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HENGDELI HOLDINGS LIMITED

亨得利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024; AND (2) PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2024	2023	YoY change
	RMB'000	RMB'000	%
Revenue	1,043,555	1,421,454	(26.6)
Gross profit	148,758	215,265	(30.9)
(Loss)/profit for the year	(55,472)	35,191	(257.6)
(Loss)/profit attributable to equity shareholders	(65,161)	33,885	(292.3)

The board (the “Board”) of directors (the “Directors”) of Hengdeli Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024 (hereinafter referred to as the “year” or “year under review”), which have been audited by the Company’s auditor, ZHONGHUI ANDA CPA LIMITED in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the year ended 31 December 2024*

(Expressed in Renminbi)

	<i>Note</i>	2024 RMB'000	2023 RMB'000
Revenue	<i>3</i>	1,043,555	1,421,454
Cost of sales		<u>(894,797)</u>	<u>(1,206,189)</u>
Gross profit		148,758	215,265
Other revenue	<i>4</i>	66,384	47,299
Other net loss	<i>4</i>	(26,427)	(6,394)
Distribution costs		(64,472)	(61,100)
Administrative expenses		<u>(189,562)</u>	<u>(172,805)</u>
(Loss)/profit from operations		(65,319)	22,265
Share of profits of associates		23,169	16,358
Finance costs	<i>5(a)</i>	<u>(4,559)</u>	<u>(5,385)</u>
(Loss)/profit before taxation	<i>5</i>	(46,709)	33,238
Income tax (expense)/credit	<i>6</i>	<u>(8,763)</u>	<u>1,953</u>
(Loss)/profit for the year		<u>(55,472)</u>	<u>35,191</u>
Attributable to:			
Equity shareholders of the Company		(65,161)	33,885
Non-controlling interests		<u>9,689</u>	<u>1,306</u>
(Loss)/profit for the year		<u>(55,472)</u>	<u>35,191</u>
Basic and diluted (loss)/earnings per share	<i>8</i>	<u>RMB(0.015)</u>	<u>RMB0.008</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the year ended 31 December 2024*

(Expressed in Renminbi)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss)/profit for the year	(55,472)	35,191
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas subsidiaries' financial statements	39,817	23,375
Share of associates exchange differences on translating foreign operations	4,006	2,615
	<u>43,823</u>	<u>25,990</u>
Items that will not be reclassified subsequently to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	(2,430)	(59,515)
Exchange differences on translation of equity investments at fair value through other comprehensive income	12,742	6,596
Exchange differences on translation of the Company's financial statements	34,533	17,538
	<u>44,845</u>	<u>(35,381)</u>
Total comprehensive income for the year	<u>33,196</u>	<u>25,800</u>
Attributable to:		
Equity shareholders of the Company	23,538	24,496
Non-controlling interests	9,658	1,304
Total comprehensive income for the year	<u>33,196</u>	<u>25,800</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Expressed in Renminbi)

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current assets			
Investment properties		259,110	266,398
Property, plant and equipment		538,212	551,137
		797,322	817,535
Intangible assets		5,245	2,727
Goodwill	<i>9</i>	53,728	52,611
Interests in associates	<i>10</i>	161,164	137,386
Other investments	<i>11</i>	402,240	368,582
Prepayment and deposits	<i>13</i>	7,894	46,707
Deferred tax assets		1,125	3,259
		1,428,718	1,428,807
Current assets			
Inventories	<i>12</i>	175,432	258,115
Trade and other receivables	<i>13</i>	616,205	558,072
Loans to associates	<i>14</i>	34,719	33,789
Other investments	<i>11</i>	12,181	10,654
Current tax recoverable		251	469
Deposits with banks		329,600	318,437
Cash and cash equivalents	<i>15</i>	937,036	990,815
		2,105,424	2,170,351
Current liabilities			
Trade and other payables and contract liabilities	<i>16</i>	168,777	226,920
Bank loans	<i>17</i>	45,953	76,653
Lease liabilities		9,188	8,313
Current taxation		3,006	2,846
		226,924	314,732
Net current assets		1,878,500	1,855,619
Total assets less current liabilities		3,307,218	3,284,426

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2024*

(Expressed in Renminbi)

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current liabilities			
Bank loans	<i>17</i>	12,050	17,483
Lease liabilities		15,664	21,309
		<u>27,714</u>	<u>38,792</u>
NET ASSETS		<u>3,279,504</u>	<u>3,245,634</u>
CAPITAL AND RESERVES			
Share capital	<i>7(b)</i>	21,254	21,254
Reserves		3,188,320	3,164,782
Total equity attributable to equity shareholders of the Company		3,209,574	3,186,036
Non-controlling interests		69,930	59,598
TOTAL EQUITY		<u>3,279,504</u>	<u>3,245,634</u>

NOTES

(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The final results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2024 but are extracted therefrom.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Exchange”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- equity investments

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HK-int 5 (Revised), Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))
- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current
- Amendments to HKAS 1, Non-current Liabilities with Covenants
- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing of high-end consuming accessories, building up of high-end consuming service platforms, international commodity trading and its related supply chain services.

