

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**KELFRED HOLDINGS LIMITED**

**恒發光學控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1134)**

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

The board of directors (the “**Board**”) of Kelfred Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025, together with comparative figures for the year ended 31 December 2024.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		2025	2024
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	3	<b>500,253</b>	453,581
Cost of sales		<u>(440,943)</u>	<u>(408,916)</u>
<b>Gross profit</b>		<b>59,310</b>	44,665
Interest revenue		<b>9</b>	17
Other incomes, gains and losses	4	<b>6,350</b>	12,801
Reversal of impairment losses/(impairment losses) of trade receivables, net		<b>581</b>	(113)
Selling and distribution expenses		<b>(16,885)</b>	(14,839)
Administrative and other operating expenses		<u>(60,458)</u>	<u>(61,988)</u>
<b>Loss from operations</b>		<b>(11,093)</b>	(19,457)
Finance costs		<u>(2,642)</u>	<u>(1,980)</u>
<b>Loss before tax</b>		<b>(13,735)</b>	(21,437)
Income tax expense	5	<u>(1,431)</u>	<u>(195)</u>
<b>Loss for the year</b>	6	<u><b>(15,166)</b></u>	<u>(21,632)</u>
<b>Attributable to:</b>			
– Owners of the Company		<b>(15,119)</b>	(21,632)
– Non-controlling interests (“NCI”)		<u>(47)</u>	–
		<u><b>(15,166)</b></u>	<u>(21,632)</u>
<b>Loss per share</b>	8		
– Basic and diluted ( <i>HK cents</i> )		<u><b>(3.02)</b></u>	<u>(4.33)</u>

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

For the year ended 31 December 2025

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Loss for the year</b>	<b>(15,166)</b>	(21,632)
<b>Other comprehensive income/(loss) after tax:</b>		
Items that may be reclassified to profit or loss:		
– Exchange differences on translating foreign operations	<u>7,207</u>	<u>(5,125)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<u>7,207</u>	<u>(5,125)</u>
<b>Total comprehensive loss for the year</b>	<u><b>(7,959)</b></u>	<u>(26,757)</u>
<b>Attributable to:</b>		
– Owners of the Company	<b>(7,912)</b>	(26,757)
– NCI	<u>(47)</u>	<u>–</u>
	<u><b>(7,959)</b></u>	<u>(26,757)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>26,702</b>	30,629
Right-of-use assets		<b>8,109</b>	11,801
Deposits paid for property, plant and equipment		<b>189</b>	721
Deferred tax assets		<b>507</b>	599
		<b>35,507</b>	43,750
<b>Current assets</b>			
Inventories		<b>74,707</b>	85,807
Trade receivables	<i>9</i>	<b>113,393</b>	116,775
Prepayments, deposits and other receivables		<b>11,218</b>	8,147
Current tax assets		<b>–</b>	636
Bank and cash balances		<b>48,003</b>	27,813
		<b>247,321</b>	239,178
<b>Current liabilities</b>			
Trade payables	<i>10</i>	<b>98,805</b>	91,173
Other payables and accruals		<b>20,752</b>	21,546
Contract liabilities		<b>6,125</b>	1,214
Lease liabilities		<b>3,501</b>	3,376
Current tax liabilities		<b>213</b>	–
		<b>129,396</b>	117,309
<b>Net current assets</b>		<b>117,925</b>	121,869
<b>Total assets less current liabilities</b>		<b>153,432</b>	165,619

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Note</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>4,957</b>	9,185
Deferred tax liabilities		<u>–</u>	<u>–</u>
		<b>4,957</b>	9,185
<b>NET ASSETS</b>			
		<b><u>148,475</u></b>	<u>156,434</u>
<b>Capital and reserves</b>			
Share capital	<i>11</i>	<b>5,000</b>	5,000
Reserves		<b><u>143,522</u></b>	<u>151,434</u>
Equity attributable to owners of the Company		<b>148,522</b>	156,434
NCI		<u>(47)</u>	<u>–</u>
<b>TOTAL EQUITY</b>			
		<b><u>148,475</u></b>	<u>156,434</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 1. GENERAL INFORMATION

Kelfred Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 1606, 16/F., Block B, New Trade Plaza, 6 On Ping Street, Sha Tin, New Territories, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively the “**Group**”) are principally engaged in manufacturing and sales in eyewear products.

