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KAM HING INTERNATIONAL HOLDINGS LIMITED
錦興國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02307)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- Revenue decreased by 3.6% to HK\$3,685.9 million (2024: HK\$3,824.3 million)
- Gross profit decreased by 9.9% to HK\$380.6 million (2024: HK\$422.4 million)
- Net loss for the year attributable to ordinary equity holders of the Company amounted to HK\$107.4 million (2024: net profit of HK\$28.2 million)
- No final dividend was proposed (2024: proposed final dividend of HK0.7 cent per ordinary share)

The board (the “Board”) of directors (the “Directors”) of Kam Hing International Holdings Limited (the “Company”) hereby announces the annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2025 (the “Year”), together with the comparative figures for the year ended 31 December 2024, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	4	3,685,878	3,824,324
Cost of sales		<u>(3,305,272)</u>	<u>(3,401,933)</u>
Gross profit		380,606	422,391
Other income and gains, net	4	77,187	60,416
Selling and distribution expenses		(125,927)	(109,430)
Administrative expenses		(275,228)	(282,853)
Write-back of impairment losses/(impairment losses) on financial assets, net		(2,948)	8,098
Other operating expenses, net		(121,044)	(135)
Finance costs		(41,736)	(57,550)
Share of profits/(losses) of associates		(137)	532
PROFIT/(LOSS) BEFORE TAX	5	(109,227)	41,469
Income tax expense	6	<u>(184)</u>	<u>(12,974)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>(109,411)</u>	<u>28,495</u>
Attributable to:			
Ordinary equity holders of the Company		(107,384)	28,155
Non-controlling interests		<u>(2,027)</u>	<u>340</u>
		<u>(109,411)</u>	<u>28,495</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK(12.3) cents</u>	<u>HK3.2 cents</u>
Diluted		<u>HK(12.3) cents</u>	<u>HK3.2 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>(109,411)</u>	<u>28,495</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	100,331	49,418
Income tax effect	<u>(15,049)</u>	<u>(7,413)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>85,282</u>	<u>42,005</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>85,282</u>	<u>42,005</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u><u>(24,129)</u></u>	<u><u>70,500</u></u>
Attributable to:		
Ordinary equity holders of the Company	(22,102)	70,160
Non-controlling interests	<u>(2,027)</u>	<u>340</u>
	<u><u>(24,129)</u></u>	<u><u>70,500</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		822,042	875,715
Investment properties		151,037	54,227
Right-of-use assets		192,925	162,277
Goodwill		18,785	405
Intangible assets		8,700	–
Interests in associates		5,140	5,277
Properties under development		53,674	53,674
Prepayments		34,946	33,173
Long-term receivables		40,806	39,558
Deposits paid		5,243	4,902
Deferred tax assets		44,063	37,224
Total non-current assets		<u>1,377,361</u>	<u>1,266,432</u>
CURRENT ASSETS			
Inventories		770,838	826,683
Accounts and bills receivables	9	544,427	518,455
Prepayments, deposits and other receivables		119,395	113,792
Financial asset at fair value through profit or loss		124	209
Tax recoverable		2,810	61
Pledged deposits and restricted bank balances		22,093	37,285
Cash and cash equivalents		665,864	672,814
Total current assets		<u>2,125,551</u>	<u>2,169,299</u>
CURRENT LIABILITIES			
Accounts and bills payables	10	653,444	607,894
Accrued liabilities and other payables		197,319	167,780
Due to an associate		947	947
Tax payable		3,627	6,406
Lease liabilities		7,228	5,514
Interest-bearing bank borrowings		376,897	697,123
Total current liabilities		<u>1,239,462</u>	<u>1,485,664</u>
NET CURRENT ASSETS		<u>886,089</u>	<u>683,635</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,263,450</u>	<u>1,950,067</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2025

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	508,965	189,812
Lease liabilities	36,698	27,557
Deferred tax liabilities	26,933	10,792
	<hr/>	<hr/>
Total non-current liabilities	572,596	228,161
	<hr/>	<hr/>
Net assets	1,690,854	1,721,906
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	86,992	86,992
Reserves	1,605,505	1,633,696
	<hr/>	<hr/>
	1,692,497	1,720,688
	<hr/>	<hr/>
Non-controlling interests	(1,643)	1,218
	<hr/>	<hr/>
Total equity	1,690,854	1,721,906
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Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a financial asset at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

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 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 and associates for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The amendments did not have any impact on the Group’s financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the fabric segment engages in the production and sale of knitted fabric, sales of dyed yarns and provision of related subcontracting services;
- (b) the garment segment engages in the production and sale of garment products and provision of related subcontracting services; and
- (c) the “others” segment includes the provision of sewage treatment service, the provision of air and ocean freight handling services and the property investment business.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that interest income, non-lease-related finance costs, fair value gains/losses from the Group’s financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude interests in associates, deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

