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**JiaChen Holding Group Limited**

**佳辰控股集團有限公司**

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

**(Stock Code: 1937)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**RESULTS**

The board of directors (the “**Directors**” and the “**Board**”, respectively) presents the consolidated financial results of JiaChen Holding Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

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

*For the year ended 31 December 2024*

		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>257,788</b>	235,248
Cost of sales		<u>(194,802)</u>	<u>(190,508)</u>
<b>Gross profit</b>		<b>62,986</b>	44,740
Other revenue and other net income	5	<b>4,506</b>	5,510
Selling expenses		<b>(12,237)</b>	(9,459)
Impairment of contract assets and trade and bills receivables, net		<b>(11,225)</b>	(7,575)
Administrative expenses		<b>(15,131)</b>	(12,766)
Research and development expenses		<u><b>(11,441)</b></u>	<u>(10,627)</u>
Profit from operations		<b>17,458</b>	9,823
Finance costs	7	<u><b>(3,165)</b></u>	<u>(3,400)</u>
<b>Profit before taxation</b>	8	<b>14,293</b>	6,423
Income tax	9	<u><b>(2,337)</b></u>	<u>(488)</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>11,956</b></u>	<u><b>5,935</b></u>
<b>Attributable to:</b>			
Owners of the Company		<b>11,882</b>	5,890
Non-controlling interests		<u><b>74</b></u>	<u>45</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>11,956</b></u>	<u><b>5,935</b></u>
		<i>RMB cents</i>	<i>RMB cents</i>
<b>Earnings per share</b>			
Basic and diluted earnings per share	10	<u><b>1.19</b></u>	<u>0.59</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2024*

		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>75,261</b>	70,183
Land use rights		<b>46,190</b>	47,180
Right-of-use assets		–	91
Other intangible assets		–	–
Long-term deposits and prepayments		<b>3,624</b>	3,968
Deferred tax assets		<b>8,382</b>	6,699
		<b>133,457</b>	128,121
<b>Current assets</b>			
Inventories		<b>43,446</b>	50,011
Contract assets		<b>51,221</b>	80,949
Trade and bills receivables	11	<b>201,900</b>	164,918
Deposits, prepayments and other receivables		<b>9,491</b>	12,689
Restricted bank deposits		<b>5,989</b>	4,561
Cash and cash equivalents		<b>46,824</b>	41,881
		<b>358,871</b>	355,009
<b>Total assets</b>		<b>492,328</b>	483,130
<b>Current liabilities</b>			
Trade payables	12	<b>38,554</b>	33,283
Contract liabilities		<b>2,532</b>	3,468
Accruals and other payables		<b>31,258</b>	40,113
Amounts due to directors		<b>734</b>	322
Lease liabilities		–	86
Bank borrowings	13	<b>90,990</b>	90,990
Tax payable		<b>3,267</b>	1,824
		<b>167,335</b>	170,086
<b>Net current assets</b>		<b>191,536</b>	184,923
<b>Total assets less current liabilities</b>		<b>324,993</b>	313,044

	<i>Notes</i>	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<u>—</u>	<u>7</u>
<b>Net assets</b>		<b><u>324,993</u></b>	<b><u>313,037</u></b>
<b>Equity</b>			
Share capital		<b>8,856</b>	8,856
Reserves		<u><b>314,654</b></u>	<u>302,772</u>
<b>Equity attributable to owners of the Company</b>		<b>323,510</b>	311,628
Non-controlling interests		<u><b>1,483</b></u>	<u>1,409</u>
<b>Total equity</b>		<b><u>324,993</u></b>	<b><u>313,037</u></b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Equity attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2023</b>	8,856	154,249	1,577	15,476	125,580	305,738	1,364	307,102
Profit and total comprehensive income for the year	–	–	–	–	5,890	5,890	45	5,935
Transfer to statutory reserve	–	–	–	956	(956)	–	–	–
<b>At 31 December 2023 and 1 January 2024</b>	<b>8,856</b>	<b>154,249</b>	<b>1,577</b>	<b>16,432</b>	<b>130,514</b>	<b>311,628</b>	<b>1,409</b>	<b>313,037</b>
Profit and total comprehensive income for the year	–	–	–	–	11,882	11,882	74	11,956
Transfer to statutory reserve	–	–	–	1,587	(1,587)	–	–	–
<b>At 31 December 2024</b>	<b>8,856</b>	<b>154,249</b>	<b>1,577</b>	<b>18,019</b>	<b>140,809</b>	<b>323,510</b>	<b>1,483</b>	<b>324,993</b>

## NOTES:

### 1. CORPORATE INFORMATION

JiaChen Holding Group Limited (the “**Company**”) was incorporated on 7 July 2017 and registered as an exempted company with limited liability in the Cayman Islands under the Companies Act Chapter 22 of Cayman Islands. The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is No. 18 Changhong East Road, Henglin Town, Wujin District, Changzhou City, Jiangsu Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the manufacturing and sales of access flooring products and the provision of the related installation services. During the reporting period, the principal business of the Group was carried out through 佳辰地板常州有限公司 (JiaChen Floor Changzhou Co., Ltd) (“**JiaChen Floor**”), which is an indirect non wholly-owned subsidiary of the Company established in the PRC.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

At 31 December 2024 and 2023, the immediate and ultimate holding company of the Company was Jiachen Investment Limited (“**Jiachen Investment**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by 沈敏 (Mr. Shen Min) (“**Mr. Shen**”) who was regarded as the ultimate controlling party of the Group.

### 2. MATERIAL ACCOUNTING POLICIES

#### (a) Statement of compliance

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. Material accounting policies adopted by the Group are described below.

The HKICPA has issued certain amendments to HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

**(b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2024 comprise the financial results of the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). Renminbi (“**RMB**”) is the functional currency of all entities of the Group. These consolidated financial statements are presented in RMB and the figures are rounded to the nearest thousand of RMB (“**RMB’000**”), except for per share data, because the management evaluates the performance of the Group based on RMB.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

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 amounts 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. Judgements made by managements in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are consistent with those in previous year.

**(c) Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current Liabilities and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenant
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements
- Amendments to HKAS 16, Lease Liability in a Sale and Leaseback

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

***Amendments to HKAS 1, Classification of Liabilities as Current or Non-current Liabilities and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenant***

The amendments impact the classification of a liability as current or non-current and have been applied retrospectively as a package. Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification. The amendments do not result in a change in the classification of the Group's borrowings.

***Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements***

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments have no material impact on these financial statements as the Group has not entered into any supplier finance arrangements.

