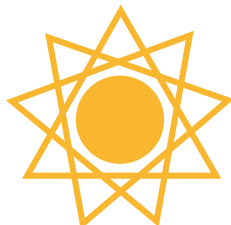


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**China International Development Corporation Limited**  
**中聯發展控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 264)**

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

The board (the “**Board**”) of directors (the “**Directors**”) of China International Development Corporation Limited (the “**Company**”) is pleased to present the annual results of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024 as below.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	4	59,295	21,961
Cost of sales		(45,109)	(15,360)
Gross profit		14,186	6,601
Other income		2,653	288
Selling and distribution costs		(1,731)	(1,910)
Administrative and other operating expenses		(29,777)	(16,516)
Write-back of/(Provision for) impairment of trade receivables		438	(880)
Write-back of/(Provision for) impairment of other receivables		–	(11)
Provision for impairment loss on right-of-use assets		–	(1,553)
Finance costs		(3,149)	(3,091)
<b>Loss before tax</b>	5	(17,380)	(17,072)
Income tax expense	6	(850)	–
<b>Loss for the year</b>		(18,230)	(17,072)
<b>Loss attributable to:</b>			
Owners of the Company		(15,655)	(17,062)
Non-controlling interests		(2,575)	(10)
		(18,230)	(17,072)
<b>Other comprehensive income</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising on translation of operations outside Hong Kong		(277)	34
Other comprehensive income for the year		(277)	34
<b>Total comprehensive income for the year</b>		(18,507)	(17,038)
<b>Attributable to:</b>			
Owners of the Company		(15,948)	(17,028)
Non-controlling interests		(2,559)	(10)
		(18,507)	(17,038)
<b>Loss per share attributable to owners of the Company</b>			
– Basic and diluted	8	HK(3.6) cents	HK(4.1) cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>2,268</b>	–
Right-of-use assets	16	–	–
<b>Total non-current assets</b>		<b>2,268</b>	–
<b>Current assets</b>			
Inventories		<b>1,174</b>	2,010
Trade receivables	10	<b>3,407</b>	5,298
Prepayments, deposits and other receivables		<b>5,132</b>	2,741
Cash and cash equivalents		<b>27,966</b>	829
<b>Total current assets</b>		<b>37,679</b>	10,878
<b>Current liabilities</b>			
Trade payables	11	<b>4,661</b>	4,766
Other payables and accruals	12	<b>23,323</b>	25,186
Due to ultimate controlling shareholder	13	<b>216</b>	11,470
Due to a director	13	–	307
Due to related companies	13	<b>1,739</b>	1,600
Tax payable		<b>873</b>	–
Loan from a director	14	<b>8,000</b>	8,000
Loans from ultimate controlling shareholder	15	<b>14,161</b>	4,458
Lease liabilities		<b>251</b>	3,957
<b>Total current liabilities</b>		<b>53,224</b>	59,744
<b>Net current liabilities</b>		<b>(15,545)</b>	(48,866)
<b>Total assets less current liabilities</b>		<b>(13,277)</b>	(48,866)
<b>Non-current liabilities</b>			
Loans from ultimate controlling shareholder	15	<b>4,095</b>	12,768
Lease liabilities		–	387
<b>Total non-current liabilities</b>		<b>4,095</b>	13,155
<b>Net liabilities</b>		<b>(17,372)</b>	(62,021)

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
<b>Deficiency in assets</b>			
Attributable to the owners of the Company			
Share capital	17	<b>4,617</b>	4,227
Reserves		<b>(19,472)</b>	(66,238)
		<b>(14,855)</b>	(62,011)
Non-controlling interests		<b>(2,517)</b>	(10)
<b>Total deficiency in assets</b>		<b>(17,372)</b>	(62,021)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

## 1. GENERAL

China International Development Corporation Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) was incorporated in the Cayman Islands on 12 April 2002 as an exempted company with limited liability under the laws of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in (i) manufacturing and distribution of leather products (the “**Leather Manufacturing Business**”); (ii) retail of fashion apparel, footwear and leather accessories (the “**Leather Retail Business**”); (iii) the industrial hemp planting and production of hemp fabric products (the “**Industrial Hemp Planting Business**”) and (iv) provision of automobile services (the “**Automobile Services Business**”). During the year, the Group has expanded its business into the sales of lifestyle consumer products (the “**Lifestyle Consumer Business**”).

The directors (the “**Directors**”) of the Company considered that Waterfront Holding Group Co., Ltd. (“**Waterfront**”), a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability, is the immediate holding company of the Company and its ultimate controlling shareholder is Mr. Zhao Jingfei (“**Mr. Zhao**”), a former executive Director and the former Chairman of the Company. The registered office of Waterfront is located at Sertus Chambers, PO Box 905, Quastisky Building, Road Town, Tortola, BVI. Subsequent to the end of the reporting period, in January 2026, Waterfront disposed certain of its shares in the Company and ceased to be the holding company of the Company.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation and consolidation

#### *Basis of preparation*

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. They have been prepared under the historical cost convention. These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of a majority number of operating subsidiaries in the Group and all values are rounded to the nearest thousand except when otherwise indicated.

The Group incurred a substantial loss attributable to the owners of the Company of approximately HK\$15,655,000 for the year ended 31 December 2025 and had net current liabilities and deficiency in assets of approximately HK\$15,545,000 and HK\$17,372,000, respectively, as at 31 December 2025. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis because the Directors have prepared a cash flow forecast of the Group and are satisfied that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least 12 months from 31 December 2025 after taking into account of the following measures:

- (i) As part of the management continuous efforts to strengthen the Company's capital base and the Group's working capital position, during the year, the Company successfully completed the placing of (a) 9,024,000 new shares at a placing price of HK\$1.78 per share on 18 March 2025, (b) 15,000,000 new shares at a placing price of HK\$1.42 per share on 17 September 2025 and (c) 15,000,000 new shares at a placing price of HK\$1.75 per share on 27 October 2025, raising net proceeds of approximately (a) HK\$15,620,000, (b) HK\$20,800,000 and (c) HK\$25,550,000, respectively. In addition, subsequent to the end of the reporting period, (i) on 27 January 2026, the Company successfully completed the placing of 12,916,000 new shares at a placing price of HK\$2.16 per share, raising net proceeds of approximately HK\$27,140,000, and (ii) on 17 March 2026, the Company entered into a placing agreement with a placing agent for the placing of 25,000,000 new shares at a placing price of HK\$1.83 per share with expected net proceeds of approximately HK\$44,570,000 (the "**March 2026 Placing**"). In view of these successful fund raising experiences and connections of the management in the capital market, the Directors consider that the Group will continue and is able to seek for alternative capital and other funding sources on an ongoing basis; and
- (ii) The Group has expanded its principal businesses, including the sales of lifestyle consumer products during the year ended 31 December 2025. The Group continues to revitalise its business strategies and plans in order to improve the Group's principal businesses and thus its financial performance. In addition, the Group remains committed to implement stringent cost management measures with continuous efforts to optimise operational efficiency and minimise the cash outflow of non-essential items. The Directors consider that the revitalized business strategies, plans and cost management measures, if materialised, could improve the Group's revenue, financial performance and financial position.

The consolidated financial statements do not include any adjustments that would result from a failure to obtain such financing to the Group under the March 2026 Placing and to result in favourable outcome from the revitalised business strategies, plans and cost management measures devised by the Directors, which indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Should the Group be unable to continue in business as a going concern, adjustments would have been made to restate the value of assets to the recoverable amounts and to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 "Lack of Exchangeability" for the first time for the current year's consolidated financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's consolidated financial statements.

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these standards, amendments and interpretations on the consolidated financial statements of the Group. The adoption of the above is not expected to have a material impact on the consolidated financial statements of the Group.

### 3. OPERATING SEGMENT INFORMATION

The principal activities of the Group consisted of (i) the Leather Manufacturing Business; (ii) the Leather Retail Business; (iii) the Industrial Hemp Planting Business; (iv) the Automobile Services Business; and (v) the Lifestyle Consumer Business, which was commenced during the year. However, the Industrial Hemp Planting Business did not form a separate reportable segment during the years as it has not built its scale and was considered immaterial by the management of the Group.

The Group determines its operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions.

The Group has four (2024: three) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's segments:

Leather Manufacturing Business	–	Manufacturing and distribution of leather products
Leather Retail Business	–	Retail of fashion apparel, footwear and leather accessories
Automobile Services Business	–	Provision of automobile services
Lifestyle Consumer Business*	–	Sales of lifestyle consumer products

\* Commenced during the year

The Group's senior executive management, being the chief operating decision maker, monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income as well as corporate expenses are excluded from such measurement.

