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HUISHENG INTERNATIONAL HOLDINGS LIMITED

惠生國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1340)

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

The board (the “**Board**”) of directors (the “**Director(s)**”) of Huisheng International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results (the “**Annual Results**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023.

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

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	44,279	68,297
Cost of sales		<u>(43,737)</u>	<u>(68,159)</u>
Gross profit		542	138
Other income	5	5,495	10,399
Other gain or loss, net	7	-	(270)
Gain/(loss) arising from change in fair value of financial assets at fair value through profit or loss	9	688	(701)
Impairment loss of property, plant and equipment		-	(59,869)
Write-off of property, plant and equipment		(18,006)	(57,414)
Allowance for expected credit losses, net		(393)	(24,487)
Selling and distribution expenses		(46)	(53)
Administrative expenses		(12,489)	(14,678)
Finance costs		<u>(5)</u>	<u>-</u>
Loss before taxation		(24,214)	(146,935)
Taxation	8	<u>-</u>	<u>(3,347)</u>
Loss for the year	9	<u>(24,214)</u>	<u>(150,282)</u>

	2024	2023
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive (expense)/income for the year:		
<i>Item that will not be reclassified to profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	(1,250)	1,760
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>409</u>	<u>233</u>
Other comprehensive (expense)/income for the year, net of income tax	<u>(841)</u>	<u>1,993</u>
Total comprehensive expense for the year	<u>(25,055)</u>	<u>(148,289)</u>
(Loss)/profit for the year attributable to:		
Owners of the Company	(24,520)	(144,372)
Non-controlling interests	<u>306</u>	<u>(5,910)</u>
	<u>(24,214)</u>	<u>(150,282)</u>
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(25,919)	(142,695)
Non-controlling interests	<u>864</u>	<u>(5,594)</u>
	<u>(25,055)</u>	<u>(148,289)</u>
Loss per share attributable to owners of the Company		
Basic and diluted (RMB cents per share)	<i>11</i>	
	<u>(2.71)</u>	<u>(16.39)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	12	40,197	62,308
Right-of-use assets		8,723	8,967
Financial assets at fair value through other comprehensive income		1,150	2,400
		<u>50,070</u>	<u>73,675</u>
Current assets			
Financial assets at fair value through profit or loss	13	5,379	4,541
Trade receivables	14	13,016	16,936
Loan receivables		–	–
Prepayments, deposits and other receivables		1,473	2,489
Bank balances and cash		397,768	389,836
		<u>417,636</u>	<u>413,802</u>
Current liabilities			
Trade payables	15	12,383	12,072
Accruals and other payables		61,341	58,413
Lease liabilities		2	1
Deferred revenue		25	25
		<u>73,751</u>	<u>70,511</u>
Net current assets		<u>343,885</u>	<u>343,291</u>
Total assets less current liabilities		<u>393,955</u>	<u>416,966</u>

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		99	101
Deferred revenue		<u>152</u>	<u>177</u>
		<u>251</u>	<u>278</u>
Net assets		<u>393,704</u>	<u>416,688</u>
Equity			
Share capital		7,698	7,308
Reserves		<u>389,342</u>	<u>413,580</u>
Equity attributable to owners of the Company		397,040	420,888
Non-controlling interests		<u>(3,336)</u>	<u>(4,200)</u>
Total equity		<u>393,704</u>	<u>416,688</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Huisheng International Holdings Limited (the “**Company**”) is an investment holding company incorporated as an exempted company with limited liability in the Cayman Islands, whose registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is at Room 1604, 16/F, Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the production and sale of daily consumption pork and related meat food products for domestic market in the People’s Republic of China (the “**PRC**”), selling and distributing of pipe system products, and conducting in the provision of technical advisory services on the design, application, implementation and installation.

The consolidated financial statements are presented in Renminbi (“**RMB**”). The functional currency of the Company is Hong Kong dollars (“**HK\$**”). The directors of the Company considered that it is more appropriate to present the consolidated financial statements in RMB as the functional currency of the most principal operating subsidiaries of the Group is RMB. The consolidated financial statements are presented in thousands (“**RMB’000**”), unless otherwise stated.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term that includes all applicable individual HKFRSs, 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. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary user. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

4. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the 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 and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

