PAK TAK INTERNATIONAL LIMITED
(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the "**Board**") of directors (the "**Directors**") of Pak Tak International Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2025 together with the audited comparative figures for the year ended 31 December 2024 as follows:

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Note	2025 HKD'000	2024 HKD'000
Revenue	2	**769,205**	674,764
Other revenue	3	**1,959**	600
Other net gains/(losses)	3	**238**	(3,027)
Fair value loss on investment properties	8	**(40,668)**	(14,547)
Impairment loss recognised on goodwill	9	**(2,824)**	(164,648)
Impairment loss recognised on other non-current assets		**(8,166)**	–
Impairment losses under expected credit loss model, net of reversal		**(85,304)**	(4,848)
Direct costs and operating expenses		**(718,267)**	(640,768)
Administrative expenses		**(112,343)**	(48,847)
Loss from operations		**(196,170)**	(201,321)
Finance costs	4(a)	**(58,676)**	(31,276)
Loss before taxation	4	**(254,846)**	(232,597)
Income tax credit	5	**13,895**	3,398
Loss for the year		**(240,951)**	(229,199)
Attributable to:			
– Equity shareholders of the Company		**(238,492)**	(229,199)
– Non-controlling interests		**(2,459)**	–
Loss for the year		**(240,951)**	(229,199)
		HK cents	*HK cents*
Loss per share	6		
– Basic and diluted		**(4.24)**	(4.89)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	HKD'000	*HKD'000*
Loss for the year	**(240,951)**	(229,199)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**27,020**	(10,011)
Items that will not be reclassified subsequently to profit or loss:		
– Fair value changes of financial assets at fair value through other comprehensive income, net of nil tax	**(3,270)**	233
Total comprehensive loss for the year	**(217,201)**	(238,977)
Attributable to:		
Equity shareholders of the Company	**(215,200)**	(238,977)
Non-controlling interests	**(2,001)**	–
	(217,201)	(238,977)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 HKD'000	2024 HKD'000
Non-current assets			
Property, plant and equipment		**657,156**	591,556
Right-of-use assets		**114,522**	117,471
Investment properties	*8*	**227,281**	255,974
Goodwill	*9*	**–**	2,824
Intangible assets	*10*	**204,806**	206,402
Deferred tax assets		**7,749**	9,077
Financial assets at fair value through other comprehensive Income		**29,791**	162
		1,241,305	1,183,466
Current assets			
Inventories		**38,085**	34,901
Trade and other receivables	*12*	**442,535**	568,362
Finance lease receivables	*11*	**–**	–
Financial assets at fair value through profit or loss		**2**	29
Restricted cash		**8,003**	6,996
Cash and cash equivalents		**10,584**	21,723
		499,209	632,011
Current liabilities			
Trade payables	*13*	**288,451**	194,450
Other payables and accrued charges		**167,411**	101,663
Contract liabilities		**39,414**	56,772
Borrowings	*14*	**746,166**	490,321
Lease liabilities		**3,119**	2,979
Tax payable		**159**	1,873
		1,244,720	848,058
Net current liabilities		**(745,511)**	(216,047)
Total assets less current liabilities		**495,794**	967,419

	Note	2025 HKD'000	2024 HKD'000
Non-current liabilities			
Borrowings	*14*	**15,138**	254,366
Lease liabilities		**7,319**	11,690
Deferred tax liabilities		**74,864**	86,243
Provision for rehabilitation		**11,471**	10,917
		108,792	363,216
NET ASSETS		**387,002**	604,203
CAPITAL AND RESERVES			
Share capital		**112,600**	112,600
Reserves		**265,977**	481,177
		378,577	593,777
Non-controlling interests		**8,425**	10,426
TOTAL EQUITY		**387,002**	604,203

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

Going concern assumption

During the year ended 31 December 2025, the Group recorded a net loss of approximately HKD240,951,000 and as at 31 December 2025, the Group's current liabilities exceed current assets by approximately HKD745,511,000. The Group's total borrowings and interest payables amounted to approximately HKD834,455,000 in aggregate, of which approximately HKD380,570,000 and HKD438,747,000 were overdue for repayment and would be due for repayment within next twelve months from 31 December 2025 respectively, while the Group's total cash and cash equivalents amounted to only approximately HKD10,584,000 as at 31 December 2025. Details are further set out in Note 14 to the consolidated financial statements.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In view of these, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures have been formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) The Group has been actively negotiating with the relevant creditor of the defaulted loan to reach an agreement to withdraw the civil ruling, maintaining relationship with existing creditors such that no actions are taken to amend immediate repayment of all existing borrowings and revising the repayment terms to allow settlement by instalments over an extended period of three years;

(ii) The substantial shareholder of the Company has agreed in writing to provide sufficient fundings to the Group by way of a shareholder's loan with the payment schedule or to be mutually agreed based on the Company's actual repayment obligations, to finance the repayment of the borrowings;

(iii) the Group continues to evaluate financing options, including pledging certain investment properties as collateral to obtain additional banking facilities and considering the potential disposal of certain non-current assets, with a view to applying the net proceeds towards the settlement of borrowings;

(iv) the Group has been actively formulating and implementing measures with a view to accelerating the collection of trade receivables from customers; and

(v) The Group will continue to closely monitor the operational and financial performance of its newly acquired iron ore mining and milling business segment, with a view to enhancing profitability and cash inflows to support the Group's overall liquidity position.

The directors of the Company have prepared the Group's cash flow projections which cover a period of eighteen months from the end of the reporting period up to 30 June 2027, and are of the opinion that the Group will have sufficient financial resources to satisfy its future working capital requirements and meet its financial obligations as they fall due within the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether the Group is able to achieve the plans and measures as described above which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the following:

(i) Successful negotiation with the relevant creditor of the defaulted loan to reach an agreement to withdraw the civil ruling, maintaining relationship with existing creditors such that no actions are taken to demand immediate repayment of existing borrowings, and revising the repayment terms to allow for settlement by instalments over an extended period of three years;

(ii) Successfully obtaining fundings from the substantial shareholder of the Company by way of shareholders' loan to finance the repayment of the existing loans;

(iii) Successfully obtaining additional banking facilities and sufficient cash flows by pledging certain of the Group's commercial properties and disposal of certain non-current assets held by the Group to repay the existing loans;

(iv) Successfully collecting substantial payments from customers; and

(v) Successfully generating profits and cash inflows from the iron ore mining and milling.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Changes in accounting policies

The Group has applied amendments to HKAS 21, the effects of changes in foreign exchange rates – Lack of exchangeability issued by the HKICPA to these consolidated financial statements for the current accounting period. The amendments do not have a material impact on these consolidated financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. REVENUE

Revenue represents net sale value of goods supplied to customers, service income from different segments, interest income and rental income, net of discounts and related value added tax or other taxes, and is analysed as follows:

	2025	2024
	HKD'000	*HKD'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines *(Note)*		
– Sales of goods from supply chain business	**455,391**	573,068
– Sales of goods from iron ore mining and milling	**237,119**	–
– Sales of food and beverage products from hotel management and catering services	**64,804**	79,792
– Management fee income from hotel management services	**4,883**	10,718
– Handling fee income from supply chain financing arrangements	**–**	219
	762,197	663,797
Revenue from other sources		
Interest income from supply chain financing arrangements	**568**	2,619
Gross rentals from investment properties		
– Lease payment that are fixed	**5,827**	6,654
Rental income from sublease	**613**	1,694
	7,008	10,967
	769,205	674,764

Note: The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for products or services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for products or services that had an original expected duration of one year or less.