Segment assets exclude tax recoverable and unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated corporate liabilities as these liabilities are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

**(a) Reportable segments**

	Leather Manufacturing Business		Leather Retail Business		Automobile Services Business		Lifestyle Consumer Business		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	32,099	21,433	236	522	2,573	6	24,387	-	59,295	21,961
Inter-segment revenue	-	-	1,676	-	-	-	-	-	1,676	-
Reportable segment revenue	<u>32,099</u>	<u>21,433</u>	<u>1,912</u>	<u>522</u>	<u>2,573</u>	<u>6</u>	<u>24,387</u>	<u>-</u>	<u>60,971</u>	<u>21,961</u>
Reportable segment profit/(loss)	<u>4,781</u>	<u>(4,526)</u>	<u>(1,456)</u>	<u>(2,004)</u>	<u>(5,256)</u>	<u>(20)</u>	<u>1,337</u>	<u>-</u>	<u>(594)</u>	<u>(6,550)</u>
Depreciation of property, plant and equipment	4	-	-	-	118	-	6	-	128	-
Depreciation of right-of-use assets	-	128	-	-	-	-	-	-	-	128
Finance cost	232	539	5	49	-	-	-	-	237	588
Provision for/(Write-back of) impairment of trade and other receivables, net	(583)	891	-	-	7	-	138	-	(438)	891
Impairment of property, plant and equipment and right-of-use assets	-	1,553	-	-	-	-	-	-	-	1,553
Additions to non-current assets (note)	265	1,681	-	-	1,845	-	233	-	2,343	1,681
Reportable segment assets	<u>62,674</u>	<u>55,856</u>	<u>351</u>	<u>480</u>	<u>5,814</u>	<u>7</u>	<u>19,338</u>	<u>-</u>	<u>88,177</u>	<u>56,343</u>
Reportable segment liabilities	<u>47,172</u>	<u>29,850</u>	<u>49,922</u>	<u>50,303</u>	<u>11,007</u>	<u>26</u>	<u>17,181</u>	<u>-</u>	<u>125,282</u>	<u>80,179</u>

*Note:* Including additions to property, plant and equipment and right-of-use assets.

(b) **Reconciliation of reportable segment revenue, loss, assets and liabilities**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	60,971	21,961
Elimination of inter-segment revenue	<u>(1,676)</u>	<u>–</u>
Consolidated revenue	<u><b>59,295</b></u>	<u><b>21,961</b></u>
<b>Loss before tax</b>		
Reportable segment loss	(594)	(6,550)
Interest income	2	1
Unallocated corporate expenses ( <i>note (i)</i> )	<u>(16,788)</u>	<u>(10,523)</u>
Consolidated loss before tax	<u><b>(17,380)</b></u>	<u><b>(17,072)</b></u>
<b>Depreciation of property, plant and equipment</b>		
Reportable segment depreciation	128	–
Depreciation of unallocated property, plant and equipment	<u>–</u>	<u>–</u>
Consolidated depreciation of property, plant and equipment	<u><b>128</b></u>	<u><b>–</b></u>
<b>Depreciation of right-of-use assets</b>		
Reportable segment depreciation	–	128
Depreciation of unallocated right-of-use assets	<u>–</u>	<u>–</u>
Consolidated depreciation of right-of-use assets	<u><b>–</b></u>	<u><b>128</b></u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Finance costs</b>		
Reportable segment finance cost	237	588
Imputed interest on loans from ultimate controlling shareholder	<u>2,912</u>	<u>2,503</u>
Consolidated finance costs	<u><u>3,149</u></u>	<u><u>3,091</u></u>
<b>Impairment of trade and other receivables</b>		
Reportable segment impairment (write back)/provision	(438)	891
Unallocated impairment of trade and other receivables	<u>-</u>	<u>-</u>
Consolidated impairment (write back of)/provision for trade and other receivables	<u><u>(438)</u></u>	<u><u>891</u></u>
<b>Impairment of property, plant and equipment and right-of-use assets</b>		
Reportable segment impairment	-	1,553
Unallocated impairment of property, plant and equipment and right-of-use assets	<u>-</u>	<u>-</u>
Consolidated impairment of property, plant and equipment and right-of-use assets	<u><u>-</u></u>	<u><u>1,553</u></u>
<b>Additions to non-current assets (note (ii))</b>		
Reportable segment additions	2,343	1,681
Unallocated additions to non-current assets	<u>-</u>	<u>-</u>
Consolidated additions to non-current assets	<u><u>2,343</u></u>	<u><u>1,681</u></u>
<b>Assets</b>		
Reportable segment assets	88,177	56,343
Elimination of inter-segment and head office's receivables	(51,502)	(46,073)
Unallocated corporate assets	<u>3,272</u>	<u>608</u>
Consolidated total assets	<u><u>39,947</u></u>	<u><u>10,878</u></u>
<b>Liabilities</b>		
Reportable segment liabilities	125,282	80,179
Elimination of inter-segment and head office's payables	(116,521)	(65,217)
Unallocated corporate liabilities	<u>48,558</u>	<u>57,937</u>
Consolidated total liabilities	<u><u>57,319</u></u>	<u><u>72,899</u></u>

Notes:

- (i) The amount represented unallocated corporate expenses that are not allocated to operating segments, including professional fees, directors' emoluments, employee costs, foreign exchange loss and other head office expenses as well as the expenses incurred in the Industrial Hemp Planting Business.
- (ii) Including additions to property, plant and equipment and right-of-use assets.

**(c) Geographical information**

The following table provides an analysis of the Group's revenue from external customers and non-current assets, i.e. property, plant and equipment and right-of-use assets.

	Revenue from external customers <i>(note)</i>		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong, China	28,239	8,960	128	–
The United States	–	935	–	–
Europe	8,278	9,887	–	–
Chinese Mainland	22,778	461	2,140	–
Other countries	–	1,718	–	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<b>59,295</b>	21,961	<b>2,268</b>	–

*Note:* Revenues are attributed to geographical locations based on the customers' location (place of domicile).

**(d) Information about major customers**

Revenue from a customer that contributing over 10% of the total revenue of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A <sup>^</sup>	9,283	–
Customer B <sup>^</sup>	8,247	–
Customer C <sup>*</sup>	6,853	– <sup>#</sup>
Customer D <sup>*</sup>	–	7,830
Customer E <sup>*</sup>	– <sup>#</sup>	5,654
	<u>          </u>	<u>          </u>
	<b>24,383</b>	13,484

<sup>^</sup> Customer arising from the Lifestyle Consumer Business segment

<sup>\*</sup> Customer arising from the Leather Manufacturing Business segment

<sup>#</sup> Revenue from this customer was less than 10% of the Group's total revenue

The Group's customer base is highly concentrated. Revenue may significantly decline if the Group loses one or more of its major customers. The Group seeks to diversify the Group's product portfolio and widen the customer base to reduce the concentration risk.

#### 4. REVENUE

The principal activities of the Group are manufacturing and distribution of leather products, retail of fashion apparel, footwear and leather accessories, the industrial hemp planting and production of hemp fabric products and provision of automobile services. During the year, the Group has expanded its business into the sales of lifestyle consumer products. However, the industrial hemp planting and production of hemp fabric products is still in a preliminary development stage and no revenue has been generated during the years.

An analysis of revenue is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Revenue from contracts with external customers</b>		
Manufacturing and distribution of leather products	32,099	21,433
Retail of fashion apparel, footwear and leather accessories	236	522
Provision of automobile services	2,573	6
Sales of lifestyle consumer products	24,387	–
	<u>59,295</u>	<u>21,961</u>

#### 5. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration		
– Audit and other assurance related services	1,400	1,380
– Under provision in relation to previous year	500	–
– Non-audit or assurance services	550	40
Cost of inventories sold and services rendered*	45,109	15,360
Employee costs*, excluding directors' emoluments		
– Salaries, allowance and other benefits	11,892	10,474
– Retirement scheme contributions	800	1,093
	<u>12,692</u>	<u>11,567</u>
Depreciation of property, plant and equipment*	128	–
Depreciation of right-of-use assets*	–	128
(Write-back of)/Provision for impairment of trade receivables	(438)	880
Provision for impairment of other receivables	–	11
Provision for onerous short-term lease contracts	–	1,755
Foreign exchange losses/(gains), net	219	(250)
Interest income	(2)	(1)
	<u>12,692</u>	<u>11,567</u>

\* Cost of inventories sold and services rendered included HK\$2,311,000 (2024: HK\$4,478,000) for the year ended 31 December 2025 relating to employee costs, depreciation of property, plant and equipment and depreciation of right-of-use assets, which amounts are also included in the respective total amounts disclosed above for each of these types of expenses.

