

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.



WellCell Holdings Co., Limited

經緯天地控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2477)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately RMB278.2 million for the year ended 31 December 2024 (Year ended 31 December 2023: approximately RMB256.0 million).
- Profit attributable to the equity holders of the Company for the year ended 31 December 2024 amounted to approximately RMB20.1 million (Year ended 31 December 2023: approximately RMB20.4 million).
- Basic earnings per share amounted to approximately RMB4.1 cents for the year ended 31 December 2024 (Year ended 31 December 2023: approximately RMB5.4 cents).
- The Board does not recommend the payment of final dividend for the years ended 31 December 2024 and 2023.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of WellCell Holdings Co., Limited (the “**Company**”) is pleased to present the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”) together with the comparative figures for the prior year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
Revenue	4	278,223	255,959
Other income	6	4,020	1,834
Other gains/(losses) – net	7	3,051	(52)
Employee benefit expenses	8	(19,357)	(17,124)
Subcontracting charges		(186,868)	(153,847)
Materials, supplies and other project costs		(34,640)	(40,505)
Depreciation and amortisation	5(a)	(3,086)	(2,148)
Net impairment losses of contract assets and trade receivables		(4,395)	(389)
Net impairment losses of other receivables		(520)	–
Other operating expenses	5(b)	(9,295)	(5,759)
Listing expenses	5(c)	(6,257)	(14,008)
Operating profit		20,876	23,961
Finance income	9	1,918	205
Finance costs	9	(878)	(1,083)
Finance income/(costs), net		1,040	(878)
Profit before tax		21,916	23,083
Income tax expenses	10	(1,776)	(2,686)
Profit for the year attributable to the equity holders of the Company		20,140	20,397
Earnings per share attributable to equity holders of the Company			
Basic and diluted (RMB cents per share)	11	4.1	5.4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	20,140	20,397
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(50)</u>	<u>—</u>
Net other comprehensive income for the year, net of tax	<u>(50)</u>	<u>—</u>
Total comprehensive income for the year attributable to the equity holders of the Company	<u>20,090</u>	<u>20,397</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	14,459	1,492
Intangible assets	14	10,377	762
Deferred tax assets		857	2,348
Total non-current assets		25,693	4,602
CURRENT ASSETS			
Trade receivables	15	53,539	62,700
Contract assets		106,799	70,065
Prepayments, deposits and other receivables		21,370	20,933
Financial asset at fair value through profit or loss	16	11,600	—
Due from immediate holding company		1,205	1,181
Pledged bank deposits		133	301
Cash and cash equivalents		104,982	23,810
Total current assets		299,628	178,990
CURRENT LIABILITIES			
Trade and bills payables	17	6,022	6,971
Contract liabilities, other payables and accruals		73,635	62,511
Interest-bearing bank borrowings	18	41,776	24,000
Lease liabilities		1,168	46
Due to shareholders		1,032	816
Tax payable		285	—
Total current liabilities		123,918	94,344
NET CURRENT ASSETS		175,710	84,646
TOTAL ASSETS LESS CURRENT LIABILITIES		201,403	89,248

		As at 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	18	–	4,000
Lease liabilities		<u>1,036</u>	<u>98</u>
Total non-current liabilities		<u>1,036</u>	<u>4,098</u>
Net assets		<u>200,367</u>	<u>85,150</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	19	4,549	—*
Reserves		<u>195,818</u>	<u>85,150</u>
Total equity		<u>200,367</u>	<u>85,150</u>

* The balance was less than RMB1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

WellCell Holdings Co., Limited (the “**Company**” together with its subsidiaries, collectively, the “**Group**”) was incorporated in the Cayman Islands on 14 September 2021 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands. The Company’s principal place of business in Hong Kong is located at Room 704, 7/F Jubilee Centre, 18 Fenwick Street, Wan Chai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group did not change during the year and consisted of the provision of (i) wireless telecommunication network enhancement services, (ii) telecommunication network infrastructure maintenance and engineering services, (iii) information and communication technology (“**ICT**”) integration services; (iv) telecommunication network-related software development and related services; and (v) sales of software.

In the opinion of the directors (the “**Directors**”) of the Company, (i) the immediate holding company of the Company is WellCell Group Co., Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability; (ii) the ultimate holding company of the Company is Shine Dynasty Limited (“**Shine Dynasty**”), a company incorporated in the BVI with limited liability; and (iii) the ultimate controlling shareholder is Mr. Jia Zhengyi (“**Mr. Jia**”) who is a director of the Company.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 12 January 2024.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for the financial asset at fair value through profit or loss (“**FVTPL**”), which is stated at its fair value. These consolidated financial statements are presented in Renminbi and all values are rounded to the nearest thousands (“**RMB’000**”), unless otherwise stated. These consolidated financial statements have been approved for issue by the board (the “**Board**”) of directors of the Company on 28 March 2025.

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

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

New and amended standards adopted by the Group

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

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

The application of the amendments in the current period had no significant impact on the consolidated financial position or performance of the Group.

New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2024 and not early adopted by the Group

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

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

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

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

⁴ No mandatory effective date yet determined but available for adoption

The Group will adopt the above new interpretations and amendments to existing standards as and when they become effective. The Group has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these interpretations and amendments to existing HKFRSs.

4 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Directors. The Directors review the Group's internal reporting in order to assess performance and allocate resources. The Directors have determined the operating segment based on these reports.

The Directors consider the Group's operation from a business perspective and determine that the Group has one reportable operating segment being provision of services and products for telecommunication network and infrastructure. Therefore, no segment result, segment assets and segment liabilities were further presented.