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

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

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

5. REVENUE AND OTHER INCOME

The reconciliation of revenue from contracts with customers for the years ended 31 December 2024 and 2023 is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers		
<i>Recognition at a point in time</i>		
Sale of pork products	44,279	65,242
Sale of pipe system products	<u>–</u>	<u>3,055</u>
	<u>44,279</u>	<u>68,297</u>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other income		
Interest income on:		
Bank deposits	919	1,189
Loan receivables	<u>318</u>	<u>337</u>
Total interest income	1,237	1,526
Amortisation of deferred revenue	25	25
Rental income	2,972	8,289
Dividend income from equity investment	1,261	–
Recovery of trade receivables previously written-off	–	537
Sundry income	<u>–</u>	<u>22</u>
	<u>5,495</u>	<u>10,399</u>

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (“CODMs”), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

The Group is principally engaged in slaughtering and trading of pork products, and pipe system products.

The two reportable segments of the Group under HKFRS 8 are as follows:

- (a) Slaughtering and trading of pork products – slaughtering and trading of pork products
- (b) Pipe system products – selling and distributing of pipe system products, and conducting in the provision of technical advisory services on the design, application, implementation and installation

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments:

	Slaughtering and trading of pork products RMB’000	Pipe system products RMB’000	Total RMB’000
Year ended 31 December 2024			
Segment revenue	<u>44,279</u>	<u>-</u>	<u>44,279</u>
Segment results	<u>(19,754)</u>	<u>(1)</u>	<u>(19,755)</u>
Gain arising from change in fair value of financial assets at fair value through profit or loss			688
Allowance for expected credit losses, net			(364)
Unallocated corporate income			318
Unallocated corporate expenses			<u>(5,101)</u>
Loss before taxation			<u><u>(24,214)</u></u>

	Slaughtering and trading of pork products <i>RMB'000</i>	Pipe system products <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2023			
Segment revenue	<u>65,242</u>	<u>3,055</u>	<u>68,297</u>
Segment results	<u>(121,895)</u>	<u>(18,381)</u>	(140,276)
Loss arising from change in fair value of financial assets at fair value through profit or loss			(701)
Allowance for expected credit losses, net			(3,033)
Unallocated corporate income			358
Unallocated corporate expenses			<u>(3,283)</u>
Loss before taxation			<u><u>(146,935)</u></u>

Segment results represent the profit earned by or loss from each segment without allocation of gain/(loss) arising from change in fair value of financial assets at fair value through profit or loss, allowance for expected credit losses, net, unallocated corporate income and unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment assets and liabilities

	Slaughtering and trading of pork products <i>RMB'000</i>	Pipe system products <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2024			
Segment assets	<u><u>460,568</u></u>	<u><u>173</u></u>	<u><u>460,741</u></u>
Segment liabilities	<u><u>(41,703)</u></u>	<u><u>(11,671)</u></u>	<u><u>(53,374)</u></u>
	Slaughtering and trading of pork products <i>RMB'000</i>	Pipe system products <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2023			
Segment assets	<u><u>480,894</u></u>	<u><u>153</u></u>	<u><u>481,047</u></u>
Segment liabilities	<u><u>(41,025)</u></u>	<u><u>(12,428)</u></u>	<u><u>(53,453)</u></u>

Reconciliation of reportable segments' assets and liabilities:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Assets		
Total assets of reportable segments	460,741	481,047
Unallocated and other corporate assets:		
Financial assets at fair value through profit or loss	5,379	4,541
Prepayments, deposits and other receivables	1,154	1,242
Bank balances and cash	<u>432</u>	<u>647</u>
Consolidated total assets	<u>467,706</u>	<u>487,477</u>
Liabilities		
Total liabilities of reportable segments	53,374	53,453
Unallocated and other corporate liabilities:		
Accruals and other payables	<u>20,628</u>	<u>17,336</u>
Consolidated total liabilities	<u>74,002</u>	<u>70,789</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated and other corporate assets (mainly comprising financial assets at fair value through profit of loss, prepayments, deposits and other receivables and bank balances and cash); and
- all liabilities are allocated to operating segments other than unallocated and other corporate liabilities (mainly comprising accruals and other payables).