## 6. INCOME TAX EXPENSE

Under the Hong Kong two-tiered profits tax rates regime, the first HK\$2,000,000 of profits arising in Hong Kong of one subsidiary of the Group, which is a qualifying group entity operating in Hong Kong, is taxed at 8.25%, and its remaining assessable profits is taxed at 16.5%. Other group entities operating in Hong Kong are taxed at 16.5%.

According to the relevant announcements of income tax relief policy for small low-profit enterprises issued by the State Administration of Taxation, a lower corporate income tax (“CIT”) rate is applicable to small scale enterprises with low profitability that meet certain conditions, pursuant to which, the subsidiaries qualified as small-scale enterprises with assessable profits not over RMB3,000,000 are effectively taxable at 5% (i.e. 20% CIT rate on the 25% of the assessable profits). Other group entities, which are not qualified as small-scale enterprises, operating in the Chinese Mainland are taxed at 25%.

No Hong Kong profits tax (the “**Hong Kong Profits Tax**”) has been provided as the Group did not generate any assessable profits arising in Hong Kong or has available tax losses brought forward from prior years to offset the assessable profits generated during the year ended 31 December 2024. No provision for CIT is made for the year ended 31 December 2024 as the Group did not generate any assessable profits arising in the Chinese Mainland.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Current – Hong Kong Profits Tax</b>		
Charge for the year	32	–
<b>Current – Elsewhere</b>		
Charge for the year	818	–
Total	850	–

## 7. DIVIDEND

The Directors do not recommend the payment of any dividend for the years ended 31 December 2025 and 2024.

## 8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$15,655,000 (2024: approximately HK\$17,062,000) and the weighted average number of ordinary shares of 436,929,523 (2024: 413,801,205) in issue during the year.

No adjustment has been made to the basic loss per share attributable to owners of the Company for the years ended 31 December 2025 and 2024 in respect of a dilution as the Company had no potential dilutive ordinary shares in issue during these years.

## 9. PROPERTY, PLANT AND EQUIPMENT

### Leather Retail Business

In prior year, the Directors considered that there were impairment indicators on the property, plant and equipment (the “**Retail PPE**”) and the right-of-use assets (the “**Retail ROA**”) of the Leather Retail Business because of the substantial loss incurred. The relevant items of the Retail PPE and Retail ROA of the Leather Retail Business are grouped together to constitute a cash generating unit (the “**Retail CGU**”) for the purpose of the impairment assessment. The Directors assessed the recoverable amounts of the Retail CGU, which were higher of the value in use (“**VIU**”) and the fair value less costs of disposal (“**FVLCS**”). Since the Directors were of opinion that the Retail PPE and Retail ROA had minimal resell value and the FVLCS was considered as zero, the recoverable amounts of the Retail CGU were determined based on the VIU.

The recoverable amounts of the Retail CGU as at 31 December 2024 has been determined by the management by using the discounted cash flow projections (the “**Retail Valuation**”). Based on the Retail Valuation, the recoverable amounts of the Retail PPE and Retail ROA were zero. No write back of impairment loss on the Retail PPE and Retail ROA, which had been fully impaired in prior year, was considered necessary for the year ended 31 December 2024.

Since the Retail PPE and Retail ROA should have been fully depreciated as at 31 December 2025 should there be no impairment previously provided, no reassessment and write back of impairment loss on the Retail PPE and Retail ROA is considered necessary for the year ended 31 December 2025.

### Leather Manufacturing Business

In prior year, the Directors considered that there were impairment indicators on the property, plant and equipment (the “**Manufacturing PPE**”) and the right-of-use assets (the “**Manufacturing ROA**”) of the Leather Manufacturing Business because of the substantial loss incurred. The relevant items of the Manufacturing PPE and Manufacturing ROA of the Leather Manufacturing Business are grouped together to constitute a cash generating unit (the “**Manufacturing CGU**”) for the purpose of the impairment assessment. The Directors assessed the recoverable amounts of the Manufacturing CGU, which were higher of the VIU and the FVLCS. Since the Directors were of opinion that the Manufacturing PPE and Manufacturing ROA had minimal resell value and the FVLCS was considered as zero, the recoverable amounts of Manufacturing CGU were determined based on the VIU.

The Directors engaged an independent valuer with recognised qualifications and experiences to determine the VIU of the Manufacturing CGU as at 31 December 2024. The recoverable amounts of the Manufacturing CGU had been determined by using the discounted cash flow projections and the recoverable amounts of the Manufacturing PPE and Manufacturing ROA were zero. Impairment loss on the Manufacturing ROA of approximately HK\$1,553,000 was recognised in the consolidated statement of profit or loss for the year ended 31 December 2024; and no further impairment on the Manufacturing PPE was considered necessary as they had been fully impaired in prior year.

As at 31 December 2025, the carrying amounts of the Manufacturing PPE and Manufacturing ROA that have not been fully depreciated amounted to approximately HK\$264,000 and Nil (after impairment of HK\$223,000), respectively.

The Directors are of the opinion that both the carrying amounts of the Manufacturing PPE and Manufacturing ROA were not material to the financial position of the Group and no impairment assessment was considered necessary.

No impairment on the Manufacturing PPE was recognised and no write back of impairment loss on the Manufacturing ROA which has been fully impaired in prior year was made for the year ended 31 December 2025.

## Automobile Services Business

As at 31 December 2025, the Directors considered that there were impairment indicators on the property, plant and equipment (the “**Automobile PPE**”) of the Automobile Services Business because of the loss incurred during the year ended 31 December 2025. The relevant items of the Automobile PPE of the Automobile Services Business with net carrying amount of HK\$1,777,000 are grouped together to constitute a cash generating unit (the “**Automobile CGU**”) for the purpose of the impairment assessment.

The Directors assessed the recoverable amounts of the Automobile CGU, which are higher of the VIU and the FVLCS. Since the Directors are of the opinion that the Automobile PPE have minimal resale value and the FVLCS is considered to zero, the recoverable amounts of the Automobile CGU are determined based on the VIU. The recoverable amounts of the Automobile CGU have been determined by the management by using the discounted cash flow projections for a period of 5 year (the “**Automobile Valuation**”). The key assumptions used in the Automobile Valuation include growth rate of 10%–100%, gross profit margin of 60% and discount rate of 14.3%. The discount rate used in the Automobile Valuation is the weighted average cost of capital derived from market data. The growth rates and gross profit margin within the forecast periods are estimated by the Directors after having taken into consideration of the past performance of the Automobile CGU, industry growth forecasts and future business plan of the Group. Based on the Automobile Valuation, the recoverable amounts of the Automobile PPE are higher than the carrying amounts and no impairment on the Automobile PPE is considered necessary for the year ended 31 December 2025.

## 10. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	3,900	7,349
Less: Impairment loss	(493)	(2,051)
	<u>3,407</u>	<u>5,298</u>
Net carrying amounts	<u><u>3,407</u></u>	<u><u>5,298</u></u>

No credit term is granted to customers of the Leather Retail Business. Trade receivables are arising from customers of the Leather Manufacturing Business, the Automobile Services Business and the Lifestyle Consumer Business, whose are generally granted with credit terms of 30 to 90 days from the date of invoice. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The aging analysis of trade receivables (net of impairment loss) as at the end of the reporting period, based on invoice date, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Less than 30 days	3,407	5,168
31 to 60 days	–	–
61 to 90 days	–	–
91 to 120 days	–	–
121 to 365 days	–	130
Over 365 days	–	–
	<u>3,407</u>	<u>5,298</u>
	<u><u>3,407</u></u>	<u><u>5,298</u></u>

## 11. TRADE PAYABLES

The aging 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>
Less than 30 days	2,888	445
31 to 60 days	1,669	388
61 to 90 days	–	3,155
91 to 120 days	–	25
121 to 365 days	–	305
Over 365 days	104	448
	<u>4,661</u>	<u>4,766</u>

## 12. OTHER PAYABLES AND ACCRUALS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other payables	1,669	3,249
Accrued expenses	7,893	8,176
Due to former fellow subsidiaries	8,171	8,171
Due to former intermediate holding company	5,590	5,590
	<u>23,323</u>	<u>25,186</u>

The amounts due to former fellow subsidiaries and former intermediate holding company are unsecured, interest-free and have no fixed terms of repayment.

