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SHUANGHUA HOLDINGS LIMITED

雙樺控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1241)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Shuanghua Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Year**” or the “**Reporting Period**”), together with comparative figures as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	82,778	100,685
Cost of sales		(80,469)	(86,229)
Gross profit		2,309	14,456
Other income, gains and losses	6	6,654	4,729
Impairment losses recognised on			
– trade receivables		(2,327)	(1,900)
– other receivables and other assets		(3,026)	(8,452)
Selling and distribution costs		(1,894)	(1,875)
Administrative expenses		(18,036)	(17,546)
Interest expense	8	(16)	(50)
Loss before tax	7	(16,336)	(10,638)
Income tax expense	9	(560)	(1,469)
Loss and total comprehensive loss for the year		(16,896)	(12,107)
Attributable to:			
Owners of the parent		(16,896)	(12,107)
Loss per share attributable to ordinary equity owners of the parent			
Basic and diluted	10	<u>RMB(2.6) cents</u>	<u>RMB(1.9) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		68,256	76,124
Investment properties		73,712	76,927
Right-of-use assets		22,246	23,535
Financial assets at fair value through profit or loss	<i>11</i>	8,268	5,847
Other receivables		87	2,605
		<hr/>	<hr/>
Total non-current assets		172,569	185,038
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		–	2,148
Trade and bills receivables	<i>12</i>	11,954	46,461
Prepayments, other receivables and other assets		13,862	19,080
Cash and cash equivalents		79,934	65,349
		<hr/>	<hr/>
Total current assets		105,750	133,038
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	<i>13</i>	3,980	25,369
Other payables and accruals		10,806	12,088
Lease liabilities		–	751
Tax payable		1,283	1,265
		<hr/>	<hr/>
Total current liabilities		16,069	39,473
		<hr/>	<hr/>
NET CURRENT ASSETS		89,681	93,565
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		262,250	278,603
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>1,552</u>	<u>1,009</u>
Total non-current liabilities	<u>1,552</u>	<u>1,009</u>
NET ASSETS	<u>260,698</u>	<u>277,594</u>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,406	5,406
Reserves	<u>255,288</u>	<u>272,184</u>
	260,694	277,590
Non-controlling interests	<u>4</u>	<u>4</u>
TOTAL EQUITY	<u>260,698</u>	<u>277,594</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

Shuanghua Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 19 November 2010. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal places of business in the People’s Republic of China (the “**PRC**”) are located in Fengxian District, Shanghai and in Tunxi District, Huangshan City, Anhui Province.

During the year, the Company and its subsidiaries (the “**Group**”) were principally involved in the business of supply chain management based on its own cold storage plant and properties, and the business of food supply on domestic and overseas high-end fruits and other agriculture and sideline products, in joint forces to promote the development of agriculture and people’s livelihoods.

In the opinion of the directors, the parent company and the ultimate holding company of the Company is Youshen International Group Limited, which is incorporated in the British Virgin Islands (“**BVI**”).

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of Rules Governing the Listing of securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which has been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. ADOPTION OF NEW/REVISED HKFRSs

(a) Adoption of amendments to HKFRSs – effective 1 January 2024

The HKICPA has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

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

The adoption of the above amended HKFRSs effective for the year ended 31 December 2024 had no impact on the Group's consolidated financial statements.

(b) New and amendments to HKFRSs that have been issued but are not yet effective

The Group has not applied the following new and amendments to HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity ²
Amendments to HKAS 21	Lack of Exchangeability ¹
HKFRS 18	Presentation and Disclosures Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³

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 periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment, and is not yet in a position of state whether the effects of these new and amendments to standards would be substantial to the Group's accounting policies and financial statements.

4. OPERATING SEGMENT INFORMATION

Segment revenue and results

The Group determines its operating segments based on the internal reports reviewed by the executive directors, who are the chief operating decision-maker, that are used to allocate resources and assess performance, which are analysed based on business as follows:

Food supply business	The Group is involved in the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products.
Supply chain management business	The Group is involved in the business of supply chain management based on its own cold storage plant and properties.

