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China Wacan Group Company Limited **中國網成集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

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

The board (“**Board**”) of directors (the “**Directors**”) of China Wacan Group Company Limited (the “**Company**”) is pleased to announce the consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>NOTES</i>	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Revenue	3	124,945	109,950
Cost of services		<u>(114,921)</u>	<u>122,833</u>
Gross profit/(loss)		10,024	(12,883)
Other income	4	342	96
Other gains	5	116	93
Reversal of/(allowance for) impairment losses under expected credit loss model, net	6	2,348	(21,510)
Administrative expenses		(26,717)	(8,920)
Finance costs	7	<u>(459)</u>	<u>(214)</u>
Loss before income tax	8	(14,346)	(43,338)
Income tax expense	9	<u>(106)</u>	–
Loss for the year		<u>(14,452)</u>	<u>(43,338)</u>

	<i>NOTES</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		<u>(142)</u>	<u>–</u>
Other comprehensive expense for the year, net of tax		<u>(142)</u>	<u>–</u>
Total comprehensive expense for the year		<u>(14,594)</u>	<u>(43,338)</u>
Loss for the year attributable to:			
Owners of the Company		(10,088)	(43,338)
Non-controlling interests		<u>(4,364)</u>	<u>–</u>
		<u>(14,452)</u>	<u>(43,338)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(10,148)	(43,338)
Non-controlling interests		<u>(4,446)</u>	<u>–</u>
		<u>(14,594)</u>	<u>(43,338)</u>
Loss per share attributable to owners of the Company			
– Basic (<i>HK cents</i>)	<i>11</i>	<u>(2.93)</u>	<u>(13.89)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current Assets			
Property, plant and equipment		10,116	2,997
Financial assets at fair value through profit or loss		<u>2,911</u>	<u>2,795</u>
		<u>13,027</u>	<u>5,792</u>
Current Assets			
Trade receivables	12	230	21,776
Other receivables and prepayments		7,883	–
Contract assets		9,444	4,153
Inventories		1,097	–
Cash and cash equivalents		<u>31,117</u>	<u>10,539</u>
		<u>49,771</u>	<u>36,468</u>
Total Assets		<u>62,798</u>	<u>42,260</u>
Current Liabilities			
Trade and other payables	13	9,306	27,124
Contract liabilities		29,198	–
Amount due to a related company		2,000	–
Bank borrowings		–	5,306
Lease liabilities		<u>2,965</u>	<u>–</u>
		<u>43,469</u>	<u>32,430</u>
Net Current Assets		<u>6,302</u>	<u>4,038</u>
Total Assets less Current Liabilities		<u>19,329</u>	<u>9,830</u>
Non-current Liabilities			
Lease liabilities		<u>5,127</u>	<u>–</u>
Net Assets		<u>14,202</u>	<u>9,830</u>

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Capital and (deficits) reserves			
Share capital	<i>14</i>	37,440	31,200
Reserves and accumulated losses		<u>(18,792)</u>	<u>(21,370)</u>
Equity attributable to equity holders of the Company			
Non-controlling interests		<u>(4,446)</u>	<u>–</u>
Total Equity		<u>14,202</u>	<u>9,830</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

China Wacan Group Company Limited (the “**Company**”) is incorporated in the Cayman Islands as an exempted company and is registered in the Cayman Islands with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 30 January 2019. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 August 2019. Its immediate and ultimate holding company is China Alliance Venture Technology Limited (“**China Alliance**”), a private limited company incorporated in Hong Kong. The controlling shareholders of the Company are Mr. Zhou Zhenlin and China Alliance.