(a) Revenue

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition		
Over time		
– Wireless telecommunication network enhancement services	76,538	94,923
– Telecommunication network infrastructure maintenance and engineering services	29,311	43,796
– ICT integration services	144,452	93,279
– Telecommunication network-related software development and related services	23,162	18,142
	<u>273,463</u>	<u>250,140</u>
At a point in time		
– Sales of software	4,760	5,819
	<u>4,760</u>	<u>5,819</u>
	<u>278,223</u>	<u>255,959</u>

(b) Information about major customers

Revenue from major customers who have individually contributed 10% or more of the total revenue of the Group, including sales to a group of entities which are known to be under common control with that customer, is set out below:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	39,780	54,820
Customer B	<u>36,733</u>	<u>N/A*</u>

* *Revenue from this customer was less than 10% of the Group's total revenue for the year ended 31 December 2023*

For the year ended 31 December 2024, 47% of the Group's revenue was derived from its top five customers (2023: 45%), in which, as to 14% of the Group's revenue was derived from its largest major customer (2023: 21%).

(c) Segment revenue by customers' geographical location

The Group is mainly domiciled in the PRC. As over 90% of the total revenue of the Group is derived from external customers in the PRC for the years ended 31 December 2024 and 2023, therefore, no geographical segment was further presented.

(d) Non-current assets by geographical location

The geographical information of the non-current assets of the Group is set out below:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
PRC	19,229	2,254
Hong Kong	<u>5,607</u>	<u>—</u>
	<u>24,836</u>	<u>2,254</u>

* *The non-current assets information above is based on the location of assets and excludes the deferred tax assets.*

5 PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

(a) Depreciation and amortisation

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charges		
– Property, plant and equipment	1,500	1,212
– Right-of-use assets	773	91
	<hr/>	<hr/>
Total depreciation charges	2,273	1,303
Amortisation of intangible assets	813	845
	<hr/>	<hr/>
	3,086	2,148
	<hr/>	<hr/>

(b) Other operating expenses

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Expenses of short-term leases		
in respect of offices and staff quarters	4	4
Auditor's remuneration		
– Audit services (excluding listing expenses)	987	1,800
– Non-audit services	306	–
	<hr/>	<hr/>
	306	–
	<hr/>	<hr/>

(c) Listing expenses

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Listing expenses	<u>6,257</u>	<u>14,008</u>

Note: Listing expenses represent other listing expenses not directly related to the issuance of new shares upon listing of the Company on 12 January 2024.

6 OTHER INCOME

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Government subsidies (<i>note</i>)	529	323
VAT refund	774	1,368
Equipment rental income	—	89
Change in fair value of financial asset at FVTPL (<i>note 16</i>)	2,600	—
Sundry income	<u>117</u>	<u>54</u>
	<u>4,020</u>	<u>1,834</u>

Note: During the years ended 31 December 2024 and 2023, there were no unfulfilled conditions or other contingencies attaching to these subsidies.

7 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Exchange gains/(losses), net	2,987	(52)
Others	<u>64</u>	<u>—</u>
	<u>3,051</u>	<u>(52)</u>

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Wages and salaries	16,328	13,642
Pension cost – defined contribution plans	2,654	2,975
Other staff welfares	375	507
	<u> </u>	<u> </u>
Total employee benefit expenses (including directors' remunerations)	<u>19,357</u>	<u>17,124</u>

9 FINANCE INCOME/(COSTS), NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income on cash at banks	<u>1,918</u>	<u>205</u>
Finance costs		
Interest expenses on		
– Interest-bearing bank borrowings	(813)	(1,076)
– Leases	<u>(65)</u>	<u>(7)</u>
	<u>(878)</u>	<u>(1,083)</u>
Finance income/(costs), net	<u>1,040</u>	<u>(878)</u>

10 INCOME TAX

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profits in Hong Kong for the years ended 31 December 2024 and 2023.

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax (“CIT”) rate in the PRC is 25%. During the years ended 31 December 2024 and 2023, WellCell Technology Company Limited, the Group’s major operating subsidiary in the PRC, was qualified for high and new technology enterprises status and is therefore subject to a preferential corporate income tax rate of 15%.

During the years ended 31 December 2024 and 2023, a 10% withholding tax was levied on dividend declared by a company in the PRC to its foreign shareholder.

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
– PRC CIT	285	544
– PRC dividend withholding tax	–	2,200
Deferred tax	<u>1,491</u>	<u>(58)</u>
Income tax expenses	<u><u>1,776</u></u>	<u><u>2,686</u></u>

11 EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years.

The weighted average number of ordinary shares for the years ended 31 December 2024 and 2023 has been retrospectively adjusted for (i) 200 ordinary shares of the Company, which were issued by the Company on 27 April 2023 for the reorganisation of the Group as detailed in Note 1.2(h) to the consolidated financial statements for the year ended 31 December 2024; and (ii) 374,999,600 ordinary shares of the Company, which were issued by the Company on 12 January 2024 as a result of the capitalisation issue pursuant to a resolution of the shareholders passed on 15 December 2023, which were deemed to have been issued and allotted by the Company on 1 January 2023 as if the Company has been incorporated by then when computing the basic and diluted earnings per share for the years ended 31 December 2024 and 2023.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2024	2023
Profit for the year (RMB'000)	20,140	20,397
Weighted average number of ordinary shares in issue (in thousands)	496,243	375,000
Basic earnings per share (RMB cents per share)	4.1	5.4

There were no differences between the basic and the diluted earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

As detailed in note 21 to this announcement, pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company subsequent to the end of the reporting period on 27 March 2025, effective on 31 March 2025, each of the existing issued and unissued shares of the Company of HK\$0.01 each were sub-divided (the “**Share Subdivision**”) into two shares of HK\$0.005 each.