Year ended 31 December 2025

	Fabric HK\$'000	Garment HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:				
Revenue from external customers	2,788,249	897,629	–	3,685,878
Intersegment sales	226,766	29	–	226,795
	<u>3,015,015</u>	<u>897,658</u>	<u>–</u>	<u>3,912,673</u>
Elimination of intersegment sales				<u>(226,795)</u>
				<u><u>3,685,878</u></u>
Segment profit/(loss)	(63,872)	(8,135)	3,130	(68,877)
Bank interest income	4,741	108	35	4,884
Finance costs (other than interest on lease liabilities)	(40,156)	(69)	–	(40,225)
Loss on disposal of a subsidiary	(4,872)	–	–	(4,872)
Share of losses of associates	–	(137)	–	(137)
	<u>(104,159)</u>	<u>(8,233)</u>	<u>3,165</u>	<u>(109,227)</u>
Income tax credit/(expense)	1,531	(1,820)	105	(184)
	<u>(102,628)</u>	<u>(10,053)</u>	<u>3,270</u>	<u>(109,411)</u>
Assets and liabilities				
Segment assets	2,525,084	648,609	280,016	3,453,709
Interests in associates	–	5,140	–	5,140
Deferred tax assets	42,712	504	847	44,063
	<u>2,567,796</u>	<u>654,253</u>	<u>280,863</u>	<u>3,502,912</u>
Total assets	<u>2,567,796</u>	<u>654,253</u>	<u>280,863</u>	<u>3,502,912</u>
Segment liabilities	(774,349)	(115,088)	(9,826)	(899,263)
Interest-bearing bank borrowings	(885,862)	–	–	(885,862)
Deferred tax liabilities	(2,137)	–	(24,796)	(26,933)
	<u>(1,662,348)</u>	<u>(115,088)</u>	<u>(34,622)</u>	<u>(1,812,058)</u>
Total liabilities	<u>(1,662,348)</u>	<u>(115,088)</u>	<u>(34,622)</u>	<u>(1,812,058)</u>
Other segment information:				
Depreciation of items of property, plant and equipment	158,897	11,615	3,983	174,495
Depreciation of right-of-use assets	10,626	3,230	803	14,659
Loss on disposal of items of property, plant and equipment	54,508	–	–	54,508
Changes in fair value of investment properties	–	–	4,669	4,669
Impairment of accounts and bills receivables, net	1,609	1,277	7	2,893
Capital expenditure*	205,424	1,711	383	207,518

* Capital expenditure consists of additions of property, plant and equipment including assets from the acquisition of a subsidiary.

Year ended 31 December 2024

	Fabric HK\$'000	Garment HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:				
Revenue from external customers	3,038,178	786,146	–	3,824,324
Intersegment sales	217,542	–	–	217,542
	<u>3,255,720</u>	<u>786,146</u>	<u>–</u>	<u>4,041,866</u>
Elimination of intersegment sales				<u>(217,542)</u>
				<u><u>3,824,324</u></u>
Segment profit/(loss)	56,318	2,685	(582)	58,421
Bank interest income	6,363	213	35	6,611
Finance costs (other than interest on lease liabilities)	(55,920)	(773)	–	(56,693)
Gain on disposal of a subsidiary	32,598	–	–	32,598
Share of profits of associates	–	532	–	532
	<u>39,359</u>	<u>2,657</u>	<u>(547)</u>	<u>41,469</u>
Income tax credit/(expense)	(13,069)	(140)	235	(12,974)
	<u>26,290</u>	<u>2,517</u>	<u>(312)</u>	<u>28,495</u>
	<u><u>26,290</u></u>	<u><u>2,517</u></u>	<u><u>(312)</u></u>	<u><u>28,495</u></u>
Assets and liabilities				
Segment assets	2,602,921	630,202	160,107	3,393,230
Interests in associates	–	5,277	–	5,277
Deferred tax assets	17,747	–	19,477	37,224
	<u>2,620,668</u>	<u>635,479</u>	<u>179,584</u>	<u>3,435,731</u>
Total assets	<u><u>2,620,668</u></u>	<u><u>635,479</u></u>	<u><u>179,584</u></u>	<u><u>3,435,731</u></u>
Segment liabilities	(1,514,627)	(33,190)	(155,216)	(1,703,033)
Deferred tax liabilities	(7,079)	–	(3,713)	(10,792)
	<u>(1,521,706)</u>	<u>(33,190)</u>	<u>(158,929)</u>	<u>(1,713,825)</u>
Total liabilities	<u><u>(1,521,706)</u></u>	<u><u>(33,190)</u></u>	<u><u>(158,929)</u></u>	<u><u>(1,713,825)</u></u>
Other segment information:				
Depreciation of items of property, plant and equipment	187,965	11,035	4,049	203,049
Depreciation of right-of-use assets	9,244	3,055	571	12,870
Loss on disposal of items of property, plant and equipment	1,536	184	–	1,720
Change in fair value of an investment property	2,221	–	–	2,221
Write-back of impairment of accounts and bills receivables, net	(5,288)	(2,909)	–	(8,197)
Write-off of other receivables	85	–	14	99
Capital expenditure*	68,221	18,654	4,762	91,637
	<u>68,221</u>	<u>18,654</u>	<u>4,762</u>	<u>91,637</u>

* Capital expenditure consists of additions of property, plant and equipment including assets from the acquisition of a subsidiary.

