

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



China Ludao Technology Company Limited

中國綠島科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2023)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of China Ludao Technology Company Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 (the “Reporting Period”), together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
	Notes	2024	2023
		RMB'000	RMB'000
Revenue	4	906,846	705,753
Cost of sales		(765,010)	(572,642)
Gross profit		141,836	133,111
Other income	4	6,853	12,991
Other gains – net	4	11,065	3,739
Selling expenses		(21,304)	(27,810)
Administrative and other operating expenses		(65,884)	(58,267)
(Impairment loss)/reversal of impairment loss on trade receivables, other receivables and deposits		(5,222)	291
Impairment loss on investment in a joint venture	9	(3,415)	(5,133)
Operating profit		63,929	58,922
Finance income		883	456
Finance costs		(6,380)	(11,012)
Finance costs – net		(5,497)	(10,556)
Share of results of a joint venture	9	408	132
Profit before income tax	5	58,840	48,498
Income tax expense	6	(7,557)	(4,940)
Profit for the year		51,283	43,558
Other comprehensive expenses			
<i>Items that will not be reclassified to profit or loss:</i>			
Currency translation differences		(13,453)	(4,474)
Other comprehensive expenses for the year, net of tax		(13,453)	(4,474)
Total comprehensive income for the year		37,830	39,084

	<i>Notes</i>	Year ended 31 December	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		51,300	43,580
Non-controlling interests		(17)	(22)
		<u>51,283</u>	<u>43,558</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		37,847	39,106
Non-controlling interests		(17)	(22)
		<u>37,830</u>	<u>39,084</u>
Earnings per share for profit attributable to owners of the Company			
– basic and diluted (<i>RMB per share</i>)	8	<u>0.10</u>	<u>0.09</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December	
	<i>Notes</i>	2024	2023
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	801,048	635,496
Prepayments for property, plant and equipment	20	80,070	134,888
Right-of-use assets	11	77,984	64,243
Investment property		–	–
Intangible assets		1,586	1,604
Investment in a joint venture	9	46,500	49,500
Financial asset at fair value through profit or loss (“FVTPL”)	12	2,000	2,000
Financial asset at fair value through other comprehensive income (“FVOCI”)	12	–	–
Deferred tax assets		2,768	2,028
Trade and other receivables	14	64	–
		1,012,020	889,759
Current assets			
Inventories	13	57,593	48,635
Trade and other receivables	14	508,028	363,311
Financial asset at FVTPL	12	–	–
Income tax recoverable		–	292
Pledged bank deposits		85,089	55,435
Cash and bank balances		32,087	31,579
		682,797	499,252
Total assets		1,694,817	1,389,011
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	19	3,901	3,901
Share premium	19	150,143	150,143
Other reserves		(75,748)	(61,114)
Retained earnings		368,735	316,254
		447,031	409,184
Non-controlling interests		365	382
Total equity		447,396	409,566

		As at 31 December	
	<i>Notes</i>	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	<i>18</i>	279,078	311,114
Lease liabilities	<i>11</i>	1,948	1,388
Deferred tax liabilities		7,756	8,348
Deferred government grants		9,486	9,808
		<hr/>	<hr/>
		298,268	330,658
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	<i>15</i>	531,148	231,968
Contract liabilities	<i>4</i>	57,518	16,352
Bank and other borrowings	<i>18</i>	358,468	310,859
Convertible bonds	<i>17</i>	–	83,235
Note	<i>16</i>	–	–
Income tax payable		758	–
Lease liabilities	<i>11</i>	1,261	6,373
		<hr/>	<hr/>
		949,153	648,787
		<hr/>	<hr/>
Total liabilities		1,247,421	979,445
		<hr/>	<hr/>
Total equity and liabilities		1,694,817	1,389,011
		<hr/>	<hr/>

1 GENERAL INFORMATION

China Ludao Technology Company Limited (the “Company”) was incorporated in the Cayman Islands on 25 May 2012 as an exempted company with limited liability. The address of the Company’s registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sale of aerosol products for household and auto care, air fresheners, personal care products and insecticides and wholesales of personal care products and production related materials. Ludao China Investments Holdings Limited (“Ludao Investments”), which is wholly owned by Mr. Yu Yuerong (“Controlling Shareholder”), has 50.96% interest in the Company as at 31 December 2024.

On 11 October 2013, the shares of the Company were listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirement of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2.2 Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost convention, except for investment property and certain financial instruments, which are measured at fair value as explained in the accounting policies set out below.

As at 31 December 2024, the Group recorded net current liabilities of approximately RMB266,356,000 and placed reliance on short-term financing. These situations indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, in view of the circumstances, the Directors have taken the following measures to mitigate the liquidity pressure and to improve its financial position:

- (a) the management of the Group has been endeavouring to improve the Group’s operating cash flows through implementing various cost control measures; and
- (b) the Group has unutilised banking facilities as at 31 December 2024.

The Directors have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the date of approval of these consolidated financial statements taking into account the above-mentioned plans and measures, having considered the Group's bank balances as at 31 December 2024 and the Group's continuous net cash inflows from future operations and/or other sources, the Directors were of the opinion that the Group has sufficient cash resources to satisfy future working capital and other financing requirements as and when they fall due in the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on the basis that the Group will continue as a going concern.

2.3 Adoption of HKFRSs

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The accounting policies and method of computation used in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2023 except for the changes mentioned below.

(a) *New and amendments to HKFRSs that are mandatorily effective for the current year*

The Group has adopted the following amended HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendment")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRSs are described below:

Amendment to HKFRS 16 – Lease Liability in a Sale and Leaseback

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Non-current Liabilities with Covenants (the "2022 Amendment")

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

(b) New and amendments to HKFRSs in issued but are not yet effective

The Group has not applied the following new and amended HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRSs, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvement to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

3 SEGMENT INFORMATION

The executive directors of the Company ("EDs") are chief operating decision-makers. EDs review the Group's internal reporting in order to assess performance and allocate resources. The Group has determined the operating segments based on the internal reports that are used by the EDs to make strategic decisions. The Group is principally engaged in the manufacture and sale of aerosol and related products and wholesales of personal care products and production related materials. The Group sells its products on contract manufacturing service basis mainly to overseas markets and on original brand manufacturing basis in the PRC market. All products are manufactured under the same production lines and distributed through distributors' network. The Group wholesales the personal care products and production related materials to business entities based in the PRC market. Result of investment activities are not material to be disclosed as a separate reportable operating segment. EDs review and assess performance of the Group on a combined basis and management concluded that there is only one reportable and operating segment.

Geographical information

The following tables present information on revenue and certain assets of the Group by geographical segment.

Revenue from external customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mainland China	667,713	390,193
United States of America	96,524	151,558
Japan	13,536	12,704
Chile	104,769	136,728
Others	24,304	14,570
	<u>906,846</u>	<u>705,753</u>

The revenue information above is based on delivery location of the customers.

The amounts provided to the EDs with respect to total assets are measured in a manner consistent with that of consolidated financial statements.

The right-of-use assets, property, plant and equipment, prepayment for property, plant and equipment, intangible assets and investment in joint venture which are classified as non-current assets as at 31 December 2024 and 2023 are mainly located in the PRC.

Information about major customers

Revenue from major customers, each of them accounted for 5% or more of the Group's revenue, are set out below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	104,769	114,000
Customer B	95,965	n/a*
Customer C	84,336	n/a*
Customer D	75,921	58,781
Customer E	42,041	n/a*
Customer F	n/a*	72,826
Customer G	n/a*	45,349
Customer H	n/a*	45,273

* Revenue from this customer did not exceed 5% of the Group's total revenue for the year ended 31 December 2024 and 2023.