Should the Share Subdivision have become effective as at the date of this announcement, the weighted average number of ordinary shares for the years ended 31 December 2024 and 2023 would have been postoperatively adjusted, and therefore the calculation of the basic and diluted earnings per share for the year ended 31 December 2024 and the comparative figure for the year ended December 2023 has also been restated, as follows:

	Year ended 31 December	
	2024	2023
Profit for the year (RMB'000)	20,140	20,397
Adjusted weighted average number of ordinary shares in issue (in thousands)	992,486	750,000
Adjusted basic earnings per share (RMB cents per share)	2.0	2.7

12 DIVIDENDS

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interim dividends – Nil (2023: RMB39,973 per ordinary share)	–	15,989

13 PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the movements in the Group's property, plant and equipment are mainly as follows:

- (i) Additions to leasehold improvements, motor vehicles and furniture, fixtures and office equipment amounted to approximately RMB12,224,000 during the year ended 31 December 2024 (2023: approximately RMB74,000).
- (ii) The Group entered into 2 tenancy agreements for its offices for a term of 2 to 3 years during the year ended 31 December 2024. The present value of the right-of-use assets and lease liabilities amounting to approximately RMB3,008,000 regarding these 2 tenancy agreements were initially recognised during the year ended 31 December 2024 (2023: The Group entered into a tenancy agreement for its office for a term of 4 years. The present value of the right-of-use assets and lease liabilities amounting to approximately RMB188,000 were initially recognised during the year ended 31 December 2023).

14 INTANGIBLE ASSETS

During the year ended 31 December 2024, additions to intangible assets, being the self-developed softwares, amounted to approximately RMB10,428,000 (2023: Nil) and amortisation of approximately RMB813,000 (2023: approximately RMB845,000) were provided during the year ended 31 December 2024.

15 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	60,195	66,093
Less: impairment of trade receivables	(6,656)	(3,393)
	53,539	62,700

The Group's trading terms with its customers are mainly on credit, except for new customers, where deposit in advance is normally required. Trade receivables are normally due within 15 to 180 days from the invoice date.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

As at 31 December 2024 and 2023, the aging analysis of trade receivables, based on invoice date, and net of loss allowance, was as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 180 days	33,122	46,187
Between 181 days and 365 days	5,166	13,139
Between 1 year and 2 years	14,932	3,374
Over 2 years	319	—
	<u>53,539</u>	<u>62,700</u>

16 FINANCIAL ASSET AT FVTPL

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Investment in equity security – Unlisted, at fair value	11,600	—

The above unlisted equity investment represented 0.206% equity interest in an unlisted entity established in the PRC, which was classified as financial asset at FVTPL. The Group engaged an independent professional value to determine the fair value of this equity investment as at 31 December 2024 by using the guideline transaction method. During the year, the Group recorded a fair value gain of approximately RMB2,600,000 (note 6) from this financial asset at FVTPL.

17 TRADE AND BILLS PAYABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	6,022	6,130
Bills payables	—	841
	<u>6,022</u>	<u>6,971</u>

As at 31 December 2024 and 2023, the aging analysis of trade payables, based on invoice date, was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 180 days	3,331	4,230
Between 181 days and 365 days	1,940	646
Over 1 year	751	1,254
	6,022	6,130

18 INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
Bank borrowings, unsecured	2.9%	2025	22,000	3.7%	2024	20,000
	Loan prime rate -0.5%	2025	10,000	Loan prime rate +0.4%	2024-2025	8,000
Bank borrowings, secured*	2.6%	2025	9,776	—	—	—
			41,776			28,000
Less: Non-current portion			—			(4,000)
Current portion			41,776			24,000

* As at 31 December 2024, the interest-bearing bank borrowings were secured by a floating charge over the receivables arising from certain service contracts. As at 31 December 2024, the receivables arising from these service contracts included in the contract assets were approximately RMB4,022,000 (2023: Nil).

Certain of the Group's interest-bearing bank borrowings as at 31 December 2024 and 2023 are subject to the fulfillment of certain covenants which primarily relate to, among others, the maintenance of debt-to-assets ratio below certain levels. The Group regularly monitors its compliance with these covenants and none of these covenants had been breached as at 31 December 2024 and 2023.

19 SHARE CAPITAL

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Authorised:		
1,000,000,000 (2023: 38,000,000) ordinary shares of HK\$0.01 each	<u>9,252</u>	<u>344</u>
Issued and fully paid:		
500,000,000 (2023: 400) ordinary shares of HK\$0.01 each	<u>4,549</u>	<u>—*</u>

* *The balance was less than RMB1,000.*

(a) A summary of movements in the Company's authorised share capital is as follows:

	2024		2023	
	Number of shares	Nominal value <i>HK\$</i>	Number of shares	Nominal value <i>HK\$</i>
Authorised:				
At beginning of year, ordinary shares of HK\$0.01 each	38,000,000	380,000	38,000,000	380,000
Increase in authorised share capital (<i>Note (i)</i>)	<u>962,000,000</u>	<u>9,620,000</u>	<u>—</u>	<u>—</u>
At end of year, ordinary shares of HK\$0.01 each	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>38,000,000</u>	<u>380,000</u>
		<i>RMB'000</i>		<i>RMB'000</i>
Equivalent to:		<u>9,252</u>		<u>344</u>

(b) A summary of movements in the Company's issued and fully paid share capital is as follows:

	Number of shares	Nominal value HK\$
Issued and fully paid:		
Issue of ordinary shares on 14 September 2021 (date of incorporation) (<i>Note (ii)</i>)	200	2
Issue of ordinary shares on 27 April 2023 (<i>Note (iii)</i>)	<u>200</u>	<u>2</u>
As at 31 December 2023 and 1 January 2024	400	4
Issue of shares upon listing (<i>Note (iv)</i>)	125,000,000	1,250,000
Capitalisation Issue (<i>Note (v)</i>)	<u>374,999,600</u>	<u>3,749,996</u>
As at 31 December 2024	<u><u>500,000,000</u></u>	<u><u>5,000,000</u></u>

RMB '000

Equivalent to:	<u><u>4,549</u></u>
----------------	---------------------

Notes:

