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LABIXIAOXIN SNACKS GROUP LIMITED

蠟筆小新休閒食品集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1262)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	Change
	<i>RMB'million</i>	<i>RMB'million</i>	<i>+/(-)%</i>
<i>Key income statement items</i>			
Revenue	866.7	764.4	+13.4%
Gross Profit	234.6	218.9	+7.2%
Adjusted (LBITDA)/EBITDA ¹	(6.7)	49.9	N/A
Loss for the year	(93.5)	(104.8)	-10.8%
<i>Key performance indicators</i>			
Gross profit margin	27.1%	28.6%	-1.5%pts
(LBITDA)/EBITDA margin	-0.8%	6.5%	-7.3%pts
Net loss margin	-10.8%	-13.7%	+2.9%pts
Return on equity ²	-41.7%	-30.7%	-11.0%pts
		(Restated)	
Loss per share – Basic and Diluted	RMB(0.53)	RMB(0.79)	-32.9%

- Adjusted (LBITDA)/EBITDA refers to (loss)/earnings before interests, income tax, depreciation, amortisation, allowance for expected credit losses and written-off of property, plant and equipment. The Company believes that the presentation of adjusted (LBITDA)/EBITDA, being a non-IFRS measure, will facilitate the evaluation of financial performance of the Group by excluding potential impact of certain non-operating and non-recurring items. Such non-IFRS measure may be defined differently from similar terms used by other companies. The Company's presentation of this non-IFRS measure should not be construed as an inference that the Group's future results will be unaffected by these items.
- Return on equity is calculated using loss and total comprehensive loss for the year divided by average of monthly ending equity balance for the year.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Labixiaoxin Snacks Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”, “**we**” or “**our**”) for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	<i>Notes</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	3	866,675	764,377
Cost of sales		(632,059)	(545,437)
Gross profit		234,616	218,940
Other income	4	3,644	4,254
Other gain, net	5	138	92
Allowance for expected credit losses, net		(22,877)	(78,893)
Written-off of property, plant and equipment		(4,789)	(17,425)
Selling and distribution expenses		(168,643)	(109,838)
Administrative expenses		(115,348)	(99,188)
Operating loss		(73,259)	(82,058)
Finance income		225	332
Finance costs		(20,426)	(23,028)
Finance costs, net	6	(20,201)	(22,696)
Loss before taxation	7	(93,460)	(104,754)
Taxation	8	—	—
Loss and total comprehensive loss for the year		(93,460)	(104,754)
Loss per share attributable to equity holders of the Company (<i>RMB per share</i>)	9		(Restated)
– Basic and diluted		(0.53)	(0.79)

Details of dividends to equity holders of the Company are set out in Note 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		2024	2023
	Notes	RMB'000	RMB'000
ASSETS			
Non-current assets			
Right-of-use assets		84,316	86,798
Property, plant and equipment		237,420	237,978
Deposits for property, plant and equipment		33,098	7,997
		<u>354,834</u>	<u>332,773</u>
Current assets			
Inventories		91,748	60,545
Trade receivables	11	165,489	238,741
Prepayments and other receivables		129,269	134,529
Cash and bank balances		52,501	44,319
		<u>439,007</u>	<u>478,134</u>
Total assets		<u>793,841</u>	<u>810,907</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		1,546	470,030
Reserves		212,973	(247,472)
Total equity		<u>214,519</u>	<u>222,558</u>

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liability			
Deferred tax liabilities		<u>15,846</u>	<u>15,846</u>
		<u>15,846</u>	<u>15,846</u>
Current liabilities			
Trade and other payables	12	107,076	167,313
Bank borrowings	13	<u>456,400</u>	<u>405,190</u>
		<u>563,476</u>	<u>572,503</u>
Total liabilities		<u>579,322</u>	<u>588,349</u>
Total equity and liabilities		<u><u>793,841</u></u>	<u><u>810,907</u></u>
Net current liabilities		<u><u>(124,469)</u></u>	<u><u>(94,369)</u></u>
Total assets less current liabilities		<u><u>230,365</u></u>	<u><u>238,404</u></u>

NOTES:

1. General information

Labixiaoxin Snacks Group Limited (the “**Company**”) was incorporated in Bermuda on 4 May 2004 and domiciled in Bermuda. The Company’s immediate and ultimate holding company is Alliance Food and Beverages (Holding) Company Limited, a company incorporated in the British Virgin Islands (the “**BVI**”). The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Wuli Industrial Area, Jinjiang, Fujian, the People’s Republic of China (the “**PRC**”) (中國福建省晉江市五里工業園區).

