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SKY LIGHT HOLDINGS LIMITED

天彩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3882)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS			
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	CHANGE
CONTINUING OPERATIONS			
REVENUE	288,918	296,408	(2.5%)
COST OF SALES	(228,944)	(237,208)	(3.5%)
GROSS PROFIT	59,974	59,200	1.3%
GROSS PROFIT MARGIN (%)	20.8%	20.0%	0.8 p.p.t.
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(48,001)	(67,450)	(28.8%)
DISCONTINUED OPERATIONS			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	–	(19,144)	(100.0%)
LOSS FOR THE YEAR	(48,001)	(86,594)	(44.6%)
Attributable to:			
OWNERS OF THE COMPANY	(39,159)	(65,996)	(40.7%)
NON-CONTROLLING INTERESTS (“NCI”)	(8,842)	(20,598)	(57.1%)
	(48,001)	(86,594)	(44.6%)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY BASIC AND DILUTED	HK(3.9) cents	HK(6.5) cents	(40.0%)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (“**Directors**”) of Sky Light Holdings Limited (the “**Company**”) announces the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (“**FY2025**”), together with the comparative figures for the year ended 31 December 2024 (“**FY2024**”). These consolidated financial results for FY2025 have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
CONTINUING OPERATIONS			
REVENUE	5	288,918	296,408
Cost of sales		<u>(228,944)</u>	<u>(237,208)</u>
Gross profit		59,974	59,200
Other income and (loss)/gains, net	5	(1,637)	7,188
Selling and distribution expenses		(18,780)	(21,997)
Administrative expenses		(41,395)	(47,089)
Research and development expenses		(23,041)	(30,446)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets		(6,447)	(3,248)
Other expenses		(8,851)	(9,480)
Share of loss of an associate		–	(221)
Loss on disposal of subsidiaries, net		–	(18,837)
Finance costs	7	<u>(7,824)</u>	<u>(2,519)</u>
LOSS BEFORE TAX	6	(48,001)	(67,449)
Income tax expense	8	<u>–</u>	<u>(1)</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		<u>(48,001)</u>	<u>(67,450)</u>
DISCONTINUED OPERATIONS			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	9	<u>–</u>	<u>(19,144)</u>
LOSS FOR THE YEAR		<u>(48,001)</u>	<u>(86,594)</u>

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Attributable to:			
Owners of the Company		(39,159)	(65,996)
Non-controlling interests		(8,842)	(20,598)
		<u>(48,001)</u>	<u>(86,594)</u>
Attributable to:			
Owners of the Company			
– from continuing operations		(39,159)	(55,957)
– from discontinued operations		–	(10,039)
		<u>(39,159)</u>	<u>(65,996)</u>
Non-controlling interests			
– from continuing operations		(8,842)	(11,493)
– from discontinued operations		–	(9,105)
		<u>(8,842)</u>	<u>(20,598)</u>

LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic	<i>11</i>		
– from continuing and discontinued operations		HK(3.9) cents	HK(6.5) cents
– from continuing operations		HK(3.9) cents	HK(5.5) cents
		<u>HK(3.9) cents</u>	<u>HK(5.5) cents</u>
Diluted	<i>11</i>		
– from continuing and discontinued operations		HK(3.9) cents	HK(6.5) cents
– from continuing operations		HK(3.9) cents	HK(5.5) cents
		<u>HK(3.9) cents</u>	<u>HK(5.5) cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(48,001)</u>	<u>(86,594)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Exchange differences on translation of foreign operations	3,696	(3,760)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods: Changes in fair value of equity investment designated at fair value through other comprehensive income	<u>1,014</u>	<u>(3,515)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	<u>4,710</u>	<u>(7,275)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	<u>(43,291)</u>	<u>(93,869)</u>
Attributable to:		
Owners of the Company	(34,772)	(71,305)
Non-controlling interests	<u>(8,519)</u>	<u>(22,564)</u>
	<u>(43,291)</u>	<u>(93,869)</u>
Attributable to:		
Owners of the Company		
– from continuing operations	(34,772)	(61,060)
– from discontinued operations	<u>–</u>	<u>(10,245)</u>
	<u>(34,772)</u>	<u>(71,305)</u>
Non-controlling interests		
– from continuing operations	(8,519)	(13,385)
– from discontinued operations	<u>–</u>	<u>(9,179)</u>
	<u>(8,519)</u>	<u>(22,564)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	Note	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		26,916	11,236
Intangible assets		922	2,024
Right-of-use assets	12	23,232	15,250
Investments in associates		–	2,293
Equity investment designated at fair value through other comprehensive income (“FVTOCI”)		7,603	6,589
Total non-current assets		58,673	37,392
CURRENT ASSETS			
Inventories	13	76,234	79,847
Trade and factoring receivables	14	52,405	70,012
Financial assets at fair value through profit or loss (“FVTPL”)		5,502	5,382
Prepayments and other receivables		24,510	22,118
Restricted and pledged bank deposits		2,724	2,717
Cash and cash equivalents		61,478	38,450
Total current assets		222,853	218,526
CURRENT LIABILITIES			
Interest-bearing bank borrowings	15	43,020	25,759
Trade payables	16	69,782	68,028
Other payables and accruals		75,827	87,225
Lease liabilities		12,055	8,119
Total current liabilities		200,684	189,131

	2025	2024
	HK\$'000	HK\$'000
NET CURRENT ASSETS	22,169	29,395
TOTAL ASSETS LESS CURRENT LIABILITIES	80,842	66,787
NON-CURRENT LIABILITIES		
Deferred tax liabilities	–	–
Lease liabilities	17,225	9,299
Convertible bonds	40,950	–
Total non-current liabilities	58,175	9,299
Net assets	22,667	57,488
EQUITY		
Equity attributable to owners of the Company		
Share capital	10,086	10,086
Reserves	567	82,454
	10,653	92,540
Non-controlling interests	12,014	(35,052)
Total equity	22,667	57,488

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sky Light Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 18 December 2013. The Company’s registered office address is P.O. Box 31119 Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 2 July 2015.

The Company is an investment holding company. The principal activities of its subsidiaries mainly include the manufacture and sales of camera products and related accessories and operation of on-demand delivery systems services.

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

In the opinion of the directors of the Company, the ultimate holding company of the Company is Fortune Six Investment Ltd., a company incorporated in the British Virgin Islands, and Mr. Tang Wing Fong, Terry is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with the disclosure requirements by the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

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

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

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 19	Amendments to Subsidiaries without Public Accountability: Disclosures ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all above new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

4. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2025, the Group commenced the operation of on-demand delivery system services business.

The Group focuses primarily on the manufacture and distribution of home surveillance cameras, digital imaging products, other electronic products and provision of on-demand delivery system services during the year.