- i. On 15 December 2023, the authorised share capital of the Company was increased from 38,000,000 to 1,000,000,000 ordinary shares of HK\$0.01 each pursuant to a resolution passed by the shareholders on 15 December 2023.
- ii. On 14 September 2021, 200 ordinary shares were issued for HK\$2 pursuant to the Group's reorganisation as detailed in Note 1.2(h) to the consolidated financial statements for the year ended 31 December 2024. As at 1 January 2023, the total number and nominal value of issued ordinary shares of the Company amounted to 200 shares and HK\$2, respectively.
- iii. On 27 April 2023, the Company acquired 100% equity interest in WellCell International Co., Limited by the issue and allotment of 200 shares to WellCell Group Co., Limited pursuant to the Group's reorganisation as stated in note (ii) above for listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

- iv. On 12 January 2024, the Company issued 125,000,000 ordinary shares at a price of HK\$1.00 per share as a result of the completion of the share offer (the “**Share Offer**”) and the Company’s shares are listed on the Main Board of the Stock Exchange. The Share Offer was completed on 12 January 2024, with net proceeds of approximately HK\$104,498,000 (equivalent to approximately RMB95,127,000), net of (i) the share issue expenses and (ii) direct expenses attributable to the listing with an aggregate amount of approximately HK\$20,502,000 (equivalent to approximately RMB18,598,000). Apart from the above, the total net proceeds from the Share Offer was approximately HK\$60,600,000 (equivalent to approximately RMB56,000,000) after further deducting the other expenses, which was not directly related to the issuing of new shares upon listing and therefore charged to profit and loss during the year and the previous years.
- v. On 12 January 2024, 374,999,600 ordinary shares of the Company were allotted to the shareholders to capitalise (the “**Capitalisation Issue**”) an amount of HK\$3,749,996 (equivalent to approximately RMB3,412,000) standing to the credit of the share premium account of the Company, as created by the Share Offer as detailed in (iv) above, pursuant to a resolution passed by the shareholders on 15 December 2023.

20 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The ultimate holding company and controlling shareholder are disclosed in Note 1 to this announcement.

Major related parties that had transactions with the Group during the years were as follows:

Related parties	Relationship with the Company
Mr. Jia Zhengyi (“ Mr. Jia ”)	Director and the controlling shareholder
Ms. Zheng Li	Spouse of Mr. Jia
Mr. Lin Qihao (“ Mr. Lin ”)	Director and Shareholder
WellCell Group Co., Limited	The immediate holding company
Guangdong Huajun Sports Culture Communication Co., Limited	Controlled by Mr. Jia and Ms. Zheng Li

In the opinion of the Directors, the following related party transactions were carried out at terms mutually agreed between the Group and the respective related parties:

(a) Balances with related parties

		As at 31 December	
		2024	2023
		RMB'000	RMB'000
Non-trade nature			
Due from immediate holding company:			
Wellcell Group Co., Limited		<u>1,205</u>	<u>1,181</u>
Due to shareholders:			
Mr. Lin		–	784
Mr. Jia		<u>1,032</u>	<u>32</u>
		<u>1,032</u>	<u>816</u>

Note: The balances with related parties were unsecured, interest free and repayable on demand. The carrying amounts were denominated in RMB and approximated the fair value.

- (b)** On 20 March 2024, the Group entered into a tenancy agreement with Guangdong Huajun Sports Culture Communication Co., Limited (廣東華俊體育文化傳播有限公司)(now known as 廣東驊俊科技有限公司), the present value of the right-of-use assets and lease liabilities amounting to RMB2,380,000 for this lease were initially recognised during the year ended 31 December 2024 in which, the rental payments with an aggregate amount of RMB826,000 (excluded VAT) had been paid during the year ended 31 December 2024. The aforesaid related party transaction constitutes a connected transaction as defined under Chapter 14A of the Listing Rules, while is fully exempted from shareholders approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

(c) **Key management compensation**

Compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and other short – term employee benefits	2,920	1,729
Pension costs – defined contribution plans	350	356
	3,270	2,085

21 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group has the following material events:

31 December 2024

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 27 March 2025, the existing issued and unissued shares of the Company of HK\$0.01 each were sub-divided (the “**Share Subdivision**”) into two shares of HK\$0.005 each (the “**Subdivided Shares**”) with effective from 31 March 2025. Upon effective of the Share Subdivision on 31 March 2025, the authorised share capital of the Company will be HK\$10,000,000 divided into 2,000,000,000 Subdivided Shares, of which 1,000,000,000 Subdivided Shares will be in issue and fully paid assuming that no further Shares will be issued or repurchased after the date of this announcement and prior to the Share Subdivision becoming effective.

31 December 2023

On 12 January 2024, 374,999,600 shares of HK\$0.01 each of the Company were allotted to the shareholders (the “**Capitalisation Issue**”) pursuant to a resolution passed by the shareholder on 15 December 2023.

On 12 January 2024, the Company issued 125,000,000 shares of HK\$0.01 each at a price of HK\$1.00 per share as a result of the completion of the global offering. The Company’s shares were listed on the Main Board of the Stock Exchange.

22 CAPITAL COMMITMENT

As at 31 December 2024, the Group did not have any material capital commitments (31 December 2023: Nil).

23 PLEDGED ASSETS

As at 31 December 2024, the Group has pledged (i) deposits amounting to approximately RMB133,000 as securities for wages (as at 31 December 2023: approximately RMB301,000 as securities for wages and bills payables) issued by the banks; and (ii) outstanding receivables arising from certain service contracts amounting to approximately RMB4,022,000 which were included in the contract assets as securities for the interest-bearing bank borrowings.

24 COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current period’s presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In terms of the roles and focuses in the telecommunication market, the Group mainly acts as a servicer, an integrator and a developer in providing various kinds of services.