Geographical information

(a) Revenue from external customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Korea	1,464,445	1,620,700
Chinese mainland	625,438	591,672
Singapore	416,677	437,161
Hong Kong	293,042	313,045
Taiwan	215,612	185,421
United States	133,448	134,862
Vietnam	103,396	86,486
United Kingdom	95,417	133,847
Others	338,403	321,130
	<u>3,685,878</u>	<u>3,824,324</u>
Total revenue	<u><u>3,685,878</u></u>	<u><u>3,824,324</u></u>

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

(b) Non-current assets

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Chinese mainland	900,606	907,950
Vietnam	162,744	5,176
Cambodia	143,032	146,083
Hong Kong	64,329	74,171
Singapore	2,996	2,191
	<u>1,273,707</u>	<u>1,135,571</u>
	<u><u>1,273,707</u></u>	<u><u>1,135,571</u></u>

The non-current assets information above is based on the locations of the assets and excludes certain non-current assets such as goodwill, long-term receivables and deferred tax assets.

Information about a major customer

During the year ended 31 December 2025, revenue of approximately HK\$680,544,000 (2024: HK\$681,762,000) was derived from sales by the fabric segment to a single customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers		
Production and sale of knitted fabric, sale of dyed yarns and provision of related subcontracting services	2,788,249	3,038,178
Production and sale of garment products and provision of related subcontracting services	<u>897,629</u>	<u>786,146</u>
Total	<u><u>3,685,878</u></u>	<u><u>3,824,324</u></u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2025

Segments	Fabric <i>HK\$'000</i>	Garment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or services			
Sale of goods	2,768,250	855,344	3,623,594
Subcontracting services	<u>19,999</u>	<u>42,285</u>	<u>62,284</u>
Total	<u><u>2,788,249</u></u>	<u><u>897,629</u></u>	<u><u>3,685,878</u></u>
Geographical markets			
Korea	1,464,445	–	1,464,445
Chinese mainland	280,696	344,742	625,438
Singapore	319,797	96,880	416,677
Hong Kong	190,637	102,405	293,042
Taiwan	215,612	–	215,612
United States	–	133,448	133,448
Vietnam	103,396	–	103,396
United Kingdom	–	95,417	95,417
Others	<u>213,666</u>	<u>124,737</u>	<u>338,403</u>
Total	<u><u>2,788,249</u></u>	<u><u>897,629</u></u>	<u><u>3,685,878</u></u>
Timing of revenue recognition			
At a point in time	<u><u>2,788,249</u></u>	<u><u>897,629</u></u>	<u><u>3,685,878</u></u>

For the year ended 31 December 2024

Segments	Fabric <i>HK\$'000</i>	Garment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or services			
Sale of goods	3,037,345	738,616	3,775,961
Subcontracting services	833	47,530	48,363
Total	<u>3,038,178</u>	<u>786,146</u>	<u>3,824,324</u>
Geographical markets			
Korea	1,620,700	–	1,620,700
Chinese mainland	387,062	204,610	591,672
Singapore	286,173	150,988	437,161
Hong Kong	262,187	50,858	313,045
Taiwan	185,421	–	185,421
United States	51	134,811	134,862
United Kingdom	–	133,847	133,847
Vietnam	86,486	–	86,486
Others	210,098	111,032	321,130
Total	<u>3,038,178</u>	<u>786,146</u>	<u>3,824,324</u>
Timing of revenue recognition			
At a point in time	<u>3,038,178</u>	<u>786,146</u>	<u>3,824,324</u>

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<u>8,117</u>	<u>4,853</u>

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of knitted fabric, dyed yarns and garment products, and provision of related subcontracting services

The performance obligation is satisfied upon delivery of the knitted fabric, dyed yarns and garment products and payment is generally due within one month to three months from delivery, except for certain well-established customers with strong financial strength, good repayment history and creditworthiness, where the credit terms are extended to six months.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to sale of knitted fabric, dyed yarns and garment products, and provision of related subcontracting services are a part of contracts that have an original expected duration of less than one year.