Turnover represents the sales value of goods sold to customers, net of value added tax and deduction of any sales discounts and returns.

The Group's customer base is diversified and at the end of reporting period 44% and 82% of the Group's revenue come from the largest customer and top five customers respectively.

Further details regarding the Group's principal activities are disclosed in note 3(b).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography (mainly in Mainland China and Hong Kong).

The Group has identified the following reportable segments:

- High-end consuming accessories
- Manufacturing of watches accessories and shop design and decoration services business;
- Commodity trading
- Trading of iron ore and coal

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group's businesses are separated into the two reportable segments on a geographical and products and services basis, as the divisional managers for each of these regions report directly to the senior executive team. All segments primarily derive their trading revenue through their own network. No operating segments have been aggregated to form the reportable segments.

(i) **Segment results and assets**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the profit or loss and assets attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. However, other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "gross profit".

Segment assets represent inventories only, without eliminating the unrealised inter-segment profits.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

	High-end consuming accessories		Commodity trading		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue from external customers	688,104	710,708	355,451	710,746	1,043,555	1,421,454
Inter-segment revenue	197,358	221,327	-	-	197,358	221,327
Reportable segment revenue	<u>885,462</u>	<u>932,035</u>	<u>355,451</u>	<u>710,746</u>	<u>1,240,913</u>	<u>1,642,781</u>
Reportable segment gross profit	<u>136,995</u>	<u>130,248</u>	<u>11,763</u>	<u>85,017</u>	<u>148,758</u>	<u>215,265</u>
Reportable segment assets	<u>69,420</u>	<u>84,629</u>	<u>106,012</u>	<u>173,486</u>	<u>175,432</u>	<u>258,115</u>

During the year ended 31 December 2024, the high-end consuming accessories segment in PRC is mainly engaged in the manufacturing of watches accessories and shop design and decoration services business in PRC.

(ii) **Reconciliations of reportable segment revenues, profit or loss and assets**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue		
Total revenue for reportable segments	1,240,913	1,642,781
Elimination of inter-segment revenue	<u>(197,358)</u>	<u>(221,327)</u>
Consolidated revenue	<u><u>1,043,555</u></u>	<u><u>1,421,454</u></u>
(Loss)/profit		
Total gross profit for reportable segments	<u>148,758</u>	<u>215,265</u>
Other revenue	66,384	47,299
Other net loss	(26,427)	(6,394)
Distribution costs	(64,472)	(61,100)
Administrative expenses	(189,562)	(172,805)
Share of profits of associates	23,169	16,358
Finance costs	<u>(4,559)</u>	<u>(5,385)</u>
Consolidated (loss)/profit before taxation	<u><u>(46,709)</u></u>	<u><u>33,238</u></u>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Assets		
Assets for reportable segments (inventories)	175,432	258,115
Trade, other receivables, prepayment and deposits	624,099	604,779
Loans to associates	34,719	33,789
Current tax recoverable	251	469
Cash and cash equivalents	937,036	990,815
Deposits with banks	329,600	318,437
Investment properties	259,110	266,398
Property, plant and equipment	538,212	551,137
Intangible assets	5,245	2,727
Goodwill	53,728	52,611
Interests in associates	161,164	137,386
Other investments	414,421	379,236
Deferred tax assets	<u>1,125</u>	<u>3,259</u>
Consolidated total assets	<u><u>3,534,142</u></u>	<u><u>3,599,158</u></u>

(iii) Geographic information

The following table sets out information about the geographical locations of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, intangible assets, goodwill, interests in associates, prepayment and deposits and other investments ("specified non-current assets"). The geographical locations of customers are based on the locations at which the services were provided or the goods delivered. The geographical locations of the specified non-current assets are based on the physical locations of the assets, in the case of property, plant and equipment, the locations of operations to which they are allocated, in the case of intangible assets and goodwill, and the locations of operations, in the case of prepayment and deposits and other investments.

The Group's businesses are mainly managed in three principal economic environments, Mainland China, Hong Kong and Taiwan/Malaysia.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from external customers		
Mainland China	905,767	1,064,415
Hong Kong	137,788	357,039
Total	1,043,555	1,421,454
Specified non-current assets		
Mainland China	683,960	715,311
Hong Kong	652,760	620,287
Taiwan/Malaysia	90,873	89,950
Total	1,427,593	1,425,548
Revenue from major customers		
Customer A – high-end consuming accessories segment	463,899	508,005
Customer B – commodity trading segment	193,354	209,456

Revenue from above customers individually contributed more than 10% of the total consolidated revenue of the Group.

