

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.



(Incorporated in the British Virgin Islands and re-domiciled and continued in Bermuda with limited liability)
(Stock code: 396)

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

The board of directors (the “Board”) of Hing Lee (HK) Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 with comparative figures for the corresponding year ended 31 December 2023.

The results of the Group have been reviewed by the Company’s audit committee and the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	113,869	94,213
Cost of sales		<u>(98,172)</u>	<u>(71,808)</u>
Gross profit		15,697	22,405
Gain on disposal of subsidiaries	13	13,930	–
Other net income	5	1,325	548
Selling and distribution expenses		(4,682)	(7,665)
Administrative expenses		<u>(8,776)</u>	<u>(22,354)</u>
Profit/(loss) from operations		17,494	(7,066)
Finance costs	6(a)	<u>(2,170)</u>	<u>(4,390)</u>
Profit/(loss) before taxation	6	15,324	(11,456)
Income tax expense	7	<u>–</u>	<u>–</u>
Profit/(loss) for the year		<u>15,324</u>	<u>(11,456)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share	8		
– Basic and diluted		<u>1.90</u>	<u>(1.42)</u>

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

for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the year		15,324	(11,456)
Other comprehensive loss for the year			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		(245)	(102)
– Exchange reserve reclassified to profit or loss upon disposal of subsidiaries, net of nil tax	<i>13</i>	(9,565)	–
		(9,810)	(102)
Total comprehensive income/(loss) for the year		5,514	(11,558)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

(Expressed in Hong Kong dollars)

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,146	75,448
Right-of-use assets		1,883	22,127
Goodwill		—	—
		3,029	97,575
Current assets			
Inventories		3,721	4,099
Trade and other receivables	<i>10</i>	32,619	47,086
Cash and cash equivalents		26,948	33,510
		63,288	84,695
Current liabilities			
Trade and other payables	<i>11</i>	11,903	14,805
Bank loans		—	53,828
Lease liabilities		2,247	3,987
		14,150	72,620
Net current assets		49,138	12,075
Total assets less current liabilities		52,167	109,650
Non-current liabilities			
Lease liabilities		—	2,286
Provision for long service payments		168	191
		168	2,477
NET ASSETS		51,999	107,173
CAPITAL AND RESERVES			
Share capital	<i>12(a)</i>	8,081	8,081
Reserves		43,918	99,092
TOTAL EQUITY		51,999	107,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY INFORMATION

Hing Lee (HK) Holdings Limited (the “Company”) was incorporated in the British Virgin Islands (“BVI”) on 20 April 2004 and re-domiciled in Bermuda on 30 March 2007. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Unit 1101, 11th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activity of the Company is investment holding. The principal activities of the Group are the design, manufacture, sale and marketing of home furniture products including mainly wood-based furniture, sofa and mattresses, provision of promotional services relating to layout design, fitting and display of products and licensing of its own brands and product designs.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise indicated, which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together the “Group”).

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and “Non-current Liabilities with Covenants”
- Amendments to HKFRS 16 “Lease Liability in a Sale and Leaseback”
- Amendments to HKAS 7 and HKFRS 7 “Supplier Finance Arrangements”

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

4. REVENUE

The principal activities of the Group are the design, manufacture, sale and marketing of home furniture products including mainly wood-based furniture, sofa and mattresses, provision of promotional services relating to layout design, fitting and display of products and licensing of its own brands and product designs.

Revenue within the scope of HKFRS 15 “Revenue from Contracts with Customers” comprises:

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Sale of goods	111,139	83,109
Provision of services	<u>2,730</u>	<u>11,104</u>
	<u>113,869</u>	<u>94,213</u>
Disaggregated by timing of revenue recognition:		
Point in time	111,139	83,109
Over time	<u>2,730</u>	<u>11,104</u>
	<u>113,869</u>	<u>94,213</u>

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

5. OTHER NET INCOME

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	744	927
Government grants	200	140
Loss on disposal of property, plant and equipment, net	–	(705)
Write off of trade payable	–	595
Others	381	(409)
	<u>1,325</u>	<u>548</u>

Government grants mainly include funds and subsidies received from local government authorities for the Group's development and business activities.