In the opinion of the directors of the Company, Conquer Holding Limited, a company incorporated in the British Virgin Islands (“**BVI**”), are the immediate and ultimate parents, and Mr. Kwok Kwan Fai, Mr. Kwok Kwan Yu and Ms. Chan Yin Wah are the ultimate controlling parties of the Company.

### 2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from sales of eyewear products. An analysis of the Group's revenue is as follow:

	<b>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Sales of eyewear products	<b><u>500,253</u></b>	<u>453,581</u>

#### Segment information

The executive directors of the Company, being the chief operating decision makers, regularly review revenue analysis by customers and by locations. The executive directors of the Company considered the operating activities of designing, manufacturing and sales of eyewear products as a single operating segment. The operating segment has been identified on the basis of internal management reports prepared and is regularly reviewed by the executive directors of the Company. The executive directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

#### Geographical information

Revenue from external customers, based on location of delivery to customers is as follows:

	<b>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Italy	<b>156,733</b>	175,833
United Kingdom	<b>156,910</b>	124,391
Hong Kong	<b>128,761</b>	108,417
United States	<b>17,058</b>	19,245
The People's Republic of China ("PRC")	<b>8,369</b>	1,892
India	<b>7,115</b>	1,215
Spain	<b>5,987</b>	343
Philippines	<b>5,135</b>	–
Japan	<b>4,922</b>	4,893
Australia	<b>725</b>	7,705
France	<b>397</b>	4,970
Others	<b><u>8,141</u></b>	<u>4,677</u>
	<b><u>500,253</u></b>	<u>453,581</u>

An analysis of the Group's non-current assets (excluding deposits paid and deferred tax assets) by their physical geographical location is as follows:

	<b>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong	<b>1,063</b>	2,580
PRC	<b>32,311</b>	39,850
Thailand	<b>1,437</b>	–
	<b><u>34,811</u></b>	<u>42,430</u>

### **Timing of revenue recognition**

All timing of revenue recognition is recognised at a point in time during the years ended 31 December 2024 and 2025.

### **Information about major customers**

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

	<b>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Customer A	<b>168,372</b>	124,987
Customer B	<b>58,789</b>	64,509
Customer C	<b>54,823</b>	57,704
	<b><u>54,823</u></b>	<u>57,704</u>

### **Sales of eyewear products**

The Group manufactures and sells eyewear products to the customers. Revenue from the sales of eyewear products is recognised at a point in time when control of the goods has transferred to customer upon delivery of eyewear products.

#### 4. OTHER INCOMES, GAINS AND LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Income from sales of scrap and rework services	267	229
Material costs charged to customers	3,931	2,517
Government grants*	1,397	3,018
Product services fee income	1,163	1,316
Product design fee income	2,819	251
Sample and mould income	459	395
Net foreign exchange (losses)/gains	(3,704)	4,025
Net (loss)/gain on disposals of property, plant and equipment	(89)	219
Sundry income	107	831
	<u>6,350</u>	<u>12,801</u>

\* Government grants mainly relate to various subsidies supported from the government in Hong Kong and the PRC.

## 5. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
– Over-provision in prior years	–	(37)
Current tax – PRC Enterprise Income Tax (“ <b>PRC EIT</b> ”)		
– Provision for the year	569	298
– Under-provision in prior years	742	244
	<u>1,311</u>	<u>542</u>
Deferred tax	<u>120</u>	<u>(310)</u>
	<u><u>1,431</u></u>	<u><u>195</u></u>

Hong Kong Profits Tax is charged at a rate of 16.5% on the assessable profit derived in Hong Kong. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2025 as the Group did not generate any assessable profits arising in Hong Kong. No Hong Kong profits tax has been provided as the Group has sufficient tax losses to offset the estimated assessable profits for the year ended 31 December 2024.

Pursuant to the PRC EIT Law and the respective regulations, the subsidiaries which operate in the Mainland China are subject to corporate income tax at a rate of 25% on the taxable income. Preferential tax treatment is available to some PRC subsidiaries of the Group.