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are manufacturing and sales of jelly products, confectionary products, beverages products and other snacks products.

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

The consolidated financial statements are presented in thousands of units of Renminbi (“**RMB’000**”), which is also the functional currency of the Company, unless otherwise stated. The consolidated financial statements have been approved for issue by the Board of Directors of the Company on 28 March 2025.

Going concern basis

The Group incurred a net loss of approximately RMB93,460,000 (2023: approximately RMB104,754,000) for the year ended 31 December 2024. As at 31 December 2024, the Group’s current liabilities exceeded its current assets by approximately RMB124,469,000 (2023: approximately RMB94,369,000).

The directors have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of twelve months from 31 December 2024. They are of the opinion that, taking into account the plans and measures as stated below, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements. Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

(1) Bank borrowings

The Group had bank borrowings of approximately RMB456,400,000 as at 31 December 2024, of which approximately RMB297,400,000 is repayable within one year. The remaining bank borrowings, amounting to approximately RMB159,000,000 were classified as current liabilities due to the existence of a repayment on demand clause in the loan agreements. The directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

(2) Financial support from substantial shareholder

Mr. Zheng Yu Long, the substantial shareholder of the Company who has already provided the unutilised loan facility of RMB60,000,000 to the Group as at 31 December 2024, has to continuously provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from the date of this report.

(3) Alternative sources of external funding

The Group will take steps to obtain external funding in order to improve the working capital and liquidity and cash flow position of the Group.

(4) Cost control measurements

The Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations.

(5) Business reorganisation

The Group may consider the disposal of non-core business and/or financial assets if required.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. Application of new and amendments to international financial reporting standards (“IFRSs”)

Amendment to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

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

New and amendments to IFRSs in issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity ³

¹ Effective for annual period beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors anticipate that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. Segment information and revenue

The Group is principally engaged in the manufacturing and sale of jelly products, confectionary products, beverages products and other snacks products.

The chief operating decision-maker (the “**CODM**”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business by products and assesses the performance of the following operating segments:

- i. Jelly products
- ii. Confectionary products
- iii. Beverages products
- iv. Other snacks products

The CODM assesses the performance of the operating segments based on measure of segment results without allocation of corporate income (included the other income and other gain) and corporate expenses including the administrative expense and other loss. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements. The Company’s executive directors make decisions based on the operating results of each segment and review reports on the ageing analysis of trade receivables and expected usage of inventories of the Group as a whole. No information of segment assets and liabilities is reviewed by the Company’s executive directors for the assessment of performance of operating segments. Therefore, only the segment revenue and segment results are presented.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

Geographic information

No geographic information has been presented as all of the Group’s operating activities are carried out in the PRC.

As at 31 December 2024 and 2023, majority of the Group’s assets, liabilities and capital expenditure were located or utilised in the PRC.

Revenue from customers which individually contributed over 10% of the Group's revenue for the years ended 31 December 2024 and 2023 is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	127,790	79,557
Customer B	<u>97,212</u>	<u>N/A*</u>

* The corresponding revenue does not contribute over 10% of the Group's revenue for the respective year.

Segment revenue and results

	Year ended 31 December 2024				
	Jelly products <i>RMB'000</i>	Confectionary products <i>RMB'000</i>	Beverages products <i>RMB'000</i>	Other snacks products <i>RMB'000</i>	Reportable segments total <i>RMB'000</i>
Revenue					
Sales to external customers	759,190	92,586	2,441	12,458	866,675
Cost of sales	<u>(553,049)</u>	<u>(67,490)</u>	<u>(2,061)</u>	<u>(9,459)</u>	<u>(632,059)</u>
Gross profit	<u>206,141</u>	<u>25,096</u>	<u>380</u>	<u>2,999</u>	<u>234,616</u>
Results of reportable segments	<u>(16,959)</u>	<u>(725)</u>	<u>(327)</u>	<u>(371)</u>	<u>(18,382)</u>

For sales to external customer, the revenue is recognised at a point in time. All revenue contracts are for period of one year or less. As permitted by practical expedient under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

A reconciliation of results of reportable segments to loss for the year is as follows:

	2024
	RMB'000
Results of reportable segments	(18,382)
Corporate income	3,782
Corporate expenses	<u>(58,659)</u>
Operating loss	(73,259)
Finance income	225
Finance costs	<u>(20,426)</u>
Loss before taxation	(93,460)
Taxation	<u>—</u>
Loss for the year	<u>(93,460)</u>