***Amendments to HKAS 16, Lease Liability in a Sale and Leaseback***

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of the initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

The Group has not adopted any new and amended standards that is not yet effective for the current accounting period.

**3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024**

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKAS 21	Lack of Exchangeability <sup>1</sup>
Amendments to HKAS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Statements <sup>2</sup>
Annual Improvements to HKFRS 16	Amendments to HKFRS 1, HKFRS 7, HKFRS 9 and HKFRS 10 and HKFRS 7 <sup>2</sup>
Amendments to HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.



#### 4. REVENUE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers by types of performance obligations:		
– Sales of access flooring plates	243,522	223,230
– Provision of installation services	14,266	12,018
	<u>257,788</u>	<u>235,248</u>
Analysis of revenue by types of contracts:		
– Supply of access floor plates and provision of installation services	199,939	165,899
– Supply of access floor plates	57,608	69,038
– Provision of installation services	241	311
	<u>257,788</u>	<u>235,248</u>
Set out below is an analysis of revenue recognised over time and at a point in time:		
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue recognised over time:		
– Sales of access flooring plates	185,914	154,192
– Provision of installation services	14,266	12,018
	<u>200,180</u>	<u>166,210</u>
Revenue recognised at a point in time:		
– Sales of access flooring plates	57,608	69,038
	<u>257,788</u>	<u>235,248</u>

## 5. OTHER REVENUE AND OTHER NET INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other revenue:		
Bank interest income	125	83
Other interest income	626	1,907
	<u>751</u>	<u>1,990</u>
Other net income:		
Government subsidies ( <i>note below</i> )	1,617	2,144
Scrap sales	1,600	1,660
Net loss on disposal of property, plant and equipment	(56)	(660)
Exchange gain, net	581	191
Written-off of other payables	–	181
Sundry income	13	4
	<u>3,755</u>	<u>3,520</u>
	<u><b>4,506</b></u>	<u><b>5,510</b></u>

*Note:* Government subsidies were received from the local government authorities in the PRC. There were no unfulfilled conditions attached to the subsidies received by the Group.

## 6. OPERATING SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has two reportable operating segments which are the manufacturing and sales of the following two product lines:

- Steel access flooring plates; and
- Calcium-sulfate access flooring plates.

### (a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management, who are also the executive directors of the Company, monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all tangible and intangible assets and other current and non-current assets with exception of unallocated corporate assets. Segment liabilities include trade and bills payables, accruals and other payables, lease liabilities and bank borrowings attributable to each reporting segment, with the exception of unallocated corporate liabilities.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segments results represent profit or loss attributable to the reportable segments without allocation of certain administrative costs and directors' remuneration. Taxation and finance costs are not allocated to reportable segments. This is the measure reported to the Group's most senior executive management, who are also the executive directors of the Company, for the purpose of resources allocation and performance assessment.

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

	Steel access flooring plates		Calcium-sulfate access flooring plates		Total	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue from external customers	<u>177,315</u>	<u>174,353</u>	<u>80,473</u>	<u>60,895</u>	<u>257,788</u>	<u>235,248</u>
Reportable segment gross profit	<u>45,224</u>	<u>35,723</u>	<u>17,762</u>	<u>9,017</u>	<u>62,986</u>	<u>44,740</u>
Reportable segment results	<u>15,085</u>	<u>11,256</u>	<u>3,671</u>	<u>(739)</u>	<u>18,756</u>	<u>10,517</u>
Other information:						
Other revenue and other net income/(loss):						
– Government subsidies	1,112	1,589	505	555	1,617	2,144
– Other interest income	385	1,566	241	341	626	1,907
– Net loss on disposal of property, plant and equipment	(56)	(660)	–	–	(56)	(660)
– Scrap sales	1,600	1,660	–	–	1,600	1,660
– Exchange gain, net	400	142	181	49	581	191
Depreciation and amortisation	2,237	2,713	4,383	2,653	6,620	5,366
Impairment of trade and bills receivables, net	9,691	5,793	3,198	2,009	12,889	7,802
Reversal of impairment of contract assets, net	(1,203)	(174)	(461)	(53)	(1,664)	(227)
Reportable segment assets	253,546	262,894	184,157	172,291	437,703	435,185
Additions to non-current segment assets during the year	791	1,113	9,921	26,515	10,712	27,628
Reportable segment liabilities	<u>127,637</u>	<u>130,801</u>	<u>34,394</u>	<u>31,791</u>	<u>162,031</u>	<u>162,592</u>

**(b) Reconciliations of reportable segment revenue and profit or loss**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue</b>		
Reportable segment total revenue and consolidated revenue	<u>257,788</u>	<u>235,248</u>
<b>Profit or loss</b>		
Reportable segment results	18,756	10,517
Unallocated other revenue	138	268
Unallocated head office and corporate expenses	(1,436)	(962)
Unallocated finance costs	<u>(3,165)</u>	<u>(3,400)</u>
Consolidated profit before taxation	<u><u>14,293</u></u>	<u><u>6,423</u></u>

**(c) Reconciliations of reportable assets and liabilities**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Assets</b>		
Reportable segment assets	437,703	435,185
Unallocated head office and corporate assets	<u>54,625</u>	<u>47,945</u>
Consolidated total assets	<u><u>492,328</u></u>	<u><u>483,130</u></u>
<b>Liabilities</b>		
Reportable segment liabilities	162,031	162,592
Unallocated head office and corporate liabilities	<u>5,304</u>	<u>7,501</u>
Consolidated total liabilities	<u><u>167,335</u></u>	<u><u>170,093</u></u>

**(d) Information about major customer**

There was no major customer who contributed 10% or more of the total revenue of the Group for the years ended 31 December 2024 and 2023.

(e) **Geographical information**

The Group's operations are primarily located in the PRC. The non-current assets of the Group are primarily located in the PRC. Accordingly, no analysis by geographical basis is presented.

The following table sets out information about the geographical analysis of the Group's revenue based on the location of the Group's external customers.

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
PRC	<b>225,574</b>	198,519
Hong Kong	–	1,219
Other countries and regions ( <i>note below</i> )	<b>32,214</b>	35,510
	<b>257,788</b>	235,248

*Note:* Other countries and regions mainly include Singapore, The United Arab Emirates, Taiwan and Thailand.