4. OTHER REVENUE AND NET LOSS

(a) Other revenue

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	41,212	34,227
Dividend income from other investments	5,509	4,989
Rental income from investment properties	2,929	2,064
Rental income from operating leases, other than those relating to investment properties	2,423	1,801
Government grants	3,670	2,286
Others	10,641	1,932
	<u>66,384</u>	<u>47,299</u>

In 2024, the Group successfully applied for government grants that relate to funding support set up by the Mainland China Government. Under the conditions of the funding support, the Group is required to maintain sufficient value-added tax sales, enhance the visibility of brand and product, and production capabilities in the Mainland market.

(b) Other net loss

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net foreign exchange loss	(41,872)	(11,560)
Net gain/(loss) on disposal of property, plant and equipment and intangible assets	60	(1,959)
Fair value gain on financial assets held for trading	6,535	3,164
Net realised gain on financial assets held for trading	4,027	–
Reversal of impairment of property, plant and equipment	4,768	3,961
Net gain on disposal of a subsidiary	55	–
	<u>(26,427)</u>	<u>(6,394)</u>

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(a) Finance costs		
Interest on bank loans	3,138	3,536
Interest on lease liabilities	861	388
Bank charges	560	1,461
	<u>4,559</u>	<u>5,385</u>
(b) Staff costs		
Salaries, wages and other benefits	95,064	88,159
Contributions to defined contribution retirement plans	15,827	16,162
	<u>110,891</u>	<u>104,321</u>
(c) Other items		
Amortisation of intangible assets	564	590
Depreciation		
– Investment properties and property, plant and equipment	55,875	42,173
– Right-of-use assets	10,547	10,349
Impairment losses of		
– Trade receivables	890	4,964
Expenses relating to short-term leases and leases of low-value assets	2,903	2,243
Direct operating expenses of investment properties that generate rental income	567	435
Direct operating expenses of investment properties that did not generate rental income	2,070	1,700
Auditors' remuneration	1,817	1,811
Cost of inventories [#]	<u>894,797</u>	<u>1,206,189</u>

[#] Cost of inventories includes RMB129,261,000 (2023: RMB131,909,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each type of expenses.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	–
Under/(over) provision in respect of prior years	<u>26</u>	<u>(1,397)</u>
	----- 26	----- (1,397)
Current tax – Overseas		
Provision for PRC Corporate Income Tax for the year	6,887	1,948
Over provision in respect of prior years	<u>(260)</u>	<u>(2,021)</u>
	----- 6,627	----- (73)
Deferred tax		
Origination and reversal of temporary differences	<u>2,110</u>	<u>(483)</u>
	----- 2,110	----- (483)
Total	<u><u>8,763</u></u>	<u><u>(1,953)</u></u>

(b) Reconciliation between tax expense/(credit) and accounting (loss)/profit at applicable tax rates:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit before taxation	<u>(46,709)</u>	<u>33,238</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(9,672)	5,282
Tax effect of non-taxable income	(15,215)	(9,156)
Tax effect of non-deductible expenses	5,785	3,395
Over provision in respect of prior years	(234)	(3,418)
Effect of tax losses not recognised	<u>28,099</u>	<u>1,944</u>
Actual tax expense/(credit)	<u>8,763</u>	<u>(1,953)</u>

Pursuant to the rules and regulations of the Cayman Islands, the Company is exempt from income tax in the Cayman Islands. In addition, subsidiaries located in jurisdictions other than Hong Kong, Mainland China, Taiwan and Malaysia are not subject to any income tax in these jurisdictions.

The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision of the Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

The applicable income tax rate of the Group's Mainland China subsidiaries is 25% (2023: 25%) for the year.

The provision for Taiwan Income Tax is calculated at 20% (2023: 20%) of the estimated assessable profits for the year.

The provision for Malaysia Income Tax is calculated at 24% (2023: 24%) of the estimated assessable profits for the year.

7. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2024 and 2023.