Yingtan Euro-Asia Enterprise Limited (“**Yingtan Euro-Asia**”) was qualified as a Small and Low-profit Enterprise for the years ended 31 December 2025 and 2024 and was subject to income tax at a preferential tax rate of 20%. Besides, pursuant to Caishui [2023] No. 12, Yingtan Euro-Asia was also entitled to a further deduction of 25% of the tax income for the years ended 31 December 2025 and 2024.

Huaqing Glasses (Shenzhen) Company Limited (“**Shenzhen Huaqing**”) was qualified as a High and New Technology Enterprise and was subject to income tax at a preferential tax rate of 15% for the years ended 31 December 2025 and 2024. Besides, Shenzhen Huaqing’s research and development activities are entitled to claim 200% (2024: 200%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the years ended 31 December 2025 and 2024.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	<b>2025</b>	2024
	<b>HK\$’000</b>	HK\$’000
Loss before taxation	<u>(13,735)</u>	<u>(21,437)</u>
Tax at Hong Kong Profits Tax rates of 16.5% (2024: 16.5%)	<b>(2,266)</b>	(3,537)
Tax effect of income that is not taxable	<b>(135)</b>	(42)
Tax effect of expenses that are not deductible	<b>1,364</b>	539
Tax effect of tax incentives for research and development expenses	<b>(926)</b>	(1,978)
Tax effect of temporary differences not recognised	<b>151</b>	(146)
Tax effect of utilisation of tax losses not previously recognised	–	(139)
Tax effect of tax losses not recognised	<b>2,444</b>	4,579
Under-provision in prior years	<b>742</b>	207
Effect of different tax rates of subsidiaries	<u><b>57</b></u>	<u>712</u>
Income tax expense	<u><b>1,431</b></u>	<u>195</u>

## 6. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration		
Audit services	770	790
Non-audit services	20	–
	<u>790</u>	<u>790</u>
Cost of inventories sold*	<b>437,947</b>	405,583
Allowance for inventories, net (included in cost of sales)	<b>2,996</b>	3,333
(Reversal of impairment losses)/impairment losses of trade receivables, net	<b>(581)</b>	113
Depreciation of property, plant and equipment	<b>8,303</b>	8,538
Depreciation of right-of-use assets	<b>3,068</b>	3,624
Net foreign exchange losses/(gains)	<b>3,704</b>	(4,025)
Net loss/(gain) on disposals of property, plant and equipment	<b>89</b>	(219)
Staff costs including directors' emoluments		
Salaries and allowances	<b>89,152</b>	111,696
Discretionary bonus	<b>1,730</b>	1,447
Retirement benefit schemes contributions	<b>10,418</b>	11,909
Other employee benefit expenses	<b>5,835</b>	4,203
Total staff costs	<u><b>107,135</b></u>	<u>129,255</u>
Short-term lease charges	<u><b>735</b></u>	<u>647</u>

\* Cost of inventories sold includes staff costs and depreciation of approximately HK\$67,027,000 (2024: HK\$89,691,000) which are included in the amounts disclosed separately above.

## 7. DIVIDENDS

No dividend was proposed for the years ended 31 December 2025 and 2024.

## 8. LOSS PER SHARE

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

### Loss

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the purpose of calculating basic and diluted loss per share	<u>(15,119)</u>	<u>(21,632)</u>

### Number of shares

	<b>2025</b> <i>'000</i>	2024 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>500,000</u>	<u>500,000</u>

## 9. TRADE RECEIVABLES

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	<b>113,417</b>	117,374
Less: impairment losses	<u>(24)</u>	<u>(599)</u>
	<u><b>113,393</b></u>	<u>116,775</u>

The Group's credit terms generally range from 30 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance or cash on delivery is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The Group has entered into receivable purchase arrangements with banks for the factoring of trade receivables with certain designated customers. As at 31 December 2025, trade receivables factored to the banks aggregated to HK\$102,382,000 (2024: HK\$39,377,000) and all of which were derecognised from the consolidated statement of financial position because, in the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership in respect of the relevant factored receivables to the banks.