4 REVENUE, OTHER INCOME AND OTHER GAINS – NET

	2024 RMB'000	2023 RMB'000
Revenue		
Sales of goods	<u>906,846</u>	<u>705,753</u>
Other income		
Government grants (<i>Note</i>)	3,143	8,827
Technical service fee	3,275	3,302
Others	<u>435</u>	<u>862</u>
	<u>6,853</u>	<u>12,991</u>
Other gains – net		
Foreign exchange gain	10,971	3,829
Gain/(loss) on early termination of lease (<i>Note 11</i>)	40	(90)
Others	<u>54</u>	<u>–</u>
	<u>11,065</u>	<u>3,739</u>

Note: The Group received government grants in relation to the support of the Group's operations and the research and development cost in the PRC. There were no unfulfilled conditions in relation to the grants.

Revenue and other income from contracts with customers – disaggregated revenue information:

	2024 RMB'000	2023 RMB'000
Revenue and other income under HKFRS 15		
Type of goods and services		
Sales of goods on contract manufacturing service (“CMS”) basis (<i>Note i</i>)	575,413	420,645
Sales of goods on original brand manufacturing (“OBM”) basis (<i>Note ii</i>)	25,747	75,240
Wholesales	305,686	209,868
Technical service	<u>3,275</u>	<u>3,302</u>
	<u>910,121</u>	<u>709,055</u>
Timing of revenue recognition		
Recognised on point in time basis		
– Sales of goods	<u>906,846</u>	<u>705,753</u>
Recognised on over time basis		
– Technical service fee	<u>3,275</u>	<u>3,302</u>
	<u>910,121</u>	<u>709,055</u>

Notes:

- (i) The sales of CMS products relate to products which were manufactured by the Group and sold under the customers' brand names.
- (ii) The sales of OBM products relate to products which were designed, developed and manufactured by the Group and sold under the Group's own or licensed brand names.

The following table provides information about contract liabilities from contracts with customers.

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Contract liabilities	<u>57,518</u>	<u>16,352</u>

The contract liabilities are mainly related to the advance consideration of sales of goods received from customers.

Movements in contract liabilities during the year ended 31 December 2024 and 2023:

	<i>RMB'000</i>
Balance at 1 January 2023	14,816
Revenue recognised in the year that was included in the contract liabilities balance at the beginning of year	(14,452)
Increase due to cash received, excluding amount recognised as revenue during the year	<u>15,988</u>
Balance at 31 December 2023 and 1 January 2024	16,352
Revenue recognised in the year that was included in the contract liabilities balance at the beginning of year	(15,355)
Increase due to cash received, excluding amount recognised as revenue during the year	<u>56,521</u>
Balance at 31 December 2024	<u>57,518</u>

The Group's contracts usually have duration of one year or less from date of contract inception to date of satisfaction of performance obligation. The Group has applied the practical expedient and therefore does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

The Group has taken advantage of the practical expedient to not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less.

5 PROFIT BEFORE INCOME TAX

Profit before income tax expense is arrived at after charging/(crediting):

	2024 RMB'000	2023 RMB'000
Depreciation and amortisation	13,707	16,084
Employee benefit expenses, excluding amount included in research and development costs	47,171	36,923
Research and development costs (<i>Note</i>)		
– Employee benefit expenses	7,779	6,839
– Materials and others, excluding depreciation and amortisation	16,314	12,971
Auditor's remuneration		
– Audit services	980	980
Short-term lease expense (<i>Note 11</i>)	796	1,481
Low value lease expense (<i>Note 11</i>)	23	71
Variable lease payments not included in the measurement of lease liabilities (<i>Note 11</i>)	1,441	2,208
(Gain)/loss on early termination of lease (<i>Note 11</i>)	(40)	90
Inventories written off	128	149
Loss on disposal of property, plant and equipment	75	45

Note: Research and development costs are included in administrative and other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

6 INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current income tax:		
Hong Kong profit tax	328	–
PRC corporate income tax	8,561	5,305
	8,889	5,305
Deferred income tax:		
PRC corporate income tax	(1,278)	(311)
PRC land appreciation tax (“LAT”)	(54)	(54)
	(1,332)	(365)
	7,557	4,940

The Group was not subject to any income tax in the Cayman Islands.

The provision of Hong Kong Profits Tax is calculated at a tax rate of 16.5% during the year ended 31 December 2024, except for one subsidiary of the group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For that subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for profits tax in Hong Kong has been made as the Group has no assessable income for profits tax in Hong Kong during the year ended 31 December 2023.

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 (the “CIT Law”), companies established in the PRC are subject to income tax at a rate of 25% unless preferential rates are applicable. Zhejiang Ludao Technology Co., Ltd (“Ludao PRC”) was accredited as a High and New Technology Enterprise enabling it to enjoy a preferential rate of 15% for the three years from 24 December 2022 to 23 December 2025.

7 DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 December 2024 (2023: Nil).

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>51,300</u>	<u>43,580</u>
Weighted average number of ordinary shares in issue	<u>491,800,000</u>	<u>491,800,000</u>
Basic and diluted earnings per share (<i>RMB per share</i>)	<u>0.10</u>	<u>0.09</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended 31 December 2024 and 2023, diluted earnings per share is the same as basic earnings per share. There is no dilutive effect of the outstanding convertible bonds for the years ended 31 December 2024 and 2023, as they are anti-dilutive.

9 INVESTMENT IN A JOINT VENTURE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
As at 1 January	49,500	54,500
Share of results	408	132
Impairment loss on investment in a joint venture	(3,415)	(5,133)
Exchange adjustment	<u>7</u>	<u>1</u>
As at 31 December	<u>46,500</u>	<u>49,500</u>

As at 31 December 2024, the Group had interest in the joint venture which is accounted for using equity method in the consolidated financial statements.

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office furniture and equipment RMB'000	Motor vehicles RMB'000	Renovation RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023							
Cost	79,534	50,300	29,941	16,704	–	422,320	598,799
Accumulated depreciation	(31,725)	(30,089)	(16,061)	(5,187)	–	–	(83,062)
Net book amount	<u>47,809</u>	<u>20,211</u>	<u>13,880</u>	<u>11,517</u>	<u>–</u>	<u>422,320</u>	<u>515,737</u>
Year ended 31 December 2023							
Opening net book amount	47,809	20,211	13,880	11,517	–	422,320	515,737
Additions	392	1,355	643	198	1,200	115,263	119,051
Disposal	–	(55)	–	(17)	–	–	(72)
Transfer	498	–	–	–	–	(498)	–
Transfer from investment property	12,100	–	–	–	–	–	12,100
Depreciation	(3,340)	(3,327)	(3,213)	(1,200)	(240)	–	(11,320)
Closing net book amount	<u>57,459</u>	<u>18,184</u>	<u>11,310</u>	<u>10,498</u>	<u>960</u>	<u>537,085</u>	<u>635,496</u>
At 31 December 2023							
Cost	92,524	51,428	30,584	16,726	1,200	537,085	729,547
Accumulated depreciation	(35,065)	(33,244)	(19,274)	(6,228)	(240)	–	(94,051)
Net book amount	<u>57,459</u>	<u>18,184</u>	<u>11,310</u>	<u>10,498</u>	<u>960</u>	<u>537,085</u>	<u>635,496</u>
Year ended 31 December 2024							
Opening net book amount	57,459	18,184	11,310	10,498	960	537,085	635,496
Additions	203	834	984	72	–	152,934	155,027
Disposal	–	(81)	(8)	(11)	–	–	(100)
Transfer from right-of use assets (Note 11)	–	20,884	–	–	–	–	20,884
Depreciation	(2,795)	(3,150)	(2,806)	(1,268)	(240)	–	(10,259)
Closing net book amount	<u>54,867</u>	<u>36,671</u>	<u>9,480</u>	<u>9,291</u>	<u>720</u>	<u>690,019</u>	<u>801,048</u>
At 31 December 2024							
Cost	92,361	73,663	31,486	16,687	1,200	690,019	905,416
Accumulated depreciation	(37,494)	(36,992)	(22,006)	(7,396)	(480)	–	(104,368)
Net book amount	<u>54,867</u>	<u>36,671</u>	<u>9,480</u>	<u>9,291</u>	<u>720</u>	<u>690,019</u>	<u>801,048</u>

The net book value of construction in progress of approximately RMB690,019,000 (2023: RMB537,085,000) related to buildings, plant and machinery and office furniture and equipment under construction in Taizhou, the PRC, will be depreciated once the construction work is completed and available for use.