4. OPERATING SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Year ended 31 December 2024

	Food supply business <i>RMB'000</i>	Supply chain management business <i>RMB'000</i>	Automobile parts business <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE	61,845	20,933	–	82,778
RESULTS				
Segment results	(2,636)	4,945	–	2,309
Other income, gains and losses				6,654
Impairment losses recognised on				
– trade receivables	(2,472)	–	145	(2,327)
– other receivables and other assets	–	–	(3,026)	(3,026)
Selling and distribution costs				(1,894)
Administrative expenses				(18,036)
Interest expense				(16)
Loss before tax				(16,336)

Year ended 31 December 2023

	Food supply business <i>RMB'000</i>	Supply chain management business <i>RMB'000</i>	Automobile parts business <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE	78,543	22,142	–	100,685
RESULTS				
Segment results	6,668	7,788	–	14,456
Other income, gains and losses				4,729
Impairment losses recognised on				
– trade receivables	–	–	(1,900)	(1,900)
– other receivables and other assets	–	–	(8,452)	(8,452)
Selling and distribution costs				(1,875)
Administrative expenses				(17,546)
Interest expense				(50)
Loss before tax				(10,638)

The accounting policies of the operating segments are identical to the Group's accounting policies. Segment results represent the gross profit for each segment without allocation of other income, gains and losses, impairment losses, selling and distribution costs and administrative expenses. Included in the segment results of the food supply business, supply chain management business and automobile parts business were depreciation charges of RMB21,000, RMB10,469,000 and RMB2,319,000, respectively (2023: RMB6,000, RMB10,338,000 and RMB2,188,000, respectively) for the year ended 31 December 2024. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

The place of domicile of the Group's operating entities is in the PRC. The Group renders services and goods transfer in the PRC and all its revenue for the years ended 31 December 2024 and 2023 were derived in the PRC.

All of the non-current assets other than financial instruments of the Group were located in the PRC.

No information about the segment assets and liabilities is presented as such information is not regularly provided to the chief operating decision maker for resource allocation and performance assessment purposes.

Information about major customers

For the year ended 31 December 2024, 2 customers (2023: 4) accounted for more than 10% of the Group's total revenue individually.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	30,077	19,970
Customer B	19,582	–
Customer C	–	19,274
Customer D	–	15,258
Customer E	–	13,024
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5. REVENUE

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Supply chain management: supply chain services	5,756	9,065
– Food supply	61,845	78,543
Revenue from other sources		
– Supply chain management: leasing	15,177	13,077
	<hr/>	<hr/>
	82,778	100,685
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5. REVENUE (Continued)

(i) Disaggregated revenue information for revenue from contracts with customers

For the years ended 31 December 2024 and 2023

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Over time	5,756	9,065
At a point in time	<u>61,845</u>	<u>78,543</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 RMB'000	2023 RMB'000
Sale of products	<u>2,320</u>	<u>476</u>

(ii) Performance obligations

At 31 December 2024, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied or partially unsatisfied contracts is not disclosed.

6. OTHER INCOME, GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Other income		
Interest income	2,449	3,158
Imputed interest income	–	365
Dividend income from financial assets at fair value through profit or loss	<u>673</u>	<u>366</u>
	<u>3,122</u>	<u>3,889</u>
Gains and losses		
Gain on disposal of items of property, plant and equipment	28	831
Fair value change on financial assets at fair value through profit or loss	2,422	461
Foreign exchange differences, net	617	(435)
Write-back of trade and other payables	1,291	–
Others	<u>(826)</u>	<u>(17)</u>
	<u>3,532</u>	<u>840</u>
Total other income, gains and losses	<u>6,654</u>	<u>4,729</u>

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories sold	67,626	71,874
Write-down of inventories to net realisable value	–	16
Impairment of trade and bill receivables	2,327	1,900
Impairment of prepayment, other receivables and other assets	3,026	8,452
Impairment of property, plant and equipment	755	581
Depreciation of property, plant and equipment	5,743	6,403
Depreciation of investment properties	5,777	4,603
Depreciation of right-of-use assets	1,289	1,526
Product warranty provision, net of reversal	–	(96)
Lease payments not included in the measurement of lease liabilities	387	542
Auditor's remuneration	720	720
Employee benefit expense (excluding directors' and chief executives' remuneration):		
Wages and salaries	4,154	4,821
Pension scheme contributions*	818	1,053
Staff welfare expenses	512	133
	5,484	6,007

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. INTEREST EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on lease liabilities	16	50

9. 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. The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law of the Cayman Islands and accordingly is not subject to Cayman Islands corporate income tax ("CIT").