The aging analysis of trade receivables, based on the date of relevant invoice (delivery date), and net of impairment loss, is as follows:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–60 days	<b>80,987</b>	77,263
61–120 days	<b>19,919</b>	32,268
121–180 days	<b>5,092</b>	1,739
Over 180 days	<b>7,395</b>	5,505
	<b><u>113,393</u></b>	<u>116,775</u>

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

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HKD	<b>4,634</b>	1,888
EUR	<b>4,584</b>	3,578
RMB	<b>18,128</b>	16,666
USD	<b>86,047</b>	94,643
	<b><u>113,393</u></b>	<u>116,775</u>

## 10. TRADE PAYABLES

The credit period granted to the Group by suppliers is 30 to 90 days. The following is an aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–60 days	<b>70,168</b>	63,283
61–90 days	<b>13,087</b>	15,579
91–180 days	<b>14,802</b>	11,480
Over 180 days	<b>748</b>	831
	<b><u>98,805</u></b>	<u>91,173</u>

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

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HKD	<b>84</b>	70
USD	<b>60</b>	105
RMB	<b>97,552</b>	90,269
EUR	<b>1,109</b>	729
	<b><u>98,805</u></b>	<u>91,173</u>

## 11. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>2,000,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>500,000,000</u>	<u>5,000</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is the Group's total debts (comprising lease liabilities) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratios as at 31 December 2025 was 5.7% (2024: 8.0%). The decrease in the gearing ratio of the Group is primarily due to the decrease in the balance of lease liabilities as at 31 December 2025.

The only externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules. As at 31 December 2025, 44.8% of the shares were in public hands.

## 12. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	<b>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Property, plant and equipment	<u><b>683</b></u>	<u>1,033</u>

## 13. EVENT AFTER THE REPORTING PERIOD

On 5 January 2026 and 22 January 2026, the Group obtained new bank loans of RMB5,000,000 and RMB9,950,000 which are repayable on 3 January 2027 and 20 January 2027 respectively. These borrowings are secured by certain leasehold land and buildings of the Group with a carrying value of HK\$10,635,000 as at 31 December 2025 and guaranteed by the corporate guarantee of a PRC subsidiary. The bank loans were used to provide the working capital of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

For the year ended 31 December 2025, the Group recorded a revenue of approximately HK\$500.3 million, representing an increase of approximately 10.3% as compared to the year ended 31 December 2024, generated from sales of eyewear products.

The Group is an established eyewear manufacturer in the PRC and Hong Kong that produces and sells a wide range of spectacle frames and sunglasses mainly through original design manufacturing (“**ODM**”) and original equipment manufacturing (“**OEM**”) business models. It offers integrated and customised services which include product design and development, raw materials procurement, production, quality control, packaging and delivery. In addition to the traditional OEM and ODM business models, the Group also offers its original brand manufacturing (“**OBM**”) products under the brand name “Miga”.

Leveraging over 30 years of experience in the eyewear industry, the Group prides itself on its broad network of renowned and trusted customers worldwide (who are primarily international eyewear retailers, trading companies and licensed brand owners). It has produced quality eyewear products under its customers’ designated brand names and sold the same to different countries in the past few years, among which Europe accounted for the largest market of the Group.

The first major production base of the Group was established in Shenzhen, PRC in 2013 and the second and self-owned production base in Jiangxi, PRC was set up in 2016. The third production base in Thailand is expected to be set up in 2026.

In 2025, the Group continued to encounter significant challenges in the European market. The economic pressures in Europe had been defined by low economic growth due to heightened trade tensions and geopolitical instability. However, the capture of increasing demand for fashion in the eyewear market resulted in a 32.7% increase in the Group’s gross profit and a reduction in net loss.

Looking ahead to 2026, the Group anticipates conservatively a sluggish economic growth in Europe. Uncertainties related to global trade frictions, macroeconomic fragmentation, geopolitical tensions and fiscal policy continue to cast a shadow of uncertainty over the market. However, the Group is committed to overcoming these obstacles and positioning ourselves for a gradual recovery in 2026.

Moving forward, the Group remains vigilant in monitoring market trends, consumer behavior and regulatory developments. The Group will adapt the business strategies accordingly to seize emerging opportunities and mitigate potential risks. The Group recognizes the importance of sustainability and will continue to integrate this principle into its business practices. Besides, the Group will continue to implement cost saving measures, streamline our operations and optimize our supply chain and create more innovative designs to improve our financial performance.