Other segment information

	Slaughtering and trading of pork products	Pipe system products	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024				
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	4,155	–	–	4,155
Depreciation of right-of-use assets	244	–	–	244
Write-off of property, plant and equipment	18,006	–	–	18,006
Allowance for expected credit losses, net	<u>29</u>	<u>–</u>	<u>364</u>	<u>393</u>

	Slaughtering and trading of pork products	Pipe system products	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

Year ended 31 December 2023

Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	9,661	–	–	9,661
Depreciation of right-of-use assets	265	–	–	265
Depreciation of investment property	400	–	–	400
Write-down of inventories	–	4,777	–	4,777
Write-off of property, plant and equipment	57,414	–	–	57,414
Impairment loss of property, plant and equipment	59,869	–	–	59,869
Allowance for expected credit losses, net	<u>8,878</u>	<u>12,576</u>	<u>3,033</u>	<u>24,487</u>

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Slaughtering and trading of pork products	44,279	65,242
Pipe system products	<u>—</u>	<u>3,055</u>
	<u>44,279</u>	<u>68,297</u>

Information about geographical areas

During the year, the Group was mainly operating in the PRC (2023: PRC and Japan). The Group's revenue from external customers based on the location of the operation by geographical location are presented below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue		
– The PRC	44,279	65,242
– Japan	<u>—</u>	<u>3,055</u>
	<u>44,279</u>	<u>68,297</u>

The Group's non-current assets are principally attributable to a single geographical region, which is the PRC. Accordingly, no further geographical segment information is presented.

The Group's geographical concentration risk is mainly in the PRC, which accounted for 100.0% (2023: the PRC and Japan, which accounted for 95.5% and 4.5% respectively) of the total revenue during the year ended 31 December 2024.

Information about major customers

For the year ended 31 December 2024, revenue generated from three (2023: four) customer(s) of the Group which have individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for the years ended 31 December 2024 and 2023.

Revenue from major customer, which contribute to 10% or more of the Group's revenue is set out below:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A from slaughtering and trading of pork products	6,393	7,653
Customer B from slaughtering and trading of pork products	6,462	7,534
Customer C from slaughtering and trading of pork products <i>(note)</i>	N/A	7,620
Customer D from slaughtering and trading of pork products <i>(note)</i>	N/A	6,920
Customer E from slaughtering and trading of pork products <i>(note)</i>	9,429	N/A

Note:

The revenue contributed by Customer C and Customer D during the year ended 31 December 2024 and Customer E during the year ended 31 December 2023 was less than 10% of the Group's revenue.

7. OTHER GAIN OR LOSS, NET

An analysis of the Group's other gain or loss for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss on disposal of biological assets	–	(13,141)
Write-off of other payables	–	16,755
Write-down of inventories	–	(4,777)
Compensation on early termination of leases	–	893
	–	(270)

8. TAXATION

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax – Japan		
Charge for the year	–	–
Current tax – PRC		
Charge for the year	–	–
Under provision in prior years - PRC	<u>–</u>	<u>3,347</u>
Income tax charge	<u>–</u>	<u>3,347</u>

Hong Kong

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

PRC

The PRC Enterprise Income Tax (the “**PRC EIT**”) is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

Meat processing of primary produce is on the list of The Range of Processing of Primary Agricultural Produces to Be Given Preferential Enterprise Income Tax Treatment (Trial Implementation) (2008 version) (享受企業所得稅優惠政策的農產品初加工範圍(試行) (2008年版)) promulgated by the Ministry of Finance (財政部) and the State Administration of Taxation (國家稅務總局) on 20 November 2008. Hunan Huisheng Meat Products Company Limited (“**Hunan Huisheng**”) (湖南惠生肉業有限公司) meets the required standard for preferential PRC EIT treatment.

According to the prevailing tax rules and regulations, Hunan Huisheng is operating in the business of primary processing of agricultural products was exempted from the PRC EIT during the years ended 31 December 2024 and 2023.

According to the prevailing tax rules and regulations, the Group is operating in agricultural business, which is exempted from the PRC EIT, and no deferred taxation impact was considered for each of the reporting periods.

Japan

Japan corporate income tax has been calculated on the estimated assessable profit for the year ended 31 December 2024 at the rates of taxations prevailing in Japan in which the Group operates. The Group is subject to national corporate income tax, inhabitant tax, and enterprise tax in Japan, which in aggregate, resulted in effective statutory income tax rates of approximately 30.6% for the year ended 31 December 2024 (2023: 30.6%).