**7. FINANCE COSTS**

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Interest on bank borrowings	<b>2,855</b>	3,202
Loss on derecognition of financial assets upon factoring without recourse	<b>307</b>	190
Unwinding of finance costs on lease liabilities	<b>3</b>	8
	<b>3,165</b>	3,400

## 8. PROFIT BEFORE TAXATION

Profit before taxation is stated at after charging/(crediting):

	2024 RMB'000	2023 RMB'000
Contract costs of goods sold and services rendered (note (a))	194,802	190,508
Depreciation of property, plant and equipment	5,799	4,509
Depreciation of right-of-use assets	56	114
Amortisation of land use rights	990	969
Impairment of trade and bills receivables	12,889	7,802
Reversal of impairment of contract assets	(1,664)	(227)
Impairment of contract assets and trade and bills receivables, net	11,225	7,575
Net loss on disposal of property, plant and equipment	56	660
Auditor's remuneration	1,176	1,151
Short-term operating lease charges in respect of properties and land use rights	473	992
Staff costs, including directors' remuneration:		
– Salaries, wages and other benefits	16,215	14,468
– Contributions to defined contribution retirement plans	3,235	2,754
Total staff costs	19,450	17,222
Research and development costs (note (b))	11,441	10,627

Notes:

(a) Contract costs of goods sold and services rendered

Included in the contract costs of goods sold and services rendered were the raw materials consumed of approximately RMB135,168,000 (2023: RMB141,325,000), staff costs of approximately RMB7,408,000 (2023: RMB6,202,000), installation costs of approximately RMB16,357,000 (2023: RMB12,068,000), transportation costs of approximately RMB3,983,000 (2023: RMB9,936,000), depreciation of property, plant and equipment of approximately RMB5,178,000 (2023: RMB3,663,000), and short-term operating lease charges in respect of properties and land use rights of approximately RMB Nil (2023: RMB587,000), which were included in the respective total amounts disclosed above for each type of these expenses.

(b) Research and development costs

Included in the research and development costs were raw materials consumed of approximately RMB6,881,000 (2023: RMB5,441,000), staff costs of approximately RMB2,729,000 (2023: RMB2,569,000) and depreciation of property, plant and equipment of approximately RMB393,000 (2023: RMB321,000), which were included in the respective total amounts disclosed above for each type of these expenses.

## 9. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group has no taxable income derived in Hong Kong during the years ended 31 December 2024 and 2023.

The PRC Corporate Income Tax (“CIT”) has been provided at the statutory rate of 25% (2023: 25%). On 7 November 2019, JiaChen Floor was recognised by the relevant authorities as “High Technology Enterprise”. Accordingly, JiaChen Floor had been entitled to a preferential CIT rate of 15% for three years commencing on 1 January 2019. The qualification was renewed in 2022 and JiaChen Floor was entitled to enjoy preferential CIT rate of 15% for the period of three years from 2022.

According to applicable regulations prevailing in the PRC, dividends distributed by a company established in the PRC to foreign investors with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. Under the double taxation arrangement between the PRC and Hong Kong, the relevant withholding tax rate applicable to the Group is reduced from 10% to 5% subject to the fulfilment of certain conditions. As at 31 December 2024 and 2023, no provision for deferred tax is recognised with respect to the withholding tax on undistributed profits of JiaChen Floor as the Group can control the dividend policy of JiaChen Floor which has no plan to make dividend distribution in the foreseeable future.

### Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax – PRC Corporation Income Tax		
– Charge for the year	4,020	1,624
Deferred tax		
– Reversal and origination of temporary differences	(1,683)	(1,136)
	<u>2,337</u>	<u>488</u>



## 10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the years ended 31 December 2024 and 2023 are based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Profit for the year attributable to the owners of the Company</b>	<b>11,882</b>	5,890
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>1,000,000</b>	1,000,000

Basic earnings per share for the year ended 31 December 2024 amounted to RMB1.19 cents (2023: RMB0.59 cents) per share.

Diluted earnings per share is the same as basic earnings per share as there was no dilutive potential ordinary share of the Company outstanding during both years.

## 11. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	246,878	201,473
Bills receivables	5,621	1,155
	<b>252,499</b>	202,628
Less: allowance for impairment loss	(50,599)	(37,710)
	<b>201,900</b>	164,918

An ageing analysis of the trade and bills receivables (net of allowance for impairment loss) as at 31 December 2024, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	52,430	32,298
1 to 3 months	55,843	30,638
3 to 6 months	15,568	31,534
6 to 9 months	3,737	26,908
9 to 12 months	20,441	8,109
1–2 years	42,301	29,632
Over 2 years	11,580	5,799
	<b>201,900</b>	164,918

The Group grants a credit period ranging from 60 to 365 days to its customers. The Group does not hold any collaterals as security for the trade and bills receivables at 31 December 2024 and 2023. The trade and bills receivables are non-interest bearing.

## 12. TRADE PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	<u>38,554</u>	<u>33,283</u>

An ageing analysis of the trade payables as at 31 December 2024, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	29,492	24,081
1 to 3 months	4,486	4,630
3 to 6 months	3,434	3,682
Over 6 months	<u>1,142</u>	<u>890</u>
	<u>38,554</u>	<u>33,283</u>

Trade payables are non-interest bearing and have a credit term ranging from one to two months after invoice date.

## 13. BANK BORROWINGS

The analysis of the carrying amount of bank borrowings were as follows:

	2024 RMB'000	2023 RMB'000
<b>Repayable within 1 year:</b>		
Unsecured bank loans	8,990	28,990
Secured bank loans	42,000	22,000
Guaranteed bank loans	<u>40,000</u>	<u>40,000</u>
	<u>90,990</u>	<u>90,990</u>

At 31 December 2024, all bank borrowings were denominated in RMB and bearing interest at the rates ranging from 2.80% to 3.45% (2023: 3.00% to 3.65%) per annum.

## 14. DIVIDENDS

The board of directors did not recommend the payment of any dividend in respect of the years ended 31 December 2024 and 2023.

## 15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with the current year's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL OVERVIEW

The Group is principally engaged in the manufacturing and sales of access flooring products and provide related installation services with the headquarters based in Changzhou City, Jiangsu Province, People's Republic of China. The Group's products mainly consist of: (i) steel access flooring products; and (ii) calcium-sulfate access flooring products. The access flooring products of the Group have been generally applied in office buildings in the PRC with the characteristics of: (i) cable management (wires and cables are managed and organised underfloor with flexibility to accommodate any electronic devices); (ii) short installation time; (iii) high compressive strength and fire-resistance characteristic; and (iv) high bearing capacity.

