2,914,892</u>
Total equity	<u><u>3,356,146</u></u>	<u><u>2,979,155</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Changhong Jiahua Holdings Limited (the “Company”) was incorporated in Bermuda with limited liability.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Unit 1412, 14/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively “the Group”) are the provision of professional integrated information technology (“ICT”) solutions and services and distribution of consumer digital products.

The functional currency of the Company is Renminbi (“RMB”) and the consolidated financial statements are presented in Hong Kong dollars (“HK\$”). As the Company is a public company with its shares listed on the Stock Exchange with most of its investors located in Hong Kong, the directors of the Company consider that HK\$ is preferable in presenting the operating result and financial position of the Group.

Sichuan Changhong Electric Co., Limited (“Sichuan Changhong”), a company incorporated in the PRC with its shares listed on the Shanghai Stock Exchange, has obtained the control over the board of directors of the Company since 2012. Sichuan Changhong Electronics Holding Group Co., Ltd., (“Sichuan Changhong Holding”, a company established in the PRC and 90% owned by the State-owned Assets Supervision and Administration Commission of the Mianyang city government) is the single largest shareholder of Sichuan Changhong, which held approximately 23.22% of the entire issued share capital of Sichuan Changhong and has de facto control over the composition of the majority of the board of Sichuan Changhong. In the opinion of the directors of the Company, Sichuan Changhong Holding, Sichuan Changhong, Changhong (Hong Kong) Trading Limited and Fit Generation Holding Limited (“Fit Generation”) remain as a group of controlling shareholders as at 31 December 2025. The Company’s immediate holding company is Fit Generation, a private company incorporated in the British Virgin Islands.

2. APPLICATION OF AMENDMENTS TO A HKFRS ACCOUNTING STANDARD

In the current year, the Group has applied, for the first time, the following amendments to a HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025:

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

New and amendments to HKFRS Accounting Standards issued 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:

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

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

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

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

HKFRS 18 — Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2025			
	ICT consumer products HK\$'000	ICT corporate products HK\$'000	Others HK\$'000	Total HK\$'000
Type of goods or service				
Sales of Information and Communication Technology (“ICT”) products	18,749,348	14,737,080	51,566	33,537,994
Sales of smartphone and own brand products	–	–	8,770,433	8,770,433
Sales of warranty packages and professional integrated ICT solutions	69,885	1,367,690	16,860	1,454,435
Provision of ICT services	–	–	63,376	63,376
	<u>18,819,233</u>	<u>16,104,770</u>	<u>8,902,235</u>	<u>43,826,238</u>
Timing of revenue recognition				
A point of time	18,819,233	16,104,770	8,838,859	43,762,862
Overtime	–	–	63,376	63,376
	<u>18,819,233</u>	<u>16,104,770</u>	<u>8,902,235</u>	<u>43,826,238</u>
	For the year ended 31 December 2024			
	ICT consumer products HK\$'000	ICT corporate products HK\$'000	Others HK\$'000	Total HK\$'000
Type of goods or service				
Sales of Information and Communication Technology (“ICT”) products	17,836,456	13,167,140	59,356	31,062,952
Sales of smartphone and own brand products	–	–	7,815,894	7,815,894
Sales of warranty packages and professional integrated ICT solutions	24,435	999,037	63,559	1,087,031
Provision of ICT services	–	–	20,472	20,472
	<u>17,860,891</u>	<u>14,166,177</u>	<u>7,959,281</u>	<u>39,986,349</u>
Timing of revenue recognition				
A point of time	17,860,891	14,166,177	7,938,809	39,965,877
Overtime	–	–	20,472	20,472
	<u>17,860,891</u>	<u>14,166,177</u>	<u>7,959,281</u>	<u>39,986,349</u>

(ii) Performance obligations for contracts with customers and revenue recognition policies

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal for sales of products, warranty packages and professional integrated ICT solutions.

For sales of products to distributors, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the distributors' specific location (delivery). Following delivery, the distributor has full discretion over the manner of distribution and price to sell the goods, the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. For sales of warranty packages and professional integrated ICT solutions, control is transferred when the customers have the right to use or sell these products.