(b) Share capital

Authorised and issued share capital

	2024		2023	
	Number of shares	Amount <i>HKD</i>	Number of shares	Amount <i>HKD</i>
Authorised:				
Ordinary shares of HKD0.005 each	<u>10,000,000,000</u>	<u>50,000,000</u>	<u>10,000,000,000</u>	<u>50,000,000</u>
Issued and fully paid:				
At 1 January	4,404,018,959	22,020,094	4,404,018,959	22,020,094
Share repurchased	-	-	-	-
At 31 December	<u>4,404,018,959</u>	<u>22,020,094</u>	<u>4,404,018,959</u>	<u>22,020,094</u>
		<i>equivalent RMB'000</i>		<i>equivalent RMB'000</i>
		<u>21,254</u>		<u>21,254</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB65,161,000 (2023: earnings of RMB33,885,000) and the weighted average of 4,404,018,959 ordinary shares (2023: 4,404,018,959 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2024	2023
Issued ordinary shares at 1 January	4,404,018,959	4,404,018,959
Effect of shares repurchased	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares at 31 December	<u>4,404,018,959</u>	<u>4,404,018,959</u>

(ii) Consolidated (loss)/profit attributable to ordinary equity shareholders of the Company

	2024 RMB'000	2023 RMB'000
(Loss)/profit attributable to equity shareholders of the Company	<u>(65,161)</u>	<u>33,885</u>

(iii) (Loss)/earnings per share

	2024	2023
Basic (loss)/earnings per share	<u>RMB (0.015)</u>	<u>RMB0.008</u>

(b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares during the years ended 31 December 2024 and 2023, and therefore, diluted (loss)/earnings per share are the same as basic (loss)/earnings per share.

9. GOODWILL

RMB'000

Cost:

At 1 January 2023	237,443
Exchange adjustments	4,018

At 31 December 2023 241,461

At 1 January 2024	241,461
Exchange adjustments	7,526

At 31 December 2024 248,987

Accumulated impairment losses:

At 1 January 2023	(185,429)
Exchange adjustments	(3,421)

At 31 December 2023 (188,850)

At 1 January 2024	(188,850)
Exchange adjustments	(6,409)

At 31 December 2024 (195,259)

Carrying amount:

At 31 December 2024 53,728

At 31 December 2023 52,611

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units identified according to places of operations and reportable segments as follows:

	2024 RMB'000	2023 RMB'000
High-end consuming accessories	<u>53,728</u>	<u>52,611</u>

High-end consuming accessories

At 31 December 2024, before impairment testing, goodwill of RMB34,042,000 (2023: RMB32,925,000), RMB18,000,000 (2023: RMB18,000,000) and RMB1,686,000 (2023: RMB1,686,000) were allocated to Born Talent Limited, 上海亨冠裝飾工程管理有限公司 and 廣州亨雅實業集團有限公司 within the high-end consuming accessories segment respectively.

The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rate and revenue/gross profit growth rate. The Group prepares cash flow forecasts derived from the two years financial budgets and extrapolates cash flows for the following three years based on estimated annual average growth rates in sales ranging from 1% to 3% (2023: 1% to 13%), growth rates in gross profit ratio ranging from 1% to 3% (2023: 1% to 3%), at a discount rate of 12.6% to 15.1% (2023: 12.0% to 13.0%). Cash flows beyond five years period are projected using 3% (2023: 3%) growth rate. This rate does not exceed the average long-term growth rate for the relevant market. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The growth rates are determined by management based on the performance of the relevant cash-generating units and their estimated future development.

10. INTERESTS IN ASSOCIATES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Unlisted corporate entities		
Share of net assets	161,164	137,386

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

Name	Hengdeli Deyesion International Shipping Limited		Mark Ocean Limited		Deyi Diligence Maritime Limited	
	Hong Kong		Hong Kong		Hong Kong	
Principal place of business/country of incorporation	Hong Kong		Hong Kong		Hong Kong	
Principal activities	Engaged in provision of shipping services		Engaged in vessel holding		Engaged in vessel holding	
% of ownership interests/voting rights held by the Group	46%		46%		35%	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At 31 December:						
Non-current assets	–	–	99,575	93,811	135,877	139,279
Current assets	250,096	254,101	59,843	35,317	52,156	65,582
Current liabilities	(80,770)	(91,125)	(53,868)	(53,000)	(88,830)	(136,760)
Net assets	169,326	162,976	105,550	76,128	99,203	68,101
Group's share of net assets	77,890	74,969	48,553	35,019	34,721	23,835
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Year ended 31 December:						
Revenue	245,108	219,290	119,342	91,862	116,557	158,405
Profit/(loss) after tax	1,846	(17,263)	26,950	17,847	28,824	42,599
Other comprehensive income	4,504	3,543	2,472	1,641	2,278	657
Total comprehensive income	6,350	(13,720)	29,422	19,488	31,102	43,256
Dividends received from associates	–	–	–	14,367	–	–

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At 31 December:		
Carrying amounts of interests	–	3,563
Year ended 31 December:		
(Loss)/profit for the year	(369)	2,621
Other comprehensive income	–	–
Total comprehensive income	(369)	2,621
Dividends received from associates	1,912	–

During the year, an immaterial associate has declared and paid dividends to the Group of RMB1,912,000.