Access flooring products have been widely applied for use in office buildings, industrial office buildings, data centres, classrooms, libraries, etc. The usage of raised access flooring products is increasing at a steady rate in the PRC due to the growth in the continuous investments in new office buildings as well as growing construction area of industrial land. This steady growth trend can mainly be attributed to the following primary factors: (i) a rising demand from construction of industrial office buildings in second-tier and above cities in the PRC; (ii) an increase in the number of aging office buildings in the PRC with the retirement of more and more obsolete access flooring products units; (iii) adoption of more stringent policies by the PRC Government, stimulating an expected increase in the demand for access flooring products; (iv) a growth in price of access flooring products as a result of increasing raw materials prices; and (v) increasing penetration rate of calcium sulfate access flooring products due to its high performance.

As the Group is considered as one of the largest market players in the access floor manufacturing industry in the PRC, the Board believes that a top-down management structure is conducive to further market penetration in the industry. While the sales manager is responsible for: (i) formulating sales and marketing strategy and planning upon the approval of the general manager; (ii) managing major on-site promotional activities; (iii) analysing the market environment, target, planning and business activities on a regular basis; (iv) formulating the market price of the Group's products based on the market and industry situation; (v) negotiating and entering into agreement; (vi) allocating resources for annual sales plan; and (vii) understanding customers' needs by visit, the principal duties of the sales representatives are to expand the customer base, track the existing customers' needs, negotiate and enter into contract with them. As for back-up supporting staff, they assist in supervising contract execution, compiling relevant statistics for analysis and handling customers' concerns in a timely fashion. With the concerted efforts of the staff, the Group continues its commitment to quality access flooring products with different sales and marketing strategies, including improving quality products, brand recognition and the responsiveness to customers. In addition, the Group would also enhance its effort in attending trade fairs and exhibitions, which are considered as good platforms for brand promotion and expansion of customer base.

The Group is committed to exhibiting a high level of consciousness on product design, function and quality and accordingly, it has established a research and development team, the members of which have obtained relevant qualification as assistant engineer (助理工程師). With its strong research and development capability, the Group has made the following achievements: (i) better recombination ability of the coating resin in graphene; and (ii) better performance of the graphene coating powder in terms of coating flexibility, resistance and other technical areas. For the year ended 31 December 2024, the Group spent approximately RMB11.4 million in research and development as compared to that of approximately RMB10.6 million for the year ended 31 December 2023.

The Group's presence in the access flooring manufacturing industry is established in the PRC. The Group was awarded ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Assessment) certificates. With the commitment to quality control, the Group's market recognition and service quality are further underpinned. The Group was also awarded the 常州市知名商標證書 (Well-known Trademark of Changzhou City\*) by the 常州市知名商標認定委員會 (Recognition Committee of Well-known Trademark of Changzhou City\*) in 2011, 江蘇名牌產品證書 (Jiangsu Famous Brand Certificate\*) by the 江蘇省名牌戰略推進委員會 (Jiangsu Promotion Commission for Famous Brand Strategy\*) in 2017, 企業信用等級證書AAA綜合信譽信用等級 (the accreditation of AAA Credit Enterprise\*) by 聯合信用管理有限公司江蘇分公司 (Jiangsu Branch of Lianhe Credit Information Service Co., Ltd.\*) for the period from 2016 to 2018, 江蘇省質量信用等級 (the accreditation of AA Quality Credit Rating\*) by the 江蘇省市場監督管理局 (Market Supervision Bureau of Jiangsu Province\*) in 2019, 常州市高新技術產品認定證書 (Changzhou High-tech Product Certification\*) by the 常州市科學技術局 (Science and Technology Bureau of Changzhou City\*) in 2020. Moreover, the Group was awarded three 實用新型專利證書 (Patent Registration Certificate of New Utility\*) and 發明專利證書 (Patent Registration Certificate\*) respectively for our technologies and products by 中國知識產權局 (China National Intellectual Property Administration\*) in 2021. In 2022, 高新技術企業 (High-tech Enterprise\*) issued by 江蘇省科學技術廳, 江蘇省財政廳及國家稅務總局江蘇省稅務局 (Department of Science and Technology of Jiangsu Province\*, Department of Finance of Jiangsu Province\*, and Jiangsu Provincial Taxation Bureau of the State Administration of Taxation\*), 江蘇省專精特新中小企業 (Jiangsu Province Specialized and New Small and Medium-sized Enterprise\*) issued by 江蘇省工業和信息化廳 (Department of Industry and Information Technology of Jiangsu Province\*), 品牌質量獎 (Brand Quality Award\*) issued by 中共常州市武進區橫林鎮委員會及常州市武進區橫林鎮人民政府 (Henglin Town Committee of Wujin District of Changzhou City, and the People's Government of Henglin Town, Wujin District of Changzhou City\*), 勞動保障誠信企業 (Labor Security Integrity Enterprise\*) issued by 常州市人力資源和社會保障局 (Changzhou Municipal Bureau of Human Resources and Social Security\*), 常州市創建和諧勞動關係先進企業 (Advanced Enterprise for Creating Harmonious Labor Relations in Changzhou City\*) issued by 常州市協調勞動關係三方委員會 (Tripartite Committee for Coordinating Labour Relations in Changzhou City\*), CSA8000 常州市企業社會責任標準達標企業 (CSA8000 Changzhou Corporate Social Responsibility Standard Conformity Enterprise\*) issued by 常州市協調勞動關係三方委員會 (Tripartite Committee for Coordinating Labour Relations in Changzhou City\*) and 中國防靜電裝備品牌企業榮譽證書 (China Anti-static Equipment Brand Enterprise Honor Certificate\*) issued by 中國電子儀器

\* For identification purposes only

行業協會防靜電裝備分會 (Anti-static Equipment Branch of the China Electronic Instrument Industry Association\*) were awarded to the Group. In 2024, the Group has been awarded with the following:

- 質量管理體系認證證書 (Certificate of Approval\*) issued by 盛唐認證南京有限責任公司 (Shentang Certification Nanjing Co., Ltd.\*);
- 環境管理體系認證證書 (Certificate of Environment Management System\*) issued by 盛唐認證南京有限責任公司 (Shentang Certification Nanjing Co., Ltd.\*);
- 職業健康安全管理体系認證證書 (Certificate of Occupational Health and Safety Management System\*) issued by 盛唐認證南京有限責任公司 (Shentang Certification Nanjing Co., Ltd.\*);
- 2024年度發展貢獻獎 (2024 Development Contribution Award\*) issued by 中共常州市武進區橫林鎮委員會及常州市武進區橫林鎮人民政府 (Henglin Town Committee of Wujin District of Changzhou City\* and the People's Government of Henglin Town, Wujin District of Changzhou City\*);
- 2024年度納稅大戶銅獎 (Bronze Award for Large Tax payer in 2024) issued by 中共江蘇常州經濟開發區工作委員會及江蘇常州經濟開發區管理委員會 (CPC Jiangsu Changzhou Economic Development Zone Working Committee\* and Jiangsu Changzhou Economic Development Zone Management Committee\*);
- 會員證書及團體會員證書 (Certificate of Membership and Certificate of Corporate Membership) issued by 中國電子儀器行業協會防靜電裝備分會 ((Anti-static Equipment Branch of the China Electronic Instrument Industry Association\*);
- 守合同重信用企業公示證書 (The Publicity Certificate of Trustworthy Enterprise) issued by 江蘇省企業信用管理協會 (Jiangsu Enterprise credit Management Association\*);
- 常州市企業技術中心 (Changzhou Enterprise Technology Center\*) issued by 常州市工業和信息化局 (Changzhou Bureau of Industry and Information Technology\*); and
- 知識產權合規管理體系認證證書 (Intellectual Property Compliance Management System Certification) issued by 中規(北京)認證有限公司 (Zhonggui (Beijing) Certification Co., Ltd.\*).

\* For identification purposes only

## REVIEW AND PROSPECT

During the year ended 31 December 2024, the PRC's economy demonstrated notable resilience which achieved a GDP growth rate of 5.0% and aligned with the government's target as reported by the National Bureau of Statistics. This expected growth was supported by strong industrial production, targeted stimulus measures and robust export performance, which underscored the economy's ability to withstand global uncertainties.

The construction sector revealed a dual narrative. Residential construction faced significant headwinds, with new housing plummeting by 23.0% year-on-year and property prices for new buildings dropping by 3.4%. Government interventions, including reduced mortgage rates, sought to stabilize the market, yet recovery varied widely by regions. Conversely, commercial construction, particularly in office spaces, experienced a modest rebound driven by demand from the technology and professional services sectors. The industrial and logistics segments, which was bolstered by the ongoing rise of e-commerce, also flourished and signaled a pivot in market dynamics.

Valued at USD90 billion in 2024, PRC's flooring materials market thrived amid urbanization and infrastructure growth. While trends favoured sustainability and smart flooring solutions gained momentum, expansion was constrained by fierce competition, escalating raw material costs and the residential construction slump. Globally, the flooring materials market reached USD416.6 billion in 2024, with PRC as a pivotal contributor, and is forecasted to grow at a 7.2% CAGR through 2030, propelled by innovation and diverse demand.

Despite the above challenges, the Board maintains an optimistic outlook for the access flooring products industry and the Group's future. The Group is committed to adapting swiftly to market shifts while prioritizing long-term growth. It will channel resources into enhancing product recognition through technological advancements and production line upgrades, ensuring cost efficiency and laying the groundwork for sustained success.

## BUSINESS OBJECTIVES AND IMPLEMENTATION PLAN

An analysis comparing the business objectives set out in the prospectus of the Company dated 31 December 2019 with the Group's actual implementation progress up to 31 December 2024 is as follows:

Business Strategies	Planned use of net proceeds (HK\$'million)	%	Actual use of net proceeds up to 31 December 2023 (HK\$'million)	Amount utilised during the year ended 31 December 2024 (HK\$'million)	Unutilised amount as at 31 December 2024 (HK\$'million)	Expected timeframe for the utilisation of the remaining balance
1. Enhancement of the production capacity and efficiency						
– acquisition of a parcel of land in Changzhou City	20.9	24.4	20.9	–	–	N/A
– construction of infrastructure including two new factory buildings for production and storage	21.9	25.5	21.9	–	–	N/A
– installation of five additional production lines	26.9	31.4	26.9	–	–	N/A
– installation of environmental friendly and energy-saving facilities and equipment	2.2	2.6	2.2	–	–	N/A
2. Acquisition of automated machinery and equipment for upgrading the existing production lines	5.1	5.9	5.1	–	–	N/A
3. Repayment of outstanding indebtedness of the Group	5.0	5.8	5.0	–	–	N/A
4. Enhancement and optimization of the information technology system	2.3	2.7	–	–	2.3	Enhancement and optimization of the information technology system aims at satisfying the requirements under the expansion of production capacity resulting from the utilisation of the factory buildings. The unutilised amount as at 31 December 2024 is anticipated to be utilised by the end of December 2025.
5. Working capital and general corporate purposes	1.5	1.7	1.5	–	–	N/A
<b>Total</b>	<b>85.8</b>	<b>100.0</b>	<b>83.5</b>	<b>–</b>	<b>2.3</b>	



## SALES ANALYSIS

The Group recorded a consolidated revenue of approximately RMB257.8 million for the year ended 31 December 2024, representing an increase of approximately RMB22.5 million or 9.6% as compared to that of approximately RMB235.2 million for the year ended 31 December 2023. The increase in consolidated revenue was primarily attributable to the uplift of revenue generated from the sales of calcium-sulfate access flooring products.

Details of the Group's revenue by products are as follows:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Steel access flooring products	177,315	68.8	174,353	74.1
Calcium-sulfate access flooring products	80,473	31.2	60,895	25.9
<b>Total</b>	<b>257,788</b>	<b>100.0</b>	<b>235,248</b>	<b>100.0</b>

For the year ended 31 December 2024, sales of steel access flooring products was the largest contributor to the Group's revenue and it accounted for approximately 68.8% of the total revenue. Revenue derived from sales of steel access flooring products increased slightly by approximately 1.7% from approximately RMB 174.4 million for the year ended 31 December 2023 to approximately RMB177.3 million for the year ended 31 December 2024. This was mainly attributable to the launch of a new item, aluminum alloy access flooring plates, sales revenue of which amounted to approximately RMB2.9 million during the year ended 31 December 2024.

Revenue derived from sales of calcium-sulfate access flooring products increased significantly by 32.2% from approximately RMB60.9 million for the year ended 31 December 2023 to approximately RMB80.5 million for the year ended 31 December 2024. This was attributable to the completion of fine-tuning of the production lines following the relocation of production lines to the new factory plant in 2023, which led to the enhancement in production capacity and efficiency. The Group was therefore able to take more sales orders for calcium-sulfate access flooring products.