For sales of products that contain variable consideration (e.g. sales returns or volume rebates), the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

The ICT services are recognised overtime and considered to be distinct services as it is supplied by the Group to customers on a stand-alone basis or is available for customers from other providers in the market.

(iii) Transaction price allocated to the remaining performance obligations for contracts with customers

All sales of goods and provision of services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	56,894	54,531
Government grants	26,672	20,471
Others	324	1,646
	<u>83,890</u>	<u>76,648</u>

5. SEGMENT INFORMATION

Information reported to the executive directors or the management of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

1. ICT Consumer Products — distribution of ICT consumer products which include mainly personal computers, digital products and IT accessories.
2. ICT Corporate Products — distribution of ICT corporate products which include mainly storage products, minicomputers, networking products, personal computer servers, intelligent building management system products and unified communications and contact centre products.
3. Others — distribution of smartphones and its own brand products including but not limited to intelligent terminals, sales of warranty packages and professional integrated ICT solutions and provision of ICT services.

Segment profit represents the profit earned by each segment without allocation of other income, research and development expenses, finance costs, exchange loss, net as well as unallocated head office and corporate administrative expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets do not include plant and equipment, investment properties, intangible assets, right-of-use assets, prepayments, deposits and other receivables, pledged bank deposits, cash and cash equivalents, financial assets at fair value through profit or loss (“FVTPL”) and deferred tax assets. Segment liabilities do not include other payables, tax payables, lease liabilities, amounts due to related companies and borrowings.

The following is an analysis of the Group's revenue and results, as well as assets and liabilities by reportable and operating segment:

For the year ended 31 December 2025

	ICT consumer products HK\$'000	ICT corporate products HK\$'000	Others HK\$'000	Total HK\$'000
Revenue				
External sales	<u>18,819,233</u>	<u>16,104,770</u>	<u>8,902,235</u>	<u>43,826,238</u>
Segment profit	<u>280,609</u>	<u>424,331</u>	<u>104,391</u>	809,331
Other income				83,890
Research and development expenses				(30,200)
Administrative expenses				(186,862)
Exchange loss, net				(19,973)
Finance costs				<u>(178,796)</u>
Profit before tax				<u>477,390</u>
Segment assets	<u>4,817,762</u>	<u>6,162,331</u>	<u>1,337,269</u>	12,317,362
Unallocated assets:				
Pledged bank deposits				4,155,611
Cash and cash equivalents				415,399
Prepayments, deposits and other receivables				412,927
Plant and equipment				4,873
Right-of-use assets				16,715
Investment properties				428
Intangible assets				28,379
Financial assets at FVTPL				31,682
Deferred tax assets				<u>57,246</u>
Total consolidated assets				<u>17,440,622</u>
Segment liabilities	<u>1,981,471</u>	<u>7,372,114</u>	<u>1,785,547</u>	11,139,132
Unallocated liabilities:				
Other payables				487,362
Amounts due to related companies				3,622
Tax payables				25,974
Borrowings				2,411,242
Lease liabilities — non-current				5,687
Lease liabilities — current				<u>11,457</u>
Total consolidated liabilities				<u>14,084,476</u>

For the year ended 31 December 2024

	ICT consumer products <i>HK\$'000</i>	ICT corporate products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	<u>17,860,891</u>	<u>14,166,177</u>	<u>7,959,281</u>	<u>39,986,349</u>
Segment profit	<u>288,853</u>	<u>472,966</u>	<u>89,170</u>	850,989
Other income				76,648
Research and development expenses				(26,507)
Administrative expenses				(202,094)
Exchange loss, net				(21,941)
Finance costs				<u>(261,659)</u>
Profit before tax				<u>415,436</u>
Segment assets	<u>3,846,958</u>	<u>5,774,097</u>	<u>1,759,522</u>	11,380,577
Unallocated assets:				
Pledged bank deposits				5,602,464
Cash and cash equivalents				561,776
Prepayments, deposits and other receivables				391,364
Plant and equipment				2,934
Right-of-use assets				25,494
Investment properties				430
Intangible assets				25,601
Financial assets at FVTPL				34,989
Deferred tax assets				<u>43,357</u>
Total consolidated assets				<u>18,068,986</u>
Segment liabilities	<u>1,727,308</u>	<u>9,224,863</u>	<u>872,604</u>	11,824,775
Unallocated liabilities:				
Other payables				474,401
Amounts due to related companies				24,063
Tax payables				17,510
Borrowings				2,723,459
Lease liabilities — non-current				13,493
Lease liabilities — current				<u>12,130</u>
Total consolidated liabilities				<u>15,089,831</u>