The subsidiary incorporated in the BVI is not subject to BVI CIT as it does not have a place of business (other than a registered office) or carry on any business in the BVI.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

9. INCOME TAX EXPENSE (Continued)

The provision for Mainland China income tax has been made at the applicable income tax rate of 25% on the assessable profits of certain PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law.

	2024 RMB'000	2023 RMB'000
Current tax		
Corporate income tax		
– PRC tax	17	1,265
Deferred tax	543	204
	<hr/>	<hr/>
Total tax expense for the year	560	1,469
	<hr/>	<hr/>

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity owners of the parent, and the number of ordinary shares of 650,000,000 (2023: 650,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Listed equity investment, at fair value	8,268	5,847
	<hr/>	<hr/>

The listed equity investments represent an equity investment in Bank of Shanghai which is listed on the Shanghai Stock Exchange. The investment is measured at fair value based on the quoted market price of the investee.

12. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	32,447	64,626
Bills receivable	3	4
	<hr/>	<hr/>
	32,450	64,630
	(20,496)	(18,169)
Impairment allowance	<hr/>	<hr/>
	11,954	46,461
	<hr/>	<hr/>

The Group's trading terms with its customers are mainly on credit. The credit period for trade receivables is generally 15 to 90 days, extending up to one year for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department 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. Trade receivables are non-interest bearing.

12. TRADE AND BILLS RECEIVABLES (Continued)

As at 31 December 2024, bills receivable of RMB3,000 (2023: RMB4,000) whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant during the year.

An ageing analysis of the trade receivables as at the end of the reporting periods, based on the invoice date and net of provisions, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	10,181	46,228
1 to 3 months	–	1
3 to 12 months	76	–
Over 12 months	1,694	228
	<u>11,951</u>	<u>46,457</u>

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

	2024 RMB'000	2023 RMB'000
At beginning of year	18,169	16,269
Impairment losses, net	<u>2,327</u>	<u>1,900</u>
At end of year	<u>20,496</u>	<u>18,169</u>

13. TRADE PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	<u>3,980</u>	<u>25,369</u>

An ageing analysis of the trade payables as at the end of the reporting periods, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	403	19,469
1 to 3 months	71	73
3 to 6 months	76	6
6 to 12 months	–	2
Over 12 months	3,430	5,819
	<u>3,980</u>	<u>25,369</u>

The trade payables are non-interest bearing and are normally settled in three months.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group was principally involved in the business of supply chain management based on its own cold storage plant and properties, and the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products, in joint forces to promote the development of agriculture and people's livelihoods. In 2024, the global economy faced numerous challenges such as supply chain disruptions, exchange rate fluctuations and high debt levels, compounded by multiple risk factors including trade protectionism and geopolitical tensions. These factors contributed to the persistence of low growth in the global economy. The Chinese economy, affected by the downturn in the real estate sector and overcapacity in some industries, experienced some suppression of overall domestic demand and subdued consumer spending by residents. In response, the Group proactively adjusted its product and service portfolio to adapt to changes in market demand.

In 2024, based on the review and analysis of the cold chain logistics industry and the food supply industry, the Group continued to optimise the layout of the supply chain management business and the food supply business. Leveraging on the Group's cold chain facilities and equipment, as well as its accumulated upstream and downstream resources, the Group focused on providing one-stop supply chain solutions, serving the Chinese consumers with the concept of "farm to table", ensuring the fresh and direct delivery of agricultural and sideline products from around the world, and contributing to the well-being and happiness of the public. During the reporting period, the Group continued to improve the supply chain of the agriculture and sideline products, by expanding cooperation with various farms and packing houses in China and globally, ensuring the delivery of high-quality agricultural and sideline products, and provided comprehensive and integrated supply chain services, consisting of direct procurement, warehousing, sorting, packaging, transportation, and customised services. Through selected products, strict quality control and supporting supply chain services, the Group has gradually developed a nationwide sales and distribution network and established cooperative relationships with multiple well-known retailers in the industry. To enhance brand influence and market competitiveness, and to drive the Group steadily towards digitization, the Group has established online sales channels on e-commerce and live-stream platforms, and rebuilt its official website, presenting the Group's image through different channels and ways to better promote the Group to partners and the public. However, in the environment of overall sluggish economic outlook and weak demand in China, China witnessed a decline in terminal consumer spending, affecting the demand for the Group's products and services to a certain extent. As a result, for the year ended 31 December 2024, the Group achieved sales revenue of approximately RMB82.8 million, a decrease of approximately RMB17.9 million compared to the previous year.