An analysis of other income and gains is as follows:

	Note	2025 HK\$'000	2024 HK\$'000
Other income			
Fee income from sewage treatment		33,363	27,148
Fee income from freight handling services		6,500	7,970
Bank interest income		4,884	6,611
Subsidy income	5	5,690	582
Rental income		4,902	2,123
Others		21,933	15,997
Total other income		77,272	60,431
Losses, net			
Fair value losses:			
Financial asset at fair value through profit or loss – held for trading		(85)	(15)
Total losses, net		(85)	(15)
Total other income and gains, net		77,187	60,416

5. PROFIT/(LOSS) BEFORE TAX

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold and services provided	3,305,272	3,401,933
Depreciation of items of property, plant and equipment	174,495	203,049
Depreciation of right-of-use assets	14,659	12,870
Lease payments not included in the measurement of lease liabilities	1,942	2,082
Loss on disposal of items of property, plant and equipment, net*	54,508	1,720
Gain on deregistration of a subsidiary	(9)	–
Changes in fair value of investment properties*	4,669	2,221
Loss/(gain) on disposal of a subsidiary*	4,872	(32,598)
Impairment/(write-back of impairment) of accounts and bills receivables, net*	2,893	(8,197)
Write-off of other receivables*	7	99
Foreign exchange differences, net*	520	1,662
Subsidy income**	(5,690)	(582)
	<u> </u>	<u> </u>

* These amounts are included in “Other operating expenses, net” on the face of the consolidated statement of profit or loss.

** Subsidy income mainly represented the amount received from governments under research and development schemes and employment schemes. There are no unfulfilled conditions or contingencies related to these grants.

6. INCOME TAX

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – Hong Kong profits tax		
Charge for the year	241	823
Current tax – Elsewhere – income taxes		
Charge for the year	3,040	7,382
Underprovision in prior years	995	3,192
Deferred	(4,092)	1,577
	<hr/>	<hr/>
Total tax charge for the year	<u>184</u>	<u>12,974</u>

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at the rate of 16.5% (2024: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Pursuant to the Corporate Income Tax Law of the People's Republic of China effective on 1 January 2008, the corporate income tax rate is 25% for all enterprises in Chinese mainland.

During the years ended 31 December 2025 and 31 December 2024, its subsidiary of the Group was entitled to a preferential tax rate of 15% under the status of High New Technology Enterprises.

For Macau, the first Macau Pataca 600,000 (equivalent to approximately HK\$583,000) of assessable profits of the Macau subsidiary are exempted from Macau complementary tax and the remaining assessable profits are subject to the statutory rate of 12% (2024: 12%).

7. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: proposed final dividend of HK0.7 cent per ordinary share, in aggregate of approximately HK\$6,089,000).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts for the year ended 31 December 2025 is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$107,384,000 and 869,919,000 ordinary shares outstanding during the year.

The calculation of the basic earnings per share amount for the year ended 31 December 2024 is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$28,155,000 and 869,919,000 ordinary shares outstanding during that year.

The Company had no potentially dilutive ordinary shares during the years ended 31 December 2025 and 2024.

9. ACCOUNTS AND BILLS RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Accounts receivable	443,477	344,948
Impairment	<u>(9,125)</u>	<u>(6,265)</u>
Net carrying amount	434,352	338,683
Bills receivables	<u>110,075</u>	<u>179,772</u>
Total	<u><u>544,427</u></u>	<u><u>518,455</u></u>

The Group's trading terms with its customers are generally on credit with terms of up to three months and are non-interest-bearing (except for certain well-established customers with strong financial strength, good repayment history and creditworthiness, where the credit terms are extended to six months).

An ageing analysis of the Group's accounts and bills receivables as at the end of the reporting period, based on the invoice date and issuance date, respectively, and net of loss allowance, is as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	361,777	361,744
1 to 2 months	92,898	94,236
2 to 3 months	43,657	37,422
Over 3 months	46,095	25,053
	<hr/>	<hr/>
Total	544,427	518,455
	<hr/> <hr/>	<hr/> <hr/>

10. ACCOUNTS AND BILLS PAYABLES

An ageing analysis of the Group's accounts and bills payables as at the end of the reporting period, based on the invoice date and issuance date, respectively, is as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	584,133	513,855
3 to 6 months	63,617	88,900
Over 6 months	5,694	5,139
	<hr/>	<hr/>
Total	653,444	607,894
	<hr/> <hr/>	<hr/> <hr/>

The accounts and bills payables are non-interest-bearing and are normally settled on credit terms of one to five months.

As at 31 December 2025, bills payable of HK\$78,047,000 (2024: HK\$110,523,000) were included in the above accounts and were secured by the Group's pledged bank deposits of HK\$22,093,000 (2024: HK\$35,971,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The textile and garment industry faced its most challenging year since the COVID-19 crisis in 2025, as reciprocal and unilateral tariff actions reshaped the global trade landscape. The United States (“U.S.”) imposed tariffs on most apparel-producing countries from April 2025, creating unprecedented price and supply-chain uncertainty. In response, brands and retailers front-loaded shipments to mitigate prospective tariff increases and policy shifts. This early sourcing wedge supported profitability for many export-oriented companies in the first half of 2025, even as global demand remained weak.