(i) Servicer — Provision of telecommunication network support services

The Group's role as a servicer mainly involves the provision of telecommunication network support services which can be sub-categorised as follows:

- (a) wireless telecommunication network enhancement services: the wireless telecommunication network enhancement services are intended for customers which require an efficient wireless telecommunication network. It typically involves collection of telecommunication network data in a particular area, performance of tests, analysis of test results, diagnosis of problems (e.g. misconfiguration and misallocation of bandwidth usage), and lastly, implementation of enhancement solutions. Hence, this business line is of an “enhancement” nature. The wireless telecommunication network enhancement services mainly include (a) routine telecommunication network enhancement services, which involve enhancement works and testing carried out upon receipt of end-user reports or upon detection of issues in the course of testing, with a view to detecting and solving problems in connectivity, quality, coverage, end-user experience, etc. of a telecommunication network; and (b) specific telecommunication network enhancement services, which are intended to troubleshoot specific network issues or improve telecommunication network by designing and implementing enhancement solutions tailored to the needs of the customers; and

- (b) telecommunication network infrastructure maintenance and engineering services: over the course of day-to-day usage, certain components of a telecommunication network infrastructure may malfunction to varying extents. The main target of the Group's telecommunication network infrastructure maintenance services is to address problems encountered through inspections of the relevant telecommunication network infrastructures (e.g. base stations) to identify issues and testing of their performance and functionality; examining and analysing issues (e.g. malfunctioning of base station components) that are discovered, and performing the necessary repair or maintenance work to restore their performance and functionality. Thus, this business line is of "maintenance" nature. Examples of the maintenance services include inspection and testing of the equipment, cables and power system of base stations, formulation and execution of repair solutions such as restoration and replacement of any malfunctioning components and/or arrangement for subcontractors to carry out emergency repair works. In addition, the Group also provides telecommunication network infrastructure engineering services which include provision of labour and engineering services in projects involving construction of telecommunication network infrastructure. The Group typically participates in and/or engage suitable subcontractors to perform construction and set-up works (such as excavation, cabling and construction of telecommunications pipeline) with a view to building and setting up new telecommunication network infrastructure. Thus, this business line is of "engineering" nature.

To facilitate the rendering of these services, the Group will purchase from the suppliers the necessary hardware, such as portable data terminals, and also make use of our telecommunication network analysis and testing software which serves to gather and analyse telecommunication network parameters.

(ii) Integrator — ICT integration services

The Group's role as an integrator mainly involves the provision of ICT integration services. In this respect, the Group is typically engaged in (i) customising customers' computer system design for providing business-specific systems for the customers; (ii) procuring equipment, hardware and software and engaging of third-party subcontractors within the customers' budget; (iii) assembling equipment, hardware, software and other equipment to form a functional and inter-connected system according to the integration plan, and ensuring the compatibility of both; and (iv) providing follow-up services such as advising customers on operation and management of the integrated system, which aims to cater for the customers' specific needs or requirements, such as integration of a communication network system for the purposes of e-commerce. Thus, this business line is of an "integration" nature. The Group will purchase from the suppliers the necessary hardware and software (such as servers, storage devices, cables and optical fibers, security software and operating system software), the specifications of which may be designated by the customers.

(iii) Developer — Telecommunication network-related software development

The Group's role as a developer mainly involves (i) development and sale of software and (ii) provision of customised software development services. Software developed by the Group is capable of performing various functions (such as collecting data relating to telecommunication network performance and analysing the data collected) for evaluation, enhancement and maintenance of wireless telecommunication networks of telecommunication operators. Apart from complementing the core business in relation to the provision of telecommunication network support services and the ICT integration services, software developed by the Group are also sold to customers who include telecommunication operators, telecommunication network and telecommunication equipment manufacturers and telecommunication network and technical service providers and general contractors that use the software to facilitate their analysis, enhancement and maintenance of wireless telecommunication networks. The Group also develops customised software (including telecommunication network support, platform and application software) for our customers to cater to their specific needs on, for instance, data sharing and management platform. The focus of this business line is therefore on the research, design and programming leading to the development of software. Thus, this business line is of a "software development" nature.

Outlook

In 2024, despite the complicated market environment, the Group has endeavoured to maintain and develop connection and cooperation with suppliers, subcontractors and customers. Benefiting from the increasing and growing core business, the management reasonably expects that the Group is able to further grow and expand in a more sustainable and stable manner.

The telecommunications industry in the People's Republic of China (the "PRC") has been experiencing significant growth and development in recent years. With a large population and a rapidly expanding middle class, the demand for telecommunications services in the PRC has been consistently increasing. The industry has been driven by various factors such as the widespread adoption of smartphones, increasing internet penetration, and the PRC Government's focus on promoting digital connectivity.

The ICT industry in the PRC is currently at a crucial time of digital transformation. The deep integration of technologies such as 5G, the third-generation Internet, artificial intelligence, the Internet of Things, cloud computing, and big data has brought unprecedented development opportunities to the sector. However, as the market becomes increasingly saturated, competition has intensified, particularly in traditional business areas such as network optimization and operational maintenance, where price wars have compressed profit margins. Meanwhile, customers' growing demands for service quality, technological innovation, and customized solutions have placed higher expectations on the comprehensive capabilities of enterprises. On the international front, despite numerous challenges to the trend of globalization, cross-border cooperation and exchange within the ICT industry continue to deepen. The significant demand for ICT infrastructure construction in overseas markets, particularly in developing countries, provides substantial opportunities for companies to expand their global presence. Nevertheless, uncertainties in the international trade environment, cultural differences, and technical barriers pose challenges to the overseas expansion of companies.

Given the aforementioned, the Group will continue to optimize and enhance its ICT integration services and software development business to seize the opportunities presented by digital transformation. The Group will delve deeper into emerging areas such as the third-generation Internet and artificial intelligence. The management team firmly believes that these strategic initiatives will enable us to deliver medium- to long-term value for the shareholders of the Company (**"Shareholders"**).