The address of the registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of the principal place of business is Unit 2B, 35/F, East Tower, Cheung Kong Centre II, No. 10 Harcourt Road, Central, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as to the “**Group**”) is principally engaged in the (i) provision of beauty and health services (“**Beauty and Health Services**”); (ii) provision of construction services including wet trades works (including plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works) and other wet trades related ancillary works (“**Construction Services**”); and (iii) provision of construction information technology services (“**Construction IT Services**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

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

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

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

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

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

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

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

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

(i) *Disaggregation of revenue from contracts with customers*

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Type of service		
Construction Services	116,042	109,584
Construction IT Services	–	366
Beauty and Health Services	<u>8,903</u>	<u>–</u>
	<u>124,945</u>	<u>109,950</u>
Timing of revenue recognition		
Over time	116,042	109,950
A point in time	<u>8,903</u>	<u>–</u>
	<u>124,945</u>	<u>109,950</u>
Type of customer		
Private sector		
– Construction Services	4,207	25,701
– Construction IT Services	–	366
– Beauty and Health Services	<u>8,903</u>	<u>–</u>
Public sector		
– Construction Services	<u>111,835</u>	<u>83,883</u>
	<u>124,945</u>	<u>109,950</u>

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

The Group derives its revenue from provision of wet trades works and other wet trades related ancillary works and provision of construction information technology services are recognised over time. All the Group's services are rendered directly with the customers. Contracts with the Group's customers are agreed in fixed-price with terms from 1 month to 17 months (2024: 1 month to 17 months).

Revenue from provision of wet trades works

The Group provides wet trades works (including plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works) and other wet trades related ancillary works under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the services at the customers' specified sites that the Group's performance creates or enhances an asset that the customer controls as the Group performs. Revenue from provision of such services is therefore recognised over time using input method, i.e. based on the actual costs incurred by the Group to date compared with the total budgeted cost for the project to estimate the revenue recognised during the period. The directors of the Company consider that input method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under HKFRS 15.

Revenue from provision of construction information technology services

Revenue from provision of construction information technology services are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group bills a fixed amount for each month of service provided. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice.

Revenue from provision of beauty and health services

Revenue from the sales of beauty and health products directly to the customers is recognised at the point in time that the control of the finished products has passed to the customers, which is primarily upon the delivery of the products to the customers.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Provision of wet trades works		
– Within one year	118,400	147,587
– More than one year	<u>47,483</u>	<u>50,010</u>

The Group has applied the practical expedient under HKFRS 15 to its contracts for the provision of construction information technology services and provision of beauty and health services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for the provision of construction information technology services that had an original expected duration of one year or less.

(b) Segment reporting

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

Specifically, the Group’s reportable segments under HKFRS 8, *Operating Segments*, are (i) Beauty and Health Services; (ii) Construction Services; and (iii) Construction IT services.

The Group has introduced an additional segment of Beauty and Health Services during the year ended 31 December 2025.

(i) Segment revenue and results

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

For the year ended 31 December 2025

	Beauty and Health Services <i>HK\$’000</i>	Construction Services <i>HK\$’000</i>	Construction IT Services <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
Segment revenue	<u>8,903</u>	<u>116,042</u>	<u>–</u>	<u>124,945</u>
Segment (loss)/profit	<u>(13,955)</u>	<u>7,270</u>	<u>–</u>	<u>(6,685)</u>
Unallocated other income				342
Unallocated other gains				116
Unallocated corporate expenses				(7,660)
Finance costs				<u>(459)</u>
Loss before income tax				<u><u>(14,346)</u></u>

For the year ended 31 December 2024

	Construction Services <i>HK\$'000</i>	Construction IT Services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>109,584</u>	<u>366</u>	<u>109,950</u>
Segment (loss)/profit	<u>(40,099)</u>	<u>18</u>	<u>(40,081)</u>
Unallocated other income			96
Unallocated other gains			93
Unallocated corporate expenses			(3,232)
Finance costs			<u>(214)</u>
Loss before income tax			<u><u>(43,338)</u></u>

There are no inter-segment sales for both years. All of the segment revenue reported above are from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the (loss)/profit from each segment without allocation of unallocated other income, unallocated other gains, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(ii) Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