## 13. DUE TO ULTIMATE CONTROLLING SHAREHOLDER, A DIRECTOR AND RELATED COMPANIES

The amount due to ultimate controlling shareholder, namely Mr. Zhao, amounting to HK\$216,000 (2024: HK\$11,470,000), is unsecured, interest-free and has no fixed terms of repayment.

The amount due to a director, namely Mr. Qin Bohan (“**Mr. Qin**”), amounting to HK\$307,000 as at 31 December 2024, was unsecured, interest-free and had no fixed terms of repayment. The amount has been fully repaid during the year ended 31 December 2025.

The amounts due to related companies, namely 北京盛茂坤科技產業發展有限公司 and 中汽華輪(北京) 科技有限公司, amounting to approximately HK\$1,682,000 (2024: HK\$1,600,000) and HK\$57,000 (2024: Nil), respectively, are unsecured, interest-free and have no fixed terms of repayment.

## 14. LOAN FROM A DIRECTOR

On 28 October 2019, the Company entered into a loan agreement with Mr. Qin, pursuant to which, Mr. Qin granted a loan of HK\$8,000,000 to the Company which is unsecured, interest-free and has no fixed terms of repayment.

## 15. LOANS FROM ULTIMATE CONTROLLING SHAREHOLDER

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Balance as at 1 January	17,226	19,517
Extension agreements for existing loans entered:		
Notional interest saving arising from the interest-free loans	<u>(1,205)</u>	<u>(4,566)</u>
	16,021	14,951
Imputed interest charged	2,912	2,503
Repayments during the year	(1,000)	–
Exchange realignment	<u>323</u>	<u>(228)</u>
Balance as at 31 December	18,256	17,226
Less: Current portion	<u>(14,161)</u>	<u>(4,458)</u>
Non-current portion	<u><u>4,095</u></u>	<u><u>12,768</u></u>
Analysed into:		
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loans from ultimate controlling shareholder repayable:		
Within one year	14,161	4,458
In the second year	<u>4,095</u>	<u>12,768</u>
Total	<u><u>18,256</u></u>	<u><u>17,226</u></u>

Mr. Zhao, the ultimate controlling shareholder, has granted certain interest-free loans to the Group with aggregate principal amounts of HK\$1,226,000 (2024: HK\$2,226,000) (the “**HK\$ Loans**”), US\$1,480,000 (2024: US\$1,480,000) (the “**US\$ Loans**”) and RMB7,010,000 (2024: RMB7,010,000) (the “**RMB Loans**”) (equivalent to approximately HK\$20,582,000 (2024: HK\$21,201,000) in aggregate, collectively the “**Shareholder Loans**”) as at 31 December 2025.

The HK\$ Loans and the US\$ Loans are repayable in June to August 2026 and are accounted for at amortised cost, using an effective interest rate of 16% and 17%, respectively.

The RMB Loan with principal amount of RMB2,510,000 (equivalent to approximately HK\$2,661,000) is repayable in June 2026 and is accounted for at amortised cost, using effective interest rate of 15%. The remaining RMB Loans with principal amount of RMB4,500,000 (equivalent to approximately HK\$4,770,000) are repayable in March to June 2027 and are accounted for at amortised cost, using effective interest rates from 13% to 16%.

## 16. RIGHT-OF-USE ASSETS

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

	Head office premises <i>HK\$'000</i>	Retail shops, dismantling cost and office premises <i>HK\$'000</i>	Manufacturing plants and office premises <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	–	–	–	–
Additions	–	–	1,681	1,681
Depreciation ( <i>note 5</i> )	–	–	(128)	(128)
Impairment loss provided for the year	–	–	(1,553)	(1,553)
Exchange realignment	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2024 and 1 January 2025	–	–	–	–
Additions	–	–	–	–
Depreciation ( <i>note 5</i> )	–	–	–	–
Impairment loss provided for the year	–	–	–	–
Exchange realignment	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2025	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Details of the assessment of the Group's right-of-use assets are set out in note 9 to this announcement.

## 17. SHARE CAPITAL

### Authorised and issued share capital

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Authorised (2,000,000,000 ordinary shares of HK\$0.01 each)	<u>20,000</u>	<u>20,000</u>
Issued and fully paid: 461,740,000 (2024: 422,716,000) ordinary shares of HK\$0.01 each	<u>4,617</u>	<u>4,227</u>

A summary of movements in Company's share capital is as follows:

	Number of shares in issue*	Share capital HK\$'000
At 1 January 2024	412,704,000	4,127
Shares issued during the year <sup>#</sup>	10,012,000	100
At 31 December 2024 and 1 January 2025	422,716,000	4,227
Shares issued during the year <sup>+</sup>	39,024,000	390
At 31 December 2025	461,740,000	4,617

\* ordinary shares of HK\$0.01 each

<sup>#</sup> Shares issued during the year ended 31 December 2024:

On 21 November 2024, 10,012,000 ordinary shares were issued at a placing price of HK\$1.02 per share for a total cash consideration, before share issuing expenses, of HK\$10,212,240 in which, as to HK\$10,112,120 was recognised as share premium during the year ended 31 December 2024. The related issuing expenses of approximately HK\$436,000 was reduced from the share premium.

<sup>+</sup> Shares issued during the year ended 31 December 2025:

- (a) On 18 March 2025, 9,024,000 ordinary shares were issued at a placing price of HK\$1.78 per share for a total cash consideration, before share issuing expenses, of HK\$16,062,720 in which, as to HK\$15,972,480 was recognised as share premium during the year ended 31 December 2025. The related issuing expenses of approximately HK\$447,000 was reduced from the share premium.
- (b) On 17 September 2025, 15,000,000 ordinary shares were issued at a placing price of HK\$1.42 per share for a total cash consideration, before share issuing expenses, of HK\$21,300,000 in which, as to HK\$21,150,000 was recognised as share premium during the year ended 31 December 2025. The related issuing expenses of approximately HK\$567,000 was reduced from the share premium.
- (c) On 27 October 2025, 15,000,000 ordinary shares were issued at a placing price of HK\$1.75 per share for a total cash consideration, before share issuing expenses, of HK\$26,250,000 in which, as to HK\$26,100,000 was recognised as share premium during the year ended 31 December 2025. The related issuing expenses of approximately HK\$700,000 was reduced from the share premium.

Subsequent to the end of the reporting period, (a) on 27 January 2026, 12,916,000 ordinary shares were issued at a placing price of HK\$2.16 per share for a total cash consideration, before share issuing expenses, of approximately HK\$27,899,000; and (b) on 17 March 2026, the Company entered into a placing agreement with a placing agent for the placing of 25,000,000 new shares at a placing price of HK\$1.83 per share, with expected net proceeds of approximately HK\$44,570,000. Up to the date of this announcement, the proposed placing of 25,000,000 new shares has not yet been completed.

## 18. RELATED PARTY BALANCES AND TRANSACTIONS

In addition to the balances and transactions detailed elsewhere in the consolidated financial statements, the Group had the following transactions with related party during the year:

Compensation of key management personnel of the Group:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Short-term benefits	3,879	1,252
Retirement scheme contributions	<u>–</u>	<u>–</u>
Total compensation paid to key management personnel	<u><u>3,879</u></u>	<u><u>1,252</u></u>

## 19. COMMITMENTS

Other than the lease commitments related to short-term lease of approximately HK\$100,000 (2024: HK\$861,000), as at the end of the reporting period, the Group had the following capital commitment.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Purchase of plant and machinery		
– Contracted for but not provided for	<u><u>2,147</u></u>	<u><u>–</u></u>

## 20. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at the end of the reporting period.

## 21. EVENTS AFTER THE REPORTING PERIOD

Except for the placing of shares of the Company as disclosed in note 17 to this announcement, there were no material events occurring subsequent to the end of the reporting period.