While the eyewear business will continue to remain as the Group's core business, the management is continuously exploring potential opportunities to achieve diversification in the business and income streams of the Group and mitigate the impact of any potential risks and uncertainties.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2025, the Group's revenue increased to approximately HK\$500.3 million by approximately HK\$46.7 million or 10.3% as compared to approximately HK\$453.6 million for the year ended 31 December 2024. The increase was mainly attributable to the overall increase in the exported sales volume of spectacle frames and sunglasses, driven by higher sales orders, offset by the decline in average selling price of eyewear products.

### **Cost of sales**

The cost of sales of the Group increased by approximately HK\$32.0 million or 7.8%, from approximately HK\$408.9 million for the year ended 31 December 2024 to approximately HK\$440.9 million for the year ended 31 December 2025. Such increase was mainly attributable to the increase in sales volume, offset by the implementation of cost saving measures.

### **Gross profit and gross profit margin**

Gross profit increased to approximately HK\$59.3 million for the year ended 31 December 2025, by approximately HK\$14.6 million, or 32.7%, from approximately HK\$44.7 million for the year ended 31 December 2024. The overall gross profit margin improved from approximately 9.8% for the year ended 31 December 2024 to 11.9% for the year ended 31 December 2025. The significant increase in gross profit and gross profit margin was mainly attributable to the increase in sales orders and the implementation of cost saving measures.

### **Other incomes, gains and losses**

Other incomes, gains and losses decreased by approximately HK\$6.4 million from approximately HK\$12.8 million for the year ended 31 December 2024 to approximately HK\$6.4 million for the year ended 31 December 2025. The decrease was mainly attributable to the exchange losses resulting from the appreciation of Renminbi (“RMB”) against Hong Kong dollars (“HKD”) during the year ended 31 December 2025, in contrast with the exchange gains resulting from the depreciation of RMB in the previous year.

### **Reversal of impairment losses/(impairment loss) of trade receivables, net**

The Group has recorded reversal of impairment loss for trade receivables of approximately HK\$0.6 million for the year ended 31 December 2025, based on the expected credit loss as at 31 December 2025 calculated using the simplified approach, by reference to the expected credit loss rates which took into account the historical credit loss experience, current economic conditions and forward-looking information. The Group recognised an impairment loss for the year ended 31 December 2024 of approximately HK\$0.1 million.

### **Selling and distribution expenses**

Selling and distribution expenses increased from approximately HK\$14.8 million for the year ended 31 December 2024 to approximately HK\$16.9 million for the year ended 31 December 2025, by approximately HK\$2.1 million or 14.2%. Such increase was mainly attributable to the increase in advertising and promotion expenses of approximately HK\$3.7 million, offset by the decrease in sampling expenses of approximately HK\$1.6 million.

### **Administrative and other operating expenses**

Administrative and other operating expenses decreased by approximately HK\$1.5 million or 2.4%, from approximately HK\$62.0 million for the year ended 31 December 2024 to approximately HK\$60.5 million for the year ended 31 December 2025, mainly due to the decrease in staff costs of approximately HK\$2.0 million.

### **Finance costs**

The Group’s finance costs increased by approximately HK\$0.6 million or 30.0%, to approximately HK\$2.6 million for the year ended 31 December 2025 as compared to approximately HK\$2.0 million for the year ended 31 December 2024. The increase was mainly due to more utilisation of factoring of trade receivables of the Group with certain designated customers as compared to the previous year.

## **Income tax expense**

The Group's income tax expense increased from approximately HK\$0.2 million for the year ended 31 December 2024 to approximately HK\$1.4 million for the year ended 31 December 2025, mainly due to the increase in assessable profits of certain entities within the Group.

## **Loss for the year**

As a result of the foregoing, the Group recorded a reduction in the net loss by approximately HK\$6.4 million or 29.6%, from approximately HK\$21.6 million for the previous year, to approximately HK\$15.2 million for the year ended 31 December 2025, mainly due to the improvement in gross profit generated from increase in sales orders and the implementation of cost saving measures during the year ended 31 December 2025, offset by the exchange losses resulting from the appreciation of RMB against HKD during the year ended 31 December 2025, in contrast with the exchange gains resulting from the depreciation of RMB in the previous year.