3. OTHER REVENUE AND OTHER NET GAINS/(LOSSES)

	2025 *HKD'000*	2024 *HKD'000*
Other revenue		
Interest income	**23**	159
Bad debts recovered	**527**	–
Write-back of trade payables	**1,138**	–
Sundry income	**271**	441
	1,959	600
Other net gains/(losses)		
Loss on disposal of property, plant and equipment	**(392)**	(3,090)
Gain on early termination of leases	**539**	–
Gain on disposal of subsidiaries	**96**	199
Fair value loss of financial assets at fair value through profit or loss	**(5)**	(136)
	238	(3,027)

4. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging/(crediting):

	2025 *HKD'000*	2024 *HKD'000*
(a) Finance costs:		
Interest on borrowings	**58,127**	30,558
Interest on lease liabilities	**549**	718
	58,676	31,276
(b) Staff costs (including directors' emoluments):		
Salaries, wages, bonus and allowances	**55,806**	44,910
Contributions to defined contribution retirement plans (Note)	**5,884**	5,738
Staff welfare and benefits	**12,441**	3,830
	74,131	54,478

Note:

Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

	2025	2024
	HKD'000	*HKD'000*
(c) Other items:		
Amortisation on intangible assets	**10,136**	311
Auditor's remuneration		
– audit services	**820**	1,130
– other services	**305**	700
Cost of inventories sold from supply chain business	**454,297**	566,513
Cost of inventories consumed from hotel management and catering services	**24,253**	27,379
Cost of inventories sold from iron ore mining and milling	**196,283**	–
Depreciation on property, plant and equipment	**47,782**	5,277
Depreciation on right-of-use assets	**6,337**	4,097
Expenses relating to short-term leases	**2,563**	3,630
Provision for ECL allowance on trade receivables	**80,285**	4,880
Provision for/(reversal of) ECL allowance on other receivables	**6,899**	(32)
Reversal of ECL allowance on finance lease receivables	**(1,880)**	–

5. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2025	2024
	HKD'000	*HKD'000*
Current tax – the PRC Enterprise Income Tax		
– Current income tax	**–**	554
Deferred tax		
– the PRC	**(13,895)**	(3,952)
Income tax (credit)/expense	**(13,895)**	(3,398)

Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated or domiciled in Hong Kong have no assessable profits or sustained tax losses for taxation purpose for both years.

Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. No provision for the PRC Enterprise Income Tax has been made for the year ended 31 December 2025 as the PRC subsidiaries sustained tax losses for taxation purpose or have sufficient tax losses to set off estimated assessable income for the year.

6. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the year.

	2025	2024
	HKD'000	*HKD'000*
Loss		
Loss attributable to equity shareholders of the Company	**(238,492)**	(229,199)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares in issue	**5,630,000**	4,682,596

Basic loss per share is the same as diluted loss per share as the Company has no dilutive potential shares.

7. SEGMENT REPORTING

(a) Operating segment

Information reported to the executive directors of the Company, being the chief operating decision-maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

During the year ended 31 December 2024, the Group commenced the business engaging in iron ore mining and milling along with the acquisition of Zongchuan Investment Group Co., Limited ("**Zongchuan Investment**") (as detailed in Note 15), and it is considered as a new operating and reportable segment by the CODM.

Specifically, the Group's reportable segments under HKFRS 8 Operating Segments are as follows:

(i) Supply chain business;
(ii) Property investment;
(iii) Hotel management and catering services; and
(iv) Iron ore mining and milling.

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

Year ended 31 December 2025	**Supply chain business** *HKD'000*	**Property investment** *HKD'000*	**Hotel management and catering services** *HKD'000*	**Iron ore mining and milling** *HKD'000*	**Others** *HKD'000*	**Total** *HKD'000*
Disaggregated by timing of revenue recognition						
Point in time	**455,391**	**–**	**64,804**	**237,119**	**–**	**757,314**
Over time	**568**	**1,274**	**10,049**	**–**	**–**	**11,891**
Revenue from external customers	**455,959**	**1,274**	**74,853**	**237,119**	**–**	**769,205**
Segment (loss)/profit	**(94,700)**	**(22,539)**	**(17,334)**	**(52,643)**	**1,165**	**(186,051)**
Reconciliation:						
Interest income						**23**
Corporate and other unallocated expenses						**(12,174)**
Finance costs						**(58,676)**
Gain on disposal of a subsidiary						**96**
Other revenue						**1,936**
Loss before taxation						**(254,846)**
Income tax credit						**13,895**
Loss for the year						**(240,951)**

Year ended 31 December 2024	Supply chain business *HKD'000*	Property investment *HKD'000*	Hotel management and catering services *HKD'000*	Iron ore mining and milling *HKD'000*	Others *HKD'000*	Total *HKD'000*
Disaggregated by timing of revenue recognition						
Point in time	573,287	–	79,792	–	–	653,079
Over time	2,619	2,632	16,434	–	–	21,685
Revenue from external customers	575,906	2,632	96,226	–	–	674,764
Segment loss	(12,180)	(7,602)	(1,061)	(164,648)	(793)	(186,284)
Reconciliation:						
Interest income						159
Corporate and other unallocated expenses						(15,637)
Finance costs						(31,276)
Other revenue						441
Loss before taxation						(232,597)
Income tax credit						3,398
Loss for the year						(229,199)

The following is an analysis of the Group's assets and liabilities by reportable segments:

At 31 December 2025	**Supply chain business** *HKD'000*	**Property investment** *HKD'000*	**Hotel management and catering services** *HKD'000*	**Iron ore mining and milling** *HKD'000*	**Others** *HKD'000*	**Total** *HKD'000*
Segment assets	**384,106**	**147,716**	**126,437**	**1,039,911**	**457**	**1,698,627**
Reconciliation:						
Deferred tax assets						**7,749**
Corporate and other unallocated assets						**34,138**
Total assets						**1,740,514**
Segment liabilities	**472,438**	**18,294**	**39,226**	**719,240**	**7,274**	**1,256,472**
Reconciliation:						
Deferred tax liabilities						**74,864**
Corporate and other unallocated liabilities						**22,176**
Total liabilities						**1,353,512**

At 31 December 2024	Supply chain business *HKD'000*	Property investment *HKD'000*	Hotel management and catering services *HKD'000*	Iron ore mining and milling *HKD'000*	Others *HKD'000*	Total *HKD'000*
Segment assets	489,857	162,487	175,523	968,286	5,757	1,801,910
Reconciliation:						
Deferred tax assets						9,077
Corporate and other unallocated assets						4,490
Total assets						1,815,477
Segment liabilities	430,122	19,975	49,154	606,878	10,441	1,116,570
Reconciliation:						
Deferred tax liabilities						86,243
Corporate and other unallocated liabilities						8,461
Total liabilities						1,211,274

The following is an analysis of the Group's other segment information by reportable segments:

Year ended 31 December 2025	**Supply chain business** *HKD'000*	**Property investment** *HKD'000*	**Hotel management and catering service** *HKD'000*	**Iron ore mining and milling** *HKD'000*	**Others and unallocated** *HKD'000*	**Total** *HKD'000*
Other information						
Additions to non-current segment assets	**20**	**–**	**273**	**87,724**	**2,718**	**90,735**
Depreciation and amortisation	**46**	**3**	**6,601**	**55,799**	**1,806**	**64,255**
Impairment loss on goodwill	**–**	**–**	**–**	**2,824**	**–**	**2,824**
Impairment loss on other non-current assets	**–**	**–**	**–**	**8,166**	**–**	**8,166**
Provision for/(reversal of) ECL allowances, net	**85,909**	**1,322**	**2,425**	**(2,472)**	**(1,880)**	**85,304**

Year ended 31 December 2024	Supply chain business *HKD'000*	Property investment *HKD'000*	Hotel management and catering service *HKD'000*	Iron ore mining and milling *HKD'000*	Others and unallocated *HKD'000*	Total *HKD'000*
Other information						
Additions to non-current segment assets	12	–	468	1,052,724	6,466	1,059,670
Depreciation and amortisation	60	3	7,789	–	1,833	9,685
Impairment loss on goodwill	–	–	–	164,648	–	164,648
Provision for/(reversal of) ECL allowances, net	5,503	52	(707)	–	–	4,848

(b) Geographical information

The Group's revenue from external customers is wholly derived from the PRC.