## EXTRACT OF INDEPENDENT AUDITOR’S REPORT

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

In forming their opinion, Ascenda Cachet have considered the adequacy of the disclosures concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. Without qualifying their opinion, they draw attention to note 2.1 to the consolidated financial statements which indicates that the Group incurred a substantial loss attributable to the owners of the Company of approximately HK\$15,655,000 for the year and had net current liabilities and deficiency in assets of approximately HK\$15,545,000 and HK\$17,372,000, respectively, as at 31 December 2025. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis because the directors (the “**Directors**”) of the Company have prepared a cash flow forecast of the Group and are satisfied that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least 12 months from 31 December 2025 after taking into account of the following measures:

- (i) As part of the management continuous efforts to strengthen the Company’s capital base and the Group’s working capital position, during the year, the Company successfully completed the placing of (a) 9,024,000 new shares at a placing price of HK\$1.78 per share on 18 March 2025, (b) 15,000,000 new shares at a placing price of HK\$1.42 per share on 17 September 2025 and (c) 15,000,000 new shares at a placing price of HK\$1.75 per share on 27 October 2025, raising net proceeds of approximately (a) HK\$15,620,000, (b) HK\$20,800,000 and (c) HK\$25,550,000, respectively. In addition, subsequent to the end of the reporting period, (i) on 27 January 2026, the Company successfully completed the placing of 12,916,000 new shares at a placing price of HK\$2.16 per share, raising net proceeds of approximately HK\$27,140,000, and (ii) on 17 March 2026, the Company entered into a placing agreement with a placing agent for the placing of 25,000,000 new shares at a placing price of HK\$1.83 per share, with expected net proceeds of approximately HK\$44,570,000 (the “**March 2026 Placing**”). In view of the successful fund raising experiences and connections of the management in the capital market, the Directors consider that the Group will continue and is able to seek for alternative capital and other funding sources on an ongoing basis.

- (ii) The Group has expanded its principal businesses, including the sales of lifestyle consumer products during the year ended 31 December 2025. The Group continues to revitalise its business strategies and plans in order to improve the Group's principal businesses and thus its financial performance. In addition, the Group remains committed to implement stringent cost management measures with continuous efforts to optimise operational efficiency and minimise the cash outflow of non-essential items. The Directors consider that the revitalised business strategies, plans and cost management measures, if materialised, could improve the Group's revenue, financial performance and financial position.

The consolidated financial statements do not include any adjustments that would result from a failure to obtain such financing to the Group under the March 2026 Placing and to result in favourable outcome from the revitalised business strategies, plans and cost management measures devised by the Directors, which indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Should the Group be unable to continue in business as a going concern, adjustments would have been made to restate the value of assets to the recoverable amounts and to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities. Ascenda Cachet consider that the fundamental uncertainty has been properly disclosed in the consolidated financial statements. Their report is not qualified in respect of the fundamental uncertainty relating to the going concern basis.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL PERFORMANCE**

The Group has recorded revenue of approximately HK\$59,295,000 for the year ended 31 December 2025 (2024: approximately HK\$21,961,000), representing a significant increase of 170.0% or approximately HK\$37,334,000 as compared with the year ended 31 December 2024. External revenue contributed from the Leather Manufacturing Business, Leather Retail Business, Automobile Services Business and Lifestyle Consumer Business was approximately HK\$32,099,000 (2024: approximately HK\$21,433,000), approximately HK\$236,000 (2024: approximately HK\$522,000), approximately HK\$2,573,000 (2024: approximately HK\$6,000) and approximately HK\$24,387,000 (2024: Nil) for the year ended 31 December 2025, respectively. Gross profit was approximately HK\$14,186,000 (2024: approximately HK\$6,601,000) for the year ended 31 December 2025. There was a decrease in gross profit margin from approximately 30.1% for the year ended 31 December 2024 to approximately 23.9% for the year ended 31 December 2025. The increased revenue was primarily attributable to the significant increase in revenue from the Leather Manufacturing Business and the development of the new segments of Automobile Services Business and Lifestyle Consumer Business. Performance of the Group's business is covered in more details under the "Business Review" section below.

Other income increased from approximately HK\$288,000 for the year ended 31 December 2024 to approximately HK\$2,653,000 for the year ended 31 December 2025. The increase was mainly attributable to the write-back of other payables and accruals of approximately HK\$1,408,000 and gain on modification of leases of approximately HK\$890,000 for the year ended 31 December 2025.

There was no further impairment (2024: approximately HK\$1,553,000) on right-of use assets for the year ended 31 December 2025 as most of the Group's leases have been expired and lapsed as at 31 December 2025.

Selling and distribution costs decreased by approximately HK\$179,000 to approximately HK\$1,731,000 for the year ended 31 December 2025 (2024: approximately HK\$1,910,000). The decrease was mainly due to reduction in overseas orders, which led to lower shipping and distribution volumes and consequently reduced freight and handling charges.

Administrative and other operating expenses increased by approximately HK\$13,261,000 to approximately HK\$29,777,000 (2024: approximately HK\$16,516,000) for the year ended 31 December 2025. The increase was mainly due to (i) the development of new business segments during the year, which led to higher staffing levels and related employee costs as the Group recruited additional personnel to support the new operations; (ii) increased administrative expenses associated with setting up and operating the new segments, including office, utilities and other overheads; and (iii) a rise in professional fees, principally legal, consulting and advisory services engaged to support business development, regulatory compliance and corporate matters.

As a result of the above, the Group recorded a net loss attributable to the owners of the Company of approximately HK\$15,655,000 (2024: approximately HK\$17,062,000) for the year ended 31 December 2025. Loss per share attributable to the owners of the Company for the year ended 31 December 2025 was HK3.6 cents (2024: HK4.1 cents).

## **BUSINESS REVIEW**

For the year ended 31 December 2025, the Leather Manufacturing Business, the Leather Retail Business, the Automobile Services Business and the Lifestyle Consumer Business accounted for approximately 54.1% (2024: 97.6%), 0.4% (2024: 2.4%), 4.3% (2024: nil) and 41.2% (2024: nil) of the Group's total revenue, respectively.

### **Leather Manufacturing Business**

Facing challenges such as Sino-US trade frictions, tariff adjustments and fluctuations in demand from the US market, the Group adopted prudent and pragmatic measures in 2025 while concurrently advancing market expansion, supply-chain management and product upgrades to address external uncertainties in a steady manner.

For the year ended 31 December 2025, revenue from the Leather Manufacturing Business amounted to approximately HK\$32,099,000, representing an increase of approximately 49.8% from HK\$21,433,000 for the year ended 31 December 2024. The growth was mainly driven by: (i) inventory rationalization, strategic outsourcing and dynamic workforce allocation, which effectively alleviated cash pressure and improved capacity utilization, resulting in a marked recovery in production efficiency in the second half of the year; and (ii) strengthened supply-chain risk control and delivery management, and improvements to settlement and inventory processes to enhance cash-flow stability and delivery reliability. The Leather Manufacturing Business recorded a profit of approximately HK\$4,781,000 (2024: loss of approximately HK\$4,526,000) for the year ended 31 December 2025.

The growth reflects the Group's continued improvement in execution and risk management amid adverse conditions. The Group remains cautious and considers that there is further room for structural and operational improvements and will continue to implement related optimization measures.

Revenue analysis by geographic location:

	2025		2024	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Hong Kong, China	<b>11,967</b>	<b>37.3</b>	8,432	39.3
Europe	<b>8,278</b>	<b>25.8</b>	9,887	46.1
Chinese Mainland	<b>11,854</b>	<b>36.9</b>	461	2.2
The United States	–	–	935	4.4
Other countries	–	–	1,718	8.0
	<b>32,099</b>	<b>100.0</b>	21,433	100.0

Revenue analysis by product category:

	2025		2024	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Belts	<b>15,379</b>	<b>47.9</b>	13,065	61.0
Leather goods and other accessories	<b>16,720</b>	<b>52.1</b>	8,368	39.0
	<b>32,099</b>	<b>100.0</b>	21,433	100.0

## **Leather Retail Business**

The Leather Retail Business was affected by weak retail sentiment in Hong Kong. Revenue from external customers from Hong Kong amounted to approximately HK\$236,000 (2024: approximately HK\$522,000) for the year ended 31 December 2025, representing a decrease of approximately 54.8% compared with the year ended 31 December 2024. The decline in revenue was mainly attributable to continued uncertainty over the economic recovery in Hong Kong and the Chinese Mainland and intense competition from online sales channels, which put pressure on the performance of the Leather Retail Business. The Leather Retail Business recorded a loss of approximately approximately HK\$1,456,000 (2024: loss of approximately HK\$2,004,000) for the year ended 31 December 2025.

As at 31 December 2025, the Group maintained one (2024: one) AREA 0264 store in Hong Kong and the Teepee Leather workshop was closed in August 2025 (2024: maintained one Teepee Leather workshop). In view of the continued pressure on the offline retail market, the Group expects to progressively consolidate and close its offline store in 2026 to optimize resource allocation and control operating costs.

## **Automobile Services Business**

The Group has expanded its new business into the Automobile Services Business by setting up a joint venture with a strategic partner in December 2024, aiming to build a stable and complementary source of revenue for the Group. The Automobile Services Business recorded revenue of approximately HK\$2,573,000 (2024: approximately HK\$6,000) and a segment loss of approximately HK\$5,256,000 (2024: approximately HK\$20,000) for the year ended 31 December 2025. This outcome reflects that the project remains in its early investment and market-development stage, requiring higher start-up costs and operational adjustments in the short term, paving the way for the stronger and more sustainable contribution to the Group's long term financial performance.