Amounts included in the measure of segment profit or loss:

	Year ended 31 December 2024				
	Jelly products RMB'000	Confectionary products RMB'000	Beverages products RMB'000	Other snacks products RMB'000	Reportable segments total RMB'000
Capital expenditure	<u>35,619</u>	<u>4,344</u>	<u>114</u>	<u>585</u>	<u>40,662</u>
Depreciation of right-of-use assets	<u>2,172</u>	<u>265</u>	<u>8</u>	<u>37</u>	<u>2,482</u>
Depreciation of property, plant and equipment	<u>31,914</u>	<u>3,892</u>	<u>102</u>	<u>523</u>	<u>36,431</u>
Written-off of property, plant and equipment	<u>4,196</u>	<u>512</u>	<u>13</u>	<u>68</u>	<u>4,789</u>
Allowance for expected credit losses on trade receivables, net	<u>20,010</u>	<u>2,440</u>	<u>64</u>	<u>328</u>	<u>22,842</u>

	Year ended 31 December 2023				
	Jelly products <i>RMB'000</i>	Confectionary products <i>RMB'000</i>	Beverages products <i>RMB'000</i>	Other snacks products <i>RMB'000</i>	Reportable segments total <i>RMB'000</i>
Revenue					
Sales to external customers	665,559	85,558	5,201	8,059	764,377
Cost of sales	<u>(474,055)</u>	<u>(58,059)</u>	<u>(7,917)</u>	<u>(5,406)</u>	<u>(545,437)</u>
Gross profit/(loss)	<u>191,504</u>	<u>27,499</u>	<u>(2,716)</u>	<u>2,653</u>	<u>218,940</u>
Results of reportable segments	<u><u>(2,274)</u></u>	<u><u>13,556</u></u>	<u><u>(55,088)</u></u>	<u><u>1,286</u></u>	<u><u>(42,520)</u></u>

A reconciliation of results of reportable segments to loss for the year is as follows:

	2023 <i>RMB'000</i>
Results of reportable segments	(42,520)
Corporate income	4,346
Corporate expenses	<u>(43,884)</u>
Operating loss	(82,058)
Finance income	332
Finance costs	<u>(23,028)</u>
Loss before taxation	(104,754)
Taxation	<u>—</u>
Loss for the year	<u><u>(104,754)</u></u>

Amounts included in the measure of segment profit or loss:

	Year ended 31 December 2023				
	Jelly products <i>RMB'000</i>	Confectionary products <i>RMB'000</i>	Beverages products <i>RMB'000</i>	Other snacks products <i>RMB'000</i>	Reportable segments total <i>RMB'000</i>
Capital expenditure	<u>32,892</u>	<u>–</u>	<u>7,533</u>	<u>–</u>	<u>40,425</u>
Depreciation of right-of-use assets	<u>1,545</u>	<u>–</u>	<u>937</u>	<u>–</u>	<u>2,482</u>
Depreciation of property, plant and equipment	<u>27,468</u>	<u>–</u>	<u>5,665</u>	<u>72</u>	<u>33,205</u>
Written-off of property, plant and equipment	<u>8,657</u>	<u>–</u>	<u>8,768</u>	<u>–</u>	<u>17,425</u>
Allowance for expected credit losses on trade receivables, net	<u>42,758</u>	<u>–</u>	<u>36,107</u>	<u>–</u>	<u>78,865</u>

4. Other income

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rental income	3,155	3,110
Sundry income	360	1,144
Government grants	<u>129</u>	<u>–</u>
	<u>3,644</u>	<u>4,254</u>

5. Other gain, net

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net exchange gain	322	126
Loss on sales of raw materials and scrap materials	<u>(184)</u>	<u>(34)</u>
	<u>138</u>	<u>92</u>

6. Finance costs, net

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Finance costs:		
Interest expenses on bank borrowings	(20,065)	(22,139)
Interest expenses on loan from a director	<u>(361)</u>	<u>(889)</u>
Total finance costs	<u>(20,426)</u>	<u>(23,028)</u>
Finance income:		
Interest income on bank deposits	<u>225</u>	<u>332</u>
Total finance income	<u>225</u>	<u>332</u>
Finance costs, net	<u>(20,201)</u>	<u>(22,696)</u>