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Directors' emoluments:		
Directors' fee	387	601
Salaries, allowances and benefits in kind	47	46
Retirement scheme contributions	2	–
	<u>436</u>	<u>647</u>
Other staff costs:		
Salaries and other benefits	938	1,709
Retirement scheme contributions	72	114
	<u>1,446</u>	<u>2,470</u>
Total staff costs	<u>1,446</u>	<u>2,470</u>
Auditors' remuneration		
– Audit service	700	700
Depreciation of property, plant and equipment	4,155	9,661
Depreciation of right-of-use assets	244	265
Depreciation of investment property	–	400
Cost of inventories recognised as expenses	43,737	65,172
Write-down of inventories	–	4,777
Write-off of property, plant and equipment	18,006	57,414
Impairment loss of property, plant and equipment	–	59,869
Allowance for expected credit loss, net	393	24,487
An analysis of the gain arising from change in fair value of financial assets at fair value through profit or loss (“FVPL”) classified as held for trading investments is as follows:		
Unrealised (gain)/loss on financial assets at FVPL	<u>(688)</u>	<u>701</u>

10. DIVIDENDS

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

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>(24,520)</u>	<u>(144,372)</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>903,559</u>	<u>880,838</u>

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the year of approximately RMB24,520,000 (2023: approximately RMB144,372,000) and the weighted average number of 903,559,000 (2023: 880,838,000) ordinary shares in issue during the year ended 31 December 2024.

No diluted loss per share was presented as there was no potential ordinary shares in issue for the year ended 31 December 2024.

Basic and diluted loss per share for the years ended 31 December 2023 were the same because exercise of share options would decrease the loss per share for the years ended 31 December 2023 and, therefore, be anti-dilutive.

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2024, the Group incurred costs for property, plant and equipment of approximately RMB50,000, write-off of property, plant and equipment of approximately RMB18,006,000, no impairment loss recognised and depreciation charged of approximately RMB4,155,000.

For the year ended 31 December 2023, the Group incurred costs for property, plant and equipment of approximately RMB4,216,000, transfer from investment property of approximately RMB10,343,000, write-off of property, plant and equipment of approximately RMB57,414,000, an impairment loss of approximately RMB59,869,000 recognised and depreciation charged of approximately RMB9,661,000.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Held-for-trading investments:		
Equity securities listed in Hong Kong (<i>note</i>)	<u>5,379</u>	<u>4,541</u>

Note:

At 31 December 2024, the fair value of the listed equity securities, amounting to approximately RMB5,379,000 (2023: approximately RMB4,541,000), was determined based on the quoted market bid prices available on the Stock Exchange.

14. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	25,779	30,061
<i>Less:</i> Allowance for expected credit losses	<u>(12,763)</u>	<u>(13,125)</u>
	<u>13,016</u>	<u>16,936</u>

The Group offered credit period on sale of pork products and pipe system products ranged from 30 to 90 days. The ageing analysis of trade receivables, net of allowance for expected credit losses, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 30 days	12,532	16,804
31 to 60 days	304	–
61 to 90 days	<u>180</u>	<u>132</u>
	<u>13,016</u>	<u>16,936</u>

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgement and estimates. Provisions would apply to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the management of the Group on the collectability of overdue balances.

15. TRADE PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	<u>12,383</u>	<u>12,072</u>

The Group was offered credit period on purchase of goods within 60 days. The following is an aging analysis of trade payables presented based on the invoice date.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 30 days	5,051	9,074
Over 90 days	<u>7,332</u>	<u>2,998</u>
	<u>12,383</u>	<u>12,072</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is mainly engaged in the production and sale of daily consumption pork and related meat food products for the domestic market as well as hog breeding and hog farming in Changde, Hunan Province, the People's Republic of China (the "PRC"). The Group is also engaged in selling and distributing pipe system products; and the provision of technical advisory services on the design, application, implementation, and installation.

Slaughtering and trading of pork products

Due to the heavy rains that hit Hunan Province, PRC in June 2024, it became more difficult for slaughterhouses to buy pigs and we had to increase the prices we paid for pigs, and the wholesale price of pork also increased accordingly. And the strong trend of pork and fresh pork prices in Hunan Province continued to be influenced by the macro-market "pork cycle". Therefore, the cost of sales was also increased.

In addition, there were two more slaughterhouses in the vicinity of our Group's slaughterhouse in Hunan, PRC. This led to increased price competition in the local pork market, which impacted on the Group's revenues, which continued to decline throughout the year.

Faced with these challenges, and with China's economy slowing and consumers cutting back on eating out, the Group experienced a difficult period in the operation of its slaughterhouses during the reporting year.

The Group's management therefore continues to monitor the pork market with a view to stabilising production and operating costs and maximising the Group's profit margin.