(iii) Other segment information

For the year ended 31 December 2025

	Beauty and Health Services <i>HK\$'000</i>	Construction Services <i>HK\$'000</i>	Construction IT Services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	-	1,938	-	415	2,353
Depreciation of right-of-use assets	-	-	-	2,096	2,096
Reversal of impairment losses on trade receivables recognised in profit or loss	-	(1,250)	-	-	(1,250)
Reversal of impairment losses on contract assets recognised in profit or loss	-	(1,098)	-	-	(1,098)

For the year ended 31 December 2024

	Construction Services <i>HK\$'000</i>	Construction IT Services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	1,938	-	-	1,938
Allowance for impairment losses on trade receivables recognised in profit or loss	1,052	-	-	1,052
Allowance for impairment losses on contract assets recognised in profit or loss	20,458	-	-	20,458

(iv) Geographical information

The Group principally operates in Hong Kong and the PRC, which is also its place of domicile. The Group's non-current assets are mainly located in Hong Kong.

(v) **Information about major customers**

Revenue from customers individually contributing over 10% of the total revenue of the Group during the year are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer I ¹	–	26,481
Customer II ¹	–	24,347
Customer III ¹	42,526	19,990
Customer IV ¹	N/A ²	14,914
Customer V ¹	<u>50,737</u>	<u>N/A²</u>

¹ Revenue from Construction Services.

² Revenue did not contribute over 10% of the total revenue of the Group for the corresponding reporting period.

4. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest income	25	16
Government grant (<i>Note</i>)	–	80
Sundry income	<u>317</u>	<u>–</u>
	<u>342</u>	<u>96</u>

Note: During the year ended 31 December 2024, the Group recognised government grants of HK\$80,000 in respect of Small and Medium Enterprises Export Marketing Fund by the government of Hong Kong Special Administrative Region.

5. OTHER GAINS

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on fair value changes of financial assets at fair value through profit or loss	<u>116</u>	<u>93</u>

6. REVERSAL OF/(ALLOWANCE FOR) IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reversal of/(allowance for) impairment losses recognised on:		
– Contract assets	1,098	(20,458)
– Trade receivables	<u>1,250</u>	<u>(1,052)</u>
	<u>2,348</u>	<u>(21,510)</u>

7. FINANCE COSTS

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on		
– Bank borrowings	137	214
– Lease liabilities	<u>322</u>	<u>–</u>
	<u>459</u>	<u>214</u>

8. LOSS BEFORE TAX

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before tax has been arrived at after charging:		
Auditor's remuneration	750	900
Depreciation of property, plant and equipment		
– Recognised as cost of services	1,938	1,938
– Recognised as administrative expenses	415	–
Depreciation of right-of-use assets	<u>2,096</u>	<u>–</u>
Total depreciation	<u>4,449</u>	<u>1,938</u>
Employee benefits expense:		
Directors' emoluments	3,360	1,934
Other staff costs		
– Salaries and other benefits	8,002	2,998
– Contributions to retirement benefit scheme	690	109
– Equity-settled share-based expense	<u>3,290</u>	<u>–</u>
Total employee benefits expense	<u>15,342</u>	<u>5,041</u>
Cost of inventories expensed	958	–
Rental expense on short-term leases in respect of warehouse, office premises and machines	<u>3,271</u>	<u>438</u>

9. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Income tax expense comprises:		
The PRC Enterprise Income Tax		
– Current tax	<u>106</u>	<u>–</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits derived from or arising in Hong Kong during the years ended 31 December 2025 and 2024.

Pursuant to relevant PRC tax laws and regulations, the annual taxable income of a small low-profit enterprises that is not more than RMB3 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20% for the year ended 31 December 2025.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

10. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

11. LOSS PER SHARE

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

	2025	2024
Loss attributable to owners of the Company (<i>HK\$'000</i>)	<u>(10,088)</u>	<u>(43,338)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (<i>in thousand</i>)	<u>344,653</u>	<u>312,000</u>
Basic loss per share (<i>HK cents</i>)	<u>(2.93)</u>	<u>(13.89)</u>

For the years ended 31 December 2025 and 2024, the calculation of the basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares issued during the years.