## **Lifestyle Consumer Business**

In 2025, to further diversify revenue streams and enhance the Group's resilience, we prudently explored and developed the Lifestyle Consumer Business in sales of lifestyle consumer products. The Lifestyle Consumer Business contributed revenue of approximately HK\$24,387,000 (2024: nil) for the year ended 31 December 2025, thereby diversifying the Group's overall revenue mix and generating a segment profit of approximately HK\$1,337,000 (2024: nil).

## **PROSPECTS**

### **Leather Manufacturing Business**

In 2026, the Group will continue to advance its transformation strategy toward premium positioning, customization and diversification in terms of products and market approach. The customized product line has already begun to receive initial market feedback in areas such as handbags and accessories.

In addition, to reduce reliance on any single market, the Group will strengthen its penetration into the European and the Chinese Mainland markets and actively explore the development of fashion apparel manufacturing businesses beyond leather products, with a view to optimizing its revenue mix and increasing the average value per order.

The Group will continue to implement its established strategy prudently and pragmatically, with a focus on expanding market presence in Europe and other regions, developing customized high-end product lines, and continuously improving settlement and inventory turnover. Financial objectives include steadily improving gross margin and operating-capital turnover efficiency while pursuing sustainable growth within controllable risk parameters.

### **Leather Retail Business**

Following careful review, the previously proposed joint-venture plan to drive e-commerce has been terminated. In the interest of the Group's long-term objectives, the Group has promptly adjusted its approach to prioritize internal accelerated development, combined with phased pilot projects and selective strategic partnerships to advance e-commerce. This approach aims to validate the business model and expand the online market coverage of the Leather Retail Business while maintaining risk control.

### **Automobile Services Business**

Management adopts a cautious and pragmatic stance toward the Automobile Services Business and has implemented a series of measures to improve operational efficiency and control costs, including optimizing service processes, strengthening staff training, and promoting cross-selling to leverage synergies with the Group's businesses. The Group will allocate resources in phases to mitigate expansion risk.

The Company believes that as market awareness increases, the operating model matures and the cost structure improves, the Automobile Services Business is expected to generate stable and sustainable cash flows and earnings for the Group in the medium to long term, becoming an important component of the Group's diversified development.

### **Lifestyle Consumer Business**

Advancing the Lifestyle Consumer Business has enabled management to test new product categories, expand sales channels and optimize procurement and inventory management processes in the short term, while accumulating practical experience in rapid market response. Although initial results are positive, the Group remains prudent about the sustainability of the Lifestyle Consumer Business and has strengthened risk controls and gross-margin monitoring during operations. A phased rollout strategy is being adopted, prioritizing resource allocation to product categories with better returns and controllable risks.

Looking ahead to 2026, the Group will, while retaining flexibility, prudently assess the path to scale the Lifestyle Consumer Business based on market feedback and financial performance, and seek synergies with the existing leather business to deliver steady and sustainable returns to shareholders.

### **Industrial Hemp Business**

The Group had planned to diversify into industrial hemp cultivation and the production of hemp textile products and resumed trial cultivation of the hemp variety “Yunma No. 8” in late May 2024. However, the Group has not achieved the expected progress in the development of industrial hemp cultivation and the related value chain. After considering current market prospects, technological maturity and resource allocation, the project has not yet met the key conditions necessary to support sustainable development. The Group will continue to prudently assess the development potential of this business and monitor relevant market and policy changes to adjust its development strategy in a timely manner.

Looking forward, the Group will continue to enhance product competitiveness, maintain and further expand its core customer base in Hong Kong, the Chinese Mainland and Europe, and implement key measures that the Group believes will improve profitability and support sustainable growth, including ongoing improvements in operational efficiency and cost control. The Group is also actively exploring new opportunities within the power semiconductor industry chain, further details will be announced in due course should any significant developments arise. The Group will closely monitor the economic environment and market trends and will make appropriate adjustments to the above strategies and measures as warranted by actual conditions, while continuing to explore new business opportunities.

The Group will continue to work with customers, shareholders and business partners to promote sustainable development, and will regularly review its strategic direction and operating model to further narrow losses and enhance shareholder value.

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2025, the Group’s cash and bank deposits were approximately HK\$27,966,000 as compared to approximately HK\$829,000 as at 31 December 2024.

The Group recorded total current assets of approximately HK\$37,679,000 as at 31 December 2025 (31 December 2024: approximately HK\$10,878,000) and total current liabilities of approximately HK\$53,224,000 as at 31 December 2025 (31 December 2024: approximately HK\$59,744,000). The increase in total current assets was mainly due to the increase in prepayments, deposits and other receivables and bank balances. The current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 0.71 times as at 31 December 2025 (31 December 2024: approximately 0.18 times).

As at 31 December 2025, the Group had total assets amounting to approximately HK\$39,947,000 (2024: approximately HK\$10,878,000) and total liabilities of approximately HK\$57,319,000 (2024: approximately HK\$72,899,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 143.5% (31 December 2024: approximately 670.2%) as at 31 December 2025.

The improvement in current ratio and gearing ratio was mainly due to the placing of new shares which raised additional funds during the year ended 31 December 2025.

The Group recorded deficiency in assets of approximately HK\$17,372,000 (31 December 2024: HK\$62,021,000) as at 31 December 2025. The significant improvement in deficiency in assets was mainly attributable to the placing of new shares during the year which raised additional funds through the equity market, hereby strengthening the Group's financial position.

As detailed in note 2.1 to this announcement, the Company has undertaken various measures to improve its liquidity. The Directors are of the view that the Group will have sufficient working capital to finance its obligations as and when they fall due for at least 12 months from 31 December 2025.

### **Inventories and trade receivables**

The Group recorded total inventories of approximately HK\$1,174,000 (31 December 2024: approximately HK\$2,010,000) as at 31 December 2025 and the inventory turnover days decreased to 9 days as at 31 December 2025 from 48 days as at 31 December 2024. The Group had trade receivables of approximately HK\$3,407,000 (31 December 2024: approximately HK\$5,298,000) as at 31 December 2025 and the debtor turnover days decreased from 88 days to 21 days.

### **Impairment loss on property, plant and equipment and right-of-use assets**

During the year ended 31 December 2024, a non-cash impairment loss of approximately HK\$1,553,000 was recognised on the right-of-use assets (2025: nil), mainly attributable to the past performance and the continuing challenging market condition as an impairment indicator to the Group's businesses. Further details of the impairment loss are set out in note 9 to this announcement.

## PLACING OF NEW SHARES UNDER GENERAL MANDATE IN MARCH 2025

On 21 February 2025, the Company entered into a placing agreement with VC Brokerage Limited, pursuant to which VC Brokerage Limited has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six places who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) to subscribe for up to 30,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company (i.e. the placing shares) at the placing price of HK\$1.78 per placing share. The placing shares were approved to issue and allot under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the Company held on 4 June 2024. The placing price of HK\$1.78 per placing share represented a discount of approximately 19.46% to the closing price of HK\$2.21 per share as quoted on the Stock Exchange on the date of the above placing agreement.

On 18 March 2025, an aggregate of 9,024,000 placing shares with par value of HK\$0.01 each have been successfully placed to not less than six places at the placing price of HK\$1.78 per placing share pursuant to the terms of the relevant placing agreement. The aggregate nominal value of the 9,024,000 placing shares was HK\$90,240.

The gross proceeds from the above placing were approximately HK\$16.06 million, and the net proceeds, after deducting the placing commission, professional fees and other related expenses incurred in relation to the above placing, amounted to approximately HK\$15.62 million, representing a net issue price of HK\$1.73 per placing share.

The Company intended to apply the net proceeds as to (i) approximately HK\$6 million, equivalent to approximately 38.41% of the net proceeds from the above placing for the purchase of materials, equipment, and overhead costs related to the leather manufacturing and extended cleaning services for leather and motor vehicle’s engine; and (ii) approximately HK\$6 million, equivalent to approximately 38.41% of the net proceeds from the above placing, for the general working capital of the Group including rental payments, staff costs, professional fees and other general administrative and operating expenses; and (iii) approximately HK\$3.62 million, equivalent to approximately 23.18% of the net proceeds from the above placing, for settlement of outstanding payables.

As at 31 December 2025, the Company utilized the net proceeds from the above placing in full as intended.