11. OTHER INVESTMENTS

(a) Equity investments at fair value through other comprehensive income

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Equity securities designated at FVOCI (non-recycling)			
– Listed securities	(i)	177,779	183,434
– Unlisted fund investments		224,461	185,148
		<u>402,240</u>	<u>368,582</u>

Notes:

- (i) Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which the Group intends to hold for strategic purposes, and which the Group has irrevocably elected at initial recognition to recognise in this category. RMB5,509,000 of dividends were received on these investments during the year (2023: RMB4,989,000).
- (ii) The value of the above investments was individually insignificant (individually less than 5% of the Group's total assets).

(b) Equity investments at fair value through profit or loss

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Equity securities, at fair value			
– Listed securities	(i)	<u>12,181</u>	<u>10,654</u>

Note:

- (i) During the year, no dividends were received on the equity investments at fair value through profit or loss (FVPL) (2023: Nil).

12. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Raw materials	17,493	25,982
Work in progress	45,001	27,589
Finished goods and merchandise	<u>112,938</u>	<u>204,544</u>
	<u><u>175,432</u></u>	<u><u>258,115</u></u>

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount of inventories sold	<u><u>894,797</u></u>	<u><u>1,206,189</u></u>

13. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Current assets			
Trade receivables, net of loss allowance		458,649	338,540
Other receivables, net of loss allowance	<i>(i)</i>	71,969	124,562
PRC value added tax receivables		28,860	17,565
Receivables from government authority		–	13,153
Interest receivables		5,861	6,650
Dividends receivable from an associate		–	4,050
		565,339	504,520
Prepayment and deposits	<i>(ii)</i>	50,866	53,552
		616,205	558,072
Non-current assets			
Prepayment and deposits		7,894	46,707
		624,099	604,779

All of the trade and other receivables in current assets are expected to be recovered within one year.

Notes:

- (i) Other receivables include advances to third parties of RMB21,197,000 (2023: RMB46,237,000), which are interest bearing at 6% per annum as at 31 December 2024 and are recoverable within one year. The advances to third parties are fully secured by collaterals obtained by the Group as at 31 December 2024.
- (ii) Prepayment includes freight charges to an associate of RMB22,031,000 (2023: RMB10,247,000).

Ageing analysis

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

	2024 RMB'000	2023 <i>RMB'000</i>
Within 3 months	243,018	189,975
Over 3 months but less than 12 months	213,785	136,997
Over 12 months	1,846	11,568
	458,649	338,540

Trade receivables are due within 30 to 360 days from the date of billing.

14. LOANS TO ASSOCIATES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loans to associates	<u>34,719</u>	<u>33,789</u>

The loans to associates are unsecured, interest-free and are repayable on demand.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cash at banks and on hand	<u>937,036</u>	<u>990,815</u>

16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	97,834	144,580
Contract liabilities	29,748	20,874
Other payables and accrued expenses	<u>41,195</u>	<u>61,466</u>
	<u>168,777</u>	<u>226,920</u>

Ageing analysis

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	66,119	86,562
Over 1 month but less than 3 months	20,738	53,228
Over 3 months but less than 12 months	4,502	115
Over 12 months	<u>6,475</u>	<u>4,675</u>
	<u>97,834</u>	<u>144,580</u>

17. BANK LOANS

As at 31 December 2024, the bank loans were repayable as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year or on demand	<u>45,953</u>	<u>76,653</u>
After 1 year but within 2 years	976	1,283
After 2 years but within 5 years	3,074	4,029
After 5 years	<u>8,000</u>	<u>12,171</u>
	<u>12,050</u>	<u>17,483</u>
	<u>58,003</u>	<u>94,136</u>

As at 31 December 2024, the bank loans were secured as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank loans within one year or on demand – Secured	<u>45,953</u>	<u>76,653</u>
Bank loans after one year – Secured	<u>12,050</u>	<u>17,483</u>
	<u>58,003</u>	<u>94,136</u>

Certain secured bank loans are all drawn down under certain bank facilities secured by certain land and buildings of the Group with aggregate carrying values of RMB170,687,000 (2023: RMB179,902,000).

As at 31 December 2024 and 2023, the banking facilities were not subject to the fulfilment of the covenants based on the lending arrangements with financial institutions.

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL REVIEW

The Group maintained a sound and stable financial position.

Revenue

For the year ended 31 December 2024, the Group recorded revenue of RMB1,043,555,000 (2023: RMB1,421,454,000), representing a year-on-year decrease of 26.6%; the revenue from high-end consuming accessories business amounted to RMB688,104,000 (2023: RMB710,708,000), representing a year-on-year decrease of 3.2%; the revenue from commodity trading amounted to RMB355,451,000 (2023: RMB710,746,000), representing a year-on-year decrease of 50.0%.