7. Loss before taxation

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
The Group's loss before taxation is arrived at after charging:		
Auditors' remuneration		
– Audit service	1,086	1,060
Staff costs (including directors' remuneration)		
– Salaries and bonuses	106,603	116,427
– Retirement benefit costs	7,059	5,563
Subcontracting expenses	34,872	–
Advertising and promotion expenses	96,055	60,293
Depreciation of right-of-use assets	2,482	2,482
Depreciation of property, plant and equipment	36,431	33,205
Allowance for expected credit losses on trade receivables, net	22,842	78,865
Allowance for expected credit losses on other receivables, net	35	28
Cost of inventories sold	506,062	436,679
Written-off of property, plant and equipment	4,789	17,425
Freight and transportation expenses	33,629	8,712

8. Taxation

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current income tax – PRC Enterprise Income Tax	–	–
Deferred tax, net	–	–
	–	–

Hong Kong Profits Tax, Bermuda and BVI Income Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision of Hong Kong Profits Tax, Bermuda and BVI Income Tax has been made, as the Group did not generate any assessable profits in these jurisdictions during the years ended 31 December 2024 and 2023.

PRC Enterprise Income Tax

PRC Enterprise Income Tax has been provided at the rate of 25% (2023: 25%) on taxable profits of the Group's PRC subsidiaries during the year.

9. Loss per share

(a) Basic loss per share

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

	2024	2023
Net loss attributable to the equity holders of the Company (<i>RMB'000</i>)	<u>(93,460)</u>	<u>(104,754)</u>
		(Restated)
Weighted average number of ordinary shares in issue for basic loss per share (<i>'000</i>)	<u>174,956</u>	<u>132,898</u>
		(Restated)
Basic loss per share (<i>RMB per share</i>)	<u>(0.53)</u>	<u>(0.79)</u>

(b) Diluted loss per share

There were no potential ordinary shares in issue for both 2024 and 2023. Therefore, the diluted loss per share of the Company is the same as the basic loss per share.

The denominator for the purpose of calculating basic and diluted loss per share for the year ended 31 December 2023 has been restated to reflect the effect of the share consolidation and capital reduction during the year ended 31 December 2024.

10. Dividends

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

11. Trade receivables

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	220,372	320,639
Less: Allowance for expected credit losses	(54,883)	(81,898)
	<u>165,489</u>	<u>238,741</u>

For the year ended 31 December 2024, the Group's revenue are generally on credit term of 180 days (2023: 180 days). As at 31 December 2024 and 2023, the ageing analysis of trade receivables, based on past due, and net of allowance for expected credit losses, is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	155,418	220,381
31 days – 90 days	6,410	8,853
91 days to 180 days	3,661	9,507
	<u>165,489</u>	<u>238,741</u>

Included in the above allowance for expected credit losses on trade receivables is approximately RMB54,883,000 (2023: approximately RMB81,898,000). The individually impaired trade receivable relates to customers that were in default or delinquency in payments and only a portion of the receivables is expected to be recovered.

12. Trade and other payables

Included in the trade and other payables, as of the end of the reporting period, the trade payables were approximately RMB39,560,000 (2023: RMB25,744,000).

The credit periods granted by suppliers generally range from 30 to 60 days (2023: 30 to 60 days).

The ageing analysis of trade payables based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Less than 30 days	28,297	15,751
31 days – 90 days	9,008	5,909
Over 90 days	2,255	4,084
	39,560	25,744

The carrying amounts of trade and other payables approximate their fair values.

13. Bank borrowings

	2024 RMB'000	2023 RMB'000
Secured bank borrowings	456,400	363,190
Unsecured bank borrowings	–	42,000
Total bank borrowings	456,400	405,190

Carrying amount of bank borrowings wholly repayable:

	2024 RMB'000	2023 RMB'000
On demand or within 1 year	456,400	405,190

14. Events after the reporting period

There were no significant events that have occurred subsequent to the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2024, the Group recorded revenue of RMB866.7 million, representing an increase of approximately 13.4% as compared with the year ended 31 December 2023 mainly due to increase in sales of jelly products, confectionary products and other snacks products by 14.1%, 8.2% and 54.6%, respectively. During the year ended 31 December 2024, the consumer sentiment in the People's Republic of China (the “**PRC**”) continued to recover from the impact of the Coronavirus Disease 2019 (“**COVID-19**”) outbreak. The Group's sales was positively affected by the continual recovery of the consumer sentiment in the PRC. In addition, in the past few years, the Group had put immense efforts in expanding its new sales channels (“**New Sales Channels**”) e.g. sales through major snacks convenience stores chains in the PRC (“**Snacks Convenience Stores Chains**”) and e-commerce on major social media platforms e.g. Douyin. The expansion of these New Sales Channels had boosted the sales of our jelly products, confectionary products and other snacks products.