For the year ended 31 December 2025

	ICT consumer products <i>HK\$'000</i>	ICT corporate products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets:					
Impairment loss recognised under expected credit loss model, net of reversal	17,602	53,058	218	–	70,878
Allowance for (reversal of allowance for) inventories, net	1,595	(2,132)	2,238	–	1,701
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:					
Research and development expenses	–	–	–	30,200	30,200
Addition to non-current assets	–	–	–	15,978	15,978
Depreciation	–	–	–	13,910	13,910
Amortisation	–	–	–	6,204	6,204
Bank interest income	–	–	–	(56,894)	(56,894)
Finance costs	–	–	–	178,796	178,796
Income tax expenses	–	–	–	76,533	76,533

For the year ended 31 December 2024

	ICT consumer products <i>HK\$'000</i>	ICT corporate products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets:					
Impairment loss recognised (reversed) under expected credit loss model, net of reversal	15,528	32,448	(14,827)	–	33,149
Allowance for (reversal of allowance for) inventories, net	969	(15,627)	218	–	(14,440)
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:					
Research and development expenses	–	–	–	26,507	26,507
Addition to non-current assets	–	–	–	38,604	38,604
Depreciation	–	–	–	13,956	13,956
Amortisation	–	–	–	4,925	4,925
Bank interest income	–	–	–	(54,531)	(54,531)
Finance costs	–	–	–	261,659	261,659
Income tax expenses	–	–	–	36,170	36,170

Geographical information

The following table provides an analysis of the Group's sales by geographical market, based on the location of the operations:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Chinese Mainland	43,366,562	39,204,925
Other regions	459,676	781,424
	<u>43,826,238</u>	<u>39,986,349</u>

The following is an analysis of the carrying amount of non-current assets* analysed by the geographical area which the assets are located:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other regions	4	4
Chinese Mainland	50,391	54,455
	<u>50,395</u>	<u>54,459</u>

* Non-current assets excluded financial instruments and deferred tax assets.

None of the Group's customers contributed over 10% of the total revenue of the Group for both years.

6. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on:		
Bank borrowings	61,372	82,718
Discounted bills receivables and supplier chain financing arrangements	107,342	167,676
Guarantee fee	9,114	10,402
Lease liabilities	968	863
	<u>178,796</u>	<u>261,659</u>

7. INCOME TAX EXPENSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax:		
The PRC Enterprise Income Tax (“EIT”)		
— Provision for the year	87,466	69,155
— Under(over)provision in prior years	1,590	(13,366)
Hong Kong Profits Tax		
— Provision for the year	<u>113</u>	<u>2,714</u>
	89,169	58,503
Deferred taxation	<u>(12,636)</u>	<u>(22,333)</u>
	<u><u>76,533</u></u>	<u><u>36,170</u></u>

Pursuant to the rules and regulations of the Bermuda, the Company is not subject to any income tax in the Bermuda.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, except as disclosed below, the tax rates of the subsidiaries in PRC are 25% for both years.

Changhong IT Information Products Co., Ltd. (“CHIT”), Changhong IT Digital Technology Co., Ltd. (“Changhong IT Digital”), Sichuan Changhong IT Duolayouhuo E-commerce Co., Ltd. and Sichuan Changhong Information Service Co., Ltd., operating in the PRC, have been qualified as the “Encouraged Enterprises” under “The Catalogue of Encouraged Industries in Western Regions” (the “Catalogue”), as their main business is one of the encouraged business in the Catalogue and the revenue from their main business accounts for more than the required percentage of their total revenue, and enjoyed the reduced preferential EIT rate of 15%. Accordingly, the profits derived by the aforesaid subsidiaries are subject to 15% EIT rate.