For the year ended 31 December 2025, the diluted loss per share is same as the basic loss per share. The computation of diluted loss per share does not assume the dilutive potential ordinary shares arising from share options because it would result in a decrease in loss per share.

No diluted loss per share was presented for the year ended 31 December 2024 as there was no potential ordinary share outstanding.

12. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	344	23,140
Less: Allowance for credit losses	<u>(114)</u>	<u>(1,364)</u>
Trade receivables, net	<u><u>230</u></u>	<u><u>21,776</u></u>

The Group grants credit terms to customers for a period ranging from 30–60 days from the invoice/payment certificate date for trade receivables. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice/payment certificate date at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	230	4,111
31 – 60 days	–	9,339
61 – 90 days	<u>–</u>	<u>8,326</u>
	<u><u>230</u></u>	<u><u>21,776</u></u>

13. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	<u>3,519</u>	<u>25,406</u>
Payroll and MPF payables	4,221	416
Accrued expenses	1,282	1,302
Other payables	<u>284</u>	<u>–</u>
	<u><u>5,787</u></u>	<u><u>1,718</u></u>
Total	<u><u>9,306</u></u>	<u><u>27,124</u></u>

The credit period on purchases from suppliers is 7 to 30 days or payable upon delivery.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	2,267	6,562
31 – 60 days	311	9,962
61 – 90 days	237	8,882
Over 90 days	704	–
	<u>3,519</u>	<u>25,406</u>

14. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each/ HK\$0.1 each (<i>Note</i>)		
<i>Authorised:</i>		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>400,000,000</u>	<u>40,000</u>
<i>Issued and fully paid:</i>		
At 1 January 2024, 31 December 2024 and 1 January 2025	312,000,000	31,200
Share issued under placing (<i>Note</i>)	<u>62,400,000</u>	<u>6,240</u>
At 31 December 2025	<u>374,400,000</u>	<u>37,440</u>

Note:

On 24 June 2025, the Company allotted and issued 62,400,000 ordinary shares by way of placing, at a placing price of HK\$0.241 per ordinary share for cash. The gross proceeds from the placing amounted to HK\$15,038,000, among which, HK\$6,240,000 were credited to the share capital of the Company and HK\$8,798,000 (before issuing expenses) were credited to share premium of the Company.

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in (i) provision of wet trades works and other wet trades related ancillary works; (ii) provision of construction information technology services and (iii) provision of beauty and health services.

Provision of wet trades and its related ancillary works

The Group provides wet trades works through its principal operating subsidiary, namely, Ma Yau Engineering Limited (“**Ma Yau**”). The principal operating subsidiary has been registered with the Registered Specialist Trade Contractors Scheme of the Construction Industry Council. The registrations covered finishing wet trades, marble, granite and stone work with a wide range of specialties including brick work, plastering and tiling, spray plaster and screeding, marble and granite works.

As at 31 December 2025 and up to the date of this announcement, the original contract sum of the Group’s ongoing projects (including projects that have commenced but not substantially completed as well as projects that have been awarded but not yet commenced) in aggregate amounted to approximately HK\$273.4 million. As at the date of this announcement, the Group was in the course of bidding for or submitted bids pending the tender results of five projects, with an estimated total contract sum of approximately HK\$152.2 million.

Given the sluggish growth of Hong Kong’s construction industry and the continued challenges facing the construction sector, particularly due to reduced land acquisitions and development projects by property developers, the Group has adopted a conservative approach to the operation and development of its existing construction business.

In order to maintain its market share in the wet trades works industry, the Group will continue to closely monitor the market and respond to changes in market conditions. The Directors are confident that with the Group’s reputation in the wet trades works industry and its experienced management team, the Group is in a good position to compete with its competitors. The Group will continue to improve its competitiveness in the market by continuing to provide quality works to its customers. The Group will also continue to proactively seek opportunities to expand its customer base and its market share and undertake more wet trades and wet trades related trade divisions projects which will enhance value to the Shareholders.