As tariff levels stabilised, the industry faced a sharp shift. The front-loading effects waned, supply chains adjusted to the new cost structures, and brands recalibrated their buying commitments. With tariff-induced price increases likely to persist, consumer demand softened, and many buyers reduced or constrained their orders. Overall, 2025 delivered heightened volatility and greater pricing pressure across the supply chain, constraining near-term prosperity for the sector.

The downturn in 2025 extended beyond end-user demand to the upstream supply chain, where numerous textile suppliers experienced delayed and reduced orders. This pullback intensified market competition and accelerated consolidation within the industry. Brand customers increasingly favoured large manufacturers with multi-location operations, while smaller players struggled to secure volume and cash flow amid uncertain order visibility. The shift toward scale and capability among larger players underscored a more fragmented competitive landscape for the smaller suppliers.

Consumption in China continued to recover in 2025, supported by government policies on stimulating consumer spending, though at a moderate pace. The Consumer Confidence Index reached 90.30 points in November 2025, marking a modest uptick from early-year levels. Nevertheless, the market remained highly competitive, with overall contraction and a sluggish export sector. Chinese consumers increasingly pursued higher quality or value-driven goods, prompting retailers to adapt to changing demand to maintain their positions in this competitive landscape.

BUSINESS OVERVIEW

In 2025, the Group faced shrinking demand and pricing pressure in both export and domestic markets, consistent with broader global industry trends. Lower production volumes reduced facility utilisation and constrained profitability. Revenue for the year declined by approximately 3.6% year-on-year (“yoy”) to approximately HK\$3,685.9 million, with gross profit decreasing by approximately 9.9% yoy to approximately HK\$380.6 million. The Group recorded a loss attributable to ordinary equity holders of approximately HK\$107.4 million, representing a reversal from the profit attributable to ordinary equity holders of approximately HK\$28.2 million in 2024. The loss per share for the year was approximately HK12.3 cents. The results included a one-off loss on disposal of equipment of approximately HK\$51.6 million in connection with the shutdown of the operation of a power plant in the Group’s production base in China, together with the one-off staff redundancy expenses of approximately HK\$25.5 million arising from the streamlining of manpower of the Group’s operations in China. These streamlining measures were necessary to enhance long-term efficiency and support the Group’s diversification strategy.

For the year ended 31 December 2025, revenue generated from textile business and garment business accounted for approximately 75.6% and 24.4% of the overall revenue respectively. The textile business was supported by the Group’s production bases in China and Vietnam, while the factories in Cambodia mainly manufactured garment products.

Since 2017, the Group has recognised the importance of supply chain diversification and commenced building of multi-location manufacturing bases. In 2025, it reinforced its “China + Vietnam + Cambodia” production triangle to mitigate tariff, supply-chain, and geopolitical risks. The enhanced multi-location capability positioned the Group to attract and retain orders from global brand customers by delivering integrated manufacturing solutions across multiple locations.

The Group achieved a key milestone in 2025 through its expansion in Vietnam, which significantly enhanced the Group’s textile manufacturing capabilities in Southeast Asia. In April 2025, the Group successfully completed the acquisition of a local fabric dyeing manufacturer in Vietnam, and renamed it Kam Hing (Vietnam) Textile Printing and Dyeing Company Limited (“KHV”), for a total cash consideration of US\$10,755,491 (equivalent to approximately HK\$83,892,000), comprising US\$4,347,894 (equivalent to approximately HK\$33,913,000) as the purchase price of the shares of KHV and US\$6,407,597 (equivalent to approximately HK\$49,979,000) as the settlement amount of debts owed by KHV to the vendors and their related parties. Although KHV possessed an existing production base with factory facilities, machinery, and labour and has been taking on orders in 2025, its facilities were in a ramp-up phase with suboptimal efficiency. Throughout the remainder of the year, the Group has expanded and upgraded the factory with advanced manufacturing capabilities. These enhancements, which are in the integration stage, are expected to boost production scale and capacity for higher-value products and to improve overall operational efficiency going forward.

Building on the Group’s earlier expansion of garment production capacity in Cambodia, the Group realised the benefits of a diversified customer base beyond the U.S. Coupled with the Group’s strengthened research and development capabilities to deliver value-added, high-quality products and services, the garment business has remained competitive, preserving market share and profitability. The provision of integrated textile and garment solutions in Asia has further enhanced offerings for global brand customers, supporting larger order volumes and improved order fulfilment.

Under market complexity, the Group actively optimised its business structure and financial position to enhance operating efficiency. In the second half of 2025, the Group refinanced its term loans with banks, further reinforcing its capital base to support future development. Total bank borrowings decreased slightly by 0.1% to HK\$885.9 million as at the end of 2025, which remained broadly similar to that of 2024 but with an improved loan maturity profile. Benefitting from lower interest rates, the Group’s interest expenses on bank borrowings decreased by 29.0% yoy to HK\$40.2 million for 2025. This demonstrated the Group’s prudent financial management, reinforcing the Group’s financial resilience and sustainability.