The Group recorded a loss for the year ended 31 December 2025. The management concluded that there was an impairment indication and therefore conducted a review of the recoverable amount of property, plant and equipment (together with deposits paid for property, plant and equipment) and right-of-use assets as at 31 December 2025.

For the purpose of impairment assessment, property, plant and equipment (together with deposits paid for property, plant and equipment) and right-of-use assets were allocated to the Group's cash generating unit of sales of eyewear products business (the "CGU"), the Group's single operating segment, since the management considered that it is not possible to estimate their recoverable amounts individually.

The recoverable amount of the CGU has been determined based on a value-in-use calculation. The key assumptions for the value-in-use calculation related to the estimation of cash inflows/outflows included budgeted revenue, gross profit margin and growth rate during the forecast period and such estimation was based on the Group's historical performance and future market trend.

Based on the result of the assessment, the management determined that the recoverable amount of the CGU was higher than the carrying amount and therefore no impairment loss was recognised for the year ended 31 December 2025.

## **FINANCIAL POSITION**

As at 31 December 2025, the Group's total assets amounted to approximately HK\$282.8 million (2024: HK\$282.9 million) with net assets amounting to approximately HK\$148.5 million (2024: HK\$156.4 million). As at 31 December 2025, gearing ratio (total debts divided by the total equity) of the Group was approximately 5.7% (2024: 8.0%). Net debt to equity ratio (net debt, being its total debts net of bank and cash balances and pledged bank deposits, divided by total equity) of the Group was not applicable due to a net cash position of the Group as at 31 December 2025 and 2024. As at 31 December 2025, current ratio of the Group was approximately 1.9 times (2024: 2.0 times). As at 31 December 2025, quick ratio of the Group was approximately 1.3 times (2024: 1.3 times).

During the year ended 31 December 2025, the net assets declined while other financial ratios remained stable or enhanced, mainly due to the improvement of the Group's operating result, notwithstanding the net loss.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group adopts a balanced approach to cash and financial management to ensure proper risk control, the lowering of costs of funds and to maintain an optimal level of liquidity that can meet its working capital needs and sustain the business at a healthy level, and implement various growth strategies. The Group finances its operations and growth primarily through cash generated from operations, bank loans and finance lease arrangements.

As at 31 December 2025, the Group had bank and cash balances of approximately HK\$48.0 million, an increase of approximately HK\$20.2 million as compared to approximately HK\$27.8 million as at 31 December 2024, mainly attributable to the net cash generated from operating activities, offset by the purchase of property, plant and equipment and lease payments.

## TREASURY POLICIES

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern so that the Group can constantly provide returns for shareholders of the Company (the "Shareholders") and benefits for other stakeholders by securing access to financing at reasonable costs. The Group actively and regularly reviews and manages its capital structure and makes adjustment by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities.

## INDEBTEDNESS

As at 31 December 2025, the Group's indebtedness comprised lease liabilities of approximately HK\$8.5 million, respectively. Its lease liabilities are denominated in HKD, RMB and Thai baht ("THB"). Interest rates for all leases are fixed on the contract dates and thus expose the Group to fair value interest rate risk.

The maturity of lease liabilities as at 31 December 2025 is as follows:

	<b>Lease liabilities</b> <i>HK\$'000</i>
Within one year	3,501
More than one year, but not exceeding two years	3,604
More than two years, but not more than five years	<u>1,353</u>
	<u><u>8,458</u></u>

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operation, financial conditions, operational results or growth prospects are affected by a number of risks and uncertainties as outlined below. These factors are not exhaustive and there may be other principal risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could become material in the future.

## **Foreign Currency Risks**

The Group has a certain exposure to foreign currency risk as a number of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective Group entities such as HKD, USD, EUR and RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **Financial risk**

Financial risk factors include foreign currency risk, credit risk, liquidity risk and interest rate risk. Details of the aforesaid financial risk factors and the respective risk management measures are elaborated in the 2025 annual report to be published in due course in accordance with the requirements in the Listing Rules.

## **Operational risk**

The stable relationship with major customers enables the business to achieve stable revenue and profitability level. If the major customers significantly decrease its purchase quantity from the Group and we cannot identify new customers, the business and financial position may be adversely affected. Also, we operate the manufacturing process at the two production bases in Shenzhen and Jiangxi, the PRC, respectively. Any unexpected disruption to the production bases due to power or water supply failure, machinery breakdown or other factors may cause delay or temporary suspension of the production and may make us unable to deliver the products to customers on time, leading to potential loss of customer confidence and reputation.