The Group's information about its non-current assets (excluding goodwill, financial assets at fair value through other comprehensive income and deferred tax assets) by geographic location is as follows:

	2025	2024
	HKD'000	*HKD'000*
The PRC	**1,200,746**	1,169,410
Hong Kong	**3,019**	1,993
	1,203,765	1,171,403

(c) Information about major customers

Revenue from major customers, each of whom amounted to 10% or more of the Group's revenue, is set out below:

	2025	2024
	HKD'000	*HKD'000*
Supply chain business		
Customer A	**–**	127,714
Customer B	**–**	209,886
Iron ore mining and milling business		
Customer C	**198,918**	–

8. INVESTMENT PROPERTIES

	2025	2024
	HKD'000	*HKD'000*
At the beginning of the year	**255,974**	279,418
Exchange realignment	**11,975**	(8,897)
Fair value loss	**(40,668)**	(14,547)
At the end of the year	**227,281**	255,974

The investment properties are situated in the PRC and are held under medium-term leases. The Group leases out shops and a commercial building, which mainly comprises shops and hotel rooms, situated at two different locations in the PRC under operating leases.

As at 31 December 2025 and 2024, certain investment properties were pledged to bank for loans granted to the Group (see Notes 14).

(a) Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair values of the shops and the commercial building at the end of the reporting period have been arrived at on the basis of valuation performed by 深圳市國正信資產評估土地房地產估價有限公司 and International Valuation Limited respectively, independent qualified professional property valuers ("**Property Valuers**") not connected with the Group, with recent experience in the location and category of property being valued. The management has discussion with the Property Valuers on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

The fair value of the shops is determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a discount specific to the quality and location of the properties compared to the recent sales, and are therefore grouped into Level 3 of fair value measurement.

The commercial building was acquired through acquisition of subsidiaries on 1 April 2022. At the acquisition date, a portion of the building was classified as an investment property for it being leased out to earn rentals, while the rest of the building was classified as property held for own-use for it being used to run a hotel business. As at 31 December 2022, the Group leased the entire commercial building to an independent third party with an initial term of 8 years and therefore the entire commercial building was transferred to and classified as an investment property.

The income capitalisation approach estimates the fair value of the building on an open market basis by capitalising rental income having regard to the current net passing rental income from existing tenancy and potential future reversionary income at the market level. The term value involves the capitalisation of the current net passing rental income over the existing lease term on a fully leased basis. The reversionary value is taken to be current market rental income upon the expiry of the lease and is capitalised by adopting appropriate occupancy rates. In this approach, the independent qualified professional valuer has considered the term yield and reversionary yield. The term yield is used for capitalisation of the current net passing rental income as at the date of valuation whilst the reversionary yield is used to convert reversionary rental income. The fair value of the commercial building therefore grouped into Level 3 of fair value measurement.

There were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 for both reporting periods. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2025	2024
	HKD'000	*HKD'000*
Shops		
At the beginning of the year	**158,444**	173,087
Exchange realignment	**7,495**	(5,509)
Fair value loss	**(22,238)**	(9,134)
At the end of the year	**143,701**	158,444

	2025	2024
	HKD'000	*HKD'000*
A commercial building		
At the beginning of the year	**97,530**	106,331
Exchange realignment	**4,480**	(3,388)
Fair value loss	**(18,430)**	(5,413)
At the end of the year	**83,580**	97,530

(b) Assets leased out under operating leases

The leases typically run for an initial period of 1 to 8 years (2024: 1 to 8 years), with an option to renew the lease after that date at which all terms are renegotiated. None of the leases includes variable lease payments.

Total future minimum lease payments receivable under operating leases is as follows:

	2025	2024
	HKD'000	*HKD'000*
Within 1 year	**7,082**	6,814
After 1 year but within 2 years	**4,751**	4,747
After 2 years but within 3 years	**4,775**	4,548
After 3 years but within 4 years	**4,775**	4,775
After 4 years but within 5 years	**5,014**	4,775
After 5 years	**–**	5,014
	26,397	30,673

9. GOODWILL

	Mining operations
	HKD'000
Cost	
At 1 January 2024	–
Acquired on acquisition of subsidiaries (Note 15)	167,472
At 31 December 2024, 1 January 2025 and 31 December 2025	**167,472**
Accumulate impairment	
At 1 January 2024	–
Impairment loss	164,648
At 31 December 2024 and 1 January 2025	**164,648**
Impairment loss	**2,824**
At 31 December 2025	**167,472**
Carrying amount	
At 31 December 2025	**–**
At 31 December 2024	2,824

Goodwill arising on acquisition of subsidiaries is allocated to the Group's mining operation. Impairment test for this cash-generating unit is as below.

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on the mining plan approved by management covering a nine-year period and discount rate of 9.00% (2024: 8.26%). The cash flow projections covered a period greater than five years because a longer forecast period is required for the relevant business to reflect the foreseeable production of the mine. Cash flow projections during the budget period are based on the budgeted revenue and expected gross margins and the raw materials price inflation during the budget period. Expected cash inflows/outflows have been determined based on past performance and management's expectations for the market development. The future cash flows are highly dependent on the following unobservable inputs: forecast sales volumes and forecasted selling prices.

During the year ended 31 December 2025, the directors of the Company have consequently determined impairment of goodwill directly related to this CGU amounting to approximately HKD2,824,000 (2024: HKD164,648,000). The impairment loss has been included in profit or loss as a separate line item. Goodwill related to the mining operation has been fully impaired and impairment amounting to HKD8,166,000 has been allocated pro rata to class of assets to the extent the carrying amount of the assets is not reduced below the highest of its fair value less costs of disposal, its value in use and zero.

During the year ended 31 December 2024, the impairment loss arose because on 31 December 2024, the acquisition date of Zongchuan Investment, the consideration shares issued as consideration for the acquisition of Zongchuan Investment were valued at the fair value of the consideration shares of HKD465,500,000, representing 950,000,000 shares valued at the closing price of the Company's shares of HKD0.49 per share as at the acquisition date. The closing price of the Company's shares as at 31 December 2024 was much higher than the agreed price for the consideration shares of HKD0.336 per share as stipulated in the sale and purchase agreement dated 29 February 2024, amounting to HKD319,200,000 based on the consideration shares priced at HKD0.336 per share.

The substantial increase in the consideration recognised by the Group in the business combination of Zongchuan Investment was primarily attributable to the significant rise in the closing price of the Company's shares between the date of sale and purchase agreement and the acquisition date. This increase in share price was driven by market fluctuations, rather than a significant enhancement in the value of Zongchuan Investment itself during this period. Consequently, the goodwill recognised upon the acquisition of Zongchuan Investment was significantly higher than anticipated at the time of the sale and purchase agreement, ultimately lead to an impairment loss on goodwill with the amount of HKD164,648,000 as of 31 December 2024 in order to reflect the true value of the business.