PROSPECTS

Looking ahead, global economic growth is expected to slow down from 3.2% in 2025 to 2.9% in 2026, according to the forecast from OECD Economic Outlook. The deceleration is driven largely by ongoing tariff impacts, with elevated U.S. trade barriers at historic highs that have disrupted global supply chains, raising costs, constraining trade flows, and dampening export momentum in textiles and garments. Geopolitical tensions are also anticipated to widen policy uncertainty, further exacerbating supply disruptions. Taken together, these factors pose significant challenges to the business environment and underscore the need for agile risk management, resilient supply chains, and heightened operational efficiency among export-oriented manufacturers.

Into the first half of 2026, the Group’s order books for the first quarter appear relatively solid, and production facilities are operating at near full capacity. While customers remain prudent in their ordering, signs suggest tariff impacts and policy developments are becoming clearer, contributing to a more stable and positive industry outlook.

The Group’s established “China + Vietnam + Cambodia” production triangle has proven effective in diversifying geopolitical and market risks while preserving market share. Leveraging a vertically integrated manufacturing network in Asia, the Group aims to deliver high-quality products and services with flexibility and added value, in order to capture larger market shares in a dynamic global landscape. The Vietnam textile factory was expanded and upgraded in late 2025, with trial operations expected in the first quarter of 2026, and are equipped with new machinery and production lines to accommodate rising orders. As production scales strengthen and the local supply chain becomes more efficient, the Group expects to improve cost advantages and competitiveness. In view of the ongoing trend toward supply-chain diversification, the Group is actively planning a second-phase expansion of the Vietnam facility to meet the growing demand for non-China-origin goods.

Going forward, the Group will continue to optimise operations and implement cost-control measures, supported by robust risk management. Initiatives include local sourcing to reduce costs, maintaining positive net cash flow, and strict working-capital management to support future development. The Group will continue to cultivate long-term, reliable customer relationships to enhance order visibility. It will remain vigilant to market dynamics and will further strengthen its production triangle and manufacturing capacity to diversify risks and reinforce its competitive position.

FINANCIAL REVIEW

Revenue

Overall sales turnover was approximately HK\$3,685.9 million, representing a decrease of approximately 3.6% (2024: approximately HK\$3,824.3 million). The sales of fabric decreased by approximately 8.2% to approximately HK\$2,788.2 million (2024: approximately HK\$3,038.2 million). Meanwhile, the sales of garment increased by approximately 14.2% to approximately HK\$897.6 million (2024: approximately HK\$786.1 million).

Gross Profit and Gross Margin

Gross profit was approximately HK\$380.6 million, representing a decrease of approximately 9.9% (2024: approximately HK\$422.4 million). Gross margin dropped to approximately 10.3% (2024: approximately 11.0%). The decrease in gross profit margin was attributable to a combination of factors. Amid persistent global economic and political uncertainty, particularly with heightened U.S. tariffs, the Group faced subdued demand in key markets. The fabric segment recorded a decline in shipment volume due to intensified market competition and ongoing geopolitical tensions. In addition, lower production volumes and reduced capacity utilisation resulted in under-absorption of fixed costs, placing further pressure on the gross profit margin as overheads were spread across a smaller output base, despite the Group's continued efforts to enhance operational efficiency.

Finance Costs

Finance costs, which included an amortisation of loan charges, interest on term loans from banks, trade loans, bank overdrafts and interests on discounted bills, decreased by approximately 27.6% to approximately HK\$41.7 million (2024: approximately HK\$57.6 million) as compared with last year. The decrease in finance costs was mainly due to the decrease in average total bank borrowings compared to last year. The Group is enhancing its financial management practices by implementing measures to optimise cash flow, reduce bank borrowings, decrease inventory levels, and facilitate early loan repayments. These initiatives aim to minimise the Group's interest expenses in a high-interest rate environment.

Selling and Distribution Expenses

Selling and distribution expenses increased to approximately HK\$125.9 million (2024: approximately HK\$109.4 million). The increase is mainly due to the increase in freight charges and customs declaration fees.

Administrative Expenses

Administrative expenses, including salaries, depreciation, and other related expenses, decreased to approximately HK\$275.2 million (2024: approximately HK\$282.9 million). Amid ongoing global economic uncertainty, the Group has continued to strengthen cost control and improve efficiency.

Other Operating Expenses, net

Other operating expenses, net, was approximately HK\$121.0 million (2024: approximately HK\$0.1 million), which mainly comprised operating expenses on sewage treatment of approximately HK\$31.2 million (2024: approximately HK\$26.0 million), the one-off loss on disposal of equipment of approximately HK\$51.6 million (2024: Nil) in connection with the shutdown of the operation of a power plant facility of the Group in Panyu, and the one-off staff redundancy expenses of approximately HK\$25.5 million (2024: Nil) arising from the streamlining of manpower of the Group's operations in Panyu.