Details of the sales volume and average unit selling price by products are as follows:

	For the year ended 31 December			
	2024		2023	
	Sales volume <i>million m<sup>2</sup></i>	Average unit selling price <i>RMB/m<sup>2</sup></i>	Sales volume <i>million m<sup>2</sup></i>	Average unit selling price <i>RMB/m<sup>2</sup></i>
Steel access flooring products	1.34	132.3	1.34	130.1
Calcium-sulfate access flooring products	0.52	154.8	0.38	160.3
<b>Total</b>	<b>1.86</b>		<b>1.72</b>	

The sales volume for steel access flooring products remained stable amid the gradual recovery in the commercial building construction industry. Notably, the sales volume for calcium-sulfate access flooring products increased by approximately 36.8% due to the enhancement in production capacity and efficiency following the relocation of production lines to the new factory plant in 2023.

Generally, it is considered that both product specifications and technical requirements are the major factors affecting the product price. Based on the market needs, the Group usually adopts a cost-plus pricing policy that takes various factors into consideration, such as the production cost, price of raw materials, suppliers of installation services, purchase volume of the customers, background of the customers and competition. Given the circumstances described above, the Group chose to reduce the selling prices of calcium-sulfate access flooring products so as to foster demand and minimize the adverse impact on profitability.

Details of the Group's sale revenue by geographical location are as follows:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
PRC	225,574	87.5	198,519	84.4
Hong Kong, China	–	–	1,219	0.5
Other countries and regions	32,214	12.5	35,510	15.1
<b>Total</b>	<b>257,788</b>	<b>100.0</b>	<b>235,248</b>	<b>100.0</b>

For both of the years ended 31 December 2024 and 2023, the Group's products were mainly sold in the PRC and to a lesser extent exported to other countries and regions such as Singapore, The United Arab Emirates, Taiwan and Thailand.

Details of the gross profit and gross profit margin by products are as follows:

	For the year ended 31 December			
	2024		2023	
	Gross profit	Gross profit	Gross profit	Gross profit
	profit	margin	profit	margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Steel access flooring products	45,225	25.5	35,723	20.5
Calcium-sulfate access flooring products	17,761	22.1	9,017	14.8
<b>Total</b>	<b>62,986</b>	<b>24.4</b>	<b>44,740</b>	<b>19.0</b>

The gross profit from steel access flooring products accounted for the majority of the gross profit of the Group for both of the years ended 31 December 2024 and 2023. The gross profit margin of the access flooring products was a combined result of gross profit margin of individual contracts undertaken by the Group, which was in turn affected by various factors, including but not limited to the tender or quotation price, scale, project specifications and other estimated costs, which vary from project to project. Gross profit margin of steel access flooring products for the year ended 31 December 2024 compared to that of the year ended 31 December 2023 increased by approximately 5.0 percentage points to 25.5%, while gross profit margin of calcium-sulfate access flooring products for the year ended 31 December 2024 compared to that of the year ended 31 December 2023 increased by approximately 7.3 percentage points to 22.1%. The substantial improvement in gross profit margins for both product categories was primarily attributable to the enhancement of production efficiency following the relocation of production lines to the new factory plant in 2023, as well as the decrease in costs of raw materials for the products sold during the year ended 31 December 2024.

## **OPERATING COSTS AND EXPENSES**

Selling expenses increased by approximately RMB2.8 million, representing a 29.4% increase to approximately RMB12.2 million for the year ended 31 December 2024 from approximately RMB9.5 million for the year ended 31 December 2023. The increase was primarily attributed to the rise in consultation fees for external professionals engaged for business development initiatives aimed at securing more commercial opportunities for the Group.

The net impairment of contract assets and trade and bills receivables increased by approximately 48.2% to approximately RMB11.2 million for the year ended 31 December 2024 from approximately RMB7.6 million for the year ended 31 December 2023. Further details of the recoverability assessment on contract assets and trade and bills receivables are set out below in this results announcement.

Administrative expenses increased by approximately RMB2.4 million, representing a 18.5% increase to approximately RMB15.1 million for the year ended 31 December 2024 from approximately RMB12.8 million for the year ended 31 December 2023. The increase was primarily driven by the increase in salaries and wages.

Finance costs decreased by approximately RMB235,000 to approximately RMB3.2 million for the year ended 31 December 2024 from approximately RMB3.4 million for the year ended 31 December 2023. The decrease was mainly due to the reduction in the average interest rates during the year ended 31 December 2024.

## **OPERATING RESULTS**

Profit before taxation increased significantly from approximately RMB6.4 million for the year ended 31 December 2023 to approximately RMB14.3 million for the year ended 31 December 2024, representing an increase of approximately 122.5%. The substantial improvement was primarily attributable to the increase in the sales revenue and the gross profit margin, which outweighed the increases in selling expenses, administrative expenses and the net impairment of contract assets and trade and bills receivables as mentioned above.

## **RECOVERABILITY ASSESSMENT OF CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES**

The Group applies the simplified approach to provide for expected credit losses (“ECLs”) prescribed by the HKFRS 9 Financial Instruments, which permits the use of lifetime expected loss provision for contract assets and trade and bills receivables. To measure the lifetime ECLs on contract assets and trade and bills receivables, the Group categorised them based on their shared credit risk characteristics and ageing of current and past due days, evaluated their recoverability by reference to their payment history records with the Group using a provision matrix as adjusted for factors specific to the customers such as history and patterns of settlements from the customers, financial difficulties of the defaulted customers and other current conditions at the reporting period end, as adjusted for forward looking information, such as expected economic conditions by reference to the forecast of next year’s GDP in the PRC and subsequent settlements received from the customers after the respective reporting period ends.

Statistical regression model has been adopted to project the estimated lifetime ECL rates on each ageing band of contract assets and trade and bills receivables as at 31 December 2024 and 2023, based on co-efficient relationship of the actual bad debt rates on each ageing bands of trade and bills receivables and contract assets at each reporting period ended on 31 December 2014 to 2024 (2023: 2014 to 2023) and the respective annual PRC GDP growth rates following each of these reporting period ends.

The estimated ECL rates on contract assets and trade receivables, which are based on the statistical regression model, are further adjusted after considering the status of the subsequent settlements received from the customers after the end of the reporting period and additional individual assessment if the relevant customers are defaulted in settlement.

Management of the Group has been closely monitoring the status of accounts owing by its customers during and after the years ended 31 December 2024 and 2023. Close contact with customers has been maintained to ensure there is no major issue arising from the payment process. Consideration would be given to the issuance of pre-action letters and the institution of legal proceedings against the relevant customers to recover outstanding amounts as well as penalty, liquidated damages and other expenses as permitted under the laws of the PRC, and consideration would also be given to the negotiations of new repayment schedules to recover the outstanding debts if necessary.