As at 31 December 2024, the Group's buildings and construction in progress with an aggregate net carrying amount of RMB20,499,000 (2023: RMB21,469,000) and RMB625,315,000 (2023: RMB534,512,000) respectively, were pledged to secure bank borrowings (Note 18).

As at 31 December 2024, the Group's plant and machinery with an aggregate net carrying amount of RMB42,050,000 (2023: RMB5,745,000) were held under sale and leaseback liabilities as set out in Note 18.

During the year ended 31 December 2024, the Group's right-of-use assets with an aggregate net carrying amount RMB20,884,000 were transferred to plant and machinery upon the completion of a finance lease contract. (2023: Nil)

As at 1 January 2023, the investment property originally held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property through sale was transferred to property, plant and equipment upon the commencement of owner-occupation which the fair value is RMB12,100,000 at the date of transfer.

11 LEASES

The Group as a lessee

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the years are as follows:

	Land use rights RMB'000	Office premises, plant and machinery and director's quarter RMB'000	Total RMB'000
At 1 January 2023	41,308	27,343	68,651
Additions	—	687	687
Early termination of leases	—	(431)	(431)
Depreciation	(920)	(3,749)	(4,669)
Foreign exchange movements	—	5	5
At 31 December 2023 and 1 January 2024	40,388	23,855	64,243
Additions	35,257	2,914	38,171
Early termination of leases	—	(209)	(209)
Depreciation	(1,331)	(2,015)	(3,346)
Transfer to property, plant and equipment (Note 10)	—	(20,884)	(20,884)
Foreign exchange movements	—	9	9
At 31 December 2024	74,314	3,670	77,984

Note:

Lump sum payments were made upfront to acquire the land use rights with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of their use.

In addition, the Group leases a number of properties in Mainland China and Hong Kong in which it operates. Leases of properties generally have lease terms of between 1 and 5 years.

As at 31 December 2024, the Group's land use rights with an aggregate net carrying amount of RMB74,314,000 (2023: RMB40,388,000) were pledged to secure bank borrowings (Note 18).

During the year ended 31 December 2024, the Group's right-of-use assets with an aggregate net carrying amount of RMB20,884,000 were transferred to plant and machinery upon the completion of a finance lease contract (2023: Nil).

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the years are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	7,761	15,037
Additions	2,914	687
Early termination of lease	(249)	(341)
Interest expense	520	899
Lease payments	(7,746)	(8,526)
Foreign exchange movements	9	5
	<hr/>	<hr/>
At 31 December	3,209	7,761

Future lease payments are due as follows:

	Future lease payments 31 December 2024 RMB'000	Interest 31 December 2024 RMB'000	Present value 31 December 2024 RMB'000
Not later than one year	1,491	(230)	1,261
Later than one year and not later than two years	1,314	(102)	1,212
Later than two years and not later than five years	792	(56)	736
	<hr/>	<hr/>	<hr/>
	3,597	(388)	3,209

	Future lease payments 31 December 2023 RMB'000	Interest 31 December 2023 RMB'000	Present value 31 December 2023 RMB'000
Not later than one year	6,701	(328)	6,373
Later than one year and not later than two years	742	(79)	663
Later than two years and not later than five years	742	(17)	725
	<u>8,185</u>	<u>(424)</u>	<u>7,761</u>

The present value of future lease payments are analysed as:

	2024 RMB'000	2023 RMB'000
Current liabilities	1,261	6,373
Non-current liabilities	1,948	1,388
	<u>3,209</u>	<u>7,761</u>

(c) *The amount recognised in profit or loss in relation to leases are as follows:*

	2024 RMB'000	2023 RMB'000
Depreciation of right-of-use assets	3,346	4,669
Interest on lease liabilities	520	899
Short-term lease expense (Note 5)	796	1,481
Low-value lease expense (Note 5)	23	71
Variable lease payments not included in the measurement of lease liabilities (Note 5)	1,441	2,208
(Gain)/loss on early termination of lease (Note 4)	(40)	90
	<u>6,086</u>	<u>9,418</u>

The Group as a lessor

As at 31 December 2024 and 2023, the Group did not enter into any lease agreement as a lessor.

A. Financial Asset at FVOCI**(i) Classification of financial assets at FVOCI**

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more appropriate.

(ii) Equity investment in Ever Clever Group Limited (“Ever Clever”)

	2024 RMB’000	2023 RMB’000
Non-current		
Unlisted equity securities		
Ordinary shares – Ever Clever	—	—

The Group designated the equity investment in Ever Clever as a financial asset at FVOCI upon initial recognition as the investment is not held for trading.

25% equity interest in Ever Clever was initially recognised of approximately RMB152,155,000 at 8 January 2018. During the year ended 31 December 2024, there was no change in fair value of the financial asset at FVOCI (2023: no change in fair value of the financial asset at FVOCI).

As 懷來縣恒吉熱力有限公司 (Huailai Hengji Heat Supply Limited Company) (the “HGRL”) (the subsidiary of Ever Clever) has been taken over by another entity appointed by the Huailai county government since September 2020, the Directors of the Company considered that the takeover may be sustained and the HGRL’s financial position was in doubt. In addition, HGRL had significant overdue payables as at 31 December 2023 and 2024 based on litigation search records. Therefore, net asset value approach was adopted to assess the fair value of 25% equity interest in Ever Clever.

Information about fair value measurement using significant unobservable inputs (Level 3):

	Valuation technique	Significant of unobservable inputs	Range/Amount		Sensitivity of fair value to the input
			2024	2023	
Unlisted equity securities – Ever Clever	Net asset value approach	Distress discount (including consideration of lack of marketability)	66.35%	66.35%	5% increase/(decrease) in distress discount would result in (decrease)/increase in fair value by Nil (2023: Nil)
		Minority discount	21.60%	21.60%	5% increase/(decrease) in minority discount would result in (decrease)/increase in fair value by Nil (2023: Nil)

B. Financial Assets at FVTPL

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current		
Equity investment (<i>Note ii</i>)	<u>2,000</u>	<u>2,000</u>
Current		
Profit guarantee in respect of investment in 25% equity interests of Ever Clever (the “Profit Guarantee”) (<i>Note i</i>)	<u>–</u>	<u>–</u>

Notes:

- (i) During the year ended 31 December 2018, the Group acquired 25% equity interest of Ever Clever, which Perfect Century Group Limited (the “EC Vendor”) irrevocably guaranteed the Group that, for each of the three consecutive twelve-month periods ending on 31 March 2020, the audited net profit after tax of HGRL, a non wholly-owned subsidiary of Ever Clever, in accordance with the HKFRSs should not be less than RMB55 million for the period from 1 April 2017 to 31 March 2018, RMB65 million for the period from 1 April 2018 to 31 March 2019 and RMB75 million for the period from 1 April 2019 to 31 March 2020 (the “Guaranteed Profit”). The Profit Guarantee represented the fair value of the amount of shortfall between the respective actual profit or loss and the Guaranteed Profit to be received by the Group if the Ever Clever failed to meet the Guaranteed Profit. Details of the Profit Guarantee were disclosed in the Company’s announcement on 29 November 2017.