According to data from the National Bureau of Statistics of China, the Consumer Price Index (CPI) for fresh fruit consumption fell by 3.5% year-on-year in 2024, and the Producer Price Index (PPI) fell by 2.2% year-on-year. In response, the Group actively adjusted its strategy by reducing gross margin to meet the demand of consumers for cost-effective products and services. However, due to lower gross profit and provisions for impairment of receivables, for the year ended 31 December 2024, the Company recorded loss attributable to its owners of approximately RMB16.9 million, a decrease of approximately RMB4.8 million as compared to last year.

OUTLOOK AND STRATEGY

In 2025, the geopolitical condition remains uncertain, especially the Russia-Ukraine conflict, the situation in the Middle East and the tension on the Korean Peninsula, which could have certain impacts on global economic stability, coupled with the trade protectionism policies of the Trump administration of the United States, which could pose challenges to the international trade. In formulating the Group's business strategies, careful consideration has been given to various factors, including but not limited to the situation of the global political and economic environment, the market potential of the Group's relevant products and services, the Group's position and competitiveness in the relevant market. Leveraging on the substantial experience of its management, and the internal and external resources of the Group, the Group will focus on (i) enhancing the profitability of the businesses, building product strength and brand power; and (ii) developing the Group's supply chain business of other products, services and technologies, to foster further expansion and diversification of the Group's businesses.

Enhancing the profitability of the businesses, building product strength and brand power

Building on the past operational experience, the Group will conduct in-depth reviews and analyses of the historical performance of its various products and services, evaluate future market sales trends for each product and service, and strategically allocate resources to products and services with better profitability. For the supply chain management business, the Group will improve the supply chain service quality, service processes and profitability through refined management practices and cost control measures. Leveraging the scarce property resources in Shanghai, the Group will solidify cooperation with the existing and potential customers, actively promote the “Shuanghua (雙樺)” brand, and blaze new trails for the development of the supply chain management business. For the food supply business, the Group will continuously develop the domestic and overseas production resources, uncover regionally advantageous products, and enhance product quality and service efficiency through global direct procurement and after-sale services capabilities. Quality control requirements will be extended to every stage of the supply chain, including procurement, warehousing, sorting, packaging and transportation. Through innovation and the cultivation of differentiated product capabilities, the Group aims to meet the diverse needs of the customers. The brand of “Longhuazhen (龍樺臻)” is committed to becoming a benchmark brand of agricultural and sideline products that leads a quality life, conveying a longing and pursuit of a fresh and healthy lifestyle. The Group will continue to launch various products under the “Longhuazhen (龍樺臻)” brand in response to market trends, bringing consumers fresh, delicious and nutritious agricultural and sideline products, and promoting the long-term sustainable development of the businesses of the Group.

Developing the Group's supply chain business of other products, services and technologies, to foster further expansion and diversification of the Group's businesses

The Group actively seeks supply chain services to include products, services and technologies in the fields of innovative technology and green and energy saving businesses. This initiative is a proactive response to shifts in market structural demand. The management is committed to exploring new development opportunities, laying a solid foundation for diversification and further expansion of the Group's businesses, and creating more value to the Shareholders and the society.

The Group will continue to conduct comprehensive evaluations on the market conditions of different business segments and be prudent in adjusting the Group's strategies and business plans in a timely manner, and manage and develop its existing businesses and expand potential businesses, to achieve a sustainable business development. The Group will continue to create competitive advantages and control potential risks timely, to become a leading listed company with sustainable growth, driven by its professional management and expertise, business cooperation and advanced technological strengths and capabilities.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group's revenue was approximately RMB82.8 million, a decrease of approximately RMB17.9 million from that of the corresponding period of 2023, which was approximately RMB100.7 million.