The Group has successfully listed its shares on the Main Board of the Stock Exchange on 12 January 2024 (the **"Listing"**). The listing proceeds received have strengthened the Group's cash flow and the ability to take up more sizeable projects. The Group will implement its future plans and strengthening our manpower according to the schedule as set out in the prospectus of the Company dated 28 December 2023 (the **"Prospectus"**).

FINANCIAL REVIEW

Revenue

The Group principally derived its revenue from the provision of wireless telecommunication network enhancement services, telecommunication network infrastructure maintenance and engineering services and ICT integration services during the Reporting Period. The following table sets out the breakdown of the Group's revenue by nature.

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Wireless telecommunication network enhancement services	76,538	94,923
Telecommunication network infrastructure maintenance and engineering services	29,311	43,796
ICT integration services	144,452	93,279
Software related (<i>Note</i>)	27,922	23,961

Note: Software related revenue represents the revenue derived from the provision of software development and sales of software.

Wireless telecommunication network enhancement services

The revenue derived from the wireless telecommunication network enhancement services decreased by approximately RMB18.4 million or approximately 19.4% from approximately RMB94.9 million for the year ended 31 December 2023 to approximately RMB76.5 million for the year ended 31 December 2024. The decrease was mainly due to the fierce competition and saturation in the domestic market, hence the revenue generated from its major customers have dropped during the year ended 31 December 2024.

Telecommunication network infrastructure maintenance and engineering services

The revenue derived from the telecommunication network infrastructure maintenance and engineering services decreased by approximately RMB14.5 million or approximately 33.1% from approximately RMB43.8 million for the year ended 31 December 2023 to approximately RMB29.3 million for the year ended 31 December 2024. The decrease was mainly due to loss of one of its customers during the year ended 31 December 2024.

ICT integration services

The revenue derived from the ICT integration services increased by approximately RMB51.2 million or approximately 54.9% from approximately RMB93.3 million for the year ended 31 December 2023 to approximately RMB144.5 million for the year ended 31 December 2024. The increase was mainly due to the increase in sizable projects during the year ended 31 December 2024.

Software-related business

The revenue derived from the software-related business increased by approximately RMB3.9 million or approximately 16.3% from approximately RMB24.0 million for the year ended 31 December 2023 to approximately RMB27.9 million for the year ended 31 December 2024. The increase was mainly due to the increase in the number of revenue-generating projects of software development for customers during the year ended 31 December 2024.

Other income

The Group's other income increased by approximately RMB2.2 million or approximately 122.2% from RMB1.8 million for the year ended 31 December 2023 to RMB4.0 million for the year ended 31 December 2024. The increase was mainly due to the fair value gain of financial asset at FVTPL.

Other gains/(losses) – net

The Group's other gains/(losses), net increased by approximately RMB3.2 million from other net losses of approximately RMB52,000 for the year ended 31 December 2023 to net gains of approximately RMB3.1 million for the year ended 31 December 2024. The increase was mainly due to the increase in exchange gains for the year ended 31 December 2024.

Employee benefit expenses

The Group's employee benefit expenses increased by RMB2.3 million or approximately 13.5% from approximately RMB17.1 million for the year ended 31 December 2023 to approximately RMB19.4 million for the year ended 31 December 2024. The increase was mainly due to the increase in wages and salaries and other staff welfares following the increase in average number of employees during the year ended 31 December 2024.

Subcontracting charges

The Group's subcontracting charges increased by approximately RMB33.1 million or approximately 21.5% from approximately RMB153.8 million for the year ended 31 December 2023 to RMB186.9 million for the year ended 31 December 2024. The increase was mainly attributable to the considerations of labor costs and workforce risks. The Company is optimising its organisation structure and strive to retain its core and major R&D personnel. The general workforce of the Group are mainly obtained through human resources procurement and labor outsourcing.

Materials, supplies and other project costs

The Group's materials, supplies and other project costs decreased by approximately RMB5.9 million or 14.6% from approximately RMB40.5 million for the year ended 31 December 2023 to approximately RMB34.6 million for the year ended 31 December 2024. The decrease was mainly due to more projects being outsourced to its subcontractors during the year ended 31 December 2024 and therefore, purchase of materials, supplies and other project costs have been decreased.

Depreciation and amortisation

The Group's depreciation and amortisation expenses increased by approximately RMB1 million or approximately 47.6% from approximately RMB2.1 million for the year ended 31 December 2023 to RMB3.1 million for the year ended 31 December 2024. The increase was mainly attributable to the increase in property, plant and equipment and intangible assets.

Net impairment losses of contract assets and trade receivables

The Group's net impairment losses of contract assets and trade receivables increased by approximately RMB4.5 million or approximately 1,000% from approximately RMB0.4 million for the year ended 31 December 2023 to RMB4.9 million for the year ended 31 December 2024. The increase was mainly due to the increase in outstanding balances of contract assets and more trade receivables having fallen into the category of "between 1 year and 2 years" which has a higher expected credit loss rate as at 31 December 2024.

Other operating expenses

The Group's other operating expense increased by approximately RMB3.5 million or approximately 60.3% from RMB5.8 million for the year ended 31 December 2023 to RMB9.3 million for the year ended 31 December 2024. The increase was mainly due to the increase in the legal and professional fees, office and entertainment expenses.

Listing expenses

The Group's listing expenses decreased from approximately RMB14.0 million for the year ended 31 December 2023 to approximately RMB6.3 million for the year ended 31 December 2024 due to the fact that listing expense will no longer be incurred after Listing.

Finance income/(costs), net

The Group's net finance income was approximately RMB1.0 million for the year ended 31 December 2024 (for the year ended 31 December 2023: net finance costs of approximately RMB0.9 million). The change was mainly due to the increase in bank interest income arising from the net proceeds from the Share Offer (as defined in the Prospectus) placed in bank during the year ended 31 December 2024.