The Profit Guarantee contracted with the EC Vendor was recognised as a derivative financial instrument under HKFRS 9.

During the year ended 31 December 2020, the Directors of the Company acted as plaintiff to commence the legal proceedings in the High Court of Hong Kong on 2 November 2020 against the EC Vendor as defendant for, among others, cash compensation payable by the EC Vendor as a result of the breach of its obligations under the sale and purchase agreement dated 29 November 2017 (“Sale and Purchase Agreement”) to deliver the audited financial statements of HGRL and its failure to evidence or prove the fulfilment of the Profit Guarantee. Based on the unknown willingness and ability of the EC Vendor fulfilling the Profit Guarantee, the Directors of the Company re-assessed the valuation techniques of the fair value of the Profit Guarantee and concluded that given the current situation, EC Vendor was in default of its obligations under the Profit Guarantee arrangement and the default model was adopted for the year ended 31 December 2024 and 2023. The fair value of the Profit Guarantee as at 31 December 2024 was estimated by applying the income approach at a discount rate of 12% (2023: 12%). The fair value of the Profit Guarantee was derived based on default model due to the substantial default risk of the EC Vendor.

The estimated compensation amount under the terms and conditions of the Profit Guarantee, the expected default rate and expected recovery rate were considered in the cash flow forecast. Change in the fair value of the Profit Guarantee of Nil (2023: Nil) was recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income.

Information about fair value measurement using significant unobservable inputs (Level 3):

	Valuation technique	Significant of unobservable inputs	Range/Amount 2024 2023		Sensitivity of fair value to the input
Profit Guarantee	Default model	Expected default rate	100%	100%	10% increase/(decrease) in expected default rate would result in (decrease)/increase in fair value by Nil (2023: Nil)
		Expected recovery rate	0%	0%	10% increase in expected recovery rate would result in increase in fair value by RMB282,750,000 (2023: RMB282,750,000)

(ii) Equity investment

The balance as at 31 December 2024 and 2023 represented unlisted equity investment in 10% equity interest of a private company incorporated in PRC.

No change in the fair value of the financial asset at FVTPL was recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 and 2023.

In determining fair value, specific valuation techniques (market approach) are used. Information about fair value measurement using significant unobservable inputs (Level 3):

	Valuation technique	Significant of unobservable inputs	Amount	Relationship of Unobservable inputs to fair value	Sensitivity of fair value to the input
Equity investment	Market model	*EV/S ratio	0.30x	The higher EV/S ratio, the higher the fair value.	5% increase/decrease in EV/S ratio would result in increase/decrease in fair value by RMB102,000 (2023: RMB106,000)
		Discount for lack of marketability ("DLOM")	15.6%	The higher DLOM, the lower the fair value.	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB20,000 (2023: RMB21,000)

* EV/S ratio stands for Enterprise Value to Sale Ratio

13 INVENTORIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Raw materials	23,637	22,838
Work in progress	591	217
Finished goods	33,365	25,580
	<u>57,593</u>	<u>48,635</u>

The cost of inventories included in cost of sales during the year ended 31 December 2024 amounted to RMB762,481,000 (2023: RMB571,045,000).

During the year ended 31 December 2024, the Group did not make or reverse any provision for inventories (2023: Nil).

14 TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current		
Deposits	<u>64</u>	<u>–</u>
Current		
Trade receivables, net (a)	204,249	193,767
Other receivables, net (b)	28,365	27,759
Prepayments (c)	273,601	140,890
Deposits, net (d)	<u>1,813</u>	<u>895</u>
	<u>508,028</u>	<u>363,311</u>
	<u>508,092</u>	<u>363,311</u>

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
RMB	422,906	264,163
USD	84,363	99,074
HKD	<u>823</u>	<u>74</u>
	<u>508,092</u>	<u>363,311</u>

The fair values of trade and other receivables approximate to their carrying values as at the end of the reporting period.

(a) **Trade receivables, net**

The credit period granted to customers is generally between 0 to 360 days (2023: 0 to 360 days). The ageing analysis of the trade receivables from the date of sales is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Up to 3 months	110,787	142,311
3 to 6 months	50,249	15,715
6 to 12 months	15,914	25,849
Over 12 months	41,475	18,833
	<u>218,425</u>	<u>202,708</u>
Loss allowance for impairment	<u>(14,176)</u>	<u>(8,941)</u>
	<u>204,249</u>	<u>193,767</u>

The Group's sales are mainly made to several major customers and there is a concentration of credit risks. Sales of goods to the top five customers constituted 44% (2023: 48%) of the Group's revenue for the year. They accounted for 74% (2023: 67%) of the gross trade receivable balances as at 31 December 2024.

As at 31 December 2024, trade receivables with gross carrying amount of approximately RMB90,054,000 (2023: RMB72,426,000) were past due.

The Group and the Company recognised impairment loss based on the accounting policy.

Included in trade receivables are trade debtors (net of impairment losses) with the following ageing analysis, from the date of sales, as of the end of reporting period.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Up to 3 months	108,498	138,644
3 to 6 months	49,290	15,602
6 to 12 months	15,778	25,598
Over 12 months	30,683	13,923
	<u>204,249</u>	<u>193,767</u>

The movements in loss allowance for impairment of trade receivables were as follows:

	<i>RMB'000</i>
At 1 January 2023	10,601
Reversal of impairment losses recognised	<u>(1,660)</u>
At 31 December 2023 and 1 January 2024	8,941
Impairment losses recognised	<u>5,235</u>
At 31 December 2024	<u><u>14,176</u></u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Expected loss rate (%)	Gross carrying amount (RMB'000)	Loss allowance (RMB'000)
Current (not past due)	1.71	128,371	2,194
1-30 days past due	1.86	14,916	277
31-90 days past due	2.26	17,325	391
91-365 days past due	12.02	40,970	4,925
1 year past due	7.06	10,762	760
2-3 years past due	87.23	3,539	3,087
3 years past due	<u>100.00</u>	<u>2,542</u>	<u>2,542</u>
		<u><u>218,425</u></u>	<u><u>14,176</u></u>

As at 31 December 2023

	Expected loss rate (%)	Gross carrying amount (RMB'000)	Loss allowance (RMB'000)
Current (not past due)	1.65	130,282	2,155
1-30 days past due	3.59	64,510	2,317
31-90 days past due	0.47	1,269	6
91-365 days past due	38.95	516	201
1 year past due	47.04	3,467	1,631
2-3 years past due	87.06	255	222
3 years past due	100.00	2,409	2,409
		<u>202,708</u>	<u>8,941</u>

(b) Other receivables, net

	2024 RMB'000	2023 RMB'000
Government grants receivable	24,852	23,447
Amount due from third parties (<i>Note</i>)	845	748
Other tax receivables	955	2,474
Others	1,713	1,090
	<u>28,365</u>	<u>27,759</u>

Note: The amount due from third parties are unsecured, interest-free and repayable on demand.