The following table sets forth the breakdown of the Group's revenue by business segments during the Reporting Period:

Revenue	For the year ended 31 December			
	2024		2023	
	RMB'000	% of revenue	RMB'000	% of revenue
Supply chain management business	20,933	25.3%	22,142	22.0%
Food supply business	61,845	74.7%	78,543	78.0%
Total	82,778	100.0%	100,685	100.0%

Gross profit and gross margin

For the year ended 31 December 2024, the Group recorded a gross profit of approximately RMB2.3 million, a decrease of approximately RMB12.2 million as compared to last year (for the year ended 31 December 2023: approximately RMB14.5 million). The Group's gross margin was approximately 2.8% for the year ended 31 December 2024, and the gross margin was approximately 14.4% for the year ended 31 December 2023. The decrease in gross profit was mainly due to the Group's strategic reduction of gross margin to meet the demand of consumers for cost-effective products and services.

The following table sets forth the breakdown of the Group's gross profit by business segments during the Reporting Period:

	For the year ended 31 December	
	2024	2023
Gross profit	RMB'000	RMB'000
Supply chain management business	4,945	7,787
Food supply business	(2,636)	6,669
Total	2,309	14,456

Other income, gains and losses

For the year ended 31 December 2024, the Group's other income, gains and losses amounted to approximately RMB6.7 million, an increase of approximately RMB2.0 million as compared to last year (for the year ended 31 December 2023: approximately RMB4.7 million). The increase in other income, gains and losses was mainly due to the increase in fair value on financial assets at fair value through profit or loss and the write-back of trade and other payables.

Impairment losses recognised on trade receivables, other receivables and other assets

For the year ended 31 December 2024, the Group's impairment losses recognised on trade receivables, other receivables and other assets amounted to approximately RMB5.4 million, a decrease by approximately RMB5.0 million as compared to last year (for the year ended 31 December 2023: approximately RMB10.4 million), mainly due to the decrease of the provisions for impairment of other receivables.

Selling and distribution costs

Selling and distribution costs primarily comprised of staff-related costs, sales transportation fees, entertainment and travelling expenses. For the year ended 31 December 2024, the Group's selling and distribution costs amounted to approximately RMB1.9 million, remained the same as compared to last year (for the year ended 31 December 2023: approximately RMB1.9 million).

Administrative expenses

Administrative expenses primarily comprised of staff-related costs, various local taxes and education surcharges, depreciation of property, plant and equipment and right-of-use assets, R&D expenses and miscellaneous expenses. For the year ended 31 December 2024, the Group's administrative expenses amounted to approximately RMB18.0 million, increased by approximately RMB0.5 million as compared to last year (for the year ended 31 December 2023: approximately RMB17.5 million), mainly due to the provision for impairment of property, plant and equipment.

Interest expense

The Group's interest expense for the year ended 31 December 2024 amounted to approximately RMB16,000 (for the year ended 31 December 2023: approximately RMB50,000).

Income tax (expense)/credit

For the year ended 31 December 2024, the Group's income tax expense was approximately RMB0.6 million (for the year ended 31 December 2023: income tax credit approximately RMB1.5 million).

Loss for the Year

For the year ended 31 December 2024, the loss attributable to the owners of the Company was approximately RMB16.9 million, while the loss attributable to the owners of the Company for the same period of last year was approximately RMB12.1 million.

LIQUIDITY AND FINANCIAL RESOURCES**Net current assets**

The Group's net current assets decreased from approximately RMB93.6 million as at 31 December 2023 to approximately RMB89.7 million as at 31 December 2024.

Financial position and bank borrowings

As at 31 December 2024, the Group's cash and cash equivalents and financial assets at fair value through profit or loss amounted to approximately RMB88.2 million (as at 31 December 2023: approximately RMB71.2 million). As at 31 December 2024 and 2023, the Group did not have any borrowings. The gearing ratio was not applicable to the Group (as at 31 December 2023: nil).