The gross profit margin of the Group decreased slightly from 28.6% in the year ended 31 December 2023 to 27.1% in the year ended 31 December 2024 as the profit margin from the sales through the Snacks Convenience Stores Chains are in general lower than the sales through traditional distributors. For the year ended 31 December 2024, the Group recorded a net loss of RMB93.5 million (2023: RMB104.8 million). The decrease in net loss during the year ended 31 December 2024 when compared with the year ended 31 December 2023 was primarily due to the increase in gross profit during the year as a result of the increase in the sales through Snacks Convenience Stores Chains and e-commerce channels.

REVENUE

Revenue increased by approximately 13.4% to RMB866.7 million in the year ended 31 December 2024 when compared with the year ended 31 December 2023. During the year ended 31 December 2024, the Group's sales performance has been positively impacted by the recovery of consumer sentiments of the PRC. In addition, the expansion of the New Sales Channels had also boosted the sales of our jelly products, confectionary products and other snacks products.

As at 31 December 2024, the Group had a total number of 435 distributors (31 December 2023: 729). The number of distributors decreased by 40.3% during the year ended 31 December 2024 as the Group had gone through a rigorous assessment on the sales performance and financial healthiness of our distributors during the year under review to eliminate those under-performed distributors.

Jelly products

Revenue of jelly products increased by approximately 14.1% from RMB665.6 million in the year ended 31 December 2023 to RMB759.2 million in the year ended 31 December 2024 due to the reasons explained above. During the year ended 31 December 2024, revenue attributable to jelly snacks increased by approximately 29.2% to RMB455.8 million while sales attributable to jelly beverages decreased by approximately 0.3% to RMB303.4 million.

Confectionary products

Revenue of confectionary products increased by approximately 8.2% from RMB85.6 million in the year ended 31 December 2023 to RMB92.6 million in the year ended 31 December 2024. The increase in revenue of confectionary products was mainly due to strong growth in sales performance through Snacks Convenience Stores Chains and e-commerce channels.

Beverage products

The beverages market in the PRC remained highly competitive and was dominated by several major brands. Revenue of beverages products of the Group decreased by approximately 53.1% to RMB2.4 million in the year ended 31 December 2024 when compared with the year ended 31 December 2023 mainly because the Group did not launch new major products in this category during the year as the contribution of these products was minimal to the Group.

Other snacks products

Revenue of other snacks products increased by approximately 54.6% to RMB12.5 million in the year ended 31 December 2024 when compared with the year ended 31 December 2023 mainly due to strong growth in sales performance through Snacks Convenience Stores Chains and e-commerce channels.

COST OF SALES AND GROSS PROFIT

Cost of sales increased by approximately 15.9% to RMB632.1 million in the year ended 31 December 2024 when compared with the year ended 31 December 2023 which was mainly attributable to the corresponding increase in sales. Gross profit increased by approximately 7.2% to RMB234.6 million in the year ended 31 December 2024 when compared with the year ended 31 December 2023. Gross profit margin decreased slightly from 28.6% in the year ended 31 December 2023 to 27.1% in the year ended 31 December 2024 mainly due to the increase in the proportion of sales through Snacks Convenience Stores Chains.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately 53.5% to RMB168.6 million in the year ended 31 December 2024 when compared with the year ended 31 December 2023 primarily due to increase in the proportion of sales through Snacks Convenience Stores Chains and e-commerce channels, which were in smaller quantities for each delivery and required higher frequency of logistic services from services providers and logistic staff of the Group. In addition, more advertising and promotion expenses were incurred by the Group for the e-commerce channels.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 16.3% to RMB115.3 million in the year ended 31 December 2024 as compared with the year ended 31 December 2023. This was mainly due to the increase in various administrative costs e.g. staff costs due to expansion of the operation team for Snacks Convenience Stores Chains and inflation.

INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Bermuda and British Virgin Islands (“BVI”), members of the Group in Bermuda and the BVI are not subject to any income tax. The Group’s subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income arising in Hong Kong for the year ended 31 December 2024 and 2023. The subsidiaries in the PRC are subject to an income tax rate of 25% on their taxable profit during the year.

No provision of PRC enterprise income tax, Hong Kong profits tax, Bermuda and BVI income tax has been made, as the Group did not generate any assessable profits in these jurisdictions during the year ended 31 December 2024.