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The movements in loss allowance for impairment of other receivables were as follows:

	RMB'000
At 1 January 2023	1,824
Impairment losses recognised	1,452
Exchange adjustment	33
	<u>3,309</u>
At 31 December 2023 and 1 January 2024	3,309
Reversal of impairment losses recognised	(13)
Exchange adjustment	67
	<u>3,363</u>
At 31 December 2024	<u>3,363</u>

(c) **Prepayments**

Prepayments are mainly advance payments to suppliers for raw materials.

(d) **Deposits, net**

Deposits mainly represent rental deposits and deposits with suppliers for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

The movements in loss allowance for impairment of deposits were as follows:

	<i>RMB'000</i>
At 1 January 2023	83
Reversal of impairment losses recognised	(83)
Exchange adjustment	—
	<hr/>
At 31 December 2023, 1 January 2024 and 31 December 2024	<hr/> <hr/>

15 TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables (a)	182,082	121,182
Notes payable (b)	149,159	77,750
	<hr/>	<hr/>
	331,241	198,932
Other payables:		
Deposit received from customers	3,087	1,876
Other taxes payable	44	815
Accrued salaries and wages	4,117	3,439
Accrued interest	506	495
Accrued expenses and others	192,153	26,411
	<hr/>	<hr/>
	531,148	231,968
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the trade and other payables are denominated in the following currencies:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
RMB	530,432	231,268
HKD	465	455
USD	251	245
	<hr/>	<hr/>
	531,148	231,968
	<hr/> <hr/>	<hr/> <hr/>

The fair values of trade and other payables approximated to their carrying values as at the year end dates.

- (a) The ageing analysis of trade payables by invoice date is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Up to 3 months	86,428	98,918
3 to 6 months	67,082	9,549
6 to 12 months	17,191	1,129
Over 12 months	11,381	11,586
	<u>182,082</u>	<u>121,182</u>

The credit period granted by the Group's suppliers ranges from 0 to 90 days.

- (b) Notes payables represented bank acceptance notes, which were subject to surcharge ranging from 0% to 0.06% (2023: 0% to 0.06%) of the face value of the notes, with maturity dates from 29 January 2025 to 24 September 2025 (2023: from 12 January 2024 to 22 June 2024).

As at 31 December 2024 and 2023, note payables were secured by pledged bank deposits of the Group with an aggregate carrying amount of approximately RMB69,990,000 (2023: RMB45,559,000), and guaranteed by a director of the Group and a close family member of director of the Group.

16 NOTE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current	<u>—</u>	<u>—</u>

During the year ended 31 December 2018, the Company issued 2-year note at total par value of HKD120,000,000 with coupon rate of 9.00% per annum (the "Note"). The total net proceeds after issuance costs were RMB101,397,544 and the effective interest rate is 11.03% per annum. The Note is secured and guaranteed by Mr. Yu Yuerong, a Director of the Company and is secured by a share charge over 25% equity interest in Ever Clever.

During the year ended 31 December 2022, the Company, Prosper One, Mr. Yu and the Note Purchaser entered into a supplemental deed in relation to the further extension of maturity date of the remaining portions of the Note that were yet to be redeemed from 15 March 2022 to 15 March 2023. The Company has redeemed a portion of the Note in the principal amount of HKD12,000,000 (equivalent to approximately RMB10,262,000), and settled all outstanding interest and administrative fees on the aggregate outstanding principal amount of the Note accrued up to (and including) 15 March 2022. Based on the supplemental deed dated 25 March 2022, the Company has undertaken to redeem another portion of the Note in the principal amount of HKD8,000,000 (equivalent to approximately RMB6,842,000), and settled all outstanding interest and administrative fees on the aggregate outstanding principal amount of the Note accrued up to (and including) 15 September 2022, which was settled by the Company on 14 September 2022.

Based on the assessment performed by the Group, the modifications were regarded as non-substantial modifications. The net gain on modifications of Note of approximately RMB1,364,000 was recognised in consolidated profit or loss at the date of modification for the year ended 31 December 2022.

On 13 March 2023, the Company settled the remaining portion of the Note in the principal amount of HKD40,000,000 (equivalent to approximately RMB36,328,000) and settled all outstanding interest and administrative fees on the aggregate outstanding principal amount of the Note.

The Company may at any time before the maturity dates redeem the Note (in whole or in part) at 100% of the total principal amounts together with payment of interests, outstanding administrative fee and all outstanding amounts payable by the Company to noteholder accrued up to the date of such early redemption.

17 CONVERTIBLE BONDS

On 4 October 2021, the Company completed the issuance of convertible bonds (the “Convertible Bonds due 2024”) in an aggregate principal amount of HK\$93,300,000 (equivalent to approximately RMB77,224,000).

The Convertible Bonds due 2024 is denominated in HKD, bear interest at the rate of 5.87% per annum, payable semi-annually in arrears, and will be matured on three years from the issue date. The holders of Convertible Bonds due 2024 shall have a right to convert the Convertible Bonds due 2024 into ordinary shares of the Company at the conversion price of HKD2.00 per share during the conversion period. The effective interest rate of the liability component of the Convertible Bonds due 2024 is 9.75% per annum.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders’ equity.

The convertible bonds recognised in the consolidated statement of financial position are calculated as follows:

	Convertible Bonds due 2024		
	Liability component	Equity component	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023	79,084	7,176	86,260
Interest expense	7,907	–	7,907
Repayment	(4,925)	–	(4,925)
Foreign exchange movements	1,169	–	1,169
	<hr/>	<hr/>	<hr/>
At 31 December 2023 and 1 January 2024	83,235	7,176	90,411
Interest expense	6,311	–	6,311
Repayment	(89,986)	–	(89,986)
Foreign exchange movements	440	–	440
Transfer to retained earnings due to maturity	–	(7,176)	(7,176)
	<hr/>	<hr/>	<hr/>
At 31 December 2024	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Group’s Convertible Bonds due 2024 were valued by an independent valuer by using binomial option pricing model with the following key assumptions at the issuance date of the Convertible Bonds due 2024:

	2021
Stock price of the Company	HKD1.25
Volatility	39.0%
Risk-free interest rate	0.41%
Bond discount rate	9.75%

18 BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Non-current		
Secured and guaranteed interest-bearing bank borrowings repayable more than one year (<i>Note (i) & (ii)</i>)	276,424	304,544
Sales and leaseback (<i>Note (iii)</i>)	2,654	6,570
	<u>279,078</u>	<u>311,114</u>
Current		
Secured and guaranteed interest-bearing bank borrowings repayable within one year (<i>Note (i) & (ii)</i>)	278,562	280,909
Unsecured and guaranteed interest-bearing bank borrowings repayable within one year (<i>Note (ii)</i>)	53,167	9,800
Unsecured and unguaranteed interest-bearing bank borrowings repayable within one year	10,000	10,000
Sales and leaseback (<i>Note (iii)</i>)	16,739	10,150
	<u>358,468</u>	<u>310,859</u>

Notes:

- (i) The bank borrowings are secured by:
- (a) building with an aggregate net carrying amount of approximately RMB20,499,000 as at 31 December 2024 (2023: RMB21,469,000) as disclosed in Note 10;
 - (b) construction in progress with an aggregate carrying amount of approximately RMB625,315,000 as at 31 December 2024 (2023: RMB534,512,000) as disclosed in Note 10;
 - (c) land use rights with an aggregate net carrying amount of approximately RMB74,314,000 as at 31 December 2024 (2023: RMB40,388,000) as disclosed in Note 11;
 - (d) pledged bank deposits with an aggregate carrying amount of approximately RMB15,099,000 as at 31 December 2024 (2023: RMB9,876,000); and
 - (e) property, plant and equipment of the supplier of the Group as at 31 December 2023.
- (ii) The bank borrowings are guaranteed by:
- (a) a director of the Group;
 - (b) a close family member of directors of the Group; and
 - (c) a supplier of the Group.
- (iii) As at 31 December 2024, the Group's plant and machinery with an aggregate net carrying amount of RMB42,050,000 (2023: RMB5,745,000) were held under sale and leaseback liabilities disclosed in Note 10.