Save as aforesaid or otherwise disclosed in the notes to the financial statements, and apart from intra-group liabilities, as at 31 December 2024, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capitals or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 December 2023.

Working capital

(All amounts in this section were net of provisions for impairment of inventories and trade receivables)

For the year ended 31 December 2024, the average inventory turnover days were 5 days (for the year ended 31 December 2023: 6 days). The average inventory turnover days are arrived at by dividing the arithmetic means of the opening and ending balances of inventory for the relevant period by cost of sales of the same period and multiplying the quotient by 365 days. The average inventory turnover days was similar to that of last year.

For the year ended 31 December 2024, the average turnover days of trade and bills receivables were 129 days (for the year ended 31 December 2022: 94 days). The average turnover days of trade and bills receivables are arrived at by dividing the arithmetic means of the opening and ending balances of trade and bills receivables for the relevant period by revenue of the same period and multiplying the quotient by 365 days. The increase in the average turnover days of trade and bills receivables was mainly attributable to the longer credit term the Group provided to some of its customers with better credibility and business prospects.

For the year ended 31 December 2024, the average turnover days of trade payables were 67 days (for the year ended 31 December 2023: 67 days). The average turnover days of trade payables are arrived at by dividing the arithmetic means of the opening and ending balances of trade payables for the relevant period by cost of sales of the same period and multiplying the quotient by 365 days. The average turnover days of trade payables was similar to that of last year.

CAPITAL EXPENDITURES, CAPITAL COMMITMENTS AND HUMAN RESOURCES

For the year ended 31 December 2024, the Group's capital expenditures were approximately RMB1.2 million, mainly due to upgrade and construction of the Group's cold storage plant and other properties (for the year ended 31 December 2023: approximately RMB3.1 million).

At 31 December 2024, the Group's capital commitments were approximately RMB7.3 million, mainly due to the construction of the cold storage plant (as at 31 December 2023: approximately RMB7.3 million).

As at 31 December 2024, the Group had 48 employees, including Directors, management, sales, logistics supports and other ancillary personnels (as at 31 December 2023: 62). The decrease in employees was mainly due to internal structural optimisation of personnel and implementation of the Group's more advanced management system and equipment to reduce the need for manpower as a result of the adjustment and optimisation of the Group's business. The Group's total wages and salaries (excluding Directors' and chief executives' remuneration) for the year ended 31 December 2024 amounted to approximately RMB4.2 million (for the year ended 31 December 2023: approximately RMB4.8 million). Our remuneration policy is primarily based on the job responsibilities, work performance and number of years of service of each employee and the current market conditions. The Group may provide incentives to talents by granting them share options pursuant to the share option scheme of the Company.

Pursuant to the relevant China labour laws and regulations, the Group has to pay contributions to a number of staff social insurance schemes (including medical, maternity, work injury, unemployment and pension insurances) and staff housing reserve funds. We provide social insurances and pay contributions to housing reserve funds for our employees in accordance with the interpretations to the relevant PRC labour laws and regulations given, and policies and measures executed by local government departments. We have established various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the PRC laws and regulations and the existing policy requirements of the local government. The Group's welfare expenses for the year ended 31 December 2024 amounted to approximately RMB0.8 million (for the year ended 31 December 2023: approximately RMB1.0 million). We have complied, in all material respects, with all statutory requirements on retirement contribution in the jurisdictions where the Group operates.

The determination of the remuneration for the Directors is based on remuneration of directors of comparable companies in the industry, time commitment, duties and responsibilities of the Directors in the Group and our operational and financial performance. The basic salary of each of our executive and non-executive Directors will be reviewed by the remuneration committee of the Board ("**Remuneration Committee**") at the end of each financial year. None of the Directors waived any emoluments during the year ended 31 December 2024.

DEFINED CONTRIBUTION RETIREMENT PLAN

The Group's PRC subsidiaries are required to participate in a defined contribution retirement plan administered and operated by the local municipal government for its employees. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

During the Year, there is no forfeited contribution (by the Group on behalf of its employees who leave the Group prior to vesting fully in such contributions) available to be utilised by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the defined contribution retirement plan.

Significant investment, material acquisitions and disposals

For the year ended 31 December 2024, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures, and has no future plans for material investments or capital assets as at the date of this annual report.