Provision of construction information technology services

Based on the Group's Directors' practical experience, any potential customers, such as wet trades service providers in the construction industry, who are not familiar with payment request and without connections to specialist contractors may eventually seek from external resources for assistance in performing their duties such as information on calculation of total work done in their projects.

During the Year, capitalising on the Group's expertise and experience in providing passive wet trade payment request information technology solutions, the Group established an online platform to provide subscribers with information such as specifications of various wet trade services items in its database so as to assist customers to carry out monthly review on the contractor's payment requests.

Provision of beauty and health services

The Group commenced a new beauty business in addition to its existing business. The Group has chosen to cooperate with local partners with relevant experience in the beauty industry in their respective regions to leverage their industry expertise and customer networks, thereby creating synergies and facilitating an overall upgrade of the business model. The Group and the respective local partners established local subsidiaries to operate the physical stores. These subsidiaries generally structured with the Group holding 51% of the equity interest and the local partner holding 49%. The new business is developed around comprehensive consumer services to meet consumers' needs for beauty and health services. The Group has established 67 physical stores with different local partners in first-and second-tier cities across Mainland China, including Shenzhen, Beijing, Shanghai, Wuhan, Fuzhou, Chongqing, Shenyang, Xi'an, and other major cities. These physical stores provide high-quality beauty services, especially facial treatments, blemish removal, skin whitening, and anti-wrinkle services to meet the diverse needs of consumers.

The Group has been exploring other business opportunities beyond the Hong Kong market and/or expanding the geographical coverage of the principal business of the Group beyond the Hong Kong and China market in order to enhance our future development and to strengthen the revenue bases of the Group. We believe that such exploration would be worthy so that we will be well-prepared to dive into any opportunities as they arise or come to our attention. We expect that diversification of our business will provide a better return to the Shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$14.9 million or approximately 13.6% from approximately HK\$110.0 million for the year ended 31 December 2024 to approximately HK\$124.9 million for the year ended 31 December 2025 (the "Year"). Such increase was primarily attributable to the increase in number of successful tenders awarded under the provision of wet trades works and the wet trades related ancillary works and contribution from provision of beauty and health service amounted to HK\$8.9 million.

Gross Profit (Loss) and Gross Profit (Loss) Margin

The gross profit of the Group for the Year amounted to approximately HK\$10.0 million, representing an increase of approximately 177.8% as compared with gross loss of approximately HK\$12.9 million for the year ended 31 December 2024. The Group's gross profit margin for the Year was approximately 8%, as compared with gross loss margin of approximately 11.7% for the year ended 31 December 2024. The gross profit was mainly due to final account for certain projects.

Other Gains

Other gains of the Group for the Year amounted to a net gain of approximately HK\$116,000, representing an increase of approximately 24.7% or HK\$23,000 as compared with a net gain of approximately HK\$93,000 for the year ended 31 December 2024. The gains was primarily due to the fair value gain on financial assets at FVTPL.

Impairment losses under expected credit loss model (the "ECL") , net of reversal

The ECL reversal for the Year amounted to approximately HK\$2.3 million, representing a decrease of approximately 110.9% as compared with HK\$21.5 million impairment losses for the year ended 31 December 2024. Impairment losses reversal under ECL was mainly contributed by the impairment losses reversal of approximately HK\$1.9 million under two construction projects in Tai Wai and Islands District.

Administrative Expenses

The administrative expenses of the Group for the Year amounted to approximately HK\$26.7 million, representing an increase of approximately 199.5% as compared with approximately HK\$8.9 million for the year ended 31 December 2024. The increase was mainly due to increase in professional fee, staff cost and rental payment during the Year.

Finance Costs

Finance costs of the Group for the Year were approximately HK\$459,000, representing an increase of approximately 114.5% as compared with approximately HK\$214,000 for the year ended 31 December 2024. The increase was mainly due to the increase in interest on lease liabilities.