The exposure of the Group's bank borrowings to interest-rate changes and the contractual repricing dates or maturity date, whichever is earlier, is within one year.

The annual weighted average effective interest rate as at 31 December 2024 was 4.78% (2023: 4.82%).

At the end of the reporting period, the Group's bank borrowings are scheduled to repay as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
On demand or within one year	341,729	300,709
More than one year, but not exceeding two years	40,144	28,120
More than two years, but not exceeding five years	170,667	150,551
More than five years	65,613	125,873
	618,153	605,253

At the end of the reporting period, the Group's sale and leaseback liabilities are scheduled to repay as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
On demand or within one year	16,739	10,150
More than one year, but not exceeding two years	2,654	6,570
More than two years, but not exceeding five years	—	—
	19,393	16,720

The exposure of the Group's interest-bearing bank borrowings are as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Fixed-rate bank borrowings	417,710	408,290
Floating-rate bank borrowings	219,836	213,683
	637,546	621,973

The carrying amounts of bank borrowings are denominated in the following currencies:

	2024 RMB'000	2023 <i>RMB'000</i>
USD	50,443	49,363
RMB	587,103	572,610
	637,546	621,973

The carrying amounts of bank borrowings approximate to their fair values and the impact of discounting is not material.

19 SHARE CAPITAL AND SHARE PREMIUM

31 December 2024 and 2023			
		Number of shares (thousands)	HKD'000
Authorised capital:			
Ordinary shares of HKD0.01 each		2,000,000	20,000
		Issued and fully paid: Share capital	Share premium
		Number of ordinary shares (of HKD0.01 each)	
		RMB'000	RMB'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024		491,800,000	3,901
			150,143

All shares issued rank pari passu against each other. There are no changes in the issued capital of the Company at the years ended 31 December 2024 and 2023.

20 PREPAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2024 and 2023, prepayments for construction in progress, and plant and equipment represent advances made under construction contracts and purchases contracts for the development of production plant in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As one of the few top leading manufacturers of the aerosol products in the People's Republic of China (the "PRC"), our Group is principally engaged in the research and development, manufacturing and sale of aerosol products for household and auto care, air fresheners, personal care products and insecticides and wholesales of personal care products and production related materials. We sell our products on contract manufacturing service ("CMS") basis to overseas markets and on original brand manufacturing ("OBM") basis in the PRC market. Meanwhile, the Group also expands the market in Mainland China on CMS basis gradually. Our products can be divided into four major categories, namely (i) household and auto care products, (ii) air-fresheners, (iii) personal care products, and (iv) insecticides.

Our OBM business offers products under our own brand names of "Green Island", "Ludao" ("綠島"), "JIERJIA" ("吉爾佳") and "EAGLEIN KING" ("鷹王"), mainly through a network of distributors, who further resell our OBM products to wholesalers, retailers and end-users in the PRC. Our Group also timely launched the brand "GINVIK" through our subordinate company Zhejiang Sinopharm Junyue Aerosol Co., Ltd* (浙江國藥景岳氣霧劑有限公司) which included e-commerce as a sale channel.

We also continue to explore the wholesales business to sell personal care products and production related materials in the PRC during the Reporting Period.

During the Reporting Period, the Group remained steadfast in upholding its philosophy of "innovative, green and harmonious" development, and further strengthened partnerships with strategic customers. While consolidating our existing sales channels, we actively explored new distribution networks, expanded domestic market presence, and intensified R&D efforts for high value-added products to enhance the Group's pricing power. Investments in e-commerce operations were also scaled up, resulting in broader online sales coverage. In 2024, the Group's CMS business achieved an increase of approximately 36.8% while the OBM business recorded a decrease of approximately 65.8% as a result of adjustments to sales channels.

Regarding the Group's investment in clean energy and heating business introduced in 2017, its contribution to the Group has fallen short of expectations. The Board and the management of the Group will evaluate the strategic alignment of retaining this investment with the Group's future development objectives and work out the best solution in a timely manner, while actively exploring other potential investment opportunities in the market to bolster the Group's competitiveness and synergies.

For the Reporting Period, the revenue and net profit of the Group were approximately RMB906.8 million and RMB51.3 million respectively, representing an increase of approximately 28.5% and 17.7% respectively over 2023. Basic earnings per share was approximately RMB10 cents (2023: approximately RMB9 cents).

The Group's total comprehensive income for the year attributable to the owners of the Company was approximately RMB37.8 million for the Reporting Period, compared to that of approximately RMB39.1 million for the prior year. The decrease was primarily driven by other comprehensive expenses of approximately RMB13.5 million arising from currency translation differences (2023: approximately RMB4.5 million), partially offset by an increase in profit for the Reporting Period to approximately RMB51.3 million (2023: approximately RMB43.6 million).

Acquisition of land use rights in the PRC

On 19 March 2024, an indirect subsidiary of the Company successfully bid for the land use rights of a piece of land located at Sanmen County Binhai Science and Technology City* (三門縣濱海科技城) in the PRC with an estimated total area of 126,981 square meters from the vendor at the consideration of RMB34,230,000. Subsequently on 25 March 2024, the indirect subsidiary of the Company and the vendor entered into a state-owned construction land use right transfer contract* (國有建設用地使用權出讓合同). The land was delivered to the Group on 9 May 2024.

For details of the acquisition arrangement, please refer to the announcement of the Company dated 28 February 2025.

FINANCIAL REVIEW

Revenue

CMS

For the Reporting Period, the revenue for the Group's CMS business was approximately RMB575.4 million (2023: approximately RMB420.6 million) representing an increase of approximately 36.8% as compared with last year.

During the Reporting Period, adhering to the philosophy of "innovative, green and harmonious" development, the Group continued to strengthen the cooperation relationship with strategic customers, more actively expanded the domestic market and vigorously developed high value-added products to enhance the pricing power of the Group's products and proactively explore more international markets. In 2024, the Group's CMS business achieved a significant growth as compared with last year.

OBM

The revenue for OBM business of the Group for the Reporting Period was approximately RMB25.7 million (2023: approximately RMB75.2 million), representing a decrease of approximately 65.8% as compared with last year.

In 2024, the Group adjusted the sales channels for the OBM business. It optimized and adjusted sales activities under the models of old wholesalers and retailers to better adapt to the market. The OBM business entered the temporary adaptation period and recorded certain decrease as compared with last year.

Wholesale business

During the Reporting Period, the Group continued the wholesale business of personal care products and production-related materials in the PRC. Through the industry experience and market network of the individual care products of the Group in the PRC, the Group expanded its business sources and increased its revenue. Revenue from wholesale business in 2024 was approximately RMB305.7 million (2023: approximately RMB209.9 million) representing an increase of approximately 45.6% as compared with last year.

Cost of sales

Cost of sales of the Group for the Reporting Period was approximately RMB765.0 million (2023: approximately RMB572.6 million), representing an increase of approximately 33.6% when compared to the last year.

Gross profit and gross profit margin

For the Reporting Period, the Group recorded gross profit of approximately RMB141.8 million (2023: approximately RMB133.1 million), representing an increase of approximately 6.5% as compared to that of the prior year. The gross profit margin was approximately 15.6% (2023: approximately 18.9%), such decrease of approximately 3.3% was primarily due to continuous inflation of product raw material price, the weakening of the US dollar against the Renminbi and also diluted by the slight gross profit margin ratio from the wholesales business.