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Depreciation of plant and equipment	1,217	1,754
Depreciation of right-of-use assets	12,693	12,202
Amortisation of intangible assets	6,204	4,925
Auditor's remuneration	1,685	1,685
Directors' emoluments	26,846	21,155
Cost of inventories recognised as an expense	42,427,060	38,603,498
Staff costs, (including directors' emoluments)		
— Salaries and related staff costs	364,877	376,719
— Retirement benefit scheme contributions	85,274	87,927
	<u>450,151</u>	<u>464,646</u>
Allowance for/(reversal of allowance for) inventories, net (included in costs of sales)	1,701	(14,440)
Impairment loss under expected credit loss model, net of reversal		
— Trade receivables	68,687	29,058
— Other receivables	2,191	4,091
	<u>70,878</u>	<u>33,149</u>
Research and development expenses (<i>note</i>)	<u>30,200</u>	<u>26,507</u>

Note: Included in the research and development expenses, approximately HK\$20,354,000 (2024: HK\$19,585,000) are related to staff costs.

9. EARNINGS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	400,857	379,266
Less: Earnings attributable to convertible preference shares	<u>(174,013)</u>	<u>(164,640)</u>
Earnings for the purpose of basic earnings per share	226,844	214,626
Add: Earnings attributable to convertible preference shares	<u>174,013</u>	<u>164,640</u>
Earnings for the purpose of diluted earnings per share	<u><u>400,857</u></u>	<u><u>379,266</u></u>
	2025 <i>'000</i>	2024 <i>'000</i>
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	1,454,652	1,454,652
Number of convertible preference shares for the purpose of diluted earnings per share	<u>1,115,868</u>	<u>1,115,868</u>
Number of shares for the purpose of diluted earnings per share	<u><u>2,570,520</u></u>	<u><u>2,570,520</u></u>

10. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	4,225,560	4,630,765
Less: Allowance for credit losses	<u>(236,365)</u>	<u>(170,026)</u>
	<u><u>3,989,195</u></u>	<u><u>4,460,739</u></u>

As at 1 January 2024, trade receivable from contracts with customers amounted to HK\$4,863,658,000.

The following is the ageing analysis of trade receivables, net of allowance for credit losses, based on the invoice dates at the end of the reporting period with approximately the respective revenue recognition dates:

	2025	2024
	HK\$'000	HK\$'000
Within 30 days	453,207	1,111,255
31–60 days	677,551	775,144
61–90 days	311,537	417,505
91–180 days	669,583	601,759
181–365 days	753,829	512,339
Over 1 year	1,123,488	1,042,737
	<u>3,989,195</u>	<u>4,460,739</u>

The Group allows a credit period ranging from 0–180 days (2024: 0–180 days) to its third party trade customers. As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$1,901,867,000 (2024: HK\$1,728,343,000) which are past due as at the reporting date. Out of the past due balances, HK\$1,357,425,000 (2024: HK\$1,261,932,000) has been past due 90 days or more and is not considered as in default as the Group continues to maintain businesses relationship and there are stable repayment from debtors and the amounts are still considered recoverable.

As at 31 December 2025 and 2024, certain trade receivables are pledged with collaterals which represent properties located in the PRC. There has not been any significant changes in the quality of the collateral held for the trade receivables.

11. TRADE AND BILLS PAYABLES/BILLS PAYABLES UNDER SUPPLIER CHAIN FINANCING

	2025	2024
	HK\$'000	HK\$'000
Trade and bills payables	4,719,686	5,194,413
Bills payables under supplier chain financing	5,524,745	5,865,134
	<u>10,244,431</u>	<u>11,059,547</u>

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2025	2024
	HK\$'000	HK\$'000
Within 30 days	1,087,508	520,984
31–60 days	421,795	428,416
61–90 days	54,358	100,414
91–180 days	125,408	142,300
181–365 days	177,086	113,739
Over 1 year	144,405	84,330
	<u>2,010,560</u>	<u>1,390,183</u>

The credit period on purchase of goods is ranging from 30 to 120 days (2024: 30 to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12. DIVIDENDS

	2025	2024
	HK\$'000	HK\$'000
Dividends recognised as distribution during the year:		
2024 Final dividend — HK5 cents		
(2024: 2023 Final dividend HK5 cents) per share	<u>128,526</u>	<u>128,526</u>

The directors did not recommend paying any final dividend (2024 Final: HK5 cents) in respect of the year ended 31 December 2025.