10. INTANGIBLE ASSETS

	Mining rights *HKD'000*	Computer software *HKD'000*	Total *HKD'000*
Cost			
At 1 January 2024	–	1,594	1,594
Additions	–	53	53
Acquired on acquisition of subsidiaries (Note 15)	205,796	–	205,796
Exchange alignment	–	(54)	(54)
At 31 December 2024 and 1 January 2025	**205,796**	**1,593**	**207,389**
Exchange alignment	**10,541**	**81**	**10,622**
At 31 December 2025	**216,337**	**1,674**	**218,011**
Accumulated amortisation and impairment			
At 1 January 2024	–	705	705
Amortisation provided for the year	–	311	311
Exchange alignment	–	(29)	(29)
At 31 December 2024 and 1 January 2025	**–**	**987**	**987**
Amortisation provided for the year	**9,817**	**319**	**10,136**
Impairment loss recognised for the year	**1,749**	**–**	**1,749**
Exchange alignment	**274**	**59**	**333**
At 31 December 2025	**11,840**	**1,365**	**13,205**
Net carrying amount			
At 31 December 2025	**204,497**	**309**	**204,806**
At 31 December 2024	205,796	606	206,402

As at 31 December 2025 and 2024, mining rights were pledged to bank for loans granted to the Group (see Notes 14).

During the year ended 31 December 2025, the management of the Group identified that the performance of iron ore and mining segment was worse than expected due to a slight lag in exploration progress and concluded that there was impairment indicator. As at 31 December 2025, the carrying amount of mining rights subject to impairment assessment were approximately HKD204,497,000 (2024: Nil), after taking into account the impairment losses of approximately HKD1,749,000 (2024: Nil) in respect of mining rights that have been recognised. Details of the basis of assessment of impairment are set out in Note 9.

11. FINANCE LEASE RECEIVABLES

	2025	2024
	HKD'000	*HKD'000*
Finance lease receivables	**29,468**	29,871
Less: Expected credit loss allowance	**(29,468)**	(29,871)
	–	–

At 31 December 2025 and 2024, the finance lease receivables are receivable within one year or on demand.

Note:

(a) Certain machineries are leased out to one lessee under finance leases with initial lease terms of 24 to 48 months. Prior to the revision of lease contract as stated in Note 11(b), the interest rate inherent in the leases was fixed for the entire lease term and was ranging from 6.2% to 12% per annum.

Finance lease receivables are secured over the machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

(b) During the year ended 31 December 2022, the Group entered into a finance lease receivable transfer arrangement (the "**Arrangement**") with the lessee. Under the Arrangement, the amount due from the lessee (representing all past due and future lease payments) of RMB25,122,000 (equivalent to HKD28,341,000) was transferred to an independent third party which the new repayment terms were revised as repayable on demand on a full recourse basis and the balance bears interest at the PRC Loan Prime Rate plus certain agreed premium rates until settlement. As the lessee has not transferred the significant obligations relating to these finance lease receivables, the full carrying amount of the receivables continues to be recognised as "finance lease receivables" in the Group's consolidated statement of financial position.

During the year ended 31 December 2025, partial settlement of approximately RMB1,734,000 (equivalent to approximately HKD1,880,000) was made. At 31 December 2025 and 2024, the remaining carrying value of the finance lease receivables and interest in full under the Arrangement have not been settled. Based on the management's best estimate, the remaining balance of finance lease receivables is fully impaired due to the occurrence of unfavourable event.

12. TRADE AND OTHER RECEIVABLES

	2025	2024
	HKD'000	*HKD'000*
Trade receivables, net of ECL allowance	**341,127**	415,631
Other receivables, net of ECL allowance	**79,101**	97,970
	420,228	513,601
Deposits and prepayments	**22,307**	54,761
	442,535	568,362

Ageing analysis

The ageing analysis of trade receivables (net of ECL allowances) as at the end of the reporting period, based on invoice date, is as follows:

	2025	2024
	HKD'000	*HKD'000*
Within 1 month	**8,261**	2,429
1 to 3 months	**1,919**	3,025
3 to 12 months	**4,267**	341,717
Over 12 months	**326,680**	68,460
	341,127	415,631

Trade receivables are generally due within 0 to 365 days (2024: 0 to 365 days) from the date of billing.

The ageing analysis of trade receivables (net of expected loss allowances) as at the end of the reporting period, based on due date, is as follows:

	2025	2024
	HKD'000	*HKD'000*
Current (not past due)	**11,266**	173,903
Less than 1 month past due	**6,158**	259
1 to 3 months past due	**845**	124,663
3 to 12 months past due	**145,559**	50,673
Over 12 months past due	**177,299**	66,133
	341,127	415,631

13. TRADE PAYABLES

	2025	2024
	HKD'000	*HKD'000*
Trade payables	**288,451**	194,450

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

	2025	2024
	HKD'000	*HKD'000*
Within 1 month	**52,574**	38,023
1 to 3 months	**50,001**	31,766
3 to 12 months	**93,955**	58,514
Over 12 months	**91,921**	66,147
	288,451	194,450

The credit period on purchase of goods is generally 30 days.

14. BORROWINGS

	2025	2024
	HKD'000	*HKD'000*
Bank loans, secured *(Note (a))*	**748,304**	719,763
Other loan, secured *(Note (b))*	**–**	23,924
Other loan, unsecured *(Note (b))*	**13,000**	1,000
	761,304	744,687

The maturity profile of borrowings, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	2025	2024
	HKD'000	*HKD'000*
Within 1 year	**746,166**	490,321
After 1 year but within 2 years	**6,780**	248,446
After 2 years but within 5 years	**8,358**	5,920
	761,304	744,687
Less: Amount due within one year or repayable on demand classified as current liabilities	**(746,166)**	(490,321)
Amount due for settlement after one year	**15,138**	254,366

Notes:

(a) Bank loans comprise Bank Loan 1, Bank Loan 2, Bank Loan 3, Bank Loan 4, Bank Loan 5 and Bank Loan 6.

Bank Loan 1 with principal amount of RMB14,986,000 (equivalent to HKD16,700,000) (2024: RMB17,958,000 (equivalent to HKD19,038,000)) is secured by certain investment properties of the Group (see Note 8) and is repayable by instalments up to 2027. Interest is charged at Prime rate of The People's Bank of China ("**PBOC**") plus 30% of PBOC Prime rate per annum.

Bank Loan 2 with principal amount of RMB279,000,000 (equivalent to HKD310,918,000) (2024: RMB279,000,000 (equivalent to HKD295,768,000)) is secured by corporate guarantee executed by the Company and its certain subsidiaries and certain properties owned by an independent third party. Interest is charged at a fixed rate of 5.4% per annum.

Since the prior year, the Group defaulted on the repayment of Bank Loan 2. As at 31 December 2025, the aggregated default principal and related amount of compound interests and default interests amounted to approximately RMB341,502,000 (equivalent to HKD380,570,000) (2024: RMB294,300,000 (equivalent to HKD322,612,000)) (together referred as the "**Outstanding Amounts**").

During the prior periods, the bank had initiated litigation against the Group to recover Outstanding Amounts. Afterwards, the Group received a written civil ruling ("**Civil Ruling**") issued by the Intermediate People's Court of Shenzhen, Guangdong in connection with the legal proceedings instituted by the bank to recover the Outstanding Amounts. Pursuant to the Civil Ruling, the Group shall repay the Outstanding Amounts immediately. In addition, the Group has been ordered to pay the court handling fee, preservation order application fee and other legal-related costs.