Foreign exchange risks

The Group's operations are located in the PRC with RMB as the functional and presentation currency. The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the unit's functional currency. The currency exposure of the Group mainly comes from fluctuations in the exchange rates of HKD to RMB and USD to RMB. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, the management constantly monitors the situation of the economy and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future when necessary.

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2024 (as at 31 December 2023: nil).

Pledge of assets

As at 31 December 2024, the Group had no pledge of assets (as at 31 December 2023, the Group had no pledge of assets).

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury Shares (as defined in Rule 1.01 of the Listing Rules), if any) during the year ended 31 December 2024. As of 31 December 2024, the Company did not hold any treasury shares.

FINAL DIVIDEND

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

MATERIAL EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the Reporting Period that needs to be disclosed.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted all the requirements of the code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules.

None of the Directors is aware of any information which would reasonably indicate that the Company was not in compliance with the Corporate Governance Code during the Year, except the deviation from provision C.2.1 as explained below.

Under provision C.2.1 of the Corporate Governance Code, the roles of the chairman and the chief executive officer (“CEO”) of the Group should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Group should be clearly established and set out in writing.

The roles of the chairman and the CEO of the Group are not separated and are performed by the same individual. Mr. Zheng Ping acted as both the chairman and CEO of the Group throughout the period under review. The Directors met regularly to consider major matters affecting the operations of the Group. The Directors consider that this structure will not impair the balance of power and authority between the Directors and management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

AUDIT COMMITTEE

Pursuant to the Listing Rules, an audit committee of the Board (the “**Audit Committee**”) was established on 8 June 2011, comprising three independent non-executive Directors, namely Mr. He Binhui, Ms. Guo Ying and Mr. Chen Lifan, and is chaired by Mr. He Binhui.

The written terms of reference which describe the authorities and duties of the Audit Committee were prepared and adopted with reference to “A Guide for the Formation of an Audit Committee” published by the HKICPA. The Audit Committee provides an important link between the Board and the Company’s auditor in matters coming within the scope of the Group audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group’s internal control system.

To comply with the requirements under the Corporate Governance Code in respect of the responsibilities for performing the corporate governance duties, the Board has delegated its responsibilities to the Audit Committee to develop and review the policies and practices of the Company on corporate governance and make recommendations to the Board; to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct applicable to the directors and employees; to review and monitor the training and continuous professional development of directors and senior management; and to review the Company’s compliance with the code provisions set out in the Corporate Governance Code contained in the Listing Rules and disclosures in the corporate governance report.

During the Year, the Audit Committee held four meetings for the purpose of reviewing the Company’s reports and accounts, and providing advice and recommendations to the Board. The Audit Committee also reviewed the internal control procedures of the Group and the Company’s progress in implementing the corporate governance requirements as set out in the Corporate Governance Code. The minutes of the Audit Committee meeting are kept by the company secretary of the Company.

The Group’s results for the year ended 31 December 2024 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

SCOPE OF WORK OF BDO 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 year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's independent auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

COMPLIANCE WITH THE MODEL CODE

The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules has been adopted by the Company as the code of conduct for securities transactions by the Directors. The Directors have also been reminded of their responsibilities under the Model Code regularly by the Company. Having made specific enquiries with them, all Directors confirmed that they have complied with the required standards of the Model Code during the Year.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or any of their respective associates (as defined under the Listing Rules) has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group as at the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (“**AGM**”) will be held on Monday, 30 June 2025. The notice of the AGM will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25 June 2025 to Monday, 30 June 2025, both days inclusive, for the purpose of determining entitlement of the Shareholders to attend and vote at the AGM. During this period, no share transfer will be registered. In order to qualify for attending and voting at the AGM, all completed share transfer forms, accompanied by the relevant certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 June 2025.

By order of the Board
Shuanghua Holdings Limited
Zheng Ping
Chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the Board consists of three executive Directors, Mr. Zheng Ping, Ms. Zheng Fei and Ms. Tang Lo Nar, one non-executive Director, Ms. Kong Xiaoling, and three independent non-executive Directors, Ms. Guo Ying, Mr. He Binhui and Mr. Chen Lifan.