Breakdown of revenue: (for the year ended 31 December 2024)

	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
High-end Consuming Accessories	688,104	65.9	710,708	50.0
Commodity Trading	355,451	34.1	710,746	50.0
Total	<u>1,043,555</u>	<u>100</u>	<u>1,421,454</u>	<u>100</u>

Gross profit and gross profit margin

For the year ended 31 December 2024, the Group's gross profit amounted to approximately RMB148,758,000 (2023: RMB215,265,000), representing a year-on-year decrease of 30.9%. Gross profit margin was approximately 14.3% (2023: 15.1%), representing a year-on-year decrease of 0.8 percentage points. The decrease in gross profit and gross profit margin was mainly attributable to the fluctuations in commodity trading prices and a decrease in sales transactions during the year.

Loss for the year

The Group recorded a loss of RMB55,472,000 during the year (2023: profit of RMB35,191,000), representing a year-on-year decrease of 257.6%. Loss attributable to equity shareholders amounted to RMB65,161,000 (2023: profit of RMB33,885,000), representing a year-on-year decrease of 292.3%. The loss for the year was mainly attributable to the decrease in sales and gross profit and the increase in depreciation expenses on property, plant and equipment and foreign exchange losses incurred by the operating units as a result of exchange rate fluctuations.

Financial status and net debt to equity ratio

The Group maintained a sound and stable financial position. As at 31 December 2024, the Group had total equity of RMB3,279,504,000 (2023: RMB3,245,634,000) and net current assets of RMB1,878,500,000 (2023: RMB1,855,619,000), with cash and cash equivalents and deposits with bank of RMB1,266,636,000 (2023: RMB1,309,252,000) and total bank loans of RMB58,003,000 (2023: RMB94,136,000). As at 31 December 2024, bank loans bearing interests at floating rates of 2.3% to 3.2% (2023: 2.3% to 3.7%). As at 31 December 2024, approximately 78% (2023: 80%) and 22% (2023: 20%) of bank loans were denominated in RMB and NTD, respectively. The maturity profile of bank loans is set out in note 17 to the accompanying financial statements. During the year under review, there was no sign of significant changes in the Group's demand for loans in a particular quarter.

As at 31 December 2024, the Group's total debt amounted to RMB58,003,000 (2023: RMB94,136,000). The net debt to equity ratio of the Group was approximately zero (2023: zero) (Net debt is defined as total debt (which includes total interest-bearing borrowing) less cash and cash equivalents). It established a solid foundation for the further business expansion of the Group.

The Group adopts prudent treasury policies in financial and cash management, manages bank credit availability and monitors risks of credit cost centrally in various ways. The Group maintains a good partnership with a number of banks which provide financing facilities, and reviews its funding liquidity and financing needs regularly.

Foreign exchange risk

The Group's transactions are mainly denominated in HKD, RMB and USD. Therefore, the Group is exposed to foreign exchange risks. During the year under review, the Group has been actively monitoring its foreign exchange risk and will adopt a foreign exchange hedging policy for significant foreign exchange risks.

Pledge of assets

As at 31 December 2024, the Group had land and buildings equivalent to RMB170,687,000 (2023: RMB179,902,000) pledged as security for mortgage.

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities (2023: Nil).

Current assets

As at 31 December 2024, the current assets of the Group amounted to approximately RMB2,105,424,000 (2023: RMB2,170,351,000), comprising inventories of approximately RMB175,432,000 (2023: RMB258,115,000), trade and other receivables of approximately RMB616,205,000 (2023: RMB558,072,000), loans to associates of approximately RMB34,719,000 (2023: RMB33,789,000), cash and cash equivalents and deposits with banks of approximately RMB1,266,636,000 (2023: RMB1,309,252,000).

As at 31 December 2024, cash and cash equivalents of approximately 22% (2023: 19%), 54% (2023: 49%) and 24% (2023: 32%) were denominated in RMB, HKD and other currencies, respectively.

Current liabilities

As at 31 December 2024, the current liabilities of the Group amounted to approximately RMB226,924,000 (2023: RMB314,732,000), comprising bank loans of approximately RMB45,953,000 (2023: RMB76,653,000), trade and other payables of approximately RMB168,777,000 (2023: RMB226,920,000), lease liabilities of approximately RMB9,188,000 (2023: RMB8,313,000) and current taxation of approximately RMB3,006,000 (2023: RMB2,846,000).

Capital structure

The Company's capital structure is composed of issued share capital, reserves and accumulated profits. As at 31 December 2024, the issued share capital of the Company was 4,404,018,959 shares (2023: 4,404,018,959 shares), with reserves and accumulated profits of RMB3,188,320,000 (2023: RMB3,164,782,000) in total.