Net Loss

Loss attributable to owners of the Company for the Year decreased by approximately HK\$28.8 million or approximately 66.7% from approximately HK\$43.3 million for the year ended 31 December 2024 to net loss of approximately HK\$14.5 million for the Year. The decrease in the Group's net loss for the Year was mainly due to improvement of gross loss margin to gross profit and reversal for impairment losses during the Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2025, the Company's issued capital was HK\$37,440,000 and the number of its issued ordinary shares was 374,400,000 of HK\$0.10 each. On 24 June 2025, a placement of 62,400,000 new shares was completed. The placing price was HK\$0.241 per share.

As at 31 December 2025, the Group had total bank balances of approximately HK\$31.1 million (31 December 2024: approximately HK\$10.5 million). The total borrowings of the Group, consisting of bank overdrafts and bank borrowings, as at 31 December 2025 have been fully repaid (31 December 2024: approximately HK\$5.3 million). All borrowings were denominated in Hong Kong dollars. Interests are charged at floating rates. The Group did not carry out any interest rate hedging policy.

Raising of Funds and Use of Proceeds

Reference is made to the Company's announcements dated 3 June 2025 and 24 June 2025 in relation to the placing of new shares under general mandate (the "**Placing**"). Taking into account the financial position of the Group at the time of Placing and potential business opportunities including tenders for new projects, the Board considered that the Placing represented a good opportunity for the Company to provide immediate funding to strengthen the Company's financial position and replenish the Company's cash reserves for business opportunities. On 3 June 2025, the Company entered into a placing agreement with a placing agent pursuant to which the Company has conditionally agreed to place up to 62,400,000 placing shares at a price of HK\$0.241 per placing share. The completion of the Placing took place on 24 June 2025. The closing price per Share as quoted on the Stock Exchange on 3 June 2025 was HK\$0.285. The aggregate nominal value of the Placing Shares were HK\$6,240,000. Net proceeds from the Placing was approximately HK\$14.1 million (the "**Net Proceeds**") which was intended to be applied as to (i) approximately HK\$8.1 million (representing 57.4%) for the New Business by setting up around 8 physical beauty store in first tier cities of China; (ii) approximately HK\$3,000,000 (representing 21.3%) for renovation of new office leased by the Company; and (iii) approximately HK\$3.0 million (representing 21.3%) for working capital purposes. As at 31 December 2025, all Net Proceeds were utilised.

On 10 November 2025, the Company entered into the subscription agreement (the "**Subscription Agreement**") with the China Alliance Venture Technology Limited (the "**Subscriber**"), a company incorporated in Hong Kong and is directly wholly owned by Mr. Zhou Zhenlin, the executive Director. The Subscriber is the controlling shareholder (as defined under the Listing Rules) of the Company, and is, therefore, a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules. Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue (pursuant to the Specific Mandate), and the Subscriber conditionally agreed to subscribe for 112,320,000 Subscription Shares (the "**Subscription**") at the Subscription Price of HK\$0.3965 for each Subscription Share. The transaction under the Subscription Agreement was approved by Shareholders in the extraordinary general meeting held on 26 February 2026. As of the date of this announcement, the Subscription has not been completed. For details for the Subscription and the use of proceeds, please refer to the circular of the Company dated 30 January 2026.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

PLEDGE OF ASSETS

As at 31 December 2025, the Group did not pledge its assets (31 December 2024: financial assets at fair value through profit or loss of approximately HK\$2.8 million).

FOREIGN EXCHANGE RISK

The Group's business transactions were mainly carried out in HK\$ and RMB. RMB is not a freely convertible currency. Future exchange rates of RMB may vary significantly from the current or historical exchange rates as a result of controls imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally as well as the demand and supply of RMB. The appreciation or devaluation of RMB against foreign currencies may have an impact on the operating results of the Group.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management regularly monitors the relevant foreign currency exposure and will consider taking appropriate measures to control the risk arising from significant exchange fluctuations.