During the year ended 31 December 2024, the AI Vending Machines Business was disposed and classified as discontinued operations. Details of discontinued operations are set out in note 9.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers for the purposes of resource allocation and assessment of performance, contained profit or loss information of each product line and the Directors reviewed the financial results of the Group as a whole. During the reporting year, the operations of the Group constitute two reportable segments: Manufacture and sales of camera products and related accessories business and operation of on-demand delivery system services business.

The CODM reviews the Group's result by each of the business line in order to assess performance and allocation of resources. Other than segment results, no segment assets and liabilities are available for the assessment of performance and allocation of resources for the year as in the opinion of the directors, the cost to develop it would be excessive. The CODM reviews the segment results of the Group as a whole to make decisions.

	<u>Continuing operations</u>		
	Manufacture and sales of camera products and related accessories business HK\$'000	On-demand delivery system services business HK\$'000	For the year ended 31 December 2025 HK\$'000
Revenue from external customers	288,646	272	288,918
Cost of sales	(228,775)	(169)	(228,944)
Segment results	59,871	103	59,974
Other income and (loss)/gains, net			(1,637)
Finance costs			(7,824)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets			(6,447)
Unallocated expenses			(92,067)
Income tax expense			-
Loss for the year			<u>(48,001)</u>

	Continuing operations	Discontinued operations	
	Manufacture and sales of camera products and related accessories business <i>HK\$'000</i>	Operation of AI vending machines <i>HK\$'000</i>	For the year ended 31 December 2024 <i>HK\$'000</i>
Revenue from external customers	296,408	3,542	299,950
Cost of sales	<u>(237,208)</u>	<u>(3,505)</u>	<u>(240,713)</u>
Segment results	59,200	37	59,237
Other income and gains			7,209
Share of loss of an associate			(221)
Finance costs			(3,330)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets			(10,551)
Loss on disposal of subsidiaries, net			(18,837)
Unallocated expenses			(120,100)
Income tax expense			<u>(1)</u>
Loss for the year			<u><u>(86,594)</u></u>

Geographical information

(a) Revenue from external customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
United States of America	55,198	80,113
Mainland China	17,058	40,900
European Union	122,392	137,615
Hong Kong	26,861	9,517
Australia	54,572	22,223
Other countries/regions	12,837	9,582
	<u>288,918</u>	<u>299,950</u>

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	24,551	23,445
Hong Kong	1,323	127
Vietnam	24,231	3,304
Other countries/regions	965	1,634
	<u>51,070</u>	<u>28,510</u>

The non-current assets information above is based on the locations of the assets and excludes financial instruments and investments in associates.

Information about major customers

Revenue derived from sales to individual customers, which accounted for 10% or more of the total revenue, is set out below:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	74,325	81,347
Customer B	35,234	45,452
Customer C	<u>54,572</u>	<u>N/A¹</u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. REVENUE, OTHER INCOME AND (LOSS)/GAINS, NET

An analysis of revenue is as follows:

	2025	2024
	HK\$'000	HK\$'000
Continuing operations		
Revenue from contracts with customers		
Types of goods or services		
Sale of industrial products	266,154	295,584
Provision of manufacturing services	22,492	824
Provision of on-demand delivery system services	272	–
	<hr/>	<hr/>
Total revenue from contracts with customers	288,918	296,408
	<hr/>	<hr/>
Timing of revenue recognition		
At a point in time	288,646	296,408
Over time	272	–
	<hr/>	<hr/>
	288,918	296,408
	<hr/>	<hr/>

The performance obligation for sale of industrial products is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

The performance obligation for provision of on-demand delivery system services is satisfied upon delivery of services and payment is received in advance or due on delivery.

Revenue from discontinued operations of operation of AI vending machines amounted to HK\$Nil (2024: HK\$3,542,000). The performance obligation for sale of goods through AI vending machines is satisfied upon delivery of the retail products and payment is due on delivery.

	2025	2024
	HK\$'000	HK\$'000
Continuing operations		
Other income and (loss)/gains, net		
Bank interest income	905	410
Change in the fair value of the financial assets at FVTPL	120	53
Early termination of right-of-use assets	152	152
Foreign exchange differences, net	(6,659)	1,551
Government grants:		
Related to income*	994	1,371
Gain on disposal of an associate	330	–
Gain on disposal of property, plant and equipment	1,698	2,376
Gain on disposal of scrap materials	8	453
Trade and other payables written off	467	158
Others	348	664
	(1,637)	7,188

* The amount mainly represents rewards or subsidies for research and financing activities received from the local government without unfulfilled conditions.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2025	2024
	HK\$'000	HK\$'000
Continuing operations		
Auditors' remuneration	1,600	1,550
Cost of inventories sold	200,064	220,725
Cost of services provided	28,880	16,483
Depreciation of property, plant and equipment	4,736	5,113
Depreciation of right-of-use assets	11,151	11,910
Amortisation of intangible assets (<i>note (i)</i>)	914	1,497
Research and development expenses	23,041	30,446
Employee benefit expense (excluding directors' and chief executive's remuneration:		
Wages and salaries	42,957	61,149
Pension scheme contributions (<i>note (ii)</i>)	4,318	5,209
	47,275	66,358
Allowance for inventories	11,791	13,327
Reversal of allowance for inventories (<i>note (iv)</i>)	(9,790)	(17,550)
Allowance for/(reversal of allowance for) inventories, net (included in cost of inventories sold)	2,001	(4,223)
Impairment loss of trade and factoring receivables (<i>note (iii)</i>)	6,788	9,444
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets	6,447	3,248

Note:

- (i) The amortisation of software is included in “**Research and development expenses**” and the amortisation of other intangible assets is included in “Selling and distribution expenses” in the consolidated statement of profit or loss.
- (ii) The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC and Hong Kong.

Pursuant to the relevant laws and regulations in the People’s Republic of China, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the “**PRC Retirement Schemes**”). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

The Group operates a Mandatory Provident Fund scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000.

During the years ended 31 December 2025 and 2024, the Group had no forfeited contributions under the PRC Retirement Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2025 and 2024 under the PRC Retirement Scheme and MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

- (iii) The impairment losses of trade and factoring receivables is included in “Other expenses” in the consolidated statement of profit or loss.
- (iv) The reversal of allowance for inventories for both years was mainly resulted from the utilisation of the inventories of which allowance had previously been provided.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Continuing operations		
Interest on:		
Bank and other borrowings	2,110	1,651
Lease liabilities	1,223	868
Convertible bonds	4,491	–
	<hr/> 7,824 <hr/>	<hr/> 2,519 <hr/>

8. INCOME TAX EXPENSE

Income tax expense has been recognised in profit or loss as following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Continuing operations		
Current tax:		
Hong Kong	–	–
Under-provision in prior year:		
– PRC CIT	–	1
	<hr/> – <hr/>	<hr/> 1 <hr/>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. During the year ended 31 December 2025, there is no subsidiary (2024: Nil) of the Group qualified for the two-tiered Profit Tax rate regime.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to Corporate Income Tax (“CIT”) at a rate of 25% on the taxable income. Preferential tax treatments were available for two (2024: two) of the Group’s principal operating subsidiaries, Sky Light Electronic Shenzhen Limited (“**Sky Light Shenzhen**”) and 西安天睿软件有限公司, since they were recognised as a High and New Technology Enterprise and entitled to a preferential tax rate of 15% during the year. Preferential tax treatments were available for one (2024: Nil) of the Group’s principal operating subsidiaries, Fengcai Intelligent Digital Technology (Shenzhen) Co., Ltd. (“Fengcai Intelligent”), since it is qualified as a Micro and Small Enterprise. From 1 January 2023 to 31 December 2027, the annual taxable income not more than RMB3,000,000 of a micro and small enterprise is subject to the Enterprise Income Tax calculated at 25% of its taxable income at a tax rate of 20%.