NET LOSS FOR THE YEAR

For the year ended 31 December 2024, the Group recorded a net loss of RMB93.5 million (2023: RMB104.8 million). The decrease in net loss for the year ended 31 December 2024 when compared with the year ended 31 December 2023 was primarily attributable to an increase in gross profit during the year as a result of the increase in the sales through Snacks Convenience Stores Chains and e-commerce channels as explained above.

FINANCIAL REVIEW

Financial resources and liquidity

The Group mainly finances its operations and capital expenditures by cash and bank balances, operating cash flows, bank borrowings and loan from a Director.

As at 31 December 2024, the cash and bank balances amounted to RMB52.5 million (As at 31 December 2023: RMB44.3 million). The increase in cash and bank balances was mainly due to increase in bank borrowings and net of payment of interests. The bank borrowings of the Group increased by RMB51.2 million during the year ended 31 December 2024.

As at 31 December 2024, the Group's gearing ratio (total borrowings, lease liabilities and loan from a director divided by total equity) was 212.8% (As at 31 December 2023: 202.8%). The Group maintained sufficient cash and available banking facilities for its working capital requirements and for capitalizing on any potential investment opportunities in the future. The Group will from time to time make prudent financial arrangements and decisions to address changes in the domestic and international financial environment.

Cash flow

The Group recorded a net cash inflow from operating activities of RMB31.5 million for the year ended 31 December 2024 (2023: RMB88.6 million). The Group has spent RMB65.5 million in investing activities for the year ended 31 December 2024 mainly for the upgrade of production lines of the production plants. The Group has a net cash inflow from financing activities of RMB42.2 million for the year ended 31 December 2024 which was mainly due to new bank borrowings and payment of interests.

Capital expenditure

During the year ended 31 December 2024, the Group incurred RMB40.7 million in capital expenditure mainly for the upgrade of production lines of the production plants.

Inventory analysis

The Group's inventories primarily consist of finished goods of jelly products, confectionary products, beverage products and other snacks products, as well as raw materials and packaging materials. As at 31 December 2024, the balance increased by RMB31.2 million when compared with the beginning of the year. The increase in inventory level was mainly due to the fact that the Group has stocked up on inventories for the 2025 Chinese New Year sales as at 31 December 2024.

The inventory turnover days for the years ended 31 December 2024 and 2023 were 49 days and 50 days, respectively.

Trade receivables

Trade receivables mainly represent the balance due from wholesale distributors and New Sales Channels customers. The Group typically sells its products on credit and grant 180 days credit to most of the wholesale distributors and New Sales Channels customers. The balance decreased by RMB73.3 million or 30.7% when compared with the beginning of the year mainly due to faster settlement from New Sales Channel customers. The trade receivable turnover days for the years ended 31 December 2024 and 2023 were 93 days and 147 days, respectively. Subsequent to the year ended 31 December 2024 and up to the date of approval of this announcement, approximately RMB129.5 million of the trade receivables were settled by the wholesale distributors and New Sales Channels customers.

Trade payables

Trade payables mainly represent the balances due to the Group's suppliers who generally grant credit terms ranging from 30 days to 60 days to the Group.

Trade payable turnover days for the years ended 31 December 2024 and 2023 were 41 days and 37 days respectively.

The capital reorganisation

On 15 April 2024, the Board proposed to implement a capital reorganisation plan (the “**Capital Reorganisation**”) which comprised the following:

- (i) the share consolidation whereby every ten issued and unissued existing shares of par value of US\$0.05 each would be consolidated into one consolidated share of par value of US\$0.5 each (the “**Share Consolidation**”);
- (ii) immediately following the Share Consolidation becoming effective, the capital reduction whereby the issued share capital of the Company would be reduced from an amount of US\$66,448,850.00 to an amount of US\$132,897.70 such that the par value of each issued consolidated share will be reduced from US\$0.5 to US\$0.001 by (a) an elimination of any fraction of a consolidated share arising from the Share Consolidation in order to round down the total number of the consolidated shares to a whole number, where applicable; and (b) a cancellation of US\$0.499 of the paid-up capital of the Company on each issued consolidated share so that each issued consolidated share would be treated as one fully paid-up share of par value of US\$0.001 each in the share capital of the Company (the “**Capital Reduction**”);
- (iii) immediately following the Capital Reduction, the sub-division whereby each of the then authorised but unissued existing shares of par value of US\$0.05 each would be sub-divided into fifty new shares of par value of US\$0.001 each (the “**Sub-Division**”);