The Directors considered that the above placing represents a good opportunity to raise additional funds through the equity market and will strengthen the Group’s financial position.

For the details of the above placing, please refer to the announcements of the Company dated 21 February 2025, 26 February 2025 and 18 March 2025.

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE IN MAY 2025**

On 2 May 2025, the Company entered into a placing agreement with VC Brokerage Limited, pursuant to which VC Brokerage Limited has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons, to subscribe for up to 20,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company (i.e. the placing shares) at the placing price of HK\$1.78 per placing share. The placing shares were approved to issue and allot under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the Company held on 4 June 2024. The placing price of HK\$1.78 per placing share represented a discount of approximately 6.32% to the closing price of HK\$1.90 per share as quoted on the Stock Exchange on the date of the above placing agreement.

As the conditions precedent as set out in the above placing agreement were not fully satisfied or fulfilled by 23 May 2025 (i.e. the closing date), the above placing agreement has not become unconditional and has lapsed.

For the details of the above placing, please refer to the announcements of the Company dated 2 May 2025, 7 May 2025 and 26 May 2025.

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE IN SEPTEMBER 2025**

On 21 August 2025, the Company entered into a placing agreement with VC Brokerage Limited, pursuant to which VC Brokerage Limited has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons, to subscribe for up to 44,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company (i.e. the placing shares) at the placing price of HK\$1.42 per placing share. The placing shares were approved to issue and allot under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the Company held on 3 June 2025. The placing price of HK\$1.42 per placing share represented a premium of approximately 17.36% over the closing price of HK\$1.21 per share as quoted on the Stock Exchange on the date of the above placing agreement.

On 10 September 2025, the Company and the above placing agent entered into a side letter to the above placing agreement to the effect that the maximum number of placing shares to be placed under the above placing agreement shall be reduced from 44,000,000 placing shares to 15,000,000 placing shares.

On 17 September 2025, an aggregate of 15,000,000 placing shares with par value of HK\$0.01 each have been successfully placed to not less than six placees at the placing price of HK\$1.42 per placing share pursuant to the terms of the relevant placing agreement (as amended and supplemented by the side letter dated 10 September 2025). The aggregate nominal value of the 15,000,000 placing shares was HK\$150,000.

The gross proceeds from the above placing are approximately HK\$21.3 million, and the net proceeds, after deducting the placing commission, professional fees and other related expenses incurred in relation to the above placing, amounted to approximately HK\$20.8 million, representing a net issue price of HK\$1.39 per placing share.

The Company intended to apply the net proceeds as to (i) approximately HK\$6.6 million for the purchase of materials, equipment, and overhead costs related to the leather manufacturing and extended cleaning services for leather and motor vehicle's engine; (ii) approximately HK\$6.0 million for the general working capital of the Group including rental payments, staff costs, professional fees and other general administrative and operating expenses; (iii) approximately HK\$5.1 million for the settlement of outstanding payables; and (iv) the remaining of approximately HK\$3.1 million for other general working capital of the Group.

As at 31 December 2025, the Company utilized the net proceeds from the above placing in full as intended.

The Directors considered that the above placing represents a good opportunity to raise additional funds through the equity market and will strengthen the Group's financial position.

For the details of the above placing, please refer to the announcements of the Company dated 21 August 2025, 10 September 2025, 11 September 2025 and 17 September 2025.

#### **PLACING OF NEW SHARES UNDER GENERAL MANDATE IN OCTOBER 2025**

On 30 September 2025, the Company entered into a placing agreement with VC Brokerage Limited, pursuant to which VC Brokerage Limited has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons, to subscribe for up to 15,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company (i.e. the placing shares) at the placing price of HK\$1.75 per placing share. The placing shares were approved to issue and allot under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the Company held on 3 June 2025. The placing price of HK\$1.75 per placing share represented a discount of approximately 16.27% to the closing price of HK\$2.09 per share as quoted on the Stock Exchange on the date of the above placing agreement.

On 27 October 2025, an aggregate of 15,000,000 placing shares with par value of HK\$0.01 each have been successfully placed to not less than six placees at the placing price of HK\$1.75 per placing share pursuant to the terms of the relevant placing agreement. The aggregate nominal value of the 15,000,000 placing shares was HK\$150,000.

The gross proceeds from the above placing are approximately HK\$26.25 million, and the net proceeds, after deducting the placing commission, professional fees and other related expenses incurred in relation to the above placing, amounted to approximately HK\$25.55 million, representing a net issue price of HK\$1.70 per placing share.

The Company intended to apply the net proceeds as to (i) approximately HK\$6.06 million for the existing business operation for purchase of materials, equipment, and overhead costs related to the leather manufacturing and extended cleaning services for leather and motor vehicle's engine; (ii) approximately HK\$13.69 million for the general working capital of the Group including rental payments, staff costs, professional fees and other general administrative and operating expenses; (iii) approximately HK\$2.94 million for the settlement of outstanding payables; and (iv) the remaining of approximately HK\$2.86 million for new business opportunities including but not limited to Web3 technology application scenarios.

As at 31 December 2025, the Company utilized (i) approximately HK\$6.06 million for the existing business operation for purchase of materials, equipment, and overhead costs related to the leather manufacturing and extended cleaning services for leather and motor vehicle's engine; (ii) approximately HK\$13.69 million for the general working capital of the Group including rental payments, staff costs, professional fees and other general administrative and operating expenses; (iii) approximately HK\$2.94 million for the settlement of outstanding payables. The remaining HK\$2.86 million unutilized net proceeds from the above placing will be utilized for new business opportunities, as intended, on or before 31 December 2026.

The Directors considered that the above placing represents a good opportunity to raise additional funds through the equity market and will strengthen the Group's financial position.

For the details of the above placing, please refer to the announcements of the Company dated 30 September 2025 and 27 October 2025.

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE IN JANUARY 2026**

On 6 January 2026, the Company entered into a placing agreement with VC Brokerage Limited, pursuant to which VC Brokerage Limited has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons, to subscribe for up to 20,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company (i.e. the placing shares) at the placing price of HK\$2.16 per placing share. The placing shares were approved to issue and allot under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the Company held on 3 June 2025. The placing price of HK\$2.16 per placing share represented a discount of approximately 14.96% to the closing price of HK\$2.54 per share as quoted on the Stock Exchange on the date of the above placing agreement.

On 27 January 2026, an aggregate of 12,916,000 placing shares with par value of HK\$0.01 each have been successfully placed to not less than six placees at the placing price of HK\$2.16 per placing share pursuant to the terms of the relevant placing agreement. The aggregate nominal value of the 12,916,000 placing shares was HK\$129,160.

The gross proceeds from the above placing are approximately HK\$27.90 million, and the net proceeds, after deducting the placing commission, professional fees and other related expenses incurred in relation to the above placing, amounted to approximately HK\$27.14 million, representing a net issue price of HK\$2.101 per placing share.

The Company intended to apply the net proceeds as to (i) approximately HK\$11.60 million, equivalent to approximately 42.74% of the net proceeds from the above placing, for the existing business operation for purchase of materials, equipment, and overhead costs related to the leather manufacturing and/or extended cleaning services for leather and motor vehicle's engine and other trading business; (ii) approximately HK\$9.04 million, equivalent to approximately 33.31% of the net proceeds from the above placing, for the general working capital of the Group including, but not limited to, rental payments, staff costs, professional fees and other general administrative and operating expenses; and (iii) approximately HK\$6.50 million, equivalent to approximately 23.95% of the net proceeds from the above placing, for the repayment of outstanding indebtedness.

The Company expects to utilize the net proceeds as intended on or before 31 December 2026.

The Directors considered that the above placing represents a good opportunity to raise additional funds through the equity market and will strengthen the Group's financial position.

For the details of the above placing, please refer to the announcements of the Company dated 6 January 2026 and 27 January 2026.

## **SIGNIFICANT INVESTMENTS HELD**

There were no significant investments held as at and during the year ended 31 December 2025 (2024: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS**

On 21 August 2025, the Company and NVTSH Limited entered into a sale and purchase agreement, pursuant to which the Company, as purchaser, has conditionally agreed to acquire and NVTSH Limited, as vendor, has conditionally agreed to sell 200,000 ordinary shares with a par value of US\$1.00 each in the share capital of NVTH Limited (the "**Sale Shares**"), representing 20% of the entire issued share capital of NVTH Limited. The consideration payable by the Company for the Sale Shares shall be HK\$100,000,000, which shall be satisfied by cash and by way of allotment and issue of consideration shares under the general mandate granted to the Directors at the annual general meeting of the Company held on 3 June 2025.