GEARING RATIO

As at 31 December 2025, the gearing ratio (calculated as total bank borrowings (i.e. bank overdrafts and bank borrowings), lease liabilities and amount due to a related company divided by the total equity) was approximately 71.1% (31 December 2024: approximately 54.0%).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material capital commitments or contingent liabilities (2024: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SIGNIFICANT INVESTMENT HELD

During the Year, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group does not have any other plans for material investments or capital assets in the near term.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed a total of 260 employees (including executive Directors and independent non-executive Directors), as compared to a total of 13 employees as at 31 December 2024. Total staff costs which include Directors' emoluments for the Year were approximately HK\$15.3 million (year ended 31 December 2024: approximately HK\$5.0 million). The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on the salary increase, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors are decided by the Board after recommendation from the remuneration committee of the Company, having considered factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of final dividend to Shareholders for the Year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) throughout the Year.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the Directors and the relevant employees (who likely possess inside information of the Company) (the “**Securities Dealing Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and the Securities Dealing Code throughout the Year to the date of this announcement.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling Shareholders of the Company or any of their respective close associates (as defined in the Listing Rules) that compete or may compete, directly or indirectly, with the business of the Group and any other conflicts of interest which any such person has or may have with the Group and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the Year and up to date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for the Shares as required under the Listing Rules during the Year and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) on 22 July 2019 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and Code Provision D.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Ding Xin, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon , to review on matters regarding internal controls, risk management and financial reporting of the Group. The Audit Committee had reviewed the Group’s annual results for the Year and confirmed that they were prepared in accordance with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

EVENT AFTER THE REPORTING PERIOD

Amendments to the memorandum and articles of association, adoption of the new share scheme and termination of the existing share option scheme and increase of authorized share capital.

At the extraordinary general meeting of the Company convened on 26 February 2026 (the “**EGM**”), the Shareholders approved, among others:

- (i) The amendments to the Company’s Memorandum and Articles of Association to reflect the increase of authorized share capital.
- (ii) The adoption of the Company’s new share scheme (the “**New Scheme**”) and the termination of the Company’s then existing share option scheme. The adoption date for the New Scheme was on 26 February 2026. From the New Scheme being adopted up to the date of this announcement, no share award and/or option have been granted.
- (ii) The Company’s authorized share capital from HK\$40,000,000 divided into 400,000,000 Shares of HK\$0.10 each to HK\$120,000,000 divided into 1,200,000,000 Shares of HK\$0.10 each by the creation of additional 800,000,000 new unissued Shares. The effective date of the authorized share capital increase was approved by shareholders at the EGM.

CHANGE OF AUDITORS

Wilson & Partners CPA (“**WILSON & PARTNERS**”) has resigned as the auditor of the Company (the “**Auditor**”) with effect from 11 December 2025. HLB Hodgson Impey Cheng Limited (“**HLB**”) has been appointed as the Auditor with effect from 11 December 2025 to fill the casual vacancy following the resignation of WILSON & PARTNERS. The consolidated financial statements for the year ended 31 December 2025 have been audited by HLB who will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as the Auditor will be proposed at the forthcoming annual general meeting of the Company (the “**AGM**”). For details, please refer to the Company’s announcement dated 11 December 2025.

SCOPE OF WORK OF HLB

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group’s auditors, HLB, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 31 March 2026. The work performed by HLB in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB on the preliminary announcement.

PUBLICATIONS OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.wacan.com.hk) and the Stock Exchange (www.hkexnews.hk). The 2025 annual report of the Company will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
China Wacan Group Company Limited
Zhou Zhenlin
Chairman and Executive Director

Hong Kong, 31 March 2026

As at the date of this announcement, the Board comprises Mr. Zhou Zhenlin, Ms. Peng Yunying and Mr. Guo Xianjiao as executive Directors and Ms. Ding Xin, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon as independent non-executive Directors.