Net profit

The Group's net profit for the Reporting Period was approximately RMB51.3 million (2023: approximately RMB43.6 million), representing an increase of approximately 17.7% when compared to the prior year. The net profit margin of the Group decreased from approximately 6.2% in 2023 to approximately 5.7% in 2024. Such result was primarily due to reduction in gross profit margin ratio during the Reporting Period.

Other comprehensive expenses for the year

The Group's other comprehensive expenses for the Reporting Period was approximately RMB13.5 million (2023: other comprehensive expenses approximately RMB4.5 million), representing an increase of approximately 200.0% when compared to the prior year. The increase was mainly due to the effect of the currency translation differences.

Expenses

Selling expenses

Selling expenses mainly consist of staff salaries, allowance and bonus, entertainment expenses, transportation and travelling expenses, advertising expenses and exhibition expenses. For the Reporting Period, selling expenses was approximately RMB21.3 million (2023: approximately RMB27.8 million), representing a decrease of approximately 23.4% as compared to that of the prior year. The decrease was primarily due to the decrease in transportation and travelling expenses during the Reporting Period.

Administrative and other operating expenses

Administrative and other operating expenses consist of staff salaries and benefit expenses, depreciation and amortisation, transportation and travelling expenses, office expenses, research and development costs, other tax expenses and entertainment expenses. For the Reporting Period, administrative and other operating expenses was approximately RMB65.9 million (2023: approximately RMB58.3 million), representing an increase of approximately 13.0% as compared to that of the prior year. The increase was primarily due to the increase in staff salaries and benefit expenses and research and development costs.

Finance costs – net

For the Reporting Period, the Group recorded net finance costs of approximately RMB5.5 million (2023: net finance costs approximately RMB10.6 million), representing a decrease of approximately RMB5.1 million as compared to that of the prior year. The decrease was primarily due to certain high interest rate loans being replaced by lower interest rate loans and higher amounts of interest expenses being capitalised in construction-in-progress as compared to that of the prior year.

Income tax expense

The income tax expense of the Group for the Reporting Period was approximately RMB7.6 million, representing an increase of approximately RMB2.7 million as compared with approximately RMB4.9 million in 2023. Effective income tax rate for the current period was approximately 12.8%, which was higher as compared with approximately 10.2% over 2023. The higher effective income tax rate was primarily due to the effect of different tax rates of the subsidiaries for tax purpose.

HIGHLIGHT OF STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

The Group's property, plant and equipment was approximately RMB801.0 million as at 31 December 2024 compared to approximately RMB635.5 million as at 31 December 2023. Such increase was mainly due to the addition of property, plant and equipment of approximately RMB155.0 million combined with the depreciation provided of approximately RMB10.3 million during the year ended 31 December 2024. Details and breakdown of the property, plant and equipment were set out in note 10 to the consolidated financial statements. The capital expenditures were financed by the internal resources and bank borrowings of the Group.

Prepayments for property, plant and equipment

As at 31 December 2024, the Group's prepayments for construction in progress and plant and equipment was approximately RMB80.1 million (2023: approximately RMB134.9 million). The decrease was due to certain advances made under construction contracts and purchases contracts related to development of production plants in the PRC in previous years were transferred to property, plant and equipment during the Reporting Period.

Inventories

As at 31 December 2024, the inventories increased by approximately 18.5% to approximately RMB57.6 million (2023: approximately RMB48.6 million). This was mainly due to the Group increased production capacity, resulting in an increase in finished goods at the end of the period.

Trade receivables

As at 31 December 2024, trade receivables of approximately RMB90.1 million were past due, representing an increase of approximately 24.4% as compared to the amount of approximately RMB72.4 million as at 31 December 2023. The amount of the impairment provision was approximately RMB14.2 million as at 31 December 2024 (2023: approximately RMB8.9 million).

FINAL DIVIDEND

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the total assets of the Group amounted to approximately RMB1,694.8 million (2023: approximately RMB1,389.0 million), and net current liabilities of approximately RMB266.4 million (2023: net current liabilities: approximately RMB149.5 million). The gearing ratio (based on the total debt over the total equity) of the Group was approximately 176%, which was lower than that of approximately 191% over 2023. The decrease was primarily due to the increase of equity during the year.

BORROWINGS AND THE PLEDGE OF THE GROUP'S ASSETS

As at 31 December 2024, notes payable of approximately RMB149.2 million (2023: approximately RMB77.8 million) were secured by pledge bank deposits with an aggregate carrying amount of approximately RMB70.0 million (2023: approximately RMB45.6 million) and guaranteed by a director of the Group and a close family member of director of the Group. Buildings, construction in progress, land use rights and pledged bank deposits with an aggregate carrying amount of approximately RMB735.2 million (2023: approximately RMB606.2 million) were pledged to secure the Group's bank borrowings which were guaranteed by a director of the Group and a close family member of directors of the Group. Save as disclosed herein, there was no other charge on the Group's assets.

As at 31 December 2024, bank and other borrowings of the Group amounted to approximately RMB358.5 million (2023: approximately RMB310.9 million) with full are repayable on demand or due for repayment within the next twelve months from the end of the Reporting Period.

CAPITAL STRUCTURE

During the Reporting Period, there was no change in the Company's share capital.

FINANCING

The Board considers that the existing financial resources together with funds generated from business operations will be sufficient to meet future expansion plans and the Group believes that it will, if necessary, be capable of obtaining additional financing with favourable terms.

CONTRACTUAL OBLIGATIONS

As at 31 December 2024, the Group had capital commitments of approximately RMB263.7 million in respect of property, plant and equipment (2023: approximately RMB264.7 million). The Group had not rented out the investment property since the end of lease rental during the year ended 31 December 2023. As at 31 December 2024, the Group did not have any future aggregate minimum lease rental receivables (2023: Nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (2023: Nil).

EXCHANGE RATE EXPOSURE

During the Reporting Period, the Group mainly operated in the PRC with most transactions settled in RMB. Although the Group may be exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in currencies other than RMB, the majority of our assets and liabilities were denominated in RMB. We currently do not have any foreign exchange contracts because hedging cost is relatively high. Moreover, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

EMPLOYEES AND EMOLUMENTS POLICIES

As at 31 December 2024, the Group had employed a total of 486 employees (2023: 423). The Group remunerates its employees based on their performance, experience and prevailing industry practices. The total staff costs (including fees, salaries and other allowance for both Directors and other staff) for the Reporting Period were approximately RMB55.0 million (2023: approximately RMB43.8 million). The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the Reporting Period. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonuses and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). The Group will review the remuneration policy and related packages on a regular basis.

SIGNIFICANT INVESTMENT HELD

The Group did not hold any significant investments during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

OTHER INFORMATION

Update on Profit Guarantee in respect of the acquisition of 25% Equity Interest of EC Group (as defined below)

Reference is made to the announcements of the Company dated 29 November 2017 and 5 December 2017 in relation to, amongst other things, the acquisition of 25% equity interest in Ever Clever Group Limited (the “Ever Clever”), together with its subsidiaries (the “EC Group”). Further reference is also made to the announcements of the Company in relation to the update on the profit guarantee of such acquisition dated 23 August 2018, 4 September 2018, 25 October 2019, 17 January 2020, 20 August 2020, 16 September 2020 and 2 November 2020.