6. PROFIT/(LOSS) BEFORE TAXATION

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loans	1,907	3,898
Interest on lease liabilities	<u>263</u>	<u>492</u>
	<u><u>2,170</u></u>	<u><u>4,390</u></u>
(b) Staff costs		
Directors' remuneration	1,318	1,318
Salaries, wages and other benefits	14,296	13,126
Retirement scheme contributions	1,454	1,160
Expense (reversed)/recognised in respect of long service payments	<u>(23)</u>	<u>191</u>
	<u><u>17,045</u></u>	<u><u>15,795</u></u>
(c) Other items		
Auditor's remuneration	700	770
Cost of inventories sold [#]	98,172	71,808
Depreciation of:		
– property, plant and equipment	2,024	2,983
– right-of-use assets	3,814	3,983
Expense relating to short-term leases	75	130
Foreign exchange (gain)/loss, net	(1,438)	1,544
(Reversal of impairment losses)/impairment losses on (included in administrative expenses):		
– property, plant and equipment	–	1,956
– right-of-use assets	–	446
– trade receivables	(3,529)	1,954
– other deposits and receivables	(422)	1,050
Loss on disposal of property, plant and equipment, net	<u>–</u>	<u>705</u>

[#] Cost of inventories sold includes HK\$12,027,000 (2023: HK\$11,380,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

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

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

Pursuant to the income tax rules and regulations, the Group is not subject to income tax in Bermuda and the BVI.

No provision for Hong Kong Profits Tax has been made for both years as the Company and subsidiaries incorporated or domiciled in Hong Kong have either no assessable profits or sustained tax losses for taxation purposes during the year.

The subsidiaries incorporated in The People's Republic of China (the "PRC") are subject to the PRC Enterprise Income Tax.

No provision for the PRC Enterprise Income Tax has been made for both years as the subsidiaries incorporated in the PRC have either no assessable profits for the year or have sufficient tax losses brought forward to set off against current year's estimated assessable profit for the year.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss) before taxation	<u>15,324</u>	<u>(11,456)</u>
Tax on profit/(loss) before taxation, calculated at the Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	2,528	(1,890)
Tax effect of non-deductible expenses	131	964
Tax effect of non-taxable income	(3,670)	(151)
Tax effect of different tax rates of subsidiaries	48	(168)
Tax effect of temporary differences not recognised	(541)	(310)
Tax effect of utilisation of tax losses not recognised previously	(138)	(1,613)
Tax effect of unused tax losses not recognised	1,656	3,175
Others	(14)	(7)
Actual tax expense	<u>–</u>	<u>–</u>

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share (2023: basic loss per share) is based on the profit attributable to ordinary equity shareholders of the Company of HK\$15,324,000 (2023: loss attributable to ordinary equity shareholders of the Company of HK\$11,456,000) and the weighted average of 808,096,025 (2023: 808,096,025) ordinary shares in issue during the year.

As the Company does not have any potential dilutive ordinary shares during the years ended 31 December 2024 and 2023, basic and diluted earnings/(loss) per share are the same.

9. SEGMENT REPORTING

(a) Operating segment information

The Group is principally engaged in furniture business, which includes the design, manufacture and sale of home furniture products, provision of promotional services relating to layout design, fitting and display of products and licensing of its own brands and product designs. All of the Group's products and services are of a similar nature and subject to similar risk and returns.

For the purposes of resources allocation and performance assessment, the senior executive management of the Group, being the chief operating decision makers, review the Group's consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and only entity-wide disclosures are presented.

(b) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and right-of-use assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and right-of-use assets.

	2024		2023	
	Revenue from external customers <i>HK\$'000</i>	Specified non-current assets <i>HK\$'000</i>	Revenue from external customers <i>HK\$'000</i>	Specified non-current assets <i>HK\$'000</i>
Asia (excluding the PRC)	72,127	419	45,352	877
Europe	4,314	–	3,259	–
PRC	6,826	2,610	11,409	96,698
The United States	30,602	–	34,193	–
	<u>113,869</u>	<u>3,029</u>	<u>94,213</u>	<u>97,575</u>

Asia mainly covers Japan, Middle East and Southeast Asia; and Europe mainly covers France and Poland.

(c) **Major customers**

Revenue from the major customers that accounted for 10% or more of the Group's total revenue are set out below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	50,176	10,588
Customer B	N/A*	16,086
Customer C	28,473	30,159
Customer D	N/A*	15,702
Customer E	N/A*	11,104

* The corresponding revenue did not contribute 10% or more of the total revenue for the year.

10. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	36,284	33,021
Less: Loss allowance	<u>(5,713)</u>	<u>(11,464)</u>
	<u>30,571</u>	<u>21,557</u>
Deposits paid to suppliers	73	23,435
Value added tax recoverable	382	1,785
Other deposits, prepayments and receivables	<u>1,616</u>	<u>2,046</u>
	2,071	27,266
Less: Loss allowance	<u>(23)</u>	<u>(1,737)</u>
	<u>2,048</u>	<u>25,529</u>
	<u><u>32,619</u></u>	<u><u>47,086</u></u>

The amount of deposits and prepayments expected to be recovered or recognised as expense after more than one year is HK\$1,032,000 (2023: HK\$1,073,000). All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	18,947	12,598
3 to 6 months	3,737	2,263
6 to 9 months	6,717	1,669
9 months to 1 year	171	1,707
Over 1 year	999	3,320
	30,571	21,557

Trade receivables are normally due within 30 to 90 days (2023: 30 to 90 days) from the date of billing.

11. TRADE AND OTHER PAYABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	7,304	9,914
Accrued charges	2,301	2,554
Trade deposits received	1,148	1,288
Other payables	1,150	1,049
	4,599	4,891
	11,903	14,805

All trade and other payables are expected to be settled within one year.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	6,670	4,939
3 months to 1 year	628	1,360
Over 1 year	6	3,615
	7,304	9,914

12. SHARE CAPITAL, DIVIDENDS AND RESERVES

(a) Share capital

	2024		2023	
	Number of ordinary shares of HK\$0.01 each	Amount HK\$'000	Number of ordinary shares of HK\$0.01 each	Amount HK\$'000
Authorised:				
At 31 December	<u>3,000,000,000</u>	<u>30,000</u>	<u>3,000,000,000</u>	<u>30,000</u>
Issued and fully paid:				
At 31 December	<u>808,096,025</u>	<u>8,081</u>	<u>808,096,025</u>	<u>8,081</u>

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

(b) Dividends

	2024 HK\$'000	2023 HK\$'000
Special dividend approved and paid during the year, of HK\$0.0751 per ordinary share (2023: HK\$Nil)	<u>60,688</u>	<u>–</u>

The directors do not recommend the payment of final dividend in respect of the year ended 31 December 2024 (2023: HK\$Nil).

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981. Pursuant to the approval of the special resolution on 16 August 2024, the Company has cancelled the entire amount of share premium and applied part of the credit arising from share premium cancellation to eliminate the accumulated losses of the Company and credited the remaining balance to contributed surplus account of the Company.

(ii) Contributed surplus

Contributed surplus represented the excess of cancellation of share premium of HK\$176,627,000 and elimination of accumulated loss of the Company amounting to HK\$108,484,000.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong which are dealt with in accordance with the accounting policies adopted by the Company.

(iv) ***Statutory reserve fund***

Subsidiaries in the PRC are required to transfer 10% of the net profits, as determined in accordance with the PRC accounting rules and regulations, to statutory reserve fund until the reserve balance reaches 50% of the registered capital. The transfer of this fund must be made before distribution of dividends to equity holders.

The statutory reserve fund can be used to make good of previous years' losses, if any, and may be converted into capital provided that the balance of the general reserve fund after such conversion is not less than 25% of their registered capital.

(v) ***Merger reserve***

The Group's merger reserve represents the difference between the aggregate net assets of the subsidiaries acquired by the Group and the nominal amount of the Company's shares issued under the 2004 Reorganisation.

(vi) ***Capital reserve***

The capital reserve represents the excess of the fair value of consideration paid for acquisition of additional interest in a non-wholly owned subsidiary over the decrease in the carrying amount of the non-controlling interest.

(d) **Distributability of reserves**

At 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK\$32,023,000 (2023: HK\$68,143,000), being the aggregate of the contributed surplus and retained profits (2023: share premium and accumulated losses) of the Company.

(e) **Capital management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through maintaining healthy capital ratio.

The capital structure of the Group consists of net reserves (2023: net debts), which includes cash and cash equivalents net of lease liabilities (2023: secured bank loans and lease liabilities net of cash and cash equivalents), and equity attributable to equity shareholders of the Company, comprising issued share capital, reserves and retained profits (2023: accumulated losses) as disclosed in the consolidated statement of changes in equity.

The directors review the capital structure on an annual basis. As a part of this review, management considers the cost of capital, the changes in economic conditions and the risk characteristics of each class of capital. The directors will balance the Group's overall capital structure through the payment of dividends and new share issues.

The Group's overall strategy remained unchanged during the year.

13. DISPOSAL OF SUBSIDIARIES

On 21 August 2024, the Group disposed of the entire equity interest in Success Profit International Limited and its subsidiaries (together “SP Group”) to certain key management personnel of the Group for a total consideration of HK\$62,000,000. Details of disposal of subsidiaries are set out in the Company’s circular and announcement dated 26 July 2024 and 21 August 2024 respectively.

The assets and liabilities of SP Group at date of disposal:

	<i>HK\$’000</i>
Property, plant and equipment	71,786
Right-of-use assets	16,311
Trade and other receivables	18,032
Cash and cash equivalents	9,469
Trade and other payables	(5,133)
Bank loans	(54,129)
	<hr/>
Net assets	56,336
	<hr/> <hr/>

Gain on disposal of SP Group:

	<i>HK\$’000</i>
Cash consideration	62,000
Less: disposal related costs	(1,299)
	<hr/>
	60,701
Net assets disposed of	(56,336)
	<hr/>
	4,365
Exchange reserve in respect of SP Group reclassified from equity to profit or loss upon disposal	9,565
	<hr/>
Gain on disposal	13,930
	<hr/> <hr/>

Net cash flow on disposal of SP Group:

	<i>HK\$’000</i>
Consideration settled in cash	62,000
Less: disposal related costs	(1,299)
Less: cash and cash equivalents disposed of	(9,469)
	<hr/>
Net cash inflow	51,232
	<hr/> <hr/>

Mr. Sung Kai Hing, Mr. Cheung Kong Cheung, Mr. Chan Kwok Kin and Mr. Huang Wei Ye are the key management personnel of the Company. Therefore, the disposal of subsidiaries constituted a related party transaction.

The SP Group contributed revenue of HK\$11,718,000 and net loss of HK\$1,622,000 to the Group for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal business activities of the Group are the design, manufacture, sale and marketing of home furniture products including mainly wood-based furniture, sofa, mattresses, provision of promotional services relating to layout design, fitting and display of products and licensing of its own brands and product designs.

Since year 2020, the Group has carried on promotion business by providing professional services such as layout design as well as fitting and display of products. During the year under review, following the expiry of the business contract in March 2024, the promotion business has ceased.

The PRC real estate sector has been experiencing a significant downturn which has resulted in a decline in demand for the furniture products in the PRC and hence the demand for the Group's products. In view of the foregoing challenges in the PRC market, the Group is adjusting its business strategy to focus on the business development with overseas customers and the expansion of its customer profile and sales in the overseas market especially in the Middle East and Japan markets. The Group has successfully increased its sales in Japan during the year under review.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 20.9% from about HK\$94.2 million for the year ended 31 December 2023 to HK\$113.9 million for the year ended 31 December 2024. The increase in revenue is a result of increase in export sales to Japan.

Gross Profit

The Group's promotion business which had a higher profit margin ceased after the business contract ended in March 2024. In addition, the Group has successfully increased its export sales, which has a lower gross profit margin, and the proportion of the export sales business has increased. As a result, the Group's gross profit and gross profit margin decreased to approximately HK\$15.7 million and 13.8% respectively for the year ended 31 December 2024, against approximately HK\$22.4 million and 23.8% respectively for the year ended 31 December 2023.

Selling and Distribution Expenses

The Group's selling and distribution expenses amounted to about HK\$4.7 million for the year ended 31 December 2024 (2023: HK\$7.7 million). The decrease in selling and distribution expenses was mainly attributable to the lower level of marketing activities as compared to the year ended 31 December 2023, the year with higher level of marketing spending after the full lifting of anti-pandemic measures.

Administrative Expenses

For the year ended 31 December 2024, the Group's administrative expenses were approximately HK\$8.8 million as compared to about HK\$22.4 million for the year ended 31 December 2023. The decrease in administrative expenses during the year was mainly attributable to three major areas: (1) the absence of the provision for impairment of the Group's non-current assets (2023: approximately HK\$2.4 million); (2) the foreign exchange gain of approximately HK\$1.4 million (2023: loss of approximately HK\$1.5 million); and (3) the reversal of credit impairment on trade and other receivables of approximately HK\$3.5 million and HK\$0.4 million respectively against a provision for expected credit loss on trade receivables and other deposits and receivables of approximately HK\$2.0 million and HK\$1.1 million respectively for the year ended 31 December 2023.

Results for the Year

Profit attributable to equity shareholders of the Company for the year ended 31 December 2024 was approximately HK\$15.3 million as compared to loss attributable to equity shareholders of the Company of approximately HK\$11.5 million for the corresponding period last year.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2024, the Group employed approximately 125 employees (31 December 2023: approximately 130). The staff costs for the year ended 31 December 2024 were approximately HK\$17.0 million (2023: HK\$15.8 million).

Salaries are reviewed annually and discretionary bonuses are paid on annual basis with reference to individual performance appraisals, inflation and prevailing market conditions. Other benefits available to eligible employees include retirement benefits and medical insurance schemes. Share options may also be granted to eligible employees of the Group and other eligible participants.

Apart from regular on-the-job training, the Group also engages professional parties to provide training to its staff to ensure that they can obtain updated job related knowledge and enhance their quality of work.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's overall funding and treasury activities are currently managed and controlled by the senior management. There is no significant change in respect of treasury and financing policies from those of last year. The Group maintained cash and bank balances of HK\$26.9 million as at 31 December 2024 (2023: HK\$33.5 million). As at 31 December 2024, the Group did not have any bank loans (2023: HK\$53.8 million). As at the same date, the gearing ratio (total debt/total equity) was about 0.3 (2023: 0.7). As at 31 December 2024, the current ratio (current assets/current liabilities) was about 4.5 (2023: 1.2) and the net current assets amounted to HK\$49.1 million (2023: HK\$12.1 million). The ageing analysis of trade payables and the maturity profiles of bank loans are set out in the notes to the consolidated financial statements of the annual report to be published by the Company.

SEGMENT INFORMATION

Segment information is set out in note 9 to the consolidated financial statements of this annual results announcement.

ENVIRONMENTAL POLICY

The Group's commitment to protect the environment is well reflected by its continuous efforts in promoting green measures and awareness in its daily business operations. The Group encourages environmental protection and promotes awareness towards environmental protection to the employees. The Group adheres to the principle of Recycling and Reducing. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting the use of recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance.

The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering the 3Rs – Reduce, Recycle and Reuse and enhance environmental sustainability.

Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2024 to be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hingleehk.com.hk).

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in mainland China while the Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group's operations accordingly shall comply with relevant laws and regulations in mainland China and Hong Kong.

During the year ended 31 December 2024 and up to the date of this annual results announcement, to the best of knowledge of the Company, the Group has complied with all the relevant laws and regulations in mainland China and Hong Kong which have a significant impact on the business and operations of the Group, and there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are its valuable assets. Thus the Group provides competitive remuneration package to attract and motivate its employees. Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus. Share options may also be granted to eligible employees of the Group. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. Accordingly, the senior management of the Group kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the Year 2024, there was no material and significant dispute between the Group and its business partners or bank enterprises.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. The list below is not exhaustive and there may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. Besides, this annual results announcement does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Market Risks

Market risk is the risk that deteriorates the Group's profitability or affects the Group's ability to meet business objectives and it arises from the movement in market prices, like foreign exchange rates, interest rates and equity prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign Currency Risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollar, Renminbi and United States dollar. As most of the transactions are denominated and settled in the same currency, the Group's foreign currency risk is considered to be minimal by the Directors at the reporting date. The Group does not hold or issue material derivative financial instruments for trading purposes or for hedging against fluctuations in foreign exchange rates, but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest Rate Risk

The Group's interest-rate risk arises from bank deposits (2023: bank deposits and bank loans) which are at variable rates, which expose the Group to cash flow interest-rate risk, and the Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate through a variety of means.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalents to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The senior management of the Group identifies and assesses key operational exposures regularly so that appropriate risk response can be taken. However, accidents may happen even though systems and procedures were set up for their prevention, which may lead to financial loss, litigation or damage in reputation.

Investment Risk

Investment risk can be defined as the likelihood of occurrence of losses relative to the expected return on any particular investment. Key concern of investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process.

Manpower and Retention Risk

The Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The Group will provide attractive remuneration package to suitable candidates and personnel based on factors such as market rates, responsibility, job complexity as well as the Group's performance. The Group has also adopted share option scheme to recognize and reward the contribution of the employees for the growth and development of the Group.

Business Risk

Performance of our Group's core business will be affected by various factors, including but not limited to economic conditions, performance of property markets in regions where its customers locate, which would not be mitigated even with careful and prudent investment strategy and strict procedure.

CHARGE OF ASSETS

As at 31 December 2024, the Group did not have any pledged assets (31 December 2023: pledge of buildings of approximately HK\$70,450,000).

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the year under review, the Group disposed of its entire equity interest in a wholly-owned subsidiary namely Success Profit International Limited and its subsidiaries. The transaction constituted a very substantial disposal under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules. Details of this transaction are set out in the Company's announcement dated 13 June 2024 and 21 August 2024 and the Company's circular dated 26 July 2024, and also under the section headed "RELATED PARTY TRANSACTIONS" in the Directors' Report of the annual report for the year ended 31 December 2024 to be published by the Company.

The Company recorded a disposal gain of approximately HK\$4.3 million. However, when taking account of the release of exchange fluctuation reserve of Success Profit International Limited of approximately HK\$9.6 million, the Company recorded a disposal gain of approximately HK\$13.9 million. Further information is set out in note 13 to the consolidated financial statements of this annual results announcement.

Save as disclosed above, there were no significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures by the Group during the year and up to the date of this annual results announcement.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant capital commitments and contingent liabilities (31 December 2023: HK\$88,279,000).

PROSPECTS

The Group has been focusing on the overseas markets by exporting its wood-based furniture, sofa and mattress products to overseas countries mainly in Asia, Europe and the United States. The Group will put more effort in research, development and promoting the new products by participating in trade fairs and will make frequent contact with customers to keep them updated on the Group's latest offerings and share the market trend information with the customers to assist them in making favourable procurement decisions. The management of the Group will closely monitor the on-going market trend and customers' preference in order to ensure the design and quality of the home furniture products are keeping abreast of the market.

Looking forward in 2025, the world economy is expected to be increasingly constrained by the uncertainties arisen from the lingering geopolitical tensions, higher interest rates and the potential escalation of trade conflicts, particularly between the US and Mainland China which could significantly interrupt the Group's export business. The management will continuously monitor and review the overall operation and financial performance of the Group's businesses so as to cope with the ever-changing business environment. We will protect our business fundamentals, maintain our agility, vigilance and discipline whilst continuing to adapt to the changing dynamics in consumer behaviour, channels and the market arena. The Group remains cautious but optimistic and is confident that our team and corporate values will capture the foreseeable recovery.

CORPORATE GOVERNANCE

The directors of the Company (the "Directors" and each a "Director") recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Directors continuously observe the principles of good corporate governance in the interests of shareholders and devote considerable effort to identifying and formalizing best practice.

For the year ended 31 December 2024 and up to the date of this annual results announcement, the Company complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the "CG Code") in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except for the deviation mentioned below.

Code provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Sung Kai Hing is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same individual provides the Group with strong and consistent leadership in the development and execution of long-term business strategies.

CORPORATE CULTURE AND STRATEGY

The Company recognises the importance of corporate culture which is essential to our operations and long-term success. The Company's culture is moulded by our values. The Board has established the following values that are integrated throughout the Company's vision, mission, and policies, to guide employees' conduct and behaviors, as well as business operation and strategies:

- (i) Expertise – we supply quality home furniture products and furnish professional services;
- (ii) Dependable – we cherish our strategic partnerships with our clients and business partners, striving to deliver our high-quality products and premium services; and
- (iii) Integrity – we strive to do what is right.

The Company will conduct regular review of and adjust (if necessary) our strategies, and diligently monitor the evolving market conditions to ensure prompt and proactive measures will be taken in response to the changes and market needs, thereby fostering the Group's sustainability.

The Board has satisfied itself that the Company's established purpose, values and strategies and the Company's cultures are aligned. The Directors will continue to act with integrity, lead by example, and promote the desired culture of the Group.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("Model Code") as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions during the year under review.

AUDIT COMMITTEE REVIEW

The audit committee of the Company (the “Audit Committee”) has three members comprising Mr. Kong Hing Ki (Chairman), Ms. Leung Yuen Man, and Mr. Feng Jianzhong, all being independent non-executive Directors. The Audit Committee has reviewed the audited consolidated financial results of the Group for the year ended 31 December 2024.

DIVIDENDS

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

A special dividend of HK7.51 cents per share was approved and paid by the Company during the year (2023: Nil).

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

During the year, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company’s listed securities.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event after the reporting period.

PUBLICATION OF ANNUAL RESULTS AND 2024 ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hingleehk.com.hk). The annual report of the Company for the year ended 31 December 2024 will be despatched to the Shareholders and published on both websites in due course.

By Order of the Board of
Hing Lee (HK) Holdings Limited
Sung Kai Hing
Chairman and Chief Executive Officer

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Sung Kai Hing and Mr. Cheung Kong Cheung and three independent non-executive Directors, namely, Mr. Kong Hing Ki, Ms. Leung Yuen Man and Mr. Feng Jianzhong.