As no agreement had been reached between the Company and NVTSH Limited for possible change in the terms and conditions of the relevant sale and purchase agreement and/or the mode of cooperation between the parties, the sale and purchase agreement lapsed on 30 September 2025.

For details, please refer to the announcements of the Company dated 21 August 2025, 10 September 2025, 11 September 2025 and 26 September 2025.

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed elsewhere, the Group does not have any other plans for material investments and capital assets as at the date of this announcement.

## **TREASURY POLICY**

The Group generally finances its operation with internally generated resources and advances and loans from Directors and the ultimate controlling shareholder of the Company and other fund raising activities, including but not limit to placing of new shares. Cash and bank deposits of the Group are mainly denominated in HK\$, US\$ and RMB. Transactions of the Group are mainly denominated in HK\$, US\$ and RMB. As HK\$ is pegged to US\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rate. In this regard, the Group is not exposed to significant currency risk arising from US\$. The fluctuations in the RMB's value against other currencies will create foreign currency translation gains or losses and may have a significant impact on the Group's business, financial condition and results. The Group currently does not have any foreign currency hedging policy. However, the management of the Company will continue to monitor foreign exchange exposure and will consider taking measures to mitigate significant foreign currency exposure should the need arise.

## **CHARGES ON ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 December 2025, the Group did not have any charges on assets (31 December 2024: Nil).

Other than the operating lease commitments and capital commitments as disclosed in note 19 to this announcement, the Group had no significant commitments and contingent liabilities as at 31 December 2025 and 31 December 2024.

## **EVENTS AFTER THE REPORTING PERIOD**

On 17 March 2026, the Company entered into a placing agreement with VC Brokerage Limited, pursuant to which VC Brokerage Limited has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six places who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons, to subscribe for up to 25,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company (i.e. the placing shares) at the placing price of HK\$1.83 per placing share. The placing shares were approved to issue and allot under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the Company held on 3 June 2025. The placing price of HK\$1.83 per placing share represented a discount of approximately 14.08% to the closing price of HK\$2.13 per share as quoted on the Stock Exchange on the date of the above placing agreement. As at the date of this announcement, the placing is yet to be completed. For details, please refer to the Company's announcement dated 17 March 2026.

Save as disclosed above and those disclosed under the section headed "Placing of New Shares under General Mandate in January 2026" above, there have been no significant events occurring after the end of the reporting period and up to the date of this announcement.

## **HUMAN RESOURCES**

As at 31 December 2025, the Group employed 128 (2024: 109) employees. The salaries of employees largely depend on their job nature, performance and length of service with the Group. Total staff costs (including directors' emoluments) were approximately HK\$15,101,000 for the year ended 31 December 2025, as compared to approximately HK\$9,694,000 for the year ended 31 December 2024. The Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of the Group. Discretionary bonuses are also available to the Group's employees depending on the overall performance of the Group. In addition to the basic remuneration, the Group also provides employees with employees benefits, including defined contribution plans, medical scheme and other applicable social insurance as required by the applicable laws and regulations. Apart from regular on-the-job training, the Group provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of individual within the workshop.

## **FINAL DIVIDEND**

The Board does not recommend the payment of any dividend for the year ended 31 December 2025 (2024: Nil).

## CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is important to the success of the Company. The Company is committed to attaining good standard of corporate governance practices in order to enhance shareholders' value and safeguard the interests of shareholders.

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules.

In the opinion of the Directors, the Company has complied with the Code Provisions as set out in the CG Code during the year ended 31 December 2025 except for the following deviation.

Under Code Provision D.2.2 of the CG Code, the Group should have an internal audit function. The Group has reviewed the need for an internal audit department annually. Given the Group's simple operating structure, the management is of the opinion that instead of setting up an internal audit department, it would be more cost effective to engage an independent external professional party to review on annual basis the internal control systems and measures of the Group and report to the audit committee (the "**Audit Committee**") members. The review covered analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, encompassing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting function, as well as those relating to the Company's Environmental, Social and Governance performance and reporting. The Board is of the view that appropriate measures have been put in place to manage the risks and no major issue was raised for improvement during the review.

The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

Following the passing away of Mr. Rong Yi on 28 December 2024, the Board comprised six Directors, including four executive Directors and two independent non-executive Directors, the Audit Committee comprised two members only, and the chairman of the remuneration committee of the Company (the "**Remuneration Committee**") was vacant. The Company did not meet (i) the minimum number of independent non-executive directors as required under Rule 3.10(1) of the Listing Rules; (ii) the minimum number of members in the Audit Committee as required under Rule 3.21 of the Listing Rules; and (iii) the requirement under Rule 3.25 of the Listing Rule that the Remuneration Committee be chaired by an independent non-executive Director.

Following the appointment of Mr. Chiang Chien Chih and Mr. Ying Yong as executive Directors with effect from 14 January 2025, the Board comprised eight Directors, including six executive Directors and two independent non-executive Directors. The Company did not meet the requirement of having independent non-executive Directors representing at least one-third of the Board members under Rule 3.10A of the Listing Rules.

Following the appointment of Ms. Chen Mengsi, as an independent non-executive Director, the chairlady of the Remuneration Committee and a member of each of the Audit Committee and the nomination committee of the Company with effect from 21 January 2025, the Company re-complied with the above requirements of the Listing Rules.

On 9 April 2025, Mr. Fong Sze Chun, Mr. Jerome Jean Jacques Loubert had been appointed as executive Directors and Mr. Chan Hau Him Howard had been appointed as a non-executive Director. Accordingly, the Board comprised twelve Directors, including eight executive Directors, one non-executive Director and three independent non-executive Directors. The Company did not meet the requirement of having independent non-executive Directors representing at least one-third of the Board members under Rule 3.10A of the Listing Rules.

On 8 July 2025, Ms. Ye Duan and Mr. Peng Zuoquan had been appointed as independent non-executive Directors and the Company re-complied the above requirement of the Listing Rules.

Following the resignation of Ms. Han Yu as independent non-executive Director, she ceased to be the chairlady of the Audit Committee with effect from 19 November 2025. Therefore, the Company failed to comply with the requirement set out in Rule 3.21 of the Listing Rules with regard to the composition of the audit committee.

Ms. Ye Duan had been appointed as the chairlady of the Audit Committee with effect from 3 December 2025 and the Company re-complied the above requirement of the Listing Rules.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2025.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including the sale or transfer of treasury shares) during the year ended 31 December 2025.

## **AUDIT COMMITTEE**

The Company established an Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, internal controls and risk management systems of the Group. The Audit Committee currently comprises Mr. Chen Heyi (Committee Chairman), Ms. Jia Lixin and Ms. Cheng Mengsi. The Audit Committee has reviewed and discussed with the management and the external auditor the financial reporting matters including the annual results for the year ended 31 December 2025.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the Directors or substantial shareholders of the Company or their respective close associates (as defined in the Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, during the year ended 31 December 2025 and up to the date of this announcement.

## **SCOPE OF WORK OF MESSRS. ASCENDA CACHET CPA LIMITED (“ASCENDA CACHET”)**

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2025 have been agreed by the Group's independent auditor, Ascenda Cachet CPA Limited (“**Ascenda Cachet**”), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ascenda Cachet in this respect did not constitute an assurance engagement performed 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 Ascenda Cachet on the preliminary announcement.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the shareholders of the Company (the “**AGM**”) will be held after despatch of the annual report for the year ended 31 December 2025. The notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of the Company ([www.irasia.com/listco/hk/cidc/index.htm](http://www.irasia.com/listco/hk/cidc/index.htm)) and the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). An annual report for the year ended 31 December 2025 containing all the information required by the Listing Rules will be despatched to shareholders of the Company (as required) and available on the same websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to express my heartfelt gratitude to the management team and all our staff for their hard work, commitment, dedication and contribution, and all of our shareholders, valuable customers, banks and business partners for their ongoing support.

By order of the Board  
**China International Development Corporation Limited**  
**Qin Bohan**  
*Co-Chairman and Executive Director*

Hong Kong, 31 March 2026

*As at the date of this announcement, the executive Directors are Mr. Qin Bohan (Co-Chairman), Mr. Zhang Li (Co-Chairman), Mr. Fan Xin (Chief Executive Officer), Mr. Leung Wai Kit, Mr. Ying Yong, Mr. Lei Zhengbiao and Mr. Ding Wentuo; the non-executive Director is Mr. Siu Miu Man, Simon, MH, and the independent non-executive Directors are Ms. Jia Lixin, Ms. Chen Mengsi, Mr. Peng Zuoquan and Mr. Chen Heyi.*