## **Market risk**

As we rely on marketing and sales of products overseas, we are exposed to market risks including (i) global economic downturn in overseas markets which affect general consumer confidence; (ii) exchange rate fluctuation in foreign currencies; (iii) trade barriers; (iv) increased costs associated with understanding the overseas market trend and maintaining overseas marketing and sales activities; and (v) exposure to local economic, political, social and labour conditions in the overseas markets.

## **PLEDGE OF ASSETS**

As at 31 December 2025, the Group did not have any pledge of assets.

## **CAPITAL COMMITMENT**

As at 31 December 2025, the Group had capital commitments of approximately HK\$0.7 million (2024: HK\$1.0 million) relating to property, plant and equipment which are contracted but not provided for.

## **CONTINGENT LIABILITIES**

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

## **EMPLOYEE AND REMUNERATION POLICY**

The Group values its employees and recognises the importance of a good relationship with them. The Group recruits its employees based on their work experience, education background and qualifications. To maintain and ensure the quality of its employees, the Group provide its personnel with formal and on-the-job training to enhance their technical skills as well as knowledge of the industry quality standards and work place safety standards. As at 31 December 2025, the Group had a total of 752 employees of which 735 were in the PRC and 17 were in Hong Kong. Share options may also be granted to eligible employees as incentivization for the long-term growth and development of the Group. The remuneration to employees includes salaries and allowances. Employees are remunerated according to their qualifications, experiences, job nature, performance and with reference to market conditions.

The Group's total employee benefit expenses (including Directors' emoluments) for the years ended 31 December 2025 and 2024 were approximately HK\$107.1 million and HK\$129.3 million, respectively.

## **SIGNIFICANT INVESTMENTS HELD**

The Group had not held any significant investments during the year ended 31 December 2025.

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES**

There was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2025.

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

The Group did not have other plan for material investments or acquisition of material capital assets as at 31 December 2025.

## **EVENTS AFTER THE REPORTING PERIOD**

On 5 January 2026 and 22 January 2026, the Group obtained new bank loans of RMB5,000,000 and RMB9,950,000 which are repayable on 3 January 2027 and 20 January 2027 respectively. These borrowings are secured by certain leasehold land and buildings of the Group with a carrying value of HK\$10,635,000 as at 31 December 2025 and guaranteed by the corporate guarantee of a PRC subsidiary. The bank loans were used to provide the working capital of the Group.

## **SHARE OPTION SCHEME**

On 22 June 2019, the then sole Shareholder of the Company approved and conditionally adopted a share option scheme (the “**Share Option Scheme**”) to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from that date. No option has been granted up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintain a high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions of the CG Code during the year ended 31 December 2025.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

All Directors have confirmed, following specific enquiry by the Company that they have complied with the Model Code during the year ended 31 December 2025.

## **DIVIDENDS**

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

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 23 June 2026 to Monday, 29 June 2026, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the forthcoming annual general meeting ("AGM") to be held on Monday, 29 June 2026. The record date for determining the eligibility of the Shareholders to attend and vote at the AGM will be Monday, 29 June 2026. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar 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 Monday, 22 June 2026.

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

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

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on this preliminary announcement.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “**Audit Committee**”), comprising three independent non-executive directors of the Company, namely Mr. Chu Kin Ming, Mr. Hong Sze Lung and Mr. Leung Ka Tin. Mr. Chu Kin Ming is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group’s consolidated results for the year ended 31 December 2025, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

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

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.kelfred.com.hk](http://www.kelfred.com.hk)). The annual report will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Kelfred Holdings Limited**  
**Kwok Kwan Fai**  
*Chairman and executive Director*

Hong Kong, 25 March 2026

*As at the date of this announcement, the executive Directors are Mr. Kwok Kwan Fai and Mr. Kwok Kwan Yu, the non-executive Directors are Mr. Kwok Mau Kwan and Ms. Chan Yin Wah and the independent non-executive Directors are Mr. Chu Kin Ming, Mr. Hong Sze Lung and Mr. Leung Ka Tin.*