The Company has made attempts to communicate and enquire with the relevant individuals from Perfect Century Group Limited (the “EC Vendor”) and Huailai Hengji Heat Supply Limited Company* (懷來縣恒吉熱力有限公司) (the “HGRL”) to request for the audited financial statements of HGRL in accordance with the sale and purchase agreement dated 29 November 2017 (the “EC Agreement”) on several occasions from time to time in 2019 but such attempts did not come to any fruitful results. There has been no material development since the publication of the announcement of the Company dated 17 January 2020.

As HGRL, the principal operating group company of the EC Group, is a company established in the PRC, the Board is advised to take a more comprehensive view of the merits of making a claim against the EC Vendor and/or HGRL in each different relevant jurisdiction. Accordingly, the Board would also seek legal advice from the PRC legal advisers to take any legal action against the EC Vendor and/or HGRL directly in the PRC for the provision of the audited financial statements of HGRL for the year ended 31 March 2018, 31 March 2019 and 31 March 2020.

In November 2020, the Group has taken actions to enforce the share charge over 2,500 shares in Ever Clever against the EC Vendor and notified the EC Vendor of the same, subject to completion of the relevant registration and filing requirements. To enforce the EC Agreement, the Company and Prosper One Development Limited (the “Purchaser”) acted as plaintiffs to issue a writ of summons in the High Court of Hong Kong against the EC Vendor as defendant for, among others, cash compensation payable by the EC Vendor as a result of the breach of its obligations under the EC Agreement, an order requiring the EC Vendor to deliver the audited financial statements of HGRL and a declaration that the Company and the Purchaser are entitled to cancel and avoid the convertible bonds issued by the Company.

As the Group did not receive any replies from the EC Vendor to the writ of summons, the Company and the Purchaser sought to obtain a default judgment against the EC Vendor. On 21 December 2021, the High Court of Hong Kong gave a judgment in favour of the Company and the Purchaser and ordered the EC Vendor to pay damages totaling RMB2,827,500,000 to the Company and the Purchaser. The High Court also ordered the EC Vendor to deliver the audited financial statements of HGRL and declared that the Company and the Purchaser were entitled to cancel and avoid the convertible bonds issued by the Company to the EC Vendor. As at the date of this announcement, no notice of appeal against the default judgment or application for setting-aside the default judgment has been served on the Company or the Purchaser. The board is in the process to discuss the enforcement possibility with legal team.

FUND RAISING ACTIVITIES

The Company has not conducted any fund raising activity during the Reporting Period and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company planned to continue upgrading the existing production line in the future for the sake of improving the automatic level and production quality. In addition, the Group will continue to invest and develop projects for the research and development, manufacture and sale of medical and edible aerosol products through its subsidiaries in the PRC. Also, the Group will continue to expand and explore sales network and platform in order to achieve business growth. The Group will also identify other investment opportunities in the market.

PROSPECTS

Looking ahead to 2025, the Group will continue to strengthen supply chain development, optimize procurement cost controls, and enhance R&D capabilities to ensure efficient and precise development of market-recognized, high value-added products. These efforts aim to improve the pricing power and market prospects of our products while maintaining and expanding our market share, thereby further consolidating and reinforcing our CMS and OBM businesses. With the commencement of production at Zhejiang Sinopharm Jinyue Aerosol Co., Ltd* (浙江國藥景岳氣霧劑有限公司), the Group will be able to further expand its production capacity and diversify its product portfolio through the development of medicinal, edible aerosol products, and cosmetics. Additionally, the Group will leverage e-commerce subsidiaries to broaden sales channels, laying a solid foundation for sustainable revenue growth in the years ahead. Our Chairman and management will closely monitor global dynamics and adapt strategies proactively to deliver stronger performance.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group after the Reporting Period and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with the code provisions set out in the section headed “Part 1 – Mandatory disclosure requirements” and the applicable code provisions set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for the following:

Chairman and Chief Executive

Pursuant to code provision C.2.1 of the CG Code, it is recommended that, the roles of chairman and chief executive should be separated and should not be performed by the same individual. As the duties of chairman and chief executive of the Company are performed by Mr. Yu Yuerong (“Mr. Yu”), the Company has deviated from the CG Code. The Board believes that it is necessary to vest the roles of chairman and chief executive in the same person due to its unique role as Mr. Yu has considerable experience and established market reputation in the industry, and the importance of Mr. Yu in the strategic development of the Company. The dual role arrangement provides strong and consistent leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “Model Code”) as the code of conduct of the Group regarding Director’s securities transactions. The Company has made specific enquiry with all Directors and the Directors confirmed that they had complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the “Audit Committee”) on 16 September 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules.

The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of the external independent auditor, and any questions of its resignation or dismissal. It is also responsible for reviewing Company's financial information and overseeing the Company's financial reporting system, risk management and internal control procedures.

The Audit Committee currently comprises of three independent non-executive Directors, namely Mr. Chan Yin Tsung (being the chairman of the Audit Committee), Mr. Ruan Lianfa and Ms. Yau Kit Kuen Jean. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee possesses the appropriate professional and accounting qualifications.

The terms of reference setting out the Audit Committee's authority and duties are available on both websites of the Company and the Stock Exchange.

During the Reporting Period, the Audit Committee has held two meetings to review the interim, annual financial results and reports, financial reporting and the report on the Company's internal control and risk management review and process.

The Audit Committee has reviewed together with the management and the Group's independent auditor the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements for the Reporting Period and this announcement.

SCOPE OF WORK OF WM CPA LIMITED

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

REMUNERATION COMMITTEE

The Company established the remuneration committee of the Company (the "Remuneration Committee") on 16 September 2013 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration and on the remuneration package of the Directors and senior management. The remuneration policy for the Directors and senior management was based on their experience, level, responsibility and general market conditions.

The terms of reference setting out the Remuneration Committee's authority and duties are available on both websites of the Company and the Stock Exchange.

The Remuneration Committee currently comprises of four members, being three independent non-executive Directors, namely, Mr. Chan Yin Tsung (being the chairman of the Remuneration Committee), Ms. Yau Kit Kuen Jean, Mr. Ruan Lianfa, and one executive Director, Mr. Yu.

During the Reporting Period, there were two meetings held to review and make recommendations on the remuneration packages of individual executive Directors and senior management and the Director's fee of independent non-executive Directors.

NOMINATION COMMITTEE

The Company established the nomination committee of the Company (the "Nomination Committee") on 16 September 2013 with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment or re-appointment of Directors and the senior management as well as the succession planning for Directors, ongoing review the structure, size, composition and diversity of the Board on a regular basis and monitor the training and continuous professional development of Directors and senior management.

The terms of reference setting out the Nomination Committee's authority and duties are available on both websites of the Company and the Stock Exchange.

The Nomination Committee currently comprises of four members, being three independent non-executive Directors, namely, Ms. Yau Kit Kuen Jean (being the chairlady of the Nomination Committee), Mr. Chan Yin Tsung, Mr. Ruan Lianfa and one executive Director, Mr. Yu.

During the Reporting Period, the Nomination Committee has held two meetings to review the structure, size, composition and diversity of the Board, review the independence of the independent non-executive Directors, consider the qualifications of the retiring Directors standing for election at the 2024 annual general meeting of the Company, review the board diversity policy of the Company and review the Directors Nomination Procedures.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholder.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.ludao.cn).

The annual report of the Company for the Reporting Period will be dispatched to shareholders of the Company who has chosen to receive printed version and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
China Ludao Technology Company Limited
Yu Yuerong
Chairman & Executive Director

Hong Kong, 27 March 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yu Yuerong, Mr. Wang Xiaobing and Ms. Pan Yili; and three independent non-executive Directors, namely Mr. Chan Yin Tsung, Mr. Ruan Lianfa and Ms. Yau Kit Kuen Jean.

** For translation and identification purposes only*