Income tax expenses

The Group's income tax expenses reduced by approximately RMB0.9 million from approximately RMB2.7 million for the year ended 31 December 2023 to approximately RMB1.8 million for the year ended 31 December 2024. The decrease was mainly attributable to the absence of dividend withholding tax incurred during the year ended 31 December 2024 (2023: RMB2.2 million).

Financial asset at fair value through profit or loss

The financial asset at FVTPL represented the 0.206% equity interest in a private company established in the PRC. Fair value is measured by using the guideline transaction method. During the year ended 31 December 2024, the Group recorded a fair value gain of approximately RMB2,600,000 (2023: Nil) from this financial asset at FVTPL.

Operating profit

The Group's operating profit decreased by approximately RMB3.1 million or approximately 12.9% from approximately RMB24.0 million for the year ended 31 December 2023 to RMB20.9 million for the year ended 31 December 2024. The decrease in operating profit was mainly due to the increase in subcontracting charges, net impairment losses of contract assets and trade receivables and other operating expenses as explained above.

Net profit margin

The Group's net profit margin decreased from approximately 8.0% for the year ended 31 December 2023 to approximately 7.2% for the year ended 31 December 2024, which is mainly due to the increase in the proportion of subcontracting charges, materials, supplies and other project costs, net impairment losses of contract assets and trade receivables and other operating expenses as explained above.

Dividend

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

Financial position, liquidity and capital resources

The shares of the Company (the “**Share(s)**”) were successfully listed on the Main Board of the Stock Exchange on 12 January 2024. The Company historically funded its cash requirements principally from cash generated from business operations and bank borrowings. After the Share Offer (as defined in the Prospectus), the capital requirements of the Company will be funded through cash generated from business operations, the net proceeds from the Share Offer, and other future equity or debt financings.

The current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group was approximately 2.4 as at 31 December 2024 (2023: approximately 1.9).

Cash position

As at 31 December 2024, the cash and cash equivalents of the Group amounted to approximately RMB105.0 million (2023: RMB23.8 million), which were mainly denominated in RMB and Hong Kong Dollar, representing an increase of approximately 341.2% as compared to that as at 31 December 2023. The increase was mainly due to the net proceeds from the Share Offer by the Group during the year ended 31 December 2024.

Borrowings

As at 31 December 2024, the total bank borrowings of the Group, all of which were denominated in RMB, amounted to approximately RMB41.8 million (2023: RMB28.0 million) that bear fixed interest rates at 2.6% and 2.9% per annum (2023: floating interest rates 3.7% to 4.1%). No financial instrument was being used for interest rate hedging purpose.

Save as disclosed in this announcement, the Group did not have other borrowings for the years ended 31 December 2024.

As at 31 December 2024, unutilised banking facility amounted to approximately RMB3 million (2023: RMB7 million) which may further be drawn by us depending on the business needs of the Group.

Charges over assets of the Group

As at 31 December 2024, the Group has pledged (i) deposits amounting to approximately RMB133,000 (2023: approximately RMB301,000) as securities for wages and bills payables issued by the banks; and (ii) the receivables arising from certain service contracts included in contract assets amounting to approximately RMB4,022,000 as securities for the interest-bearing bank borrowings.

Gearing ratio

The gearing ratio of the Group, which is calculated as total bank borrowings divided by total equity, was 20.8% as at 31 December 2024 compared to that of 32.9% as at 31 December 2023.

Foreign exchange exposure and treasury policies

The Group's business operations are conducted in the PRC. The transactions, monetary assets and liabilities of the Group are mainly denominated in Renminbi and Hong Kong Dollar. For the year ended 31 December 2024, there was no material adverse impact to the Group arising from the fluctuation in the foreign exchange rates between currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 December 2024.

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

Capital commitments

As at 31 December 2024, the Group did not have material capital commitments (2023: Nil).

Employees and remuneration policy

As at 31 December 2024, the Group had 115 (2023: 121) employees which include the Directors. Total wages and salaries (including Directors' emoluments) were approximately RMB16.3 million for the year ended 31 December 2024 as compared to approximately RMB13.6 million for the year ended 31 December 2023.

The Director's fee for each of the Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of the remuneration committee of the Company (the "**Remuneration Committee**"). The remuneration package of each of the Directors is determined by reference to market terms, seniority, experience, and duties and responsibilities of that Director within the Group. The Directors are entitled to statutory benefits as required by law from time to time, such as pensions.

The remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence demonstrated and market comparable remuneration. A remuneration package typically comprises salary, contribution to pension schemes and discretionary bonuses relating to the profit of the relevant company. Upon and after the Listing, the remuneration package of the Directors and the senior management has been, in addition to the above factors, linked to the return to the Shareholders. The Remuneration Committee will review annually the remuneration of all the Directors and senior management to ensure that it is attractive enough to attract and retain a competent team of executive members.

Significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and plans for material investments or capital assets

Apart from the reorganisation in relation to the Listing, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 December 2024. Save for the business plan as disclosed in the Prospectus, there is no plan for material investments or capital assets as at 31 December 2024.

Contingent liabilities

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

Use of proceeds

The Company issued 125,000,000 Shares at HK\$1.00 each which were listed on the Main Board of the Stock Exchange on 12 January 2024. As a result, the net proceeds from the Share Offer were approximately HK\$60.6 million (equivalent to approximately RMB56.0 million) (the “**Net Proceeds**”) after deducting underwriting commissions and other related expenses. There has been no change in the intended use of the net proceeds and the expected implementation timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and the annual report of the Company for the year ended 31 December 2023.