During the year ended 31 December 2025, the Group lodged an appeal disputing the quantum of loan interest payable under the relevant loan agreements. The Guangdong Higher People's Court of ("**High Court**") accepted the appeal case. Subsequently, the Group received the civil judgment ("**Civil Judgment**") issued by the High Court, which dismissed the appeal and upheld the Civil Ruling. Under the Civil Judgment, the Group was ordered to repay to the bank the above-mentioned loan principal, together with loan interests and corresponding default and compound interests as calculated in accordance with the loan agreements and the Civil Ruling. The Company and certain of its subsidiaries, as guarantors, are held jointly and severally liable for these debts, and the Group together with its guarantors are further ordered to pay court cost. The Civil Judgment is final, conclusive, and not subject to further appeal.

Subsequent to the year ended 31 December 2025, the Outstanding Amounts have been transferred to China Cinda Asset Management Co., Ltd., Shenzhen Branch ("**Cinda SZ Branch**") pursuant to a debt disposal notice issued by Cinda SZ Branch ("**Disposal Notice**"). Under the Disposal Notice, the Group was notified to demand the repayment of the Outstanding Amounts, along with the legal costs.

The Group would negotiate with the relevant new creditor for renewal and extension for repayments of overdue borrowing.

Bank Loan 3 is secured by certain properties (the "**Collaterals**") owned by independent third parties (the "**Pledgor**"). Interest is charged at a fixed rate of 6.5% per annum. Bank loan 3 was defaulted during the year ended 31 December 2023. During the year ended 31 December 2024, pursuant to a debt assignment agreement between the relevant bank (as an original lender) and assignee (the "**Assignee**"), Bank Loan 3 with principal amount of RMB22,567,000 (equivalent to HKD23,924,000) as at 31 December 2024 was agreed to be assigned to the Assignee, an independent third party. Bank Loan 3 would be accordingly regarded as Other loan 1 below, which the terms of the loan remain unchanged except for the repayment term which is revised to be repayable on demand.

Bank Loan 4 with principal amount of RMB8,500,000 (equivalent to HKD9,472,000) (2024: RMB9,000,000 (equivalent to HKD9,540,000)) is secured by certain investment properties of the Group (see Note 8) and is repayable by instalments up to 2028 (2024: up to 2025). Interest is charged at a fixed rate of 4.8% (2024: 5%) per annum.

Bank Loan 5 with principal amount of RMB244,000,000 (equivalent to HKD271,914,000) (2024: RMB248,000,000 (equivalent to HKD262,905,000)) is pledged with mining rights of the Group (see Note 10) and is repayable by instalments up to 2026. Interest is charged at 6.378% per annum.

Bank Loan 6 with principal amount of RMB125,000,000 (equivalent to HKD139,300,000) (2024: RMB125,000,000 (equivalent to HKD132,512,000)) is secured by corporate guarantee executed by a related company of the Group and pledged with the shares of a subsidiary of Zongchuan Investment. Bank Loan 6 is repayable in December 2026 (2024: in December 2025) and interest is charged at 5% (2024: 6.378%) per annum. The related company is controlled by the director of certain subsidiaries of the Company.

(b) Other loan 1 with principal amount of RMB22,567,000 (equivalent to HKD23,924,000), which was secured by the Collaterals, is repayable on demand and interest-bearing at a fixed rate of 6.50% per annum. During the year ended 31 December 2025, for the purpose of settling the Other loan 1, the Collaterals were disposed of by the Assignee and the relevant loan obligation to the Assignee was fully settled. As a result, the Group derecognised the balance previously recorded as Other loan 1 and the relevant balance together with the accrued interest would then be due to the Pledgor arising from this settlement arrangement which was included in "Other payables and accruals". This transaction is regarded as a non-cash transaction.

Other loan 2 with principal amount of HKD13,000,000 (2024: HK$1,000,000), which were obtained from an independent third party during the year, is unsecured and repayable within one year. Interest is charged at a fixed rate of 18% (2024: 18%) per annum.

15. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION

On 29 February 2024, the Group entered into a sale and purchase agreement to acquire 100% issued shares of Zongchuan Investment from an independent third party by allotting and issuing 950,000,000 consideration shares of the Company.

On 31 December 2024, the acquisition was completed, and the consideration was HKD465,500,000, determined using the quoted price of HKD0.49 per consideration share at the date of acquisition.

Upon the completion of the transaction, Zongchuan Investment has become a wholly-owned subsidiary of the Company and the consolidated financial statements of the Zongchuan Investment and its subsidiaries ("**Zongchuan Investment Group**") were therefore consolidated into the consolidated financial statements of the Company. Zongchuan Investment Group is principally engaged in iron ore mining and milling in the PRC. The primary reason for the above acquisition is to scale up its existing supply chain business under its current business development strategy. The iron ore industry, as an upstream industry in the value chain of the supply chain services provided by the Group, is closely associated with the Group's existing operations. Through the Acquisition, the Group will be able to vertically integrate iron ore and iron concentrate powder production and sale business.

Fair value of identifiable assets and liabilities of Zongchuan Investment Group at the date of acquisition

	HKD'000
Assets	
Property, plant and equipment	581,480
Right-of-use assets	97,976
Intangible assets	205,796
Inventories	33,475
Trade and other receivables*	39,625
Restricted cash	6,996
Cash and cash equivalents	115
Liabilities	
Trade payables	(140,812)
Other payables	(12,944)
Contract liabilities	(44,921)
Borrowings	(395,417)
Provision for rehabilitation	(10,917)
Tax payables	(1,868)
Deferred tax liabilities	(50,130)
Fair value of net identifiable assets acquired	308,454
Non-controlling interests#	(10,426)
Net identifiable assets attributable to owner of the Group	298,028
Goodwill arising on acquisition	167,472
Total consideration	465,500

Net cash inflow arising on acquisition

	HKD'000
Cash and cash equivalents acquired	115

* The acquired receivables consider: (i) the fair value of the receivables; (ii) the gross contractual amounts receivable; and (iii) the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

\# Non-controlling interests are measured at the non-controlling interests' proportionate share of fair value of the identifiable net assets of the acquired subsidiary.

Goodwill arose from the factor caused by the significant increase in the closing price of the Company's shares during the period from the acquisition agreement date and acquisition date, details of which are explained in Note 9. Goodwill arising from the acquisition represents the control premium paid and the benefits of expected synergies, revenue growth, future market development to be achieved from the combination, and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Acquisition-related costs amounting to approximately HKD4,568,000 have been excluded from consideration transferred and have been recognised as an expense during the year ended 31 December 2024, within the "administrative expense" line item in the consolidated statement of profit or loss.

The acquired business of Zongchuan Investment Group did not contribute any revenue or net profit or loss to the Group for the year ended 31 December 2024. Had the above acquisitions been effected at the beginning of the reporting period, the total amount of revenue of the Group for the year ended 31 December 2024 would have been approximately HKD888,832,000 and the amount of the loss for that year would have been approximately HKD331,568,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the reporting period, nor is it intended to be a projection of future results.

16. LITIGATION AND CLAIM

During the year ended 31 December 2023, one of the subsidiaries of the Group, Shenzhen Golden Flourish Supply Chain Limited ("**Shenzhen Golden Flourish**") defaulted on repayment of interest-bearing bank borrowing Shenzhen Branch of Hua Xia Bank Co., Ltd ("**Hua Xia Bank**"). As at 31 December 2025, the aggregate principal and related interest amounted to approximately RMB341,502,000 (equivalent to approximately HKD 380,570,000) (2024: RMB294,300,000 (equivalent to approximately HKD322,612,000)).

During the year ended 31 December 2024, the Company and its certain subsidiaries (the "**Defendants**") received a legal claim filed by Hua Xia Bank in respect of breach of loan agreements. The Defendants subsequently received a court notice from the Shenzhen Intermediate People's Court, pursuant to which Hua Xia Bank requested Shenzhen Golden Flourish to repay immediately the total amount of principal, interests and compound interests; bear Hua Xia Bank's legal costs and other litigation-related costs.

In October 2024, the Group received a written Civil Ruling from the Intermediate People's Court of Shenzhen, Guangdong ordering the repayment of the principal, corresponding default interests and compound interests in accordance with the loan agreements.

During the year ended 31 December 2025, the Group subsequently received a final civil judgment (the "**Civil Judgment**") from the Guangdong Higher People's Court ("**High Court**") in relation to the appeal lodged by Shenzhen Golden Flourish. The High Court dismissed the appeal and upheld the civil ruling previously issued by the Shenzhen Intermediate People's Court.

Pursuant to the Civil Judgment, Shenzhen Golden Flourish is ordered to repay to Hua Xia Bank the principal, loan interests and default and compound interests calculated in accordance with the loan agreements and the Civil Ruling. The Company and certain subsidiaries, as guarantors, are held jointly and severally liable for the above debts. Shenzhen Golden Flourish and the guarantors are further ordered to bear total court costs, including the case acceptance fee and preservation application fee. The Civil Judgment is final, conclusive and not subject to further appeal.

Subsequent to the year ended 31 December 2025, the above-mentioned debts along with compound and default interests have been transferred to Cinda SZ Branch pursuant to the Disposal Notice. Under the Disposal Notice, the Group was notified to demand the outstanding debt comprising principal, accrued interest, penalty interest, default damages and reimbursable relevant legal cost and other incurred expenses.

In view of the litigation, the Civil Judgement and assignment of debt arrangement, the corresponding borrowing was classified as current liabilities as at 31 December 2025 and 2024. The Group would negotiate with the relevant new creditor regarding a possible extension of repayment terms.

Apart from the above written civil ruling and final Civil Judgement, no further legal actions have been taken by the relevant new creditor or the relevant courts up to the date of approval of these consolidated financial statements.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by Baker Tilly Hong Kong Limited, the auditor of the Company (the "**Auditor**"), regarding the consolidated financial statements of the Group for the year ended 31 December 2025.

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Pak Tak International Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for disclaimer of opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope limitation relating to appropriateness of the going concern basis of accounting

As set out in Note 2(b) to the consolidated financial statements, during the year ended 31 December 2025, the Group recorded a net loss of approximately HKD240,951,000 and as at 31 December 2025, the Group's current liabilities exceed current assets by approximately HKD745,511,000. The Group's total borrowings and interest payables amounted to approximately HKD834,455,000 in aggregate, of which approximately HKD380,570,000 and HKD438,747,000 were overdue for repayment and would be due for repayment within next twelve months from 31 December 2025 respectively, while the Group's total cash and cash equivalents amounted to only approximately HKD10,584,000 as at 31 December 2025.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In view of these, the directors of the Company have prepared a cashflow forecast covering eighteen months from the end of the reporting period for the Group's going concern assessment (the "**Cashflow Forecast**") up to 30 June 2027. The validity of the going concern assumption based on which these consolidated financial statements have been prepared depends on the outcome of the measures to improve the Group's liquidity and financial position, i.e. whether (i) negotiation with the relevant creditor of the defaulted loan to reach an agreement to withdraw the civil ruling, maintaining relationship with existing creditors such that no actions are taken to demand immediate repayment of all existing borrowings, and revising the repayment terms to allow settlement by instalments over an extended period of three years will be successful; (ii) shareholders' loan to finance the repayment of the borrowings will be obtained from the substantial shareholder successfully; (iii) financing options, including pledging certain investment properties as collateral to obtain additional banking facilities and considering the potential disposal of certain non-current assets held by the Group, with a view to applying the net proceeds towards the settlement of the borrowings will be successful; (iv) measures to accelerating the collection of trade receivables from customers will be successfully formulated and implemented; and (v) negotiations with an independent financial adviser regarding potential fund-raising activities will be successful.

However, we have not been provided with sufficient supporting information of the key assumptions and inputs adopted in the Cashflow Forecast. In particular, in respect of (i) the negotiation with the existing creditors, there was no available documents from management that we considered sufficiently reliable to enable us to assess the status and the likelihood of a successful negotiation with the relevant creditors; (ii) the measure to obtain shareholders' loan from the substantial shareholder, there was no information available from management that we considered sufficiently reliable that enables us to assess the financial position of the substantial shareholder and to evaluate whether the substantial shareholder has sufficient financial viability to provide the aforesaid financial support to the Group. There are no alternative audit procedures that we can perform to obtain sufficient appropriate audit evidence to support the successful implementation of the plans and measures as scheduled.

In view of the above scope limitation, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in preparation of these consolidated financial statements. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the Group's assets to their realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2025, the principal activities of the Group consists of: (i) supply chain business (including the iron ore mining and milling) (the "**Supply Chain Business**"); (ii) hotel management and catering services (the "**Hotel Management & Catering Services**"); and (iii) property investment (the "**Property Investment**").

BUSINESS REVIEW

Supply Chain Business

For the year ended 31 December 2025, the performance of the Supply Chain Business faced significant challenges, with revenue slowing down compared to the same period last year. The Supply Chain Business recorded revenue of HKD456.0 million, a decrease of HKD119.9 million from HKD575.9 million in year 2024.

The decline was primarily driven by weaker demand for the core supply chain products and tighter trading conditions in the PRC market, as downstream industries adopted a more cautious procurement approach in response to economic uncertainty. In addition, trade policy related uncertainties, including changes in import and export controls and the rapid change of trade restrictions also weighed on trading volumes and pricing levels, while logistics costs remained relatively high, putting pressure on the profit margin. Furthermore, due to delayed payments from certain customers, the Group recognised additional expected credit loss provisions during the year.

Iron ore mining and milling business (the "**Mining Business**")

Despite the revenue decrease in the Supply Chain Business, the Group recorded overall revenue growth, driven by contributions from the Mining Business following the integration of Zongchuan Investment Group, which was acquired at the end of year 2024.

For the year ended 31 December 2025, the Mining Business recorded revenue of HKD237.1 million and incurred a segment loss of HKD52.6 million in the Mining Business. Such losses were primarily due to the mining capacity and the production capacity not being fully utilised, together with the unfavourable movements in iron ore prices and the impact of relatively high fixed costs. Furthermore, the macro-market environment, including the steel inventory level and strict emission reduction measures, negatively affected the demand for iron ore and thereby impacting the Group's iron ore business performance.

Despite the above challenges, the combined revenue in Supply Chain Business and the Mining Business increased to HKD693.1 million, with an overall segment loss HKD147.3 million, which included the non-cash items of expected credit loss, impairment losses on goodwill and other non-current assets, depreciation and amortisation, totaling HKD150.3 million.

The Group will continue its efforts to strengthen its credit control measures and continue to regularly review the recoverable amounts of trade receivables and closely monitor collection efforts, making adequate impairment provisions when appropriate. In addition, the Group will focus on releasing the capacity of its Mining Business to effectively fixed costs burden, while seeking new potential customers to diversify revenue streams for its supply chain business in support of long-term sustainable development.

Hotel Management & Catering Services

The Hotel Management & Catering Services segment operated in a more demanding environment in 2025 and recorded revenue of HKD74.9 million, a decrease of HKD21.3 million from HKD96.2 million in 2024. The segment reported a loss of HK$17.3 million, primarily attributable to fair value losses on investment properties of HK$18.4 million, which arose due to declining hotel room rates and continued uncertainty in the tourism market conditions. Excluding this non-cash adjustment, the underlying operations achieved a modest operational profit of HKD1.1 million. Strategic measures, including cost controls, operational refinements and brand-building initiatives, helped maintain stability consistent with performance in the interim period.

The Group continued to strengthen competitiveness through cost controls, enhanced product and service quality, new menu innovations, and targeted promotional events to broaden its customer base. The Group remains committed to steady growth and long-term value creation in the Hotel Management & Catering Services segment.

Property Investment

For the year ended 31 December 2025, the Group's investment properties located in Yunfu, PRC, which generated HKD1.3 million in rental income and recorded the revaluation loss of HKD22.2 million. Due to the overall weak performance of the real estate market, the Group continued to face challenges from revaluation losses on investment properties. The Group will continue leasing out these investment properties to generate rental income, and will consider divesting them to improve the working capital.

FINANCIAL REVIEW

Below is an analysis of the Group's key financial information, including, but not limited to revenue, expenses and loss for the year, which reflected the financial position of the Group's business.

Revenue

For the year ended 31 December 2025, the Group recorded a total revenue of HKD769.2 million, representing an increase of 14.0% as compared with that of the year ended 31 December 2024 of HKD674.8 million. Such increase was mainly attributable to the revenue generated in the Mining Business of HKD237.1 million and partial offset by a decrease in the revenue of Supply Chain Business for the year ended 31 December 2025.

The Supply Chain Business recorded a decrease in revenue from HKD575.9 million for the year ended 31 December 2024 to HKD456.0 million for the year ended 31 December 2025.

The Hotel Management and Catering Services recorded a decrease in revenue from HKD96.2 million for the year ended 31 December 2024 to HKD74.9 million for the year ended 31 December 2025.

The total revenue from Property Investment and other businesses has decreased from HKD2.6 million for the year ended 31 December 2024 to HKD1.3 million.

Expenses

The Group's direct costs and operating expenses significantly increased by HKD77.5 million from HKD640.8 million for the year ended 31 December 2024 to HKD718.3 million for the year ended 31 December 2025, while administrative expenses increased by HKD63.5 million from HKD48.8 million for the year ended 31 December 2024 to HKD112.3 million for the year ended 31 December 2025. Such an increase in direct costs and operating expenses, and administrative expenses was mainly due to the new business of iron ore mining and milling, which accounted for over 30% of the Group's total revenue for the corresponding period.

The Group recognised an impairment losses on goodwill and other non-current assets of HKD2.8 million and HKD8.2 million respectively, which arose from Mining Business.

The Group's impairment losses under expected credit loss model increased by HKD80.5 million from provision of HKD4.8 million for the year ended 31 December 2024 to provision for HKD85.3 million for the year ended 31 December 2025. Such increase was mainly caused by the delayed payment of outstanding invoices by certain customers in the Supply Chain Business.

The Group's finance cost increased by HKD27.4 million from HKD31.3 million for the year ended 31 December 2024 to HKD58.7 million for the year ended 31 December 2025, mainly due to finance cost from the Mining Business.

Loss for the year

For the year ended 31 December 2025, the Group recorded a net loss of HKD241.0 million as compared to a net loss of HKD229.2 million for the year ended 31 December 2024. Such increase in loss was mainly due to (i) the significant increase in expected credit losses on trade and other receivables of HKD80.5 million; (ii) the increase in overall costs, including direct costs as well as operating and administrative expenses, following the completion of the acquisition of the Mining Business; (iii) the increase in finance costs of HKD27.4 million mainly attributable to bank loans maintained by the Mining Business; and (iv) the increase in fair value losses of HKD26.2 million on investment properties. These increases were partially offset by a significant decrease in the goodwill impairment loss of HK$164.6 million recorded in the year 2024.

Property, plant and equipment

As of 31 December 2025, the Group's property, plant and equipment increased to HKD657.2 million from HKD591.6 million for the year ended 31 December 2024. Such increase was mainly due to the cost of construction in progress for the Mining Business.

Investment properties

As of 31 December 2025, the group's investment properties represent the leased retail shops of HKD143.7 million (2024: HKD158.4 million) located in Yunfu, the PRC and leased out the commercial building of HKD83.6 million (2024: HKD97.5 million) located in Beihai City, Guangxi Province, the PRC. The Group recognised a fair value loss on investment properties of HKD40.7 million (2024: HKD14.5 million) due to the challenging business environment in the PRC.

Intangible assets

As of 31 December 2025, the Group's intangible assets increased to HKD204.8 million (2024: HKD206.4 million) which included mining rights of HKD204.5 million (2024: HKD205.8 million), representing a valid mining license in Fushun City operating from 2024 to 2049.

Financial assets at fair value through other comprehensive income

As of 31 December 2025, the Group's financial assets at fair value through other comprehensive income substantially increased to HKD29.8 million from HKD0.2 million as at 31 December 2024. This change was primarily attributable to the investment in unlisted equity securities during the period, which are held for long-term investment purposes.

Trade and other receivables

As at 31 December 2025, the Group's trade and other receivables mainly comprised trade receivables (net of ECL allowances) of HKD341.1 million (2024: HKD415.6 million), which were mainly derived from the Supply Chain Business, and other receivables (net of ECL allowances) of HKD79.1 million (2024: HKD98.0 million), which mainly related to supply chain financing arrangements. As at 31 December 2025, trade receivables (net of ECL allowances) past due within 12 months and over 12 months amounted to HKD152.6 million (2024: HKD175.6 million) and HKD177.3 million (2024: HKD66.1 million), respectively.

The Group seeks to maintain strict control over its outstanding receivables and the management actively monitors the status of its outstanding receivables and the rapid change in market conditions in order to minimise credit risk. The management regularly reviews the overdue balances, which performs assessment of recoverability on a case-by-case basis.

Restricted cash

As at 31 December 2025, the Group held restricted cash of HKD8.0 million (2024: HKD7.0 million), primarily relating to deposits for rehabilitation obligations of the Mining Business in the PRC.

Trade payables

As at 31 December 2025, the Group's trade payable significantly increased by HKD94.0 million from HKD194.5 million as at 31 December 2024 to HKD288.5 million. Such increase was due to the increase in the Mining Business during the year ended 31 December 2025.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2025, the cash and cash equivalents of the Group were HKD10.6 million (2024: HKD21.7 million) and interest-bearing borrowings, including the borrowings and lease liabilities were HKD771.7 million (2024: HKD759.4 million). The following table details the cash and cash equivalents, the borrowings and the lease liabilities of the Group as at 31 December 2025 denominated in original currencies:

	At 31 December 2025	
	HKD'000	*RMB'000*
Cash and cash equivalents	**263**	**9,261**
Borrowings	**13,000**	**671,486**
Lease liabilities	**1,565**	**7,962**

	At 31 December 2024	
	HKD'000	*RMB'000*
Cash and cash equivalents	**2,429**	**18,200**
Borrowings	**1,000**	**701,525**
Lease liabilities	**2,832**	**11,166**

The Group principally satisfies its demand for operating capital with cash inflows from its operations and borrowings. As at 31 December 2025, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing borrowings and lease liabilities) over total shareholders' funds of the Group, was 203.9% (2024: 127.9%). The gearing ratio increased in comparison to 31 December 2024 mainly due to the significant loss for the year, which reduced the amount of shareholders' funds of the Group. The liquidity ratio, which represents a ratio of current assets over current liabilities to reflect the adequacy of the financial resources, was 0.40 (2024: 0.75). The liquidity ratio is decreased in comparison to that as at 31 December 2024 mainly due to the reclassification of a HKD271.9 million non-current borrowing to current liabilities upon its maturity within one year.

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk arises from the exchange rate movements between the Hong Kong dollar (pegged to US dollar) and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in Renminbi. While the Group's operations in the PRC, the location of its production, are primarily conducted in Renminbi, its Hong Kong operations are conducted in Hong Kong dollars. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from borrowings, which, being obtained at variable rates and at fixed rates, expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

PLEDGES ON GROUP ASSETS

As at 31 December 2025, certain investment properties of the Group with an aggregate carrying amount of HKD160.9 million (2024: HKD178.5 million) and mining rights of the Group with carrying amount of HKD204.5 million (2024: HKD205.8 million) were pledged to banks for loans granted to the Group.

FINANCIAL GUARANTEES PROVIDED

Financial guarantees issued to the company within the Group

The Company had issued corporate guarantees amounting to HKD311 million (2024: HKD296 million) to banks in connection with facilities granted to certain subsidiaries within the Group. During the year ended 31 December 2025, there is a claim made against the Company and its certain subsidiaries due to the breach of loan agreements which was secured by corporate guarantee executed by the Company (see Note 16). The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by subsidiaries of HKD311 million (2024: HKD296 million).

Financial guarantees issued to the related parties outside the Group

During the year ended 31 December 2025, one of the subsidiaries of the Group, Fushun Xingzhou Mining Co., Ltd., has issued several corporate guarantees in respect of banking facilities to the extent of, in aggregate, approximately RMB136 million (equivalent to approximately HKD152 million) granted to two related companies. Mr. Wu Zongchuan (an executive director of the Company) has controlling interest in these companies. The directors of the Company do not consider it is probable that a claim will be made against the Group under these guarantees. As at 31 December 2025, the maximum exposure to the Group under the guarantees issued is the facilities drawdown by these related companies being approximately RMB136 million (equivalent to approximately HKD152 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2025, the Group invested HKD88.0 million (2024: HKD3.1 million) on property, plant and equipment, which included construction in progress, plant and machinery, leasehold improvements, furniture, fixtures and equipment. As at 31 December 2025 and 2024, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group for the years ended 31 December 2025 and 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and associated companies by the Group during the year ended 31 December 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of approximately 470 employees (31 December 2024: approximately 600 employees). Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of different positions.

DIVIDENDS

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

EVENTS AFTER THE REPORTING PERIOD

Discloseable and Connected Transactions in Relation to Provision of Guarantees

Details are referred to the announcement of the Company dated 18 March 2026.

Guarantee I

On 19 February 2025, Fushun Xingzhou Mining Co., Ltd.* (撫順興洲礦業有限公 司) ("**Fushun Xingzhou**"), The Bank of Fushun Company Limited* (撫順銀行股份有限公司) ("**Fushun Bank**") and other parties entered into the Guarantee Agreement I, which extended the original guarantee period for the Facility I, in relation to the provision of guarantee for the due performance of the repayment obligation of Fushun Huawei Mining Technology Development Co., Ltd.* (撫順華威礦業科技發展有限公司) to the Facility I with the amended principal amount of up to RMB16,000,000 obtained from the Fushun Bank.

Guarantee II and Guarantee III

On 1 December 2025, Fushun Xingzhou and the Bank entered into (i) the Guarantee Agreement II in relation to the provision of guarantee for the due performance of the repayment obligation of Fushun Zongchuan Mining Development Co., Ltd.* (撫順宗傳礦業發展有限公司) to the Facility II with the principal amount of up to RMB40,000,000 obtained from the Bank; and (ii) the Guarantee Agreement III in relation to the provision of guarantee to the Facility III with the principal amount of up to RMB80,000,000 obtained from the Bank.

As the entering into of the Guarantee Agreement I, Guarantee Agreement II and the Guarantee Agreement III (the "**Provision of Guarantees**") and the transactions contemplated thereunder also constituted discloseable and connected transactions of the Company under Chapter 14 and 14A of the Listing Rules, respectively. The Provision of Guarantees and the transactions contemplated thereunder are subject to the approval by the shareholders of the Company approving the Provision of Guarantees at a special general meeting of the Company.

FUTURE PROSPECT

Looking ahead to 2026, the Group anticipates that the economic environment will remain complex and uncertain. Global economic recovery faces ongoing challenges, including geopolitical conflicts, inflationary pressures, and rapid technological advancements. Notwithstanding these challenges, the Group maintains a cautiously optimistic outlook and is committed to responding to evolving market conditions with flexibility and strategic foresight.

In the Supply Chain Business segment, the strategic vertical integration of the Mining Business remains essential to enhancing the Group's competitive advantage. Following the acquisition of the Zongchuan Investment Group, the segment recorded a loss in 2025, primarily due to under-utilized production capacity and high fixed costs. In 2026, the Group's primary focus will be on maximising the production capacity of these operations. By significantly increasing output, the Group aims to reduce fixed cost burdens and achieve economies of scale necessary for long-term sustainable development. Furthermore, we will continue to strengthen credit control measures and regularly review trade receivables to mitigate risks from delayed customer payments.

In the Hotel Management and Catering Services segment, the Group's operations achieved a modest operational profit in 2025 (excluding non-cash fair value adjustments). The Group remains committed to improving operational efficiency and customer satisfaction. Future efforts will focus on menu innovation, brand-building initiatives, and targeted promotions to broaden our customer base and enhance long-term brand value.

Regarding the overdue borrowings originally with Hua Xia Bank, the debt has been transferred to Cinda SZ Branch subsequent to the year ended 31 December 2025. To ensure financial stability and improve working capital, the Group is exploring the divestment of its investment properties. The Group is keep considering using these properties as disposal assets to settle the outstanding debts with the relevant new creditors, thereby strengthening the Group's balance sheet and providing the flexibility to pursue future growth.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2025, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, except for the following deviation:

– Under code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wu Zongchuan ("**Mr. Wu**") served as both the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Wu has extensive experience in the mining engineering, metal mineral products and sales of parts of the mining equipment industry, and is responsible for the overall corporate strategies, planning and business development of the Group. Accordingly, the Board believes that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decision efficiently and consistently, and the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high caliber individuals, with the majority of the member of the Board being non-executive Directors (including independent non-executive Directors); and

– Under code provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Wu was unable to attend the annual general meeting of the Company of 20 June 2025 (the "**AGM**") due to other business arrangements. Mr. Wu will endeavour to attend all future general meetings of the Company unless unexpected or special circumstances prevent him from doing so. Mr. Wu had entrusted Mr. Lyu Zhengjun, being an executive Director, to respond to shareholders' concerns (if any) on his behalf at the AGM.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions (the "**Model Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Having made a specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the year ended 31 December 2025.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company and the external auditor, Baker Tilly Hong Kong Limited, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters, including the review of the annual results announcement for the year ended 31 December 2025 of the Group.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report containing all information required by the Listing Rules will be despatched to the shareholders of the Company and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.paktakintl.com in due course.

On behalf of the Board
Pak Tak International Limited
Wu Zongchuan
Chairman and Chief Executive Officer

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises Mr. Wu Zongchuan, Mr. Liu Weixiong, Mr. Lyu Zhengjun as executive Directors; Mr. Hang Chu Kwong as non-executive Director; and Ms. Chan Ching Yi, Ms. Li Yun and Mr. Li Wubo as independent non-executive Directors.