Subscription of shares

The slaughtering permits had been successfully obtained in 2024, pursuant to the subscription agreement dated 30 November 2022, 42,000,000 shares of the Company at HK\$0.053 per subscription share (the "Subscription") was subscribed on 17 June 2024 which served as service fee for completion of the establishment of a joint venture and successfully obtained the operation and slaughtering permits. More details on the Subscription had been disclosed in the relevant announcement of the Company dated 30 November 2022.

Write-off of property, plant and equipment of RMB18.0 million

In early of February 2024, a severe ice and snow disaster struck Hunan Province, China, causing widespread freezing rain and heavy snowfall. The Group's two breeding farms located in Taoyuan City and Changde City, both within Hunan Province, were severely impacted, resulting in significant damage and subsequently collapse the facilities, the management of the Company then made the decision to write off the abovementioned assets of approximately RMB18.0 million during the year ended 31 December 2024.

Pipe system products

However, the Group's pipe system products business continued to face challenges due to the economic downturn, natural disasters and currency deflation. During the reporting year, the pipe system products business experienced a complete halt in activity and revenue.

As in previous years, the continued depreciation of the Japanese yen has had a significant impact on the cost of imported pipe system products from the distributor in Germany. This has resulted in a considerable increase in the financial burden associated with the sale of these products in Japan, particularly when converted into US dollars for the purchase of pipe system products. Consequently, these projects and local sales orders have been placed on hold, which has had a considerable impact on local supply chains and trade. We have therefore adopted a more cautious approach with regard to our pipe system products business, which has led to the suspension of this part of our operations during the reporting year.

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB44.3 million, representing a decrease of approximately 35.2% or RMB24.0 million as compared with approximately RMB68.3 million in 2023, while the gross profit for the year was approximately RMB0.5 million as compared to a gross profit of approximately RMB0.1 million in 2023. For slaughtering and trading of pork products business, the revenue was decreased by approximately RMB20.09 million or 32.1% to approximately RMB44.3 million in 2024. The revenue from pipe system products business was nil (2023: RMB3.1 million).

The selling and distribution expenses of the Group for the year ended 31 December 2024 decreased from approximately RMB53,000 to approximately RMB46,000.

The administrative expenses of the Group was decreased by approximately RMB2.2 million or 14.9% to approximately 12.5 million in 2024.

The finance cost of the Group was approximately RMB5,000 (2023: Nil).

The loss attributable to owners of the Company in 2024 was approximately RMB24.5 million, while it was a loss of approximately RMB144.4 million in 2023. The reduction of loss was mainly due to (i) a decrease in impairment loss of property, plant and equipment of approximately RMB59.9 million; (ii) a decrease in write-off of property, plant and equipment of approximately RMB39.4 million and (iii) a decrease in allowance for expected credit losses, net of approximately RMB24.1 million.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING AND TREASURY POLICY

The Group maintained cash and bank balances as at 31 December 2024 amounting to approximately RMB397.8 million (2023: approximately RMB389.8 million). The Group's current ratio as at 31 December 2024 was 5.7 (2023: 5.9). The total equity of the Group amounted to approximately RMB393.7 million as at 31 December 2023 (2023: approximately RMB416.7 million).

As at 31 December 2024, the Group had no outstanding borrowings (2023: nil).

The Group intends to finance its operations and investment with its operating revenue, internal resources and bank facilities. The directors of the Company believe that the Group is in a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

Most of the trading transactions, assets and liabilities of the Group were denominated in Renminbi, Euros, Japanese Yen and Hong Kong dollars for the year ended 31 December 2024. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. As at 31 December 2024, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

CHARGE OF GROUP ASSETS

The Group had no charges on the Group's assets as at 31 December 2024 (2023: nil).

GEARING RATIO

As at 31 December 2024, the Group's gearing ratio (being its total debts, which is the borrowings, divided by its total equity and multiplied by 100%) was nil (2023: nil).

FOREIGN EXCHANGE EXPOSURE

Since most of transactions of the Group were denominated in Renminbi, Euros, Japanese Yen and Hong Kong dollars, and the exchange rates of such currencies were relatively stable over the year under review, the directors of the Company believe that foreign exchange exposure does not have any significant adverse effect to the Group. Therefore, the Group has not implemented any formal hedging or other alternative policies to deal with such exposure.

CONTINGENT LIABILITIES

As at 31 December 2024, the directors of the Company were not aware of any material contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group did not have any plans for material investments and capital assets.