The following table sets forth a summary of the intended use of net proceeds and their expected timeline of full utilisation. The following table sets out the details of the application of the Net Proceeds:

Purpose	Allocation of net proceeds from the Share Offer		Actual use of net proceeds from the date of Listing up to 31 December 2024		Expected timeline of full utilisation of net proceeds
	Percentage of net proceeds from the Share Offer	(based on the basis as set out in the Prospectus) RMB million (approximately)	(based on the basis as set out in the Prospectus) RMB million (approximately)	Unutilised net proceeds as at 31 December 2024 RMB million (approximately)	
Finance the initial funding needs of future ICT integration projects	20.5%	11.5	8.7	2.8	By the end of 2027
Pursue new research and development undertakings	34.6%	19.4	5.0	14.4	By the end of 2027
Expand manpower in project management to cater for the anticipated expansion plans and business growth	19.8%	11.1	0.1	11.0	By the end of 2026
Finance sales and marketing funding needs for expansion of manpower and marketing activities	5.4%	3.0	0.2	2.8	By the end of 2026
Repay part of bank borrowings	12.9%	7.2	7.2	–	Not applicable
General working capital	6.8%	3.8	1.9	1.9	By the end of 2025
	<u>100%</u>	<u>56.0</u>	<u>23.1</u>	<u>32.9</u>	

The unutilised amounts of the Net Proceeds will be applied in the manner consistent with those mentioned in the Prospectus. The Directors are not aware of any material change to the planned use of the Net Proceeds as at the date of this announcement.

The unused Net Proceeds have been placed as bank balances with licensed bank in Hong Kong as at the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company had complied with the code provisions (the “**Code Provisions**”) set out in the Corporate Governance Code (“**CG Code**”) as contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following deviations:

- (i) Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of the chairman of the Board and the chief executive officer of the Company are not separate and both are performed by Mr. Jia Zhengyi. Considering that all the Directors meet regularly and all major decisions of the Company are made in consultation with the members of the Board, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Company to make and implement decisions efficiently. The Company understands the importance to comply with Code Provision C.2.1 and will continue to consider the feasibility to appoint a separate chief executive officer.
- (ii) Following the resignation of Ms. Liu Ping as an executive Director on 26 September 2024, the Company had a single gender board and did not meet the requirement under Rule 13.92 of the Listing Rules. On 22 November 2024, Ms. Dan Xi was appointed as an independent non-executive Director and the Company has re-complied with the requirement under Rule 13.92 of the Listing Rules.

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

The Company was listed on the Stock Exchange on 12 January 2024. Since the date of the Listing and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

EVENTS AFTER THE REPORTING PERIOD

At the extraordinary general meeting of the Company held on 27 March 2025, an ordinary resolution of the Company was passed to approve the share subdivision of every ordinary share with a par value of HK\$0.01 in the authorised and issued share capital of the Company to be subdivided into two (2) ordinary shares with a par value of HK\$0.005 each (the “**Subdivided Shares**”) (the “**Share Subdivision**”). The Share Subdivision will become effective on 31 March 2025. Following the Share Subdivision becoming effective, the board lot size for trading on the Subdivided Shares for trading on the Stock Exchange will be changed to 800 Subdivided Shares on 15 April 2025.

Save as disclosed above and as of the date of this announcement, there were no other significant events that might affect the Group since 31 December 2024 up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”), with written terms of reference in accordance with the prevailing provisions of the CG Code, for the purpose of, inter alia, reviewing and providing supervision over the financial reporting process and risk management and internal control systems of the Group. The Audit Committee comprises three independent non-executive Directors namely Mr. Wong Che Man Eddy (the Chairman), Dr. Leung Kwong Sak and Ms. Dan Xi. The Audit Committee has reviewed the audited consolidated financial statements for the Group for the Reporting Period and did not have any disagreement with the Company.

SCOPE OF WORK OF ASCENDA CACHET CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Group’s auditor, Ascenda Cachet CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the Reporting Period. The work performed by Ascenda Cachet CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards and consequently no opinion or assurance has been expressed by Ascenda Cachet CPA Limited on this announcement.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 15 December 2023 (“**the Scheme**”). The Scheme will remain in force for a period of ten years commencing on 28 December 2023. For more details, please refer to the section headed “Statutory and General Information – Share Option Scheme” in Appendix IV of the Prospectus. The remaining life of the Scheme is approximately 9 years.

From the effective date of the Scheme and up to date of this announcement, no share option has been granted, exercised, cancelled or lapsed under the Scheme. Therefore, the weighted average closing price of the shares immediately before the date of which the share options were exercised or vested pursuant to Rules 17.07 (1) (d) is not applicable or available. The number of share options available for grant under the Scheme as at 12 January 2024 (i.e. the date of Listing) and 31 December 2024 was 50,000,000 and 50,000,000 respectively.

COMPETING BUSINESS

During the Reporting Period and up to the date of this announcement, the Directors are not aware of any business or interest of the Directors and the controlling shareholders of the Company and their respective close associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person either directly or indirectly has or may have with the Group.

PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, it is confirmed that the Company has maintained sufficient public float during the Reporting Period and up to the date of this announcement as required under the Listing Rules.

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 as the Company’s code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Directors, the Directors have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2024.

ANNUAL GENERAL MEETING

The date of the forthcoming annual general meeting of the Company (the “AGM”) will be announced in due course. Notice of AGM will be issued and disseminated to the Shareholders in due course.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2024 will be published and available on the Company’s website at www.wellcell.com.cn and the website of the Stock Exchange in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, suppliers, subcontractors, other business partners, and Shareholders for their continuous support, while also expressing my appreciation to the management team and employees for their valuable contribution to the continuous growth and development of the Group.

By order of the Board
WellCell Holdings Co., Limited
Jia Zhengyi
Chairman and Executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Jia Zhengyi (*Chairman*)
Mr. Cong Bin
Mr. Li Shihua
Mr. Qian Fenglei

Independent Non-executive Directors:

Dr. Leung Kwong Sak
Mr. Wong Che Man Eddy
Ms. Dan Xi

Non-executive Director:

Mr. Lin Qihao