Net Profit/Loss

Net loss attributable to ordinary equity holders of the Company for the Year was approximately HK\$107.4 million (2024: net profit attributable to ordinary equity holders of the Company of approximately HK\$28.2 million). The Group's profitability has shifted from a gain to a loss, which is primarily attributable to the decrease in gross profit margin, the one-off loss on disposal of equipment of approximately HK\$51.6 million in connection with the shutdown of the operation of a power plant facility in Panyu, and the one-off staff redundancy expenses of approximately HK\$25.5 million arising from the streamlining of manpower of the Group's operations in Panyu.

Liquidity and Financial Resources

As at 31 December 2025, the Group's net current assets were approximately HK\$886.1 million (2024: approximately HK\$683.6 million). The increase in net current assets was primarily attributable to the refinancing arrangements during the year, which resulted in changes in loan maturity profiles of the term loans from banks. The Group will constantly review its financial position and maintain a healthy financial position by financing its operations from internally generated resources and long-term bank loans. As at 31 December 2025, the Group had cash and cash equivalents of approximately HK\$665.9 million (2024: approximately HK\$672.8 million). Current ratio was approximately 1.7 times (2024: approximately 1.5 times).

As at 31 December 2025, total bank borrowings of the Group were approximately HK\$885.9 million (2024: approximately HK\$886.9 million). The Group's net debt gearing ratio (i.e. net debts divided by the sum of equity and net debts) was approximately 39.7% (2024: approximately 37.3%). Net debts comprise all interest-bearing bank borrowings, accounts and bills payables, an amount due to an associate, lease liabilities and accrued liabilities and other payables less cash and cash equivalents. Equity comprises owners' equity as stated in the consolidated financial statements of the Group.

Debtors' turnover period, inventory turnover period and creditors' turnover period for the Year were 52.6 days (2024: 48.3 days), 88.2 days (2024: 92.0 days) and 69.6 days (2024: 69.0 days) respectively. While certain turnover periods showed slight fluctuations compared with the previous year, the Group remains committed to enhancing internal efficiency. In view of the increasingly dynamic market environment, industry participants are generally experiencing a gradual shortening of operating cycles to better respond to market demands and manage operational risk.

Financing

As at 31 December 2025, total banking facilities of the Group amounted to approximately HK\$3,389.5 million (2024: approximately HK\$3,647.9 million), of which approximately HK\$1,166.4 million (2024: approximately HK\$1,213.7 million) was utilised.

As at 31 December 2025, the Group's long-term loans were approximately HK\$509.0 million (2024: approximately HK\$189.9 million) comprising term loans from banks.

Dividend

The Board has resolved not to recommend the payment of a final dividend (2024: proposed final dividend of HK0.7 cent per ordinary share) for the Year.

Capital Structure

The capital structure of the Company is composed of equity and debt.

As at 31 December 2025, there has been no change in the capital structure of the Company. The share capital of the Company comprises only ordinary shares.

Foreign Exchange Risk and Interest Rate Risk

Approximately 81.5% (2024: approximately 82.4%) of the Group's sales was denominated in U.S. dollars. The remaining sales were denominated in Hong Kong dollars and Renminbi. The majority of the Group's cost of sales were denominated in U.S. dollars, Hong Kong dollars and Renminbi. The Group is therefore exposed to foreign exchange risk arising from currency exposures, primarily in respect to the Renminbi. During the Year, the U.S. dollars is strong relative to other currencies. The Group continued to monitor foreign exchange movements and determined appropriate and prudent hedging measures as needed.

The Group's borrowings were mainly maintained at a floating rate basis. The management will pay attention to the interest rate movements and employ necessary hedging instruments in a prudent and professional manner.

Capital Expenditure

As at 31 December 2025, the Group invested approximately HK\$207.5 million (2024: approximately HK\$91.6 million) in capital expenditure of which approximately 85.4% (2024: approximately 83.2%) was used for the purchase of items of plant and machinery and the remaining was used for the purchase of other items of property, plant and equipment.

As at 31 December 2025, the Group had capital commitments of approximately HK\$28.6 million (2024: approximately HK\$13.0 million) in the acquisition of items of property, plant and equipment and right-of-use assets and approximately HK\$176.2 million (2024: approximately HK\$176.2 million) in the construction of new manufacturing facilities. All are funded or will be funded by internal resources of the Group.

Staff Policy

The Group had 3,240 (2024: 3,638) employees in the People's Republic of China ("PRC"), 3,518 (2024: 3,356) employees in Cambodia and 361 (2024: 187) employees in Hong Kong, Singapore, Vietnam and other territories as at 31 December 2025. Remuneration packages are generally structured by reference to market terms and individual qualification. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Discretionary bonuses are offered to the Group's staff depending on their performance and the results of the Group. The Group also participates in various defined contribution plans and insurance schemes in compliance with its statutory obligations under the laws and regulations of various locations worldwide.