The Group’s subsidiaries in the United States are subject to the federal tax at a rate of 21% (2024: 21%), and also subject to the statutory applicable state corporate income tax at a rate of 7% (2024: 7%).

The Group’s subsidiary in the United Kingdom is subject to corporate income tax at a rate of 19% (2024: 19%).

The Group’s subsidiary in Vietnam is subject to corporate income tax at a rate of 20% (2024: 20%). Pursuant to the relevant laws and regulations in Vietnam, entities in Vietnam engaged in qualified investment projects are eligible for Vietnam CIT exemption for the first year to the second year, and a 50% reduction for the third year to the sixth year starting from the year in which the entities first generate income from the investment projects, on the assessable profits from such investment projects.

No provisions for Mainland China, Vietnam, United States and United Kingdom corporate income tax have been made in the consolidated financial statements since the Group has no assessable profits derived for the year.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025	2024
	HK\$’000	HK\$’000
Loss before tax from continuing operations	(48,001)	(67,449)
Tax at the PRC CIT rate of 25% (2024: 25%)	(12,000)	(16,862)
Tax effect of income that is not taxable	(1,657)	(493)
Tax effect of expenses that are not deductible	3,465	10,435
Tax effect of super-deduction of research and development costs	(5,182)	(6,752)
Tax effect of temporary differences not recognised	799	46
Tax effect of utilisation of tax losses not previously recognised	(2)	(447)
Tax effect of tax losses not recognised	13,976	13,190
Effect of different tax rates of subsidiaries	601	883
Under provisions in prior years	–	1
Income tax expense	–	1

9. DISCONTINUED OPERATIONS

On 31 July 2024, the Company entered into a sale and purchase agreement with a third party to sell its entire equity interests in Hugo Investment Limited and its subsidiaries which were engaged in the AI Vending Machines Business, for a cash consideration of HK\$500,000. The disposal has been completed on 31 July 2024. Comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to disclose separately the profit or loss from discontinued operations.

The loss for the year from the discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent AI Vending Machines Business as discontinued operations.

	2024 HK\$'000
Loss from the discontinued operations for the year	(19,144)
Loss on disposal of subsidiaries	<u>(26,869)</u>
	<u>(46,013)</u>

During the year ended 31 December 2024, the discontinued operations of the Group generated cashflow of HK\$1,986,000 in respect of operating activities, used cashflow of HK\$1,098,000 in respect of investing activities and used cashflow of HK\$1,861,000 in respect of financing activities.

The results of the discontinued operations, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2024 HK\$'000
REVENUE	3,542
Cost of sales	<u>(3,505)</u>
Gross profit	37
Other income and gains	21
Selling and distribution expenses	(4,016)
Administrative expenses	(6,253)
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets	(7,303)
Other expenses	(819)
Finance costs	<u>(811)</u>
LOSS BEFORE TAX	(19,144)
Income tax expense	<u>–</u>
LOSS FOR THE YEAR	<u>(19,144)</u>

Loss for the year from discontinued operations has been arrived after charging:

	<i>HK\$'000</i>
Cost of inventories sold	3,505
Depreciation of property, plant and equipment	45
Depreciation of right-of-use assets	1,429
Employee benefit expense (excluding directors' and chief executive's remuneration):	
Wages and salaries	4,019
Pension scheme contributions	<u>161</u>
	4,180
Allowance for inventories	2,112
Impairment loss of trade receivables	403
Impairment loss on property, plant and equipment, intangible assets and right-of-use assets	<u>7,303</u>

10. DIVIDENDS

The directors do not recommend any final dividends for the year ended 31 December 2025 (2024: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 1,008,587,000 (2024: 1,008,587,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the share option schemes had an anti-dilutive effect on the basic loss per share amounts presented.

(a) From continuing and discontinued operations

The calculations of basic loss per share are based on:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company used in the basic loss per share calculation	<u>(39,159)</u>	<u>(65,996)</u>

	Number of shares	
	2025	2024
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<u>1,008,587</u>	<u>1,008,587</u>
Basic	<u>HK(3.9) cent</u>	<u>HK(6.5) cent</u>
Diluted	<u>HK(3.9) cent</u>	<u>HK(6.5) cent</u>

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds and the exercise of share options since their assumed exercise would result in a decrease in loss per share.

(b) From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2025	2024
	HK\$'000	HK\$'000
Loss for the year from continuing operations	<u>(39,159)</u>	<u>(55,957)</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

(c) From discontinued operations

For the year ended 31 December 2024, basic loss per share from discontinued operations was HK1.0 cent, which were calculated based on the loss from discontinued operations for the year of HK\$10,039,000 and the denominators detailed above.

12. RIGHT-OF-USE ASSETS

The Group has lease contracts for various items of buildings and leased properties used in its operations. Except for short-term leases or leases of low-value assets, lease contracts generally have lease terms from 2 to 5 years (2024: 2 to 5 years).

As at 31 December 2025, no new lease contract has been entered by the Group which have not yet commenced (2024: one).

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings <i>HK\$'000</i>	Leased properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2024	28,046	–	28,046
Additions	9,337	192	9,529
Depreciation charge for the year	(13,281)	(58)	(13,339)
Termination of lease contracts	(655)	–	(655)
Impairment loss	(7,792)	(134)	(7,926)
Exchange differences	(405)	–	(405)
	<hr/>	<hr/>	<hr/>
As at 31 December 2024 and 1 January 2025	15,250	–	15,250
Additions	26,088	–	26,088
Depreciation charge for the year	(11,151)	–	(11,151)
Termination of lease contracts	(3,379)	–	(3,379)
Impairment loss	(3,810)	–	(3,810)
Exchange differences	234	–	234
	<hr/>	<hr/>	<hr/>
As at 31 December 2025	23,232	–	23,232

The amounts recognised in profit or loss in relation to leases are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on lease liabilities	1,223	1,219
Depreciation charge of right-of-use assets	11,151	13,339
Expense relating to short-term leases and other leases with remaining lease terms ended on or before the end of reporting period	15	1,105
Expense relating to leases of low-value assets	–	486
	<hr/>	<hr/>
Total amount recognised in profit or loss	12,389	16,149

13. INVENTORIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Raw materials	44,057	35,835
Work in progress	15,422	25,000
Finished goods	16,755	19,012
	<hr/>	<hr/>
	76,234	79,847

14. TRADE AND FACTORING RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables		
– related parties	4,476	6,417
– third parties	58,160	55,588
	62,636	62,005
Impairment loss	(27,135)	(20,192)
	35,501	41,813
Factoring receivables	17,332	28,751
Impairment loss	(428)	(552)
	16,904	28,199
	52,405	70,012

The Group requires most of its customers to make payments in advance, however, the Group grants certain credit periods range from 30 to 90 days to those customers with good payment history. The credit period for specific customers is considered on a case-by-case basis and is set out in the sales contracts, as appropriate.