Set out below is the analysis of the calculation of the ECL rates on contract assets and trade and bills receivables at 31 December 2024, using the co-efficient factors between the bad debt loss rates and the annual PRC GDP growth rates which were derived from the statistical regression model, and adjusted after considering the additional individual assessment of the status of subsequent settlements received from the customers and the financial difficulties of the defaulted customers:

	Coefficient of determination (R squared), the proportion of the variance in the ECL rate that is predictable from the following year's PRC GDP growth rate *	Intercept for the linear between the following year's PRC GDP growth rate and actual bad debt loss rates at each reporting period end **	Coefficient factor between following year's PRC GDP growth rate and actual bad debt loss rates at each reporting period end **	Estimated ECL rate at 31 December 2024, based on the regression model $C=A+B*2025$ GDP growth rate (=5%) ***	Applied ECL rate at 31 December 2024 after considering individual assessment of customers %
Contract assets	0.32	4.19	-0.4239	2.07	6.16*****
Trade and bills receivables					
Not yet due or current	0.75	6.85	-0.7705	3.00	3.00
Past due:					
Within 1 month	0.47	13.86	-1.4439	6.64	6.64
1–3 months	0.50	23.08	-2.7253	9.45	9.45
3–6 months	0.18	11.34	-0.9577	6.56	15.48****
6–9 months	0.04	10.77	-0.2559	9.49	16.07****
9–12 months	0.24	26.19	-2.3607	14.39	24.21****
1–2 years	0.21	43.26	-3.2598	26.97	50.23****
Over 2 years	0.35	64.34	-4.7228	40.72	86.17****
Overall – Trade and bills receivables	0.38	19.56	-1.6491	11.31	20.04

Notes:

- \* The coefficient of determination ranges from 0 to 1, representing 0% to 100% of the variation in the ECL rate at the reporting period end that can be explained by the following year's PRC GDP growth rate.
- \*\*  $\text{Intercept} = (\Sigma y)(\Sigma x^2) - (\Sigma x)(\Sigma xy)/n(\Sigma x^2) - (\Sigma x)^2$  and  $\text{Coefficient factor} = n(\Sigma xy) - (\Sigma x)(\Sigma y)/n(\Sigma x^2) - (\Sigma x)^2$ , where y is the ECL rate for contract assets and trade and bills receivables falling into each of the ageing bands at the reporting period end and x is the following year's PRC GDP growth rate.
- \*\*\* The initial official target GDP growth rate for 2025 is 5% as announced by the PRC government. The expected GDP growth rate for 2025 is considered to be reasonable by reference to the estimation of the credit analysts.
- \*\*\*\* ECL rate for each of the above ageing bands of trade and bills receivables of past due within 3–6 months, 6–9 months, 9–12 months, 1–2 years and past due over 2 years are adjusted after considering the status of subsequent settlements received after 31 December 2024 and additional individual assessment on the payment history and patterns of the customers falling into each of these respective ageing bands of trade and bills receivables and financial difficulties of the defaulted customers.
- \*\*\*\*\* ECL rate for contract assets are adjusted after considering the additional individual assessment on the payment history and patterns of the customers and financial difficulties of the defaulted customers.

An analysis of ECL against contract assets and trade and bills receivables at 31 December 2024 is set out below:

At 31 December 2024					
	Gross amount	ECL provision	Net carrying amount	Subsequent settlements up to 10 March 2025	ECL rate on gross amount
	RMB'000	RMB'000	RMB'000	RMB'000	%
Contract assets	54,582	3,361	51,221	7,985	6.16
Trade and bills receivables					
Not yet due or current	115,170	3,457	111,713	60,535	3.00
Past due:					
Within 1 month	6,199	412	5,787	2,060	6.64
1–3 months	9,880	934	8,946	5,067	9.45
3–6 months	21,778	3,371	18,407	2,768	15.48
6–9 months	31,280	5,025	26,255	15,848	16.07
9–12 months	23,416	5,669	17,747	6,791	24.21
1–2 years	19,065	9,577	9,488	2,085	50.23
Over 2 years	25,711	22,154	3,557	1,245	86.17
Subtotal – Trade and bills receivables	252,499	50,599	201,900	96,399	20.04
Total	307,081	53,960	253,121	104,384	17.57

The matrix analysis of the Group's actual historic bad debt rates on the contract assets and trade and bills receivables at each of the reporting period ends of 2014 to 2023 (as updated for subsequent changes in estimates) and the expected rates for lifetime ECLs on contracts assets and trade and bills receivables at 31 December 2024 are as follows:

	Historical bad debt rates at 31 December									Average historical bad debt rates at 31 December 2014 to 2022	Estimated bad debt rates for lifetime ECL at 31 December 2023*	2024
	2014	2015	2016	2017	2018	2019	2020*	2021*	2022*	2022	2023*	2024
<b>Contract assets</b>	0.00%	0.00%	0.18%	1.43%	1.65%	2.13%	2.36%	4.24%	3.47%	1.72%	5.71%	6.16%
<b>Trade and bills receivables</b>												
Not yet due or current	0.83%	1.12%	0.22%	1.20%	2.77%	4.17%	1.34%	5.25%	3.87%	2.31%	3.55%	3.00%
Past due:												
Within 1 month	0.00%	1.27%	3.83%	3.02%	5.42%	8.87%	6.21%	12.96%	10.21%	5.75%	3.93%	6.64%
1 to 3 months	0.00%	3.66%	4.49%	4.14%	6.20%	25.95%	5.73%	6.34%	3.93%	6.71%	13.97%	9.45%
3 to 6 months	0.00%	0.85%	7.91%	3.69%	6.07%	12.74%	6.71%	3.18%	4.53%	5.07%	12.80%	15.48%
6 to 9 months	0.00%	0.07%	7.68%	8.03%	9.26%	7.86%	15.05%	6.15%	24.64%	8.75%	14.30%	16.07%
9 to 12 months	2.30%	1.44%	5.09%	7.60%	10.02%	13.69%	15.90%	22.61%	17.06%	10.63%	30.73%	24.21%
1–2 years	25.62%	1.80%	4.79%	33.36%	16.46%	25.73%	23.23%	40.15%	29.89%	22.33%	44.54%	50.23%
Over 2 years	8.07%	35.66%	31.41%	36.99%	25.53%	63.23%	35.93%	35.14%	42.66%	34.96%	57.70%	86.17%
<b>Overall – Trade and bills receivables</b>	<u>3.60%</u>	<u>6.38%</u>	<u>9.32%</u>	<u>6.12%</u>	<u>7.32%</u>	<u>10.69%</u>	<u>12.73%</u>	<u>11.82%</u>	<u>13.84%</u>	<u>9.09%</u>	<u>17.56%</u>	<u>20.04%</u>

\* ECL rates for 2020 to 2023 were updated for subsequent changes in estimates.