The Group operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) as well as medical insurance for all its employees in Hong Kong. The Group also participates in various defined contribution plans and insurance schemes in compliance with its statutory obligations under the laws and regulations of various locations worldwide. Also, the Group is obliged to provide its employees in the PRC with welfare schemes covering various insurance and social benefits. Staff benefits are also provided to the staff working in other countries according to the respective countries' statutory requirements.

Segment Information

For the Year, the major end-market remained as the U.S.. By analysis of the location of customers, by regions, sales to the five largest regions (Korea, Chinese mainland, Singapore, Hong Kong and Taiwan) accounted for approximately 81.8% (2024: Korea, Chinese mainland, Hong Kong, Singapore and Taiwan, approximately 82.3%) of total sales of the Group and sales to the largest region, Korea (2024: Korea) included therein accounted for approximately 39.7% (2024: approximately 42.4%) of total sales of the Group.

As at 31 December 2025, the Group's assets for the fabric operation accounted for approximately 73.3% (2024: approximately 76.3%) of the total assets of the Group. Capital expenditure in the fabric operation during the Year accounted for approximately 99.0% (2024: approximately 74.4%) of the total capital expenditure of the Group.

Significant Investment

As at 31 December 2025, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets.

Material Acquisition and Disposal

On 27 January 2025, the Group entered into a sale and purchase agreement (as supplemented on 27 February 2025) to acquire 100% equity interest in KHV (the "Acquisition") from independent third parties (the "Vendors") at a total cash consideration of US\$10,755,491 (equivalent to approximately HK\$83,892,000), comprising US\$4,347,894 (equivalent to approximately HK\$33,913,000) as the purchase price of the shares of KHV and US\$6,407,597 (equivalent to approximately HK\$49,979,000) as the settlement amount of the debts owed by KHV to the Vendors and their related parties. Completion of the Acquisition has taken place in April 2025. KHV has thereafter become an indirect wholly-owned subsidiary of the Company. Further details of the Acquisition were set out in the announcements of the Company dated 27 January 2025, 27 February 2025 and 30 April 2025, and the circular of the Company dated 26 May 2025.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries, associates and joint ventures by the Group during the Year.

Event after the Reporting Period

There were no significant events after the reporting period which would materially affect the Group's operations and financial performance.

Treasury Policy

The Group adopted conservative treasury policies in cash and financial management, and attached high importance to the risk control and transactions related to the Group's principal business. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's liquidity and financing requirements are reviewed regularly.

Equity Fund Raising Exercise

There was no equity fund raising by the Company for the Year, nor were there any unutilised proceeds brought forward from any issue of equity securities made in previous financial years.

Contingent Liabilities

As at 31 December 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

Charge of Group's Assets

As at 31 December 2025, none of the Group's land and buildings were pledged (31 December 2024: Nil) and HK\$22,093,000 (31 December 2024: HK\$35,971,000) of deposits were pledged for bills payable of HK\$78,047,000 (31 December 2024: HK\$110,523,000). As at 31 December 2025, the restricted bank balances were nil (31 December 2024: HK\$1.3 million due to a freezing order from a district court in the PRC under a legal case against one of subsidiaries of the Company).

ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held at 23A, TML Tower, No. 3, Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on Monday, 1 June 2026.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 26 May 2026 to Monday, 1 June 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for the Annual General Meeting is on Monday, 1 June 2026. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 22 May 2026.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including the sale of treasury shares) during the Year. As at 31 December 2025, there were no treasury shares held by the Company.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good corporate governance practices. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The Company has applied the principles and complied with the code provisions set out in Part 2 of Appendix C1 (Corporate Governance Code) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix C3 of the Listing Rules as the code for securities transactions by Directors. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code for the Year.

AUDIT COMMITTEE

The audit committee of the Company, comprising all the three independent non-executive Directors, namely, Mr. Wu Tak Lung (as chairman), Mr. Ho Gilbert Chi Hang and Mr. Ting Kay Loong, has reviewed the accounting principles and practices adopted by the Group and the annual results of the Group for the Year.

PRELIMINARY ANNOUNCEMENT OF THE GROUP'S RESULTS

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young (the "Auditor"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Auditor on this preliminary announcement.

APPRECIATION

Taking this opportunity, the Board would like to extend our gratitude to the management and all of our staff for their dedication and commitment, as well as our business partners, customers and shareholders for their continuous support for the Group during the Year.

GENERAL INFORMATION

As at the date of this announcement, the Board comprises Mr. Tai Chin Chun, Mr. Tai Chin Wen, Ms. Cheung So Wan and Ms. Wong Siu Yuk as executive Directors; and Mr. Ho Gilbert Chi Hang, Mr. Ting Kay Loong, and Mr. Wu Tak Lung as independent non-executive Directors.

By order of the Board
Kam Hing International Holdings Limited
Tai Chin Chun
Chairman

Hong Kong, 30 March 2026