The Group has entered into receivable purchase arrangements with a bank for the factoring of trade receivables on a full recourse basis with a designated customer. As at 31 December 2025, trade receivables factored to the bank aggregated to HK\$17,332,000 (2024: HK\$28,751,000). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group does not hold any collateral or other credit enhancements over its trade and factoring receivable balances. Trade and factoring receivables are non-interest-bearing and the carrying amounts of the trade and factoring receivables approximate to their fair values.

An ageing analysis of the trade and factoring receivables as at the end of the reporting period, based on the invoice date and net of impairment loss, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 month	14,761	33,029
1 to 2 months	15,842	8,941
2 to 3 months	8,021	9,977
Over 3 months	13,781	18,065
	52,405	70,012

The carrying amounts of the Group's trade and factoring receivables are denominated in the following currencies:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
US\$	41,424	57,911
RMB	5,825	7,130
British Pounds ("GBP")	3,162	429
Other currencies	1,994	4,542
	52,405	70,012

The movements in the impairment loss of trade and factoring receivables are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	20,744	11,907
Impairment loss	6,788	9,847
Disposal of subsidiaries	–	(993)
Exchange differences	31	(17)
At 31 December	27,563	20,744

An impairment analysis is performed at each reporting date using a provision matrix or individually assessed to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and factoring receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade and factoring receivables:

As at 31 December 2025

Category	Carrying amount		Impairment loss		Net book value
	Amount	Proportion	Amount	Proportion	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>
Trade and factoring receivables for which impairment loss has been assessed individually	22,377	27.98	22,377	100	–
Trade and factoring receivables for which impairment loss has been assessed by using a provision matrix	<u>57,591</u>	<u>72.02</u>	<u>5,186</u>	<u>9.00</u>	<u>52,405</u>
	<u>79,968</u>	<u>100</u>	<u>27,563</u>	<u>34.47</u>	<u>52,405</u>

As at 31 December 2024

Category	Carrying amount		Impairment loss		Net book value
	Amount	Proportion	Amount	Proportion	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>
Trade and factoring receivables for which impairment loss has been assessed individually	17,148	18.89	17,148	100	–
Trade and factoring receivables for which impairment loss has been assessed by using a provision matrix	<u>73,608</u>	<u>81.11</u>	<u>3,596</u>	<u>4.89</u>	<u>70,012</u>
	<u>90,756</u>	<u>100</u>	<u>20,744</u>	<u>22.86</u>	<u>70,012</u>

Trade and factoring receivables for which impairment loss has been assessed by using a lifetime provision matrix are as follows:

As at 31 December 2025

	Current	Less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate (%)	2.47	9.46	17.67	47.52	100	
Gross carrying amount (HK\$'000)	41,171	3,131	9,240	3,447	602	57,591
Expected credit losses (HK\$'000)	<u>1,017</u>	<u>296</u>	<u>1,633</u>	<u>1,638</u>	<u>602</u>	<u>5,186</u>

As at 31 December 2024

	Current	Less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate (%)	1.92	7.20	14.82	39.75	100	
Gross carrying amount (HK\$'000)	58,462	1,244	13,496	37	369	73,608
Expected credit losses (HK\$'000)	<u>1,122</u>	<u>90</u>	<u>2,000</u>	<u>15</u>	<u>369</u>	<u>3,596</u>

15. INTEREST-BEARING BANK BORROWINGS

Current	Note	2025 Effective interest rate (%)	HK\$'000	2024 Effective interest rate (%)	HK\$'000
Bank loans – secured	(ii),(iii)	3.0-5.3	27,419	3.0-6.6	25,759
Bank loans under supplier finance arrangements – unsecured	(iv)	1.8-1.9	<u>15,601</u>	N/A	<u>–</u>
			<u>43,020</u>		<u>25,759</u>

Notes:

- (i) The Group's banking facilities with banks in Hong Kong and the PRC amounting to HK\$108,275,000 (2024: HK\$54,887,000), of which HK\$27,419,000 (2024: HK\$25,759,000) had been utilised as at the end of the reporting period.
- (ii) The bank loans as at 31 December 2025 were secured by the pledge of the life insurance policy and pledged bank deposits, personal guarantee executed by a controlling shareholder of the Company, corporate guarantee executed by two subsidiaries of the Group respectively.
- (iii) All bank loans are denominated in the US\$ and RMB and repayable within one year.
- (iv) The Group has entered into certain supplier finance arrangements with a PRC bank. Under these arrangements, the bank pays suppliers the amounts owed by the Group. The Group's obligations to suppliers are legally extinguished on settlement by the relevant bank. The Group then settles with the bank between 173-180 days after settlement by the bank with interest ranges from 1.8% – 1.9% per annum. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices.

During the year ended 31 December 2025, in respect of bank loans with a carrying amount of HK\$5,276,000 (2024: HK\$17,660,000) as at 31 December 2025, the Group breached certain terms of the bank loans, which are primarily related to the tangible net worth of the Group. The short-term bank loans have been classified as current liabilities as at 31 December 2025. In any event, should the lender call for immediate repayment of the borrowing, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group. The bank loans of HK\$5,276,000 (2024: HK\$3,309,000) were subsequently settled as at the reporting date.

16. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 month	38,237	40,152
1 to 2 months	8,455	13,988
2 to 3 months	3,990	5,229
Over 3 months	19,100	8,659
	69,782	68,028

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
RMB	40,042	49,368
US\$	16,477	16,621
VND	13,263	2,037
Other currencies	–	2
	69,782	68,028

17. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Contracted, but not provided for:		
Plant and machinery	534	2,048

SCOPE OF WORK OF D & PARTNERS ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of 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, D & Partners CPA Limited ("**D & Partners**"), to the amounts set out in the Group's consolidated financial statements for FY2025. The work performed by D & Partners 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 opinion or assurance conclusion has been expressed by D & Partners on this preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in manufacturing and sale of camera products, headphone products, and related accessories. It also provides on-demand delivery system services for Superstore Chains in the PRC.