- (iv) subject to and forthwith upon the Capital Reduction and Sub-Division taking effect, all of the authorised but unissued shares with a par value of US\$0.001 each in the share capital of the Company would be cancelled, and the authorised share capital of the Company of US\$250,000,000 would be diminished by such amount representing the amount of shares so cancelled (the “**Authorised Capital Diminution**”), and forthwith upon the Authorised Capital Diminution, the authorised share capital of the Company would be increased to US\$500,000 by the creation of such number of shares with a par value of US\$0.001 each as shall represent the difference between 500,000,000 Shares with a par value of US\$0.001 each and the number of shares with a par value of US\$0.001 each in issue after the Capital Reduction (the “**Authorised Capital Increase**”);
- (v) immediately following the Capital Reduction becoming effective, the share premium reduction whereby the entire amount standing to the credit of the share premium account of RMB615,656,000 would be reduced to zero (the “**Share Premium Reduction**”); and
- (vi) upon the Capital Reorganisation becoming effective, the credits arising from the Capital Reduction and the Share Premium Reduction in the total amount of approximately US\$151,469,000 (equivalent to approximately RMB1,084,746,000) would be transferred to the contributed surplus account of the Company within the meaning of the Companies Act to then be applied to set off the accumulated losses or be applied by the Board in a manner as permitted by the bye-laws of the Company (the “**Bye-laws**”) and all applicable laws of Bermuda from time to time without further authorisation from the shareholders of the Company.

Each of the new shares arising from the Capital Reorganisation ranks *pari passu* in all respects with each other in accordance with the Bye-laws.

The Capital Reorganisation was approved by a special resolution in the special general meeting of the Company held on 18 June 2024 and the Capital Reorganisation became effective on 20 June 2024.

The Share Subscription

On 13 May 2024, (i) the Company, (ii) Mr. Zheng Yu Long and Alliance Food and Beverages (Holding) Company Limited (collectively the “**Subscribers**”) and (iii) Mr. Zheng Yu Long, Mr. Zheng Yu Shuang, Mr. Zheng Yu Huan and Mr. Li Hung Kong (the “**Relevant Directors**”) entered into a subscription agreement (the “**Subscription Agreement**”) pursuant to which the Company conditionally agreed to allot and issue, and the Subscribers conditionally agreed to subscribe for, a total of 85,518,388 new shares of the Company (the “**Subscription Shares**”) at the price of HK\$1.10 per new share (the “**Share Subscription**”). The total consideration for the Subscription Shares, being HK\$94,070,000, would be set-off against an aggregate amount of approximately RMB85,421,000 (equivalent to approximately HK\$94,070,000), comprising the shareholder’s loan owing by the Company to Mr. Zheng Yu Long under the loan agreement and the directors’ emoluments owing by the Company to the Relevant Directors, and accordingly no cash proceeds would be received by the Company from the Share Subscription.

The Subscription Shares represented (i) approximately 64.35% of the then existing issued share capital of the Company upon the Capital Reorganisation becoming effective; and (ii) approximately 39.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming there would be no change in the issued share capital of the Company between 13 May 2024 and completion of the Share Subscription, other than the Capital Reorganisation and the issue of the Subscription Shares.

The Share Subscription was approved by an ordinary resolution in the special general meeting of the Company held on 26 June 2024. All conditions in the Subscription Agreement were fulfilled and completion took place on 5 July 2024 in accordance with the terms and conditions of the Subscription Agreement.

Foreign exchange fluctuations

The Group earns revenue and incurs costs and expenses mainly in Renminbi. The Group is exposed to certain foreign exchange fluctuations arising mainly from the exposure of Renminbi against the Hong Kong dollar and United States dollar. During the year ended 31 December 2024, the Group did not enter into any forward contracts to hedge the foreign exchange exposures as the Directors considered the financial benefits of such forward contracts might not outweigh their costs. The Company will continue to monitor foreign exchange exposures of the Group to best preserve the Group's cash value.

Charges on assets

As at 31 December 2024, land use rights and buildings of the Group with carrying values of RMB84,316,000 (31 December 2023: RMB86,798,000) and RMB134,715,000 (31 December 2023: RMB90,690,000) respectively, were pledged to banks as securities for banking facilities granted to the Group.