Significant investment, material acquisition and disposal

The Company has no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year under review, except as disclosed in the notes to the financial statements.

Except as disclosed in the notes to the financial statements, the Company did not hold other significant investments during the year under review.

Final dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

II. BUSINESS REVIEW

During the year under review, the Group's business was primarily focused on the manufacturing of high-end consuming accessories, building up of high-end consuming service platforms, international commodity trading and its related supply chain services.

High-end Consuming Accessories Service

The Group has a relatively mature industrial chain for high-end consuming accessories manufacturing, mainly covering the manufacturing of watches, jewellery, cosmetics and accessories and packaging products, commercial space design, production and decoration. The companies are mainly located in Suzhou, Guangzhou and Dongguan.

The two companies, “Guangzhou Artdeco” and “Dongguan Born Talent”, mainly produce high-end watch boxes and watch accessories for various types of watches. After years of development, we have achieved great success in all aspects. We have transitioned from low-end products to high-end products, from simple processing to independent innovative designs, and from purely handmade to products automated.

“Suzhou Henge” is a commercial space integration service enterprise engaged in design, production, on-site installation and after-sales service, comprising the design and decoration for each type of counters, props and various stores.

After years of development, all companies under the Group have achieved ISO9000 quality management certification, which provides strong support for the manufacturing of high-quality products; the companies have earned a solid reputation in their respective fields, forming tight relationships, mutual trust and interest sharing with brand suppliers. Moreover, a wide customer base covering China, Switzerland, the United States and other countries in the Asia Pacific region has been established. The application of advanced information management systems, such as the industry-leading ERP, BIM, and MES, provides practical guarantee for efficient and compliant corporate operation.

During the year under review, the economy in China was under heavy pressure and the Group’s high-end consuming accessories business was affected to a certain extent. However, the Group took various measures to cope with complicated operating environment. The Group laid a solid foundation to maintain stability, sought development driven by innovation, continuously broadened its business modes, expanded new customers, developed new products and enhanced the gross profit margin. The Group standardized and strengthened its informational and automatic management, and strived to achieve integrated management of pre-prevention, mid-inspection and post-correction. All measures mentioned above achieved remarkable results, and expenses were effectively reduced. During the year, although the sales of the high-end consuming accessories business declined slightly, its profits improved significantly as compared to the same period last year.

In the new year, the Group will adapt to market changes and adjust such businesses as appropriate, further strengthening the industrial management together with technical R&D and innovation, taking quality as the priority and driving growth by innovation. We will continue to seek opportunities to conduct vertical and horizontal industry integration of products, so as to maintain and improve our leadership in the industry. The Group will focus on expanding the development in manufacturing of high-end consuming accessories, and engage in deeper cooperation with brands and international counterparts in various ways. The Group will continue to enhance the service standard of its integrated services for commercial space in Mainland China and international markets. The Group will also fully embark on a limited number of diversified business activities to capitalize on the potential of the manufacturing of high-end consuming accessories in other high-end lifestyle products such as jewellery, cosmetics and mobile phones, and to expand its commercial space beautification services to include living space beautification services, striving to become an indispensable independent segment in the global industry ecological chain of high-end consumption.

International Trading

During the year under review, in accordance with the established strategy, the Group continued to carry out the international commodity trading business. During the year, the business mainly covered the importation of iron ore, thermal coal and coking coal to Mainland China. The unpredictable international economic environment, coupled with the implementation of the policy restricting crude steel production in some cities in China, weakened the demand for iron ore and the market prices of products such as ore sand and coal were volatile. As a result, the trade volume and profit of the Group's international commodity trading business decreased as compared to the same period last year. During the year, the Group planned to build a bulk cargo transshipment logistics park in Mexico, which integrates customs clearance, import, transportation and warehousing, and is dedicated to serving large-scale enterprises in China.

In the new year, the Group will continue to monitor market conditions as it prudently pursues international commodity trading activities and explores new profit models while also pursuing its future development and laying a solid foundation for the Group's sustainable development.

International Shipping

During the year under review, in line with the Group's established strategic direction and the development of its international trading business, the Group continued the in-depth development of its international shipping business which mainly focused on global maritime transportation of dry bulk cargo, such as steel, coal, iron ore, manganese ore, food and industrial salt.