1. Manufacturing of Camera Products, Headphone Products and Related Accessories

For FY2025, the Group's camera products, headphone products and related accessories business recorded a revenue of approximately HK\$288.6 million, representing a decrease of approximately 2.6% as compared to approximately HK\$296.4 million in FY2024. Although the Group's comprehensive cost-reduction efforts, insufficient customer orders led to the manufacturing business recorded a loss of approximately HK\$40.8 million. Compared to the loss of approximately HK\$67.5 million in FY2024, this represents a decrease of 39.5%. Over the past year, geopolitical tensions and U.S. tariffs have significantly impacted the Group's operations. In a highly competitive consumer electronics market, the Group is focusing on developing more ODM products and expanding its B2B (Business-to-Business) business in hopes of returning to profitability as soon as possible.

Home Surveillance Camera Product: Major products include smart doorbells, network surveillance cameras, and baby monitors.

Revenue for FY2025 was approximately HK\$197.1 million, representing an increase of approximately 16.9% as compared to FY2024. The increase in revenue was mainly due to the increase in orders for the Group's ODM products. Market competition has remained intense over the past year. Numerous prominent brands have adopted a strategy of selling hardware at competitive prices while aiming to generate profitability through monthly subscription-based models. The Group expects that future consumer electronics products will incorporate more AI algorithms and provide more intelligent functions. The industry's business model will be dominated by charging monthly subscription fees. Following the pilot implementation of monthly subscriptions for specific products last year, the Group's related revenue for 2025 was approximately HK\$3.0 million. Currently, the Group is accelerating the research and development of edge algorithms, with the objective of launching more AI-enabled products in the second half of 2026 to further bolster subscription-based revenue.

Digital Imaging Product: Major products include wearable cameras, dashcams and video conferencing cameras.

Revenue for FY2025 was approximately HK\$50.0 million, representing a decrease of 43.2% from FY2024. This decline was due to major customers not launching new products and some even exiting the market. For wearable cameras, the Group primarily provides police-worn cameras for law enforcement and evidence collection. Meanwhile, the Group is actively developing other commercial channels, such as wearable cameras for large supermarket staff and referees during sporting events. For dashcams, the Group are mainly supplied to commercial fleets for route monitoring, data recording, driver behavior analysis, and accident forensic purposes.

Headphone Product: In recent years, the Group's Vietnam factory has suffered significant losses due to insufficient order volumes. As the factory currently lacks R&D capabilities, it can only undertake OEM projects for processing fees. In 2025, the Vietnam factory began accepting headphone processing orders, generating approximately HK\$22.5 million in processing fee revenue. It is expected that the Vietnam factory will primarily focus on headphone processing orders in 2026.

2. *On-demand Delivery System Services for Superstore Chains*

Driven by the evolving consumer landscape in the PRC, the Group observed a growth potential in the on-demand retail delivery industry for supermarket and hypermarket chains (“**Superstore Chain(s)**”) in the PRC. In December 2024, the Group decided to launch this new business segment in relation to intelligent full-chain data on-demand delivery system services (the “**On-demand Delivery System Services**”) for Superstore Chains in the PRC.

In the first half of 2025, the Group engaged in discussions with several top stream internet online Superstore Chains and large scale physical Superstore Chains with online platforms (the “**Delivery Platforms**”), who will allocate a portion of their on-demand retail delivery business in certain regions in China to the Group. Accordingly, the Group provides Superstore Chains and the delivery riders (the “**Delivery Rider(s)**”) with a one-stop integrated On-demand Delivery System Service, which includes dedicated electric delivery vehicle(s) (the “**Delivery EV(s)**”), new energy batteries, new energy charging equipment, and corresponding smart management software.

In the second half of 2025, the Group procured a batch of Delivery EVs and accessories (including new energy batteries and new energy charging equipment) to establish its delivery fleet, enhancing its service capacity and supporting its commitment to environmentally friendly vehicles. The service is then commenced in certain regions in the PRC.

Revenue generated from this new business was approximately HK\$272,000 in 2025. As this business is currently in its incipient stage, the Group intends to further expand its market presence and operational efficiency.

For further details regarding this new business segment, please refer to the Company’s announcements dated 27 December 2024, 19 May 2025, 21 July 2025, 24 July 2025 and 10 October 2025, respectively.

Prospects

1. *Manufacturing of Camera Products, Headphone Products and Related Accessories*

With the rapid advancement of AI, the Group is integrating edge algorithms into its camera products, transforming them into intelligent devices with real-time perception and analytical capabilities. Combined with cloud-based Large Language Models (LLMs), these enhancements will expand product functionality and commercial value. The Group is currently accelerating the R&D of relevant edge algorithms to launch iterative smart products. Furthermore, in 2026, the Group will allocate more resources to cultivate B2B channels and expand its presence in the Japanese market.

The recent AI surge has triggered extraordinary demand, leading to explosive growth in the consumption of various semiconductors and precious metals, which has significantly driven up overall procurement costs. Additionally, geopolitical tensions have impacted the logistics costs and supply stability of chips, precious metals, and oil. Recently, the sharp rise in prices for various chips, particularly memory chips, and metal raw materials has pressured our cost structure and supply chain. The Group is proactively engaging with customers and suppliers to discuss price adjustments, alternative sourcing, and strategic buffering of inventory to minimize the impact on operations.

Home surveillance camera products: By incorporating AI algorithms, our devices have evolved from passive recording tools into proactive intelligent products capable of autonomous sensing, analysis, and response, significantly enhancing their value proposition. Beyond basic identification of people, vehicles, or animals and the filtering of redundant alerts (such as swaying foliage), these products now offer high-value features. These include proactive notifications for family arrivals, stranger alerts, package delivery/pickup tracking, infant cry and sleep quality monitoring, elderly fall detection, and fire alerts. Moreover, the Group can provide personalized intelligent services and comprehensive analytical reports. We expect this category to be fully AI-enabled by 2026, with the business model increasingly shifting toward competitive hardware pricing coupled with recurring subscription-based revenue.

Digital Imaging Products: In addition to supplying wearable cameras for law enforcement, the Group will begin supplying related products to personnel of large retail chains in 2026, with revenue in this segment expected to grow this year. Regarding the dashcams, we have successfully secured a project to provide back dashcams and driving recorders for the delivery fleet of a prominent U.S. e-commerce platform. Mass production and shipments are slated for the second half of the year. The Group will leverage this experience to explore further B2B opportunities in this field.

Headphone Products: In 2025, the Group's Vietnam factory undertook various headphone OEM orders on a processing-fee basis. We anticipate a significant increase in order volume in 2026, with the objective of achieving a turnaround for the Vietnam facility. Concurrently, the Group will actively seek Internet of Things (IoT) projects suitable for production at the Vietnam factory.

2. *On-demand Delivery System Services for Superstore Chains Business*

The Group will continue to develop this business segment across China with a focus on optimizing its utilization rate. China's on-demand delivery sector is expanding steadily yet challenging in recent years, supported by consumer demand for convenience, but it remains a highly competitive environment. As the industry landscape continues to evolve, the Group's disciplined expansion strategy and procurement of additional delivery EVs support sustainable growth and operational efficiency.

The Group considers the provision of On-demand Delivery System Services for Superstore Chains to be a market with steady growth opportunities. Going forward, we will closely monitor the market environment and focus on improving operational efficiency while prudently expanding our business.

Financial review

Turnover

The Group's camera products and related accessories products mainly consist of the following three categories: (i) home surveillance cameras, (ii) digital imaging products, and (iii) other products (including but not limited to research and development (“R&D”) services and tooling fees in relation to products manufactured for its customers). The Group primarily derives its revenue from the sales of the above products, as well as from manufacturing services income in respect of headphone products and income from On-demand Delivery System Services provided to Superstore Chains.

The following table sets out the breakdown of the revenue for continuing operations for the years indicated:

	2025 <i>HK\$'000</i>	% of total revenue	2024 <i>HK\$'000</i>	% of total revenue	Revenue change
Manufacturing business					
Sales of Products					
Home surveillance cameras	197,117	68.2%	168,679	56.9%	16.9%
Digital imaging products	49,962	17.3%	87,901	29.7%	(43.2%)
Other products	19,075	6.6%	39,004	13.1%	(51.1%)
	<u>266,154</u>	<u>92.1%</u>	<u>295,584</u>	<u>99.7%</u>	<u>(10.0%)</u>
Headphone product manufacturing service income	<u>22,492</u>	<u>7.8%</u>	<u>824</u>	<u>0.3%</u>	<u>2,629.6%</u>
	<u>288,646</u>	<u>99.9%</u>	<u>296,408</u>	<u>100%</u>	<u>(2.6%)</u>
On-demand delivery system services income for superstore chains	<u>272</u>	<u>0.1%</u>	<u>–</u>	<u>0%</u>	<u>Nil</u>
TOTAL	<u>288,918</u>	<u>100.0%</u>	<u>296,408</u>	<u>100.0%</u>	<u>(2.5%)</u>

For FY2025, the Group recorded a turnover of approximately HK\$288.9 million (FY2024: approximately HK\$296.4 million), representing a decrease of approximately 2.5% as compared to FY2024. The decrease in revenue was mainly attributable to: (i) the sales volume of digital imaging products decreased by approximately 43.2% during the year, coupled with the steady decline in the sales proportion of other products, which jointly dragged down the comprehensive average unit sales volume of camera module products by approximately 10.0% compared to the FY2024; and (ii) the above-mentioned downturn in product sales was mainly attributable to softer overall market conditions and weaker customer demand throughout, although the Group has made overall cost reductions, the situation remains that there are insufficient customer orders during FY2025.

The Group sells its camera products mainly to customers in the European Union and US. The following table sets out the breakdown of revenue by location of customers for the periods indicated:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
European Union	122,392	137,615
United States of America	55,198	80,113
Mainland China	17,058	37,358
Hong Kong	26,861	9,517
Australia	54,572	22,223
Other countries/regions	12,837	9,582
	<u>288,918</u>	<u>296,408</u>

Cost of sales

Cost of sales represents costs and expenses directly attributable to the manufacture of the Group's products which comprise (i) raw materials, components and parts, including, among others, key components such as digital signal processors, lenses and sensors; (ii) direct labour; (iii) production overhead, mainly including depreciation of production equipment and indirect labour, and (iv) On-demand Delivery System Service fees and platform fees.

For FY2025, cost of sales of the Group amounted to approximately HK\$228.9 million (FY2024: approximately HK\$237.2 million), representing a decrease of approximately 3.5% as compared to FY2024, and the cost of sales accounted for approximately 79.2% of the Group's turnover in FY2025 (FY2024: approximately 80.0%). The decrease in cost of sales was mainly attributable to lower shipment volumes of manufactured digital imaging products and other merchandise, which in turn led to a corresponding reduction in material costs, labour costs and other related expenses.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately HK\$60.0 million for FY2025 (FY2024: approximately HK\$59.2 million), representing an increase of approximately 1.3% as compared to FY2024. The gross profit margin increased from approximately 20.0% for FY2024 to approximately 20.8% for FY2025. This increase was mainly attributable to the significant increase of approximately HK\$21.7 million in the gross profit of headphone product manufacturing service, directly increasing the gross profit margin of the Group by 6.5% during FY2025.

Other income and gains or loss

Other income and gains or loss mainly include (i) bank interest income; (ii) exchange gains or loss arising mainly from fluctuations in exchange rate between the invoice and settlement dates of its sales and purchases and from translation of its US\$-denominated trade payables and receivables; (iii) government grants, which mainly consist of rewards and subsidies for research activities granted by the local government with no unfulfilled conditions or contingencies; (iv) gains on the disposal of property, plant and equipment; and (v) fair value gain on financial asset at fair value through profit or loss.

For FY2025, other income and other gains or loss of the Group significantly decreased, turning into other losses of approximately HK\$1.6 million. This was mainly attributable to the decrease of approximately HK\$8.2 million in exchange gains arising mainly from fluctuations in exchange rate between the invoice and settlement dates of its sales and purchases and from translation of its US\$-denominated trade payables and receivable during FY2025.

Selling and distribution expenses

Selling and distribution expenses mainly include (i) salaries and benefits of its sales and marketing staff; (ii) transportation costs for delivery of products; (iii) marketing, exhibition and advertising costs; and (iv) entertainment expenses relating to its sales and marketing activities.

For FY2025, selling and distribution expenses of the Group significantly decreased by approximately 14.6% to approximately HK\$18.8 million from approximately HK\$22.0 million for FY2024. The decrease was mainly due to a decrease of approximately HK\$1.0 million by approximately 10.2% in salaries and benefits of its sales and marketing staff and the Group's stringent cost control during FY2025.

Administrative expenses

Administrative expenses mainly include (i) salaries and benefits of the Group's management, administrative and finance staff; (ii) rental and office expenses; (iii) professional fees; and (iv) entertainment expenses.

For FY2025, administrative expenses of the Group moderately decreased by approximately 12.1% to approximately HK\$41.4 million (FY2024: approximately HK\$47.1 million). The decrease was mainly due to decrease of approximately HK\$4.2 million by approximately 19.2% in salaries and benefits of the Group's management, administrative and finance staff during FY2025.

R&D costs

R&D costs include (i) salaries and benefits of the Group's R&D and product planning staff; (ii) raw materials, components and parts used for R&D and product planning; and (iii) other miscellaneous costs and expenses such as rental fees, design service fees, depreciation and certification fees.

For FY2025, the Group recorded R&D costs of approximately HK\$23.0 million, which significantly decreased by approximately 24.3% from approximately HK\$30.4 million for FY2024. The decrease was mainly due to the decrease of approximately HK\$5.0 million by approximately 23.8% in salaries and benefits of the Group's R&D staff for FY2025.

Impairment loss

Impairment loss include principally impairment losses of non-current assets.

For FY2025, impairment loss of the Group was approximately HK\$6.4 million, which significantly increased by approximately 98.5% from approximately HK\$3.2 million for FY2024. The increase mainly due to the Group's revenue has declined substantially from approximately HK\$715.1 million in FY2021 to HK\$288.9 million in FY2025 and the Group continues to record net losses. In view of this historical performance, management has adopted a more prudent set of financial projections. Even under these conservative forecasts, the value in use of the cash-generating unit remains below its carrying amount, resulting in the recognised impairment loss.

Other expenses

Other expenses include principally (i) prepayments and other receivables written off; (ii) (reversal of impairment losses)/impairment losses of trade and factoring receivables; and (iii) penalty.

For FY2025, other expenses of the Group decreased to approximately HK\$8.9 million from approximately HK\$9.5 million for FY2024. The decrease mainly consisted of the decrease of approximately HK\$2.6 million by approximately 28.0% for impairment losses of trade and factoring receivables.

Loss on disposal of subsidiaries, net

For FY2025, there was no loss on disposal of subsidiaries (FY2024: approximately HK\$18.8 million).

Finance costs

For FY2025, the finance costs of the Group increased to approximately HK\$7.8 million (FY2024: approximately HK\$2.5 million), representing an increase by approximately 210.6% as compared to FY2024. This increase was attributable to (i) the increase of approximately HK\$0.5 million by approximately 27.9% in the interest expense of bank borrowings, (ii) the increase of approximately HK\$0.4 million by approximately 40.9% in the interest expense on lease liabilities, and (iii) the net increase of approximately HK\$4.5 million in the interest expense – convertible bonds during FY2025.

Net loss

As a result of the foregoing, the Group recorded a loss of approximately HK\$48.0 million for FY2025 (FY2024: approximately HK\$86.6 million) (attributable to non-controlling interests is a loss of approximately HK\$8.8 million (FY2024: approximately HK\$20.6 million)).

Liquidity and capital resources

The Group's principal cash requirements are to pay for working capital needs, capital expenditures for the expansion and upgrade of production facilities. The Group meets these cash requirements by relying on cash flows generated from operating activities and proceeds from issue of shares as its principal sources of funding. The following table sets out its selected consolidated cash flow for the periods indicated:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows (used in)/generated from operating activities	(14,224)	8,942
Net cash flows (used in) investing activities	(17,509)	(1,159)
Net cash flows generated from/(used in) financing activities	51,250	(1,526)
Net increase in cash and cash equivalents	19,517	6,257
Cash and cash equivalents at beginning of year	38,450	35,352
Effect of changes in foreign exchange rate, net	3,511	(3,159)
Cash and cash equivalents at end of year	61,478	38,450

Net cash flow used in operating activities for FY2025 was approximately HK\$14.2 million, which primarily reflected (i) the adjusted loss before tax of approximately HK\$48.0 million; (ii) the decrease in trade and factoring receivables of approximately HK\$10.8 million; (iii) the decrease in inventory balances of approximately HK\$1.6 million; (iv) the decrease in other payables and accruals of approximately HK\$11.4 million; and (v) the increase in trade payables of approximately HK\$2.2 million.

Net cash flow used in investing activities for FY2025 was approximately HK\$17.5 million. This mainly consisted of net payment of approximately HK\$21.0 million for disposals and purchases of property, plant and equipment and intangible assets. During the second half of 2025, On-demand Delivery System Services for Superstore Chains, the Group ordered a batch of Delivery EVs, new energy batteries, and new energy charging equipment for an aggregate amount of approximately HK\$12.1 million. In addition, expenditures incurred for leasehold improvements and purchases of new machinery and other equipment amounted to approximately HK\$5.3 million and HK\$6.9 million respectively.

Net cash flow generated from the financing activities for FY2025 was approximately HK\$51.3 million, which was mainly reflected by (i) the net increase in the use of interest-bearing bank borrowings to repay trade payables of approximately HK\$1.7 million; (ii) the decrease in principal portion of lease payments of approximately HK\$10.9 million; (iii) the net increase in proceeds received under supplier finance arrangements of approximately HK\$15.6 million and (iv) the proceeds from issuance of convertible bonds of approximately HK\$44.9 million.

The Group's cash and cash equivalents were mainly denominated in US dollar ("US\$"), Hong Kong dollar ("HK\$"), Vietnamese Dong ("VN\$") and Renminbi ("RMB") as at 31 December 2025.

Borrowings and the pledge of assets

The Group's bank facilities with banks in Hong Kong and the PRC amounting to approximately HK\$108.3 million (FY2024: approximately HK\$54.9 million), of which approximately HK\$27.4 million (FY2024: approximately HK\$25.8 million) had been utilised as at the end of FY2025.

The bank loans as at 31 December 2025 were secured by the pledge of the life insurance policy and pledged bank deposits, personal guarantee executed by a controlling shareholder of the Company, corporate guarantee executed by two subsidiaries of the Group respectively.

All bank loans are denominated in the US\$ and RMB and repayable within one year. The secured bank loan carry effective interest rates ranging from 3.0% to 5.3% (At 31 December 2024: 3.0% to 6.6%) per annum.

The Group has entered into certain supplier finance arrangements with a PRC bank. Under these arrangements, the bank pays suppliers the amounts owed by the Group. The Group's obligations to suppliers are legally extinguished on settlement by the relevant bank. The Group then settles with the bank between 173-180 days after settlement by the bank with interest ranges from 1.8% – 1.9% per annum. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices.

During the year ended 31 December 2025, in respect of bank loans with a carrying amount of HK\$5,276,000 (2024: HK\$17,660,000) as at 31 December 2025, the Group breached certain terms of the bank loans, which are primarily related to the tangible net worth of the Group. The short-term bank loans have been classified as current liabilities as at 31 December 2025. In any event, should the lender call for immediate repayment of the borrowing, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group. The bank loans of HK\$5,276,000 (2024: HK\$3,309,000) were subsequently settled as at the reporting date.

For details of the borrowings, please refer to note 15 to the consolidated financial statements contained in this announcement.

Gearing ratio

Gearing ratio is calculated by dividing total debt (which equals interest-bearing bank borrowings, convertible bonds and lease liabilities) by total equity as at the end of each period. The Group's gearing ratio as at 31 December 2024 and 31 December 2025 was approximately 75.1% and approximately 499.6%, respectively. The increase in gearing ratio was mainly due to (i) increase of approximately HK\$41.0 million in convertible bonds during FY2025; (ii) increase of approximately HK\$17.3 million by approximately 67.0% in interest-bearing bank borrowing during FY2025; and (iii) increase of approximately HK\$11.9 million by approximately 68.1% in lease liabilities during FY2025.

Capital expenditure

During FY2025, the Group invested approximately HK\$24.9 million (FY2024: approximately HK\$5.0 million) in fixed assets and intangible assets.

Off balance sheet transactions

During FY2025, the Group did not enter into any material off balance sheet transactions.

Foreign exchange exposure and exchange rate risk

The Group has transactional currency exposure, which arises from sales or purchase by operating units in currencies other than the units' functional currencies. Approximately 89.3% (FY2024: 80.2%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sales, whilst approximately 29.4% (FY2024: 29.5%) of costs were denominated in their functional currencies.

During FY2025, there was no material impact to the Group arising from the fluctuation in the exchange rates of these currencies. The Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its foreign exchange exposure during FY2025 (FY2024: Nil). In addition, the Group did not have any foreign currency net investments which have been hedged by currency borrowing and other hedging investments.

Events after the reporting period

There are no significant events affecting the Group which occurred after the reporting period of the FY2025 and up to the date of this announcement.

Treasury policies

During FY2025, the Group did not have any investment under its treasury policies.

The Group has implemented its internal treasury investment policies since January 2015 (updated in December 2015), which provide the guidelines, requirements and approval process with respect to its treasury investment activities. It regularly evaluates the risks and returns of its wealth management products.

Under its treasury investment policies, the Group is only allowed to invest in wealth management products with the two lowest risk rating classified by the banks and debentures with ratings above “BBB” or “baa” or similar ratings. All the treasury products must also meet the following criteria: (i) be issued by well-recognised publicly- listed banks, (ii) no default history, and (iii) have a maturity term of less than one year or can be easily converted into cash in the market. Such treasury investment policies also provide that the outstanding balance of the Group’s wealth management products shall not exceed 50% of its total amount of cash and cash equivalents and wealth management products. Any plan to increase this limit must be approved by the Board. No single investment can exceed 35% of the total amount invested.

The Group has an experienced management team and strict procedures in place to ensure the wealth management products are purchased in compliance with its internal policies and requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The management, internal auditors and the Board (including the independent non-executive Directors) regularly review its compliance with the treasury investment policies and assess the risks associated with these investments.

Employees and emoluments policy

As at 31 December 2025, the Group employed a total of 928 employees (31 December 2024: 764). The staff costs of the Group’s continuing operations, excluding directors’ emoluments and any contribution to pension scheme were approximately HK\$47.3 million for FY2025 (FY2024: approximately HK\$66.4 million), none (FY2024: Nil) of which are expenses for the Group’s share option schemes. All of the Group’s employees are paid a fixed salary and a bonus depending on their performance as determined by quarterly assessments. The Group seeks to provide compensation for its R&D staff at above-market levels to attract and retain talents. It regularly reviews compensation and benefit policies to ensure that its practices are in line with the market and in compliance with relevant labour regulations. To provide its employees, among others, additional incentives to enhance its business performance, the Group has adopted the pre-IPO share option scheme and the share option scheme, under which grantees are entitled to exercise the options to subscribe for shares of the Company (the “**Shares**”) subject to the terms and conditions of the respective schemes.

Significant investments held

There was no investment held by the Group with a value of 5% or more of the Company's total assets during the FY2025.

Commitment

As at 31 December 2025, the Group's capital commitment amounted to approximately HK\$0.5 million (31 December 2024: approximately HK\$2.0 million).

Future plans for material investments or capital assets

As at the date of this announcement, the Group did not have any plans for material investments or capital assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2025.

Contingent liabilities

As at 31 December 2025, the Group had no significant contingent liabilities (31 December 2024: Nil).

Annual general meeting

The annual general meeting of the Company (the "AGM") is scheduled to be held on Friday, 29 May 2026. A notice convening the AGM will be issued and disseminated to the shareholders of the Company (the "Shareholders") in due course.

Dividends

The Board do not recommend the payment of any final dividend for FY2025 (FY2024: Nil).

Financial position as at 31 December 2025

As at 31 December 2025, the Group's total equity was approximately HK\$22.7 million (31 December 2024: approximately HK\$57.5 million), total assets amounted to approximately HK\$281.5 million (31 December 2024: approximately HK\$255.9 million) and total liabilities stood at approximately HK\$258.9 million (31 December 2024: approximately HK\$198.4 million).

Closure of register of members

The register of members of the Company will be closed from Monday, 25 May 2026 to Friday, 29 May 2026 (both days inclusive) during which period no transfers of Shares shall be effected. In order to determine the entitlement of the Shareholders to attend and vote at the forthcoming AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2026.

OTHER INFORMATION

Purchase, sale or redemption of listed securities

The Company is empowered by the applicable Companies Law, Cap. 22 of the Cayman Islands and its articles of association to repurchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange and the applicable laws of the Cayman Islands.

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company, including sale of treasury shares (as defined in the Listing Rules) ("**Treasury Shares**"), during FY2025.

As at the end of FY2025, there were no Treasury Shares held by the Company.

Corporate Governance Practices

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of the Shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions (the “**Code Provisions**”) of the Corporate Governance Code (the “**CG Code**”) set out in Part 2 of Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practices. Throughout FY2025, the Company has complied with all applicable Code Provisions except for Code Provision C.2.1.

Pursuant to Code Provision C.2.1, the role(s) of chairman and chief executive should be separate and should not be performed by the same individual. As the duties of the Chairman and the chief executive of the Company are performed by Mr. Tang Wing Fong Terry, the Company has deviated from the Code Provision C.2.1. The Board considers that having Mr. Tang acting as both the Chairman and the chief executive officer of the Company will provide a strong and consistent leadership to the Company and allow for more effective planning and management for the Group. In view of Mr. Tang’s extensive experience in the industry, personal profile and critical role in the Group and its historical development, the Board considers that it is beneficial to the business prospects of the Group that Mr. Tang continues to act as both the Chairman and the chief executive officer of the Company. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management on the internal control, risk management and financial reporting matters, including the review of the audited annual results for FY2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement for FY2025 has been published on the website of HKEXnews operated by Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the website of the Company (<http://www.sky-light.com.hk>), respectively. The annual report of the Company for FY2025 containing all the relevant information required by the Listing Rules and the relevant laws and regulations will be sent to the Shareholders in accordance with the Listing Rules and available on above websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our stakeholders and business partners for their ongoing support, and our Directors, management and employees for their dedication and contribution to our progress.

By order of the Board
Sky Light Holdings Limited
Tang Wing Fong Terry
Chairman

Hong Kong, 31 March 2026

As at the date of this announcement, the executive Director is Mr. Tang Wing Fong Terry; and the independent non-executive Directors are Mr. Wong Wai Ming, Ms. Lo Wan Man and Mr. Lau Wai Leung Alfred.