Contingent liabilities

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

Capital commitments

As at 31 December 2024, the Group had no capital commitments (31 December 2023: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2024, the Group had approximately 860 employees (2023: approximately 1,200 employees) and the total remuneration expenses for the year ended 31 December 2024 amounted to RMB113.7 million. The employees' salaries are reviewed and adjusted annually based on employees' performance and experience. The Group's employee benefits include performance bonus, mandatory provident fund for Hong Kong employees, social insurance packages for the PRC employees and education subsidy to encourage continuous professional development of staff.

The emoluments of the Directors and senior management of the Company are decided by the Board with the recommendation of the remuneration committee of the Company, having regard to the Group's operating results, individual performance and comparable market statistics.

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

Apart from Capital Reorganisation and the Share Subscription, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2024.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no significant investments, material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2024. Further, there was no plan authorised by the Board for other material investments or additional capital assets as at the date of this announcement.

PROSPECTS

After the COVID-19 pandemic, the consumer sentiment in the PRC and the market demand for the Group's snack products continued to recover. During the year ended 31 December 2024, the Group recorded its fourth consecutive year of increase in revenue. The Directors expected that the steady and healthy recovery of the PRC's economy and our business will continue in the short to medium term. To build a solid foundation for mid-to-long term growth, the Group will continue to (i) take proactive steps in marketing its brand image and products in 2025 and onwards, (ii) launch new snacks products from time to time to offer better choices to the consumers and (iii) expand the New Sales Channels coverage in the PRC. The Directors believe that these measures will bring positive impacts to the Group's financial performance in the long run.

While the near-term outlook for the snacks products sector of the PRC remains challenging due to stiff competition in the industry, the country's ongoing economic reforms and the continuous expansion of the middle and upper class population will propel growth in retail consumption in the long run. Therefore, the Directors are cautiously optimistic to the long term development of the Group's business.

FINAL DIVIDEND

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

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with written terms of reference in compliance with the code provisions in Part 2 of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chung Yau Tong (chairman of the Audit Committee), Mr. Li Biao and Mr. So Ching Tung, *JP* (who replaced Ms. Guo Li as a member of the Audit Committee with effect from 6 December 2024). The Audit Committee has reviewed with the auditor and management the annual results for the year ended 31 December 2024, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters for the year ended 31 December 2024.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures contained in the preliminary announcement of the Group’s results for the year ended 31 December 2024 have been agreed by the Group’s auditor, HLB Hodgson Impey Cheng Limited (“**HLB**”), to the amounts set out in the Group’s consolidated financial statements for the year ended 31 December 2024. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, the Hong Kong Standards on Review Engagements, or the Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by HLB on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s audited consolidated financial statements for the year ended 31 December 2024. The report includes paragraphs of material uncertainty related to going concern, without modification:

Material Uncertainty Related To Going Concern

“We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB93,460,000 during the year ended 31 December 2024 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately RMB124,469,000. As stated in Note 3, these conditions, along with other matters as set forth in Note 3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

CORPORATE GOVERNANCE PRACTICES

The Company is committed to promoting stringent corporate governance practices and procedures with a view to safeguarding the interests of the shareholders of the Company (the “**Shareholders**”) as well as enhancing investor confidence and the Company’s accountability and transparency. The Company sets out its corporate governance practices with reference to Part 2 of the CG Code. During the year ended 31 December 2024, the Company has complied with all the code provisions set forth under Part 2 of the CG Code and there has been no deviation from the code provisions throughout the year ended 31 December 2024.

The Company continues to review its corporate governance practices regularly to ensure compliance with the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules and devised its own code of conduct regarding Directors' dealings in the Company's securities (the “**Company Code**”) on terms no less exacting than the Model Code.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code and the Company Code throughout the year ended 31 December 2024.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2024.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement of the Company for the year ended 31 December 2024 is published on the website of the Company at www.lbxxgroup.com and the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at www.hkexnews.hk. The annual report of the Company for the year ended 31 December 2024 will be made available at the respective websites and despatched to the Shareholders (where required) in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2024 (the “**AGM**”) is proposed to be held on Thursday, 19 June 2025. A notice convening the AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' rights to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 16 June 2025 to Thursday, 19 June 2025, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 13 June 2025.

For and on behalf of the Board
Labixiaoxin Snacks Group Limited
Zheng Yu Huan
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Directors of the Company are Zheng Yu Long, Zheng Yu Shuang, Zheng Yu Huan and Wu Qiongyao as executive Directors, Li Hung Kong as non-executive Director and Li Biao, Chung Yau Tong and So Ching Tung, JP as independent non-executive Directors.

This announcement is available for viewing on the website of the Company at www.lbxxgroup.com and the website of the Stock Exchange at www.hkexnews.hk.