CHAIRMAN’S STATEMENT

Dear Shareholders,

In 2025, the global economy experienced moderate recovery with inflation pressure mitigated and trading demand increased, yet the lingering issues of geopolitical tension and restructuring of supply chain remained unsolved. The Group actively coped with the adverse impacts caused by the market environment, enabling healthy and sustainable development of the overall business.

BUSINESS REVIEW

In 2025, while global economic growth generally slowed down, escalating geopolitical conflicts and rising trade protectionism continued to disrupt industrial and supply chains globally. In the face of a complex and challenging domestic and international landscape, the Chinese economy forged ahead against headwinds, maintaining overall stable performance while making steady progress, demonstrating strong resilience and vitality. In 2025, the Group actively responded to the adverse market environment, steadfastly implemented its business policy of “creating ecological value and being a partner for high-quality growth”, and made every effort to build diverse and professional smart distribution service capabilities to promote business transformation and upgrading. Seizing new opportunities presented by AI technology, the Group actively pursued development opportunities, accelerated the layout of its ecosystem, and leveraged innovation to create ecological value.

In 2025, the Group recorded an income of about HK\$43,826.24 million, up by 9.6% over the same period of 2024; gross margin in 2025 was 3.19%, down by about 0.27 percentage point from the same period of 2024, mainly due to the increased intensity in market competition. The profit attributable to the shareholders of the Company (the “Shareholders”) in 2025 was approximately HK\$400.86 million, up by about 5.69% over the same period of 2024 and the basic earnings per share was HK15.59 cents, up by HK0.84 cents from HK14.75 cents in the same period of 2024.

The Group continued to strengthen its fundamental management, consistently enhancing the construction of its digital intelligence system and optimizing its business process transformations. Leveraging advanced technologies such as artificial intelligence and big data, it built an intelligent business framework to improve operational quality and efficiency, empower business innovation, and efficiently and precisely meet the personalized and customized needs of ecological partners, thereby comprehensively enhancing its smart distribution service capabilities. The Group continued to reinforce risk management, adhering to strict inventory management, credit management, and accounts receivable management, while rationally allocation of funds and accelerating capital turnover to ensure the safety and efficiency of working capital. The Group also consistently strengthened cost control. Distribution and selling expenses increased compared with the same period last year, primarily due to a rise in e-commerce operational costs; administrative expenses decreased compared with the same period last year, primarily due to the refund of litigation fees paid in the previous year following a successful lawsuit; and finance costs decreased compared with the same period last year due to a decrease in interest expenses.

As at 31 December 2025, the turnover and profits of the three operating segments of the Company were analyzed as follows (RMB exchange rate fluctuations may affect the number/percentage of segments):

ICT consumer product distribution business: Due to the close cooperation with core manufacturers, this business segment seized the opportunities of AI product iteration and the national policies to boost consumption to actively develop superior products, strengthen its penetration to lower-tier channels, enhance online store operations, deepen integrated online-offline retail models, and enable the PC business to maintain leading market share. With big data and AI technologies as its core driving force, this segment continued to improve its comprehensive digital intelligence service platform, enabling high-efficient connection with industry ecology and deriving new business opportunities. The business's turnover increased by 5.37% to HK\$18,819.23 million compared with the same period last year, while its profit decreased by 2.85% to HK\$280.61 million.

ICT corporate product distribution business: This segment seized the market opportunities arising from the explosive growth in AI field to increase its investment in technologies and continue to build cloud ecological service platform and integrated solutions platform, and expand and facilitate deeper cooperation with brands in the areas including application deployment on big AI models, next-generation intelligent computing center, cloud services, etc., aiming to provide customers with high quality digital products, application solutions and differentiated technical services, and continue to increase business value. The segment continued to strategically explore and deepen its efforts in key areas such as cloud ecosystems, the low-altitude economy, the metaverse and digital marketing to create new models and to foster new growth drivers. The business's turnover increased by 13.68% to HK\$16,104.77 million compared with the same period last year, while its profit decreased by 10.28% to HK\$424.33 million due to fierce market competition.

Other businesses: As a result of increase by the sales of smartphones, the business segment's turnover increased by 11.85% to HK\$8,902.24 million compared with the same period last year, while its profit increased by 17.07% to HK\$104.39 million.

OUTLOOK

Looking ahead to 2026, geopolitical conflicts and trade tensions are expected to persist, posing downward risks to the global economy and trade. In 2026, the Chinese economy will adhere to the principles of pursuing progress while ensuring stability and improving quality and efficiency, implementing proactive fiscal policies and moderately loose monetary policies. Efforts will be focused on expanding domestic demand, boosting consumption and investment, and vigorously developing new quality productive forces, driving high-quality economic development by pursuing innovation and excellence. The rapid advancement of technologies such as artificial intelligence, big data, and cloud computing is driving the global economy's digital transformation. China's 15th Five-Year Plan explicitly calls for accelerating technological innovation in digital intelligence, including artificial intelligence, and fully implementing the "AI+" action to empower all industries and sectors comprehensively. In 2026, by adopting the business policy of "Building a friendly ecosystem together, creating ecological value, and achieving win-win high-quality growth" and relying on technology services, the Group will deepen its digital intelligence service capabilities, break through traditional ecological boundaries, and collaborate with partners to build a friendly and mutually trusting ecosystem. Together, we will create ecological value, explore new opportunities, and forge a future of win-win, high-quality growth, and deliver greater contributions to Shareholders.

On 22 September 2025, HONGTU INVESTMENT CO., LIMITED (the "Offeror", a wholly-owned subsidiary of Changhong Group, which in turn is a controlling shareholder of the Company) and the Company entered into the Implementation Agreement and published a joint announcement in relation to the pre-conditional proposal for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda and the withdrawal of the listing of the ordinary shares of the Company on the Stock Exchange. For details and progress, please refer to the announcements of the Company dated 22 September 2025, 3 October 2025, 13 October 2025, 13 November 2025, 12 December 2025, 24 December 2025, and 24 January 2026, 24 February 2026 and 24 March 2026, respectively.

ZHU Jianqiu

Chairman

31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2025 was approximately HK\$43,826.24 million (2024: HK\$39,986.35 million), representing an increase of 9.60% as compared with the previous year.
- Profit for the year ended 31 December 2025 was approximately HK\$400.86 million (2024: HK\$379.27 million), representing an increase of 5.69% as compared with the previous year.
- Total comprehensive income for the year ended 31 December 2025 was approximately HK\$505.52 million (2024: HK\$295.14 million). This increase was mainly attributable to the fluctuations in the Renminbi exchange rate.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2025, the Group's financial and liquidity positions remained healthy and stable. As at 31 December 2025, the aggregate outstanding bank borrowings of the Group were approximately HK\$2,411.24 million (2024: HK\$2,723.46 million), which were interest bearing. The decrease in the Group's bank borrowings was due to the decrease in demand for payment as compared with the corresponding period of last year. The Group's cash and bank balances amounted to approximately HK\$4,571.01 million (2024: HK\$6,164.24 million), together with trade and bills receivables amounting to approximately HK\$4,259.27 million (2024: HK\$4,634.96 million). For the year ended 31 December 2025, the Group's net current assets amounted to approximately HK\$3,222.51 million (2024: HK\$2,859.84 million) and the Group did not have any charges on its fixed assets (2024: Nil). The net gearing ratio (total net debt/ total Shareholders' equity) of the Group as at 31 December 2025 was 4.20 times (2024: 5.07 times). The management of the Group is confident that with proper funding arrangements, the Group's financial resources are sufficient to finance its daily operations.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets and liabilities and transactions are principally denominated in Renminbi, Hong Kong dollars and United States dollars. As the fluctuation range of Renminbi exchange rate spread is relatively small and the exchange rate between Hong Kong dollars and United States dollars is pegged, the Group believes its exposure to exchange risk is minimal. The Group will continue to monitor the situation and assess whether any hedging arrangement is necessary.

As at 31 December 2025, the Group did not have any foreign currency investments which have been hedged by currency borrowings and other hedging instruments.

TREASURY POLICY

Cash and bank deposits of the Group are mainly denominated in Renminbi, Hong Kong dollars and United States dollars. The Group conducts its core business transaction mainly in Renminbi, Hong Kong dollars and United States dollars. The Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure insignificant.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2025, the total number of the Group's staff was 1,340 (2024: 1,423 staff). For the year ended 31 December 2025, total staff costs (including Directors) amounted to approximately HK\$450.15 million (2024: HK\$464.65 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The remuneration of executive Directors is determined based on the Company's financial position in a fixed sum; whereas the remuneration of independent non-executive Directors is determined with reference to the prevailing market conditions and the workload. The Group provides retirement benefit for its employees in Hong Kong in the form of mandatory provident fund, and pays social pension insurance and housing provident fund for its employees in China in accordance with the local laws and regulations.

During the year ended 31 December 2025, there were no outstanding share options adopted by the Company granted or exercised.

The Group did not experience any significant labour disputes or substantial changes in the number of its employees that led to any disruption of normal business operations. The Directors consider that the Group has developed good relationships with its employees.

CAPITAL STRUCTURE

The Group manages its capital structure to ensure optimal structure and Shareholder returns, and uses its capital to promote its business development, ultimately increasing revenue and margins in the Information and Communication Technology ("ICT") distribution and Services business. Further capital may be used to increase its business diversification.

Capital of the Group comprises all components of equity, cash and bank balances and loans from major Shareholders or related companies.

Loans from major Shareholders or related companies are mainly for the purpose of supporting the daily operations of the Group.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

The Group will continue to devote itself to the ICT distribution business and ICT comprehensive service while exploring new business opportunities that would enhance its businesses. No concrete plan for future investments is in place as at the date of this announcement.

CONTINGENT LIABILITIES

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

EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

There were no significant events occurred that might affect the Group after 31 December 2025.

FINAL DIVIDEND

The Board did not recommend paying any dividends this year. (2024: HK\$0.05 per Share)

The declared final dividend for the year ended 31 December 2024 of HK\$128,526,000 in total (HK\$0.05 per Share) was paid on 20 June 2025.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) is scheduled to be held on Friday, 26 June 2026. The Company’s register of members will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, for the purpose of determining the entitlements of the Shareholders to attend and vote at the AGM. During this period, no transfer of Shares will be registered. The record date for determining the Shareholders entitled to attend and vote at the AGM will be Friday, 26 June 2026. In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 22 June 2026.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTING SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sales of treasury shares (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), if any).

As at 31 December 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the corporate governance code (the "CG Code") as set out in Appendix C1 to the Listing Rules which sets out corporate governance principles and code provisions (the "Code Provisions"). Throughout the year ended 31 December 2025, the Company has complied with all the Code Provisions as set out under the CG Code, except the following deviation:

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. As Mr. Zhu Jianqiu serves as both the chairman of the Board and the president with effect from 8 April 2021, such practice deviates from Code Provision C.2.1 of the CG Code. Although the roles of chairman of the Board and president are performed by the same individual, all material decisions have been made in consultation with members of the Board as well as senior management. The Board has three independent non-executive Directors who offer different independent perspectives. Therefore, the Board is of the view that there is adequate balance of power and safeguards in place.

STANDARD OF DEALINGS AND CODE OF CONDUCT FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' dealings in securities of the Company (the "Code of Conduct"). Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards as set out in the Code of Conduct throughout the year ended 31 December 2025.

REVIEW OF ANNUAL RESULTS

The annual results for the year ended 31 December 2025 have been reviewed and agreed by the audit committee of the Company.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND 2025 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.changhongit.com). The 2025 annual report will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in April 2026.

By order of the Board
Changhong Jiahua Holdings Limited
Zhu Jianqiu
Chairman and Executive Director

Hong Kong, 31 March 2026

As at the date of this announcement, the executive Directors are Mr. Zhu Jianqiu, Mr. Zhao Qilin, Ms. Mao Haiyun, Mr. Ma Ban, Ms. Su Huiqing and Mr. Zhou Jiachao, and the independent non-executive Directors are Mr. Jonathan Chan Ming Sun, Mr. Gao Xudong and Mr. Meng Qingbin.