SIGNIFICANT INVESTMENT

During the year, there was no other significant investment.

DIVIDEND

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 30 staff and workers in Hong Kong, Japan and the PRC (2023: 34). The Group remunerates its directors based on the complexity of duties and responsibilities of each individual. The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by the management. Other employee benefits include contributions to social security, medical insurance and retirement schemes and provision of appropriate training program. The Company adopted a share option scheme to enable it to grant share options to, among others, selected eligible employees as incentive or reward for their contributions.

CAPITAL STRUCTURE

During the year ended 31 December 2024, the issued shares of the Company increased from 880,838,000 to 922,838,000.

On 17 June 2024, a total of 42,000,000 subscription shares with subscription price of HKD0.053 per subscription share were issued and allotted pursuant to the subscription agreement entered on 30 November 2022. The subscription shares served as the service fee for the established of a joint venture and application of the slaughtering permit.

As at 31 December 2024 and as at the date of this announcement, there are a total of 922,838,000 issued shares of the Company of par value of HK\$0.01 each.

Save as disclosed above, there were no other changes in the capital structure of the Company during the year ended 31 December 2024.

OUTLOOK AND FUTURE PROSPECTS

Our Group's objective is to continue enhancing its slaughtering and processing capabilities in the coming years. We are optimistic that we can make further improvements to the slaughterhouse currently in operation and that the Group will increase its focus on the slaughterhouse business in its business portfolio. This strategic move will enable us to produce higher quality pork products, implement stronger cost control measures and expand our supply to the PRC market. We will optimise the allocation of resources and implement cost control measures in both the slaughtering and piping systems product businesses but focusing more on the slaughtering business. This will maximise the interests of our shareholders, stakeholders and the business. We will continue to closely monitor both the PRC and Japan businesses to review our business risks and internal control measures. The Group is looking forward to make profitable with improved cost control.

EVENTS AFTER THE YEAR END DATE

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2024 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2024.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the service contracts and letters of appointment entered into with the respective Directors, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director was or had been materially interested, whether directly or indirectly, subsisted at the end of the year or any time during the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions of the Directors. The Company has confirmed, after making specific enquiries with the Directors in accordance with the code of practice that all the Directors have complied with the Model Code during the year ended 31 December 2024.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted all the code provisions (the “**Code Provision(s)**”) stated in the Corporate Governance Code (“**CG Code**”) as set out in Appendix C1 to the Listing Rules as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company's standards of corporate governance practices.

As disclosed in the announcements dated 27 September 2024, 10 January 2025 and 21 January 2025, following the resignation of Ms. Qin Yuanling as an executive Director on 27 September 2024, the Company has a single gender board which does not meet the requirement under Rule 13.92 of the Listing Rules. Following the appointment of Ms. Xiang Yuan as an executive Director on 21 January 2025, the Company re-complies with the requirement regarding gender diversity of the Board under Rule 13.92 of the Listing Rules.

Save as disclosed above, the Company had complied with the Code Provisions during the year ended 31 December 2024.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENT

The audit committee of the Company (the “**Audit Committee**”) is primarily responsible for reviewing the financial reporting process, risk management and internal control systems and monitoring the integrity of the financial statements and financial reports of the Company. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Luo Mingsheng, Dr. Wang Guiping and Mr. Huang Ruilin, with Mr. Luo Mingsheng as its chairman.

The Audit Committee has reviewed with the management the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2024. It has also discussed the financial reporting process and the risk management and internal control systems of the Company with the management. The Audit Committee had also reviewed and discussed the audit, risk management, internal control and financial reporting matters of the Group, including review of the financial statements for the year ended 31 December 2024.

SCOPE OF WORK OF AUDITORS ON THE ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the annual results announcement of the Group for the year ended 31 December 2024 have been agreed by the Group’s independent auditors, HLB Hodgson Impey Cheng Limited (“**HLB**”), to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by HLB 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on the announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The audited annual results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hsihl.com) and the Company’s annual report for the year ended 31 December 2024 will be despatched to the shareholders of the Company and published on the Company’s and the Stock Exchange’s websites in due course.

By order of the Board
HUI SHENG INTERNATIONAL HOLDINGS LIMITED
Zhang Zhenghua
Executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises five Directors, of which Mr. Zhang Zhenghua and Ms. Xiang Yuan are executive Directors; and Dr. Wang Guiping, Mr. Huang Ruilin and Mr. Luo Mingsheng are independent non-executive Directors.