A higher estimated lifetime ECL rate on contract assets at 31 December 2024 at 6.16% (2023: 5.71%) was applied, after taking into account of several customers individually identified with significant financial difficulties at 31 December 2024.

In the opinion of the directors of the Company, the bad debt rates applied for the measurement of the lifetime ECLs of the Group's contract assets and trade and bill receivables at 31 December 2024 and 2023 are reasonable and adequate.

## **CAPITAL STRUCTURE**

The Shares were successfully listed on the Main Board of the Stock Exchange in January 2020. There has been no changes in the capital structure of the Group since then. The Group funds its business and working capital requirements by using a balanced mix of internal resources, bank borrowings and the net proceeds from the Global Offering. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2024, the Group held total assets of approximately RMB492.3 million (31 December 2023: approximately RMB483.1 million), including cash and cash equivalents of approximately RMB46.9 million (31 December 2023: approximately RMB41.9 million). The Group's cash and cash equivalents were mainly denominated in RMB (31 December 2023: RMB).

As at 31 December 2024, the Group had total liabilities of approximately RMB167.3 million (31 December 2023: approximately RMB170.1 million) which mainly comprised of bank borrowings amounting to RMB91.0 million (31 December 2023: approximately RMB91.0 million). The Group's bank borrowings were denominated in RMB and bore interest at the rates ranging from 2.80% to 3.45% (31 December 2023: 3.00% to 3.65%).

As at 31 December 2024, the debt-to-equity ratio, expressed as a percentage of total loans and borrowings and lease liabilities net of cash and cash equivalents and restricted bank deposits over total equity, was about 11.7% (31 December 2023: 14.3%). This decrease was mainly resulted from the growth in a stronger equity base during the year ended 31 December 2024.

As at 31 December 2024, the Group had available and unused bank facilities of approximately RMB28.0 million (31 December 2023: approximately RMB81.1 million).

The gearing ratio, which is calculated by total borrowings and lease liabilities divided by total equity, was approximately 28.0% and 29.1% as at 31 December 2024 and 31 December 2023 respectively.

## **CONTINGENT LIABILITIES**

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

## **CAPITAL COMMITMENTS**

As at 31 December 2024, the Group had capital commitments amounting to approximately RMB19.3 million in respect of property, plant and equipment which was contracted but not provided for (31 December 2023: approximately RMB3.1 million).



## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATE**

The majority of the Group's business and all bank borrowings are denominated and accounted for in RMB. The Group, therefore, does not have significant exposure to foreign exchange fluctuation.

The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuation will have material impact on the business operations or financial results of the Group. The Group does not have a hedging policy and it did not commit to any financial instruments to hedge its exposure to foreign currency risk during the year ended 31 December 2024. However, the Group will closely monitor the foreign exchange market and take appropriate and effective measures from time to time to reduce any negative impact from exchange-rate risk to the furthest extent including establishment of a hedging policy.

## **CHARGES ON GROUP ASSETS**

As at 31 December 2024, the Group had the following charges on its assets:

- (a) Bank borrowings amounting to approximately RMB42.0 million (31 December 2023: approximately RMB22.0 million) were secured by the following assets:
  - (i) land use rights with a carrying value of approximately RMB7.3 million as at 31 December 2024 (31 December 2023: approximately RMB7.5 million);
  - (ii) leasehold buildings with a carrying value of approximately RMB5.4 million as at 31 December 2024 (31 December 2023: approximately RMB6.0 million).
- (b) Restricted bank deposit of approximately RMB6.0 million (31 December 2023: approximately RMB4.6 million) was pledged as security for issuing commercial bills to suppliers.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, the Group had 212 employees (31 December 2023: 198). The total staff costs including directors' remuneration for the year were approximately RMB19.5 million (2023: approximately RMB17.2 million). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses are offered with reference to our Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, the Group offers other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. The Group also adopts an annual appraisal system to assess the performance of staff, which forms the basis of decisions with respect to salary rises and promotions.

## **SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL**

There were no significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 31 December 2024.

The Group did not have other plans for significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by the Group as at 31 December 2024.

## **CAPITAL EXPENDITURE**

For the year ended 31 December 2024, the Group spent approximately RMB11.3 million (2023: approximately RMB26.6 million) on capital expenditure, which was primarily related to the construction in progress and acquisition of plant and machinery.

## **EVENT AFTER THE REPORTING PERIOD**

There was no significant event subsequent to 31 December 2024 and up to the date of this announcement.

## **DIVIDEND**

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

## **CORPORATE GOVERNANCE PRACTICES**

The Board is committed to establishing good corporate governance and adopt sound corporate governance practices. The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

Throughout the financial year ended 31 December 2024, the Company has complied with the requirements set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding Directors’ securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the code of conduct regarding the dealings in securities during the year ended 31 December 2024. Moreover, the Company was not aware of any non-compliance with the relevant provisions of the Model Code throughout the year ended 31 December 2024 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “**Audit Committee**”) on 19 December 2019 with written terms of reference by reference to the code provisions of the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Xie Xing (Chairman), Mr. Wang Li and Ms. Long Mei.

The Audit Committee examined the accounting principles and practices adopted by the Group and discussed with management the internal controls of the Group. It has also reviewed the consolidated financial results of the Group for the year ended 31 December 2024.

## **SCOPE OF WORK OF CROWE (HK) CPA LIMITED**

The figures in respect of the Company’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company’s auditor, Crowe (HK) CPA Limited, to the amounts set out in the Company’s consolidated financial statements for the year ended 31 December 2024. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this announcement.

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

This annual results announcement is published on the website of the Company ([www.jiachencn.com.cn](http://www.jiachencn.com.cn)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

The annual report of the Company for the year ended 31 December 2024 containing all relevant information required under the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**JiaChen Holding Group Limited**  
**SHEN Min**  
*Executive Director and Chairman*

Changzhou, People's Republic of China, 24 March 2025

*As at the date of this announcement, the executive Directors are Mr. SHEN Min (Chairman), Mr. SHEN Minghui and Ms. LIU Hui (Chief Executive Officer); and the independent non-executive Directors are Mr. XIE Xing, Mr. WANG Li and Ms. LONG Mei.*