In 2024, the global shipping market for dry bulk cargo experienced an increased volatility as a whole. The Group seized the opportunities of the rising market to vigorously expand its business by developing new customers and signing long voyage transportation contracts with its customers to lock in long-term profits for the Company. During the year, the Group successfully developed a series of well-known large-scale mining, power and steel enterprises at home and abroad, such as CHN Energy Investment Group, Yancoal Australia Limited, Tianyuan Manganese Industry Group, Steel Authority of India Limited, and ArcelorMittal Group. In addition to engaging in the traditional transportation routes, the Group opened up its first bauxite transportation route between Turkey and China and signed long-term transportation agreements with renowned companies in Turkey, which yielded relatively satisfactory returns. On this basis, the Group's shipping business achieved good results in terms of revenue and profit during the year.

With China being a major importer of bulk raw materials in the world, although there are some uncertainties in global economy growth and demand from China, the fundamentals of long-term upward trend of Chinese economy remain unchanged. In the coming year, the Group will continue its expansion in China's shipping market and provide existing customers with better-quality shipping service. Simultaneously, the Group is maintaining its prudential and stable operating strategy as it looks to the international market to broaden its customer base, new cargoes and new routes to enhance the Company's vessel capacity and competitiveness, while maintaining stringent cost control to achieve healthy and stable profit growth and positively contribute to the Group's further development.

III. OUTLOOK

At present, the global political situation is experiencing a high degree of unrest, and the business environment remains complicated and grim. In addition to the adverse effects from the changes in the external environment, the economy of Mainland China also suffers certain difficulties and challenges in its own development. However, China's economy has a stable foundation, strong resilience and great potential, and the long-term positive supporting conditions and basic trends remain unchanged. With multiple measures further implemented and improved by the Chinese government to promote stability and progress, it is believed that the momentum of Mainland China's economic development will continue to strengthen with sustainable growth.

In the new year, the Group will continue to adhere to the principle of "sound, steady, and long-term operations", and will leverage the stable business environment in Mainland China that "pursues stability while seeking progress" to keep abreast of the market trend and further advance the process of international trade steadily. Additionally, the Group will continuously expand and strengthen the international shipping business which is closely related to international trade, and strive to become a stronger participant in the international shipping supply chain and achieve new breakthroughs in corporate development.

The Group will continue to adapt to market demands and continuously enhance the service standard of its integrated services for commercial space in both Mainland China and international markets. The Group will continuously adjust the manufacturing of high-end accessories for renowned watches while embarking on a limited number of diversified business activities to include the manufacturing of high-end consuming accessories in high-end lifestyle products such as jewellery, cosmetics and mobile phones, and to expand its commercial space beautification services to include living space beautification services, thus becoming an indispensable independent segment in the industry ecological chain of high-end consuming accessories.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no important events affecting the Company and its subsidiaries which have occurred since the end of the year under review.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 6 May 2025 to Friday, 9 May 2025 (both days inclusive) to confirm the members on the register of members who are eligible to attend and vote at the general meeting. In order to establish entitlements to attending and voting at the general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 2 May 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) (2023: Nil).

As of 31 December 2024, the issued share capital of the Company was 4,404,018,959 shares (31 December 2023: 4,404,018,959 shares).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Directors are of the opinion that the Company complied with the code provisions under the Corporate Governance Code except for the deviation from provision C.2.1 during the year under review. Given the existing corporate structure, the roles of the chairman and chief executive officer have not been separated, and both are performed by Mr. Cheung Wing Lun Tony. Although the roles and duties of the chairman and chief executive officer have been performed by the same individual, all major decisions would only be made (where applicable) after consultation with the Board, which comprises three independent non-executive Directors. Therefore, the Board is of the opinion that the Company has achieved adequate balance of power and been able to guarantee scientific decision-making.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

This announcement is made pursuant to Rule 13.51(1) of the Listing Rules. The Board, through resolution passed on 20 March 2025, proposed to amend the existing memorandum and articles of association of the Company (the "Memorandum and Articles") to reflect (among others): (i) the expanded paperless listing regime; (ii) online participation at general meetings and voting by Shareholders by electronic means; (iii) the new treasury shares regime; (iv) other housekeeping amendments; and (v) adjusted numbering of certain articles of association as a result of the aforesaid amendments (collectively, the "Proposed Amendments").

The adoption of the amended and restated Memorandum and Articles of Association incorporating the Proposed Amendments is subject to the approval of the shareholders of the Company (the “Shareholders”) by way of a special resolution at the upcoming annual general meeting of the Company (the “AGM”) to become effective. A circular containing, among others, details of the Proposed Amendments, together with a notice of the AGM, will be despatched to the Shareholders in due course.

By Order of the Board
Cheung Wing Lun Tony
Chairman

Hong Kong, 20 March 2025

As at the date of this announcement, the executive Directors are Mr. Cheung Wing Lun Tony (Chairman), Mr. Huang Yonghua and Mr. Lee Shu Chung, Stan; the non-executive Director is Mr. Shi Zhongyang; and the independent non-executive Directors are Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing.