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## **Guan Chao Holdings Limited**

**冠轆控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1872)**

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

The board (“**Board**”) of Directors (the “**Directors**”) of Guan Chao Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

The financial information set out in this preliminary announcement below does not constitute the Group's consolidated financial statements for the year ended 31 December 2024 but represents an extract from those financial statements. The consolidated financial statements have been reviewed by the audit committee of the Company.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Note	S\$'000	S\$'000
<b>Revenue</b>	3	<b>190,894</b>	180,878
Cost of sales	5	<u>(169,594)</u>	<u>(158,442)</u>
<b>Gross profit</b>		<b>21,300</b>	22,436
Other income		<b>653</b>	354
Other gains – net		<b>580</b>	2,742
Selling and distribution expenses	5	<b>(4,019)</b>	(3,266)
General and administrative expenses	5	<b>(18,243)</b>	(10,308)
Impairment of receivables		<u>(785)</u>	<u>(127)</u>
<b>Operating (loss)/profit</b>		<b>(514)</b>	11,831
Finance income	4	<b>142</b>	179
Finance expenses	4	<u>(2,926)</u>	<u>(3,099)</u>
Finance expenses – net		<u>(2,784)</u>	<u>(2,920)</u>
Share of profit of joint ventures		<b>209</b>	449
Share of loss of associates		<u>(249)</u>	<u>(17)</u>
<b>(Loss)/profit before income tax</b>		<b>(3,338)</b>	9,343
Income tax credit/(expense)	6	<u>270</u>	<u>(1,600)</u>
<b>(Loss)/profit and total comprehensive (loss)/ income for the year</b>		<u><b>(3,068)</b></u>	<u>7,743</u>
<b>(Loss)/profit and total comprehensive (loss)/ income attributable to:</b>			
Equity holders of the Company		<b>(3,240)</b>	7,754
Non-controlling interest		<u>172</u>	<u>(11)</u>
		<u><b>(3,068)</b></u>	<u>7,743</u>
			(Restated)
<b>(Losses)/earnings per share for (loss)/ profit attributable to equity holders of the Company for the year (expressed in Singapore cents per share)</b>			
– Basic	8(a)	<b>(3.2)</b>	8.6
– Diluted	8(b)	<u><b>(3.2)</b></u>	<u>8.6</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December	
		2024	2023
	Note	S\$'000	S\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		29,850	33,576
Financial assets at fair value through other comprehensive income		100	100
Deferred income tax assets		–	301
Finance lease receivables		28,130	37,908
Investment in a joint venture		1,369	1,160
Investments in associates		464	2,197
		<u>59,913</u>	<u>75,242</u>
<b>Current assets</b>			
Inventories		38,939	36,730
Trade and other receivables and prepayments	9	19,732	19,926
Finance lease receivables		7,969	9,066
Cash and bank balances		11,200	12,975
		<u>77,840</u>	<u>78,697</u>
<b>Total assets</b>		<b><u>137,753</u></b>	<b><u>153,939</u></b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		1,855	1,550
Share premium		13,514	11,864
Capital reserve		3,494	3,494
Share based payment reserve		1,440	1,440
Retained earnings		50,557	53,258
		<u>70,860</u>	<u>71,606</u>
<b>Non-controlling interest</b>		<u>561</u>	<u>389</u>
<b>Total equity</b>		<b><u>71,421</u></b>	<b><u>71,995</u></b>

		<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>S\$'000</b>	<b>S\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11	<b>37,461</b>	51,466
Contract liabilities		<b>562</b>	–
Deferred income tax liabilities		<b>189</b>	–
		<u>38,212</u>	<u>51,466</u>
<b>Current liabilities</b>			
Trade and other payables and provision for warranty	10	<b>10,310</b>	8,073
Borrowings	11	<b>17,790</b>	20,110
Derivative financial instruments		–	87
Income tax liabilities		<b>20</b>	2,208
		<u>28,120</u>	<u>30,478</u>
<b>Total liabilities</b>		<u><b>66,332</b></u>	<u>81,944</u>
<b>Total equity and liabilities</b>		<u><b>137,753</b></u>	<u>153,939</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 July 2017 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 the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands.

The Company is an investment holding company. The principal activities of the Group are sales of new parallel-import motor vehicles and pre-owned motor vehicles, provision of motor vehicle financing services and motor vehicle insurance agency services, sales of motor vehicle spare parts and accessories and provision of motor vehicle leasing services. The ultimate holding company of the Company is Gatehouse Ventures Limited, a limited company incorporated in the British Virgin Islands on 10 May 2017. The ultimate controlling party of the Group is Mr. Tan Shuay Tarn Vincent ("**Mr. Vincent Tan**").

The Company's ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 February 2019.

The consolidated financial statements are presented in thousands of units of Singapore Dollar ("**S\$'000**") unless otherwise stated.

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### **Basis of preparation**

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") and 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 assets at fair value through other comprehensive income and derivative financial instruments which are measured at fair values.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are to be included in the 2024 annual report. The material accounting policies applied in the preparation of these consolidated financial statements are set out in the 2024 annual report.

**(i) Amended standards and interpretation adopted by the Group**

The following amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2024:

- HKAS 1 (Amendments) Classification of Liabilities as Current or Non-current
- HKAS 1 (Amendments) Non-current Liabilities with Covenants
- HKFRS 16 (Amendments) Lease Liability in a Sale and Leaseback
- Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
- HKAS 7 and HKFRS 7 (Amendments) Supplier Finance Arrangements

The adoption of the amended standards and interpretation does not have any material impact on the Group's consolidated financial statements for the current period.

**(ii) New and amended standards and interpretation not yet adopted by the Group**

The following new and amended standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:

*Effective for annual periods beginning on or after*

- HKAS 21 and HKFRS 1 (Amendments) Lack of Exchangeability, 1 January 2025
- HKFRS 9 and HKFRS 7 (Amendments) Amendments to the Classification and Measurement of Financial Instruments, 1 January 2026
- HKFRS 18 Presentation and Disclosure in Financial Statements, 1 January 2027
- HKFRS 19 Subsidiaries without Public Accountability: Disclosures, 1 January 2027
- Hong Kong Interpretation 5 (Amendments) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause, 1 January 2027
- HKFRS 10 and HKAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, to be determined

The Group is currently assessing the impact of these new and amended standards and interpretation on the Group's financial position and performance and plans to adopt these new and amended standards and interpretation when they become effective.

### 3. SEGMENT INFORMATION

The Executive Directors of the Company, who are the chief operating decision-maker of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the Executive Directors of the Company that are used to make strategic decisions, which are:

- Sales of motor vehicles and provision of related services;
- Rental income from operating lease of motor vehicles; and
- Sales of spare parts and accessories.

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation in Singapore. An analysis of revenue is as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b>	2023
	<b>S\$'000</b>	S\$'000
Sale of motor vehicles*	<b>177,003</b>	168,133
Motor vehicles financing related services		
– Finance commission income	<b>3,321</b>	2,457
– Insurance commission income	<b>942</b>	1,032
Sale of spare parts and accessories	<b>19</b>	22
	<hr/>	<hr/>
Revenue from contracts with customers under IFRS 15 recognised at point in time	<b>181,285</b>	171,644
Motor vehicles financing related services		
– Interest income from finance lease arrangements	<b>3,813</b>	3,820
Rental income from operating lease of motor vehicles	<b>5,796</b>	5,414
	<hr/>	<hr/>
Revenue from operating and finance lease arrangements under IFRS 16	<b>9,609</b>	9,234
	<hr/>	<hr/>
	<b>190,894</b>	180,878
	<hr/> <hr/>	<hr/> <hr/>

\* Include direct sales of motor vehicles and sales of motor vehicles under finance lease arrangements.

The Group has revenue related contract liabilities (receipts in advance from customers) as at the end of each year as disclosed in Note 10. Receipts in advance from customers as at the end of each of the year will be recognised as revenue in the next year of sales.

## Segment revenue and results

For the year ended 31 December 2024

	Sales of motor vehicles and provision of related services <i>S\$'000</i>	Rental income from operating leases of motor vehicles <i>S\$'000</i>	Sales of spare parts and accessories <i>S\$'000</i>	Consolidated <i>S\$'000</i>
<b>Segment revenue</b>				
Total sales and rental income	180,099	6,106	19	186,224
Inter-segment sales	<u>(3,096)</u>	<u>(310)</u>	<u>–</u>	<u>(3,406)</u>
External sales and rental income	177,003	5,796	19	182,818
Finance commission income	3,321	–	–	3,321
Insurance commission income	942	–	–	942
Interest income from finance lease arrangement	<u>3,813</u>	<u>–</u>	<u>–</u>	<u>3,813</u>
	<u>185,079</u>	<u>5,796</u>	<u>19</u>	<u>190,894</u>
<b>Segment expenses</b>				
Cost of sales	<u>(165,113)</u>	<u>(4,481)</u>	<u>–</u>	<u>(169,594)</u>
<b>Segment (loss)/profit</b>	<b>(1,869)</b>	<b>1,348</b>	<b>7</b>	<b>(514)</b>
Finance expenses – net	(1,941)	(843)	–	(2,784)
Share of profit of a joint venture				209
Share of loss of associates				<u>(249)</u>
Loss before income tax				(3,338)
Income tax credit				<u>270</u>
Loss for the year				<u>(3,068)</u>
Impairment of goodwill	(1,484)	–	–	<u>(1,484)</u>

For the year ended 31 December 2023

	Sales of motor vehicles and provision of related services S\$'000	Rental income from operating leases of motor vehicles S\$'000	Sales of spare parts and accessories S\$'000	Consolidated S\$'000
<b>Segment revenue</b>				
Total sales and rental income	178,013	5,513	22	183,548
Inter-segment sales	(9,880)	(99)	–	(9,979)
External sales and rental income	168,133	5,414	22	173,569
Finance commission income	2,457	–	–	2,457
Insurance commission income	1,032	–	–	1,032
Interest income from finance lease arrangement	3,820	–	–	3,820
	<u>175,442</u>	<u>5,414</u>	<u>22</u>	<u>180,878</u>
<b>Segment expenses</b>				
Cost of sales	<u>(153,677)</u>	<u>(4,765)</u>	–	<u>(158,442)</u>
<b>Segment profit</b>	9,762	2,067	2	11,831
Finance expenses – net	(2,143)	(777)	–	(2,920)
Share of profit of joint ventures				449
Share of loss of associates				(17)
Profit before income tax				9,343
Income tax expense				(1,600)
Profit for the year				<u>7,743</u>

Inter-segment transactions are conducted at terms mutually agreed among group companies.

## Segment assets and liabilities

	Sales of motor vehicles and provision of related services <i>S\$'000</i>	Rental income from operating leases of motor vehicles <i>S\$'000</i>	Unallocated <i>S\$'000</i>	Consolidated <i>S\$'000</i>
<b>As at 31 December 2024</b>				
Segment assets	<u>110,004</u>	<u>25,357</u>	<u>2,392</u>	<u>137,753</u>
Segment liabilities	<u>45,917</u>	<u>17,636</u>	<u>2,779</u>	<u>66,332</u>
Capital expenditure	<u>1,664</u>	<u>3,214</u>	<u>–</u>	<u>4,878</u>
<b>As at 31 December 2023</b>				
Segment assets	<u>122,379</u>	<u>30,797</u>	<u>763</u>	<u>153,939</u>
Segment liabilities	<u>56,780</u>	<u>22,769</u>	<u>2,395</u>	<u>81,944</u>
Capital expenditure	<u>1,346</u>	<u>10,407</u>	<u>–</u>	<u>11,753</u>

Unallocated segment assets represent deferred income tax assets and other corporate assets. Unallocated segment liabilities represent income tax liabilities and other corporate liabilities. Capital expenditure comprises additions to property, plant and equipment.

## 4. FINANCE EXPENSES – NET

	Year ended 31 December	
	2024	2023
	<i>S\$'000</i>	<i>S\$'000</i>
<b>Finance income</b>		
Interest income on late payment ( <i>Note</i> )	–	34
Bank interest income	<u>142</u>	<u>145</u>
	<u>142</u>	<u>179</u>
<b>Finance expenses</b>		
Interest expenses on bank loans	(249)	(236)
Interest expenses on block discounting financing	(1,746)	(1,985)
Interest expenses on lease liabilities	(85)	(102)
Interest expenses on hire purchase liabilities	<u>(846)</u>	<u>(776)</u>
	<u>(2,926)</u>	<u>(3,099)</u>
Finance expenses – net	<u>(2,784)</u>	<u>(2,920)</u>

*Note:* Interest income on late payment relates to interest imposed on customers for late payment of its overdue balances.

## 5. MATERIAL PROFIT AND LOSS ITEMS

Expenses included in cost of sales, selling and distribution, and general and administrative expenses are analysed as follows:

	Year ended 31 December	
	2024	2023
	S\$'000	S\$'000
Cost of inventories sold	164,708	154,503
Provision of inventories write down	1,269	38
Impairment of property, plant and equipment	64	–
Impairment of goodwill in associate	1,484	–
Auditor's remunerations for audit services		
– current year	307	261
Depreciation expense on property, plant and equipment (excluding right-of-use assets)	4,439	3,516
Depreciation expense on right-of-use assets	1,134	861
Employee benefit expense	11,468	9,396
Rental expenses relating to short-term leases	689	671
Advertising and marketing expenses	1,158	320
Sales commission to external parties	378	729
Travelling and entertainment expenses	238	162
Legal and professional fees	906	303
Bank charges	258	145
Forfeiture of trade deposit paid	2,178	214
Insurance	77	52
Office expenses	275	199
Donations	14	6
Other operating expenses	812	640
	<u>191,856</u>	<u>172,016</u>

## 6. INCOME TAX (CREDIT)/EXPENSE

Singapore statutory income tax has been provided at the rate of 17% on the estimated assessable profit during the year ended 31 December 2024 (2023: 17%).

The amounts of income tax (credit)/expense (credited)/charged to the consolidated statement of comprehensive income represent:

	Year ended 31 December	
	2024	2023
	S\$'000	S\$'000
Singapore profits tax		
– Current tax expense	19	1,871
Over-provision in prior years	(325)	(115)
Deferred tax expense/(credit)	36	(156)
	<u>          </u>	<u>          </u>
Total tax (credit)/expense for the year	<u>(270)</u>	<u>1,600</u>

## 7. DIVIDENDS

The Company has neither declared nor paid any dividends since its incorporation.

## 8. BASIC AND DILUTED (LOSSES)/EARNINGS PER SHARE

### (a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023.

	Year ended 31 December	
	2024	2023
	S\$'000	S\$'000
(Loss)/profit attributable to equity holders of the Company (S\$'000)	<u>(3,240)</u>	<u>7,754</u>
Weight average number of ordinary shares in issue ('000)	<u>100,230</u>	<u>90,000*</u>
Basic (losses)/earnings per share in Singapore cents	<u>(3.2)</u>	<u>8.6</u>

\* restated arising from share consolidation completed on 27 May 2024.

(b) **Diluted (losses)/earnings per share**

**2024 and 2023**

There were one type of potential dilutive ordinary shares outstanding for the year ended 31 December 2024 and 2023. The Company's share options are not included in the calculation of the diluted (losses)/earnings per share because the average market price of the Company's shares during the year is less than the assumed exercise price of the share options, the potential ordinary shares were not included in the calculation of the diluted (losses)/earnings per share as their inclusion would be have no dilutive impact. Hence the diluted (losses)/earnings per share is the same as basic (losses)/earnings per share.

**9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS**

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Current</b>		
Trade receivables	<b>7,385</b>	7,623
Less: provision for impairment of trade receivables	<b>(38)</b>	(40)
	<hr/>	<hr/>
Trade receivables – net	<b>7,347</b>	7,583
Prepayments	<b>7,658</b>	9,895
Amounts due from a joint venture	<b>14</b>	655
Amount due from a director	<b>186</b>	–
Amount due from associates	<b>370</b>	–
Amount due from related parties	<b>588</b>	360
Other receivables	<b>4,444</b>	1,486
Less: provision for impairment of other receivables	<b>(875)</b>	(53)
	<hr/>	<hr/>
Other receivables – net	<b>3,569</b>	1,433
Total	<b>19,732</b>	19,926
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Trade receivables mainly include outstanding balances from customers arising from sales of motor vehicles and sales of spare parts and accessories. For the sales of motor vehicles, all customers are generally required to make payment at the point of transaction and no credit period is granted to these customers. The Group may, however, at times grant credit period to certain customers based on (i) size of order; (ii) the Group's relationship with the customers; and (iii) the Group's assessment of the reputation and credit worthiness of the customers and may impose interest on overdue balances.

Prepayments mainly include advances to various suppliers for purchase of inventory and prepayment for purchase of Certificates of Entitlement.

The amounts due from a director, a joint venture, associates and related parties are unsecured, interest-free, and repayable on demand.

Included in other receivable, there were:

- S\$Nil (2023: S\$740,000) receivables from other car dealers. This amount was secured, bears an average interest rate of 10% and repayable within 3 months as at 31 December 2023.
- S\$1,300,000 (2023: S\$Nil) relates to a receivable that is secured, bears an interest of 1.25% to 2% per month and repayable within 12 months.
- S\$1,169,000 (2023: S\$Nil) relates to a receivable that is unsecured, bears an interest of 4.5% per annum and repayable within 12 months.

As at 31 December 2024 and 2023, the ageing analysis of the trade receivables (net of provision for impairment) based on invoice date are as follows:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<i>S\$'000</i>	<i>S\$'000</i>
Up to 3 months	7,284	6,778
3 to 4 months	6	68
4 months to 1 year	57	720
More than 1 year	–	17
	<u>7,347</u>	<u>7,583</u>

#### 10. TRADE AND OTHER PAYABLES AND PROVISION FOR WARRANTY

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<i>S\$'000</i>	<i>S\$'000</i>
<b>Current</b>		
Trade payables ( <i>Note a</i> )	630	917
Other payables	575	898
Amounts due a joint venture	1	61
Amounts due to associates	178	–
Amounts due to related parties	1,715	–
Contract liabilities ( <i>Note c</i> )	2,825	3,340
Accrued operating expenses	3,417	2,145
Provision for warranty ( <i>Note b</i> )	969	712
	<u>10,310</u>	<u>8,073</u>
<b>Non-current</b>		
Contract liabilities ( <i>Note c</i> )	<u>562</u>	<u>–</u>

The amounts due to a joint venture and associates and related parties are unsecured, interest-free, and repayable on demand.

Contract liabilities comprises of deferred revenue and advance payment from customer.

**(a) Trade payables**

An ageing analysis of the trade payables as at 31 December 2024 and 2023, based on the invoice date, is as follows:

	As at 31 December	
	2024	2023
	S\$'000	S\$'000
Within 1 month	467	545
1 to 4 months	29	23
4 months to 1 year	134	349
	<u>630</u>	<u>917</u>

Trade payables are unsecured and non-interest bearing. The Group is able to negotiate to extend the repayment period with the suppliers based on mutual agreement.

**(b) Provision for warranty**

Movement in provision for warranty is as follows:

	As at 31 December	
	2024	2023
	S\$'000	S\$'000
As at 1 January	712	498
Provision for the year	456	422
Provision utilised	(199)	(208)
As at 31 December	<u>969</u>	<u>712</u>

**(c) Contract liabilities**

Contract liabilities comprise advance payment from customers.

**(i) Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	As at 31 December	
	2024	2023
	S\$'000	S\$'000
<i>Revenue recognised that was included in the contract liability balance at the beginning of the year</i>		
– Sales of motor vehicles	<u>3,340</u>	<u>8,335</u>

*Contract liabilities*

Management expects that the transaction price allocated to unsatisfied performance obligation as at 31 December 2024 and 2023 may be recognised as revenue in the next reporting period as follows:

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>S\$'000</b>	<b>S\$'000</b>
2024	–	3,340
2025	<b>2,825</b>	–
2026	<b>113</b>	–
2027	<b>113</b>	–
2028	<b>112</b>	–
2029	<b>112</b>	–
2030	<b>112</b>	–
	<hr/>	<hr/>
Total	<b>3,387</b>	<b>3,340</b>
	<hr/> <hr/>	<hr/> <hr/>

**(ii) Significant changes in contract liabilities**

The decrease was mainly due to lower pre-orders of vehicles from customers. The decrease is partially offset by a new contractual obligation to provide vehicle servicing over a period of 6 years arising from sale of a brand vehicle in 2024.

**(iii) Unsatisfied performance obligations**

As at 31 December 2024, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under IFRS 15, the transaction price allocated to these unsatisfied performance obligations was not disclosed.

## 11. BORROWINGS

	As at 31 December	
	2024	2023
	S\$'000	S\$'000
<b>Non-current</b>		
Block discounting financing ( <i>Note c</i> )	25,126	35,136
Hire purchase liabilities ( <i>Note d</i> )	11,739	15,720
Lease liabilities	596	–
Term loan ( <i>Note e</i> )	–	610
	37,461	51,466
<b>Current</b>		
Borrowings against inventories ( <i>Note a</i> )	1,525	–
Term bills ( <i>Note b</i> )	–	2,547
Block discounting financing ( <i>Note c</i> )	8,056	9,442
Lease liabilities	494	827
Hire purchase liabilities ( <i>Note d</i> )	4,946	6,263
Term loan ( <i>Note e</i> )	610	1,031
Short term loan ( <i>Note f</i> )	2,159	–
	17,790	20,110
	55,251	71,576

### Notes:

- (a) Borrowings against inventories were secured by certain inventories and corporate guarantee provided by the Company.
- (b) Term bills financing were secured by corporate guarantee provided by the Company.
- (c) Block discounting financing were secured by certain portion of the finance lease receivables and corporate guarantee provided by the Company. Block discounting financing contains a repayable on demand clause. However, prior to the year end, the Group had received a confirmation letter from a bank waiving its rights to demand immediate repayment for a period of 12 months from 31 December 2024 and 2023. Therefore, the Group classified certain portion of the block discounting as at 31 December 2024 and 2023 as non-current.
- (d) Hire purchase liabilities were bank loans secured by motor vehicles and corporate guarantee by the Company.
- (e) Term loan was secured by corporate guarantee provided by the Company.
- (f) Short term loan is unsecured, bears an interest of 4.5% per annum and repayable within 12 months.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in selling new parallel-import motor vehicles and pre-owned motor vehicles, with the main business being the sales of brand new parallel-import motor vehicles in Singapore. Apart from the sales of motor vehicles, the Group also provides related services and products, such as (i) provision of motor vehicle financing services; (ii) provision of motor vehicle insurance agency services; and (iii) sales of motor vehicle spare parts and accessories.

During the year ended 31 December 2024, the Group sold 905 and 565 units of new motor vehicles and pre-owned motor vehicles, respectively, as compared with 770 and 360 units of new motor vehicles and pre-owned motor vehicles sold, respectively, for FY2023. Therefore, the revenue increased by approximately S\$10.0 million, and such increase was mainly attributable to the increased demand from customers.

### **BUSINESS OUTLOOK**

The progress of our business growth was slow due to economic recovery and the evident conservative consumption after the pandemic, global turbulence and complex international relations. It continues to pose a challenge on the Group's business and financial performance going forward. The management of the Group will continue to use its best endeavour to adopt appropriate business strategies by exercising effective cost control, upholding quality service to customers and maintaining good relationships with major suppliers and to strengthen its market position as the leading parallel-import dealer in Singapore.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue increased by approximately S\$10.0 million or 5.5% from approximately S\$180.9 million for FY2023 to approximately S\$190.9 million for FY2024, which was mainly attributable to the increase in sales of motor vehicles amounting to approximately S\$8.9 million or 5.3%.

#### ***Sales of motor vehicles***

The sales of new motor vehicles increased by approximately S\$6.3 million or 5.0%, which was mainly attributable to the increase in units of motor vehicles sold from 770 units for FY2023 to 905 units for FY2024 despite the decrease in average selling price of new motor vehicles sold from approximately S\$164,000 for FY2023 to approximately S\$147,000 for FY2024.

The sales of pre-owned motor vehicles increased by approximately S\$2.6 million or 6.2%, which was mainly due to the increase in units of motor vehicles sold from 360 units for FY2023 to 565 units for FY2024 despite the decrease in average selling price of pre-owned motor vehicles sold from approximately S\$116,000 for FY2023 to approximately S\$78,000 for FY2024.

#### ***Motor vehicle financing services***

The Group's revenue from motor vehicle financing services increased by approximately S\$0.8 million or 12.7% from approximately S\$6.3 million for FY2023 to approximately S\$7.1 million for FY2024 respectively. The increase was mainly attributable to the increase of financing arrangements as a result of the increase in the sales of motor vehicles.

#### ***Insurance agency services***

The Group's commission income from insurance companies for referral of customers varied depending on the insurance premium under the insurance policies. The Group's commission income from insurance companies remained stable for FY2023 and FY2024 which amounted to approximately S\$1.0 million and S\$0.9 million, respectively.

#### ***Leasing of motor vehicles***

The income from leasing of motor vehicles increased by approximately S\$0.4 million or 7.4% from approximately S\$5.4 million for FY2023 to approximately S\$5.8 million for FY2024. The increment was mainly attributable to an increase in motor vehicles with higher value being leased to corporate customers during FY2024 versus motor vehicles with lower value being leased to private hire drivers. The Group's number of motor vehicles being rented to customers was 151 units and 174 units as at 31 December 2023 and 2024, respectively.

#### ***Sales of spare parts and accessories***

The income from sales of spare part and accessories remained stable at approximately S\$22,000 for FY2023 and approximately S\$19,000 for FY2024.

#### **Cost of sales**

The Group's cost of sales increased by approximately S\$11.2 million or 7.1% from approximately S\$158.4 million for FY2023 to approximately S\$169.6 million for FY2024. The increase was mainly due to the increase in cost of motor vehicles (and related costs) sold in FY2024.

For FY2024, the cost of motor vehicles (and related costs) sold increased by approximately S\$11.6 million or 7.6% from approximately S\$153.4 million for FY2023 to approximately S\$165.0 million for FY2024 and was in line with the increase in sales of motor vehicles.

## **Gross profit and gross profit margin**

As a result of the foregoing, the Group's total gross profit remained stable at approximately S\$22.4 million for FY2023 and approximately S\$21.3 million for FY2024. The overall gross profit margin decreased from approximately 12.4% for FY2023 to approximately 11.2% for FY2024 which was mainly due to the decrease of profit margin from sales of motor vehicles business.

### ***Gross profit and gross profit margin from sales of motor vehicles***

The Group's gross profit from sales of motor vehicles decreased by approximately S\$2.2 million, or 15.2% from approximately S\$14.5 million for FY2023 to approximately S\$12.3 million for FY2024, and the Group's gross profit margin for sales of motor vehicles was approximately 8.6% for FY2023 and approximately 7.0% for FY2024. The decrease in gross profit margin for sales of motor vehicles was mainly contributed to that the Group sold proportionally more Japanese brands motor vehicles which are normally sold at a lower margin as compared to European brands.

### ***Gross profit and gross profit margin from motor vehicle financing services***

The net interest spread for FY2024 increased by approximately 0.9% from approximately 5.1% for FY2023 to approximately 6.0% for FY2024, as a result of an increase of approximately 0.7% in the average yield on finance lease receivables and a decrease of approximately 0.2% in the average interest expense.

### ***Gross profit and gross profit margin from leasing of motor vehicles***

The Group's gross profit from leasing of motor vehicles remained stable at approximately S\$0.7 million for FY2023 and approximately S\$0.9 million for FY2024.

### ***Gross profit and gross profit margin from sales of spare parts and accessories***

The Group recorded a gross profit from sales of spare parts and accessories of approximately S\$22,000 for FY2023 and approximately S\$19,000 for FY2024.

## **Other income**

The Group's other income remained stable at approximately S\$0.4 million for FY2023 and approximately S\$0.7 million for FY2024.

### **Other gains – net**

The Group's other gains – net decreased by approximately S\$2.1 million or 77.8% from net gains of approximately S\$2.7 million for FY2023 to net gains of approximately S\$0.6 million for FY2024 which was mainly due to the effect of (i) foreign exchange losses of approximately S\$0.5 million for FY2023 to foreign exchange gains of approximately S\$0.1 million for FY2024; (ii) the disposal of property, plant and equipment recorded from gain of approximately S\$2.8 million for FY2023 to gain of approximately S\$0.4 million for FY2024; and (iii) fair value gain on derivative instruments of approximately S\$0.4 million for FY2023 to fair gain of approximately S\$0.1 million for FY2024.

### **Selling and distribution expenses**

The Group's selling and distribution expenses increased by approximately S\$0.7 million or 21.2% from approximately S\$3.3 million for FY2023 to approximately S\$4.0 million for FY2024. The increase was mainly due to the increase in advertising and marketing expenses for FY2024.

### **General and administrative expenses**

The Group's general and administrative expense increased by approximately S\$7.9 million or 76.7% from approximately S\$10.3 million for FY2023 to approximately S\$18.2 million for FY2024. The increase was mainly attributable to the increase in employee benefit expense, forfeiture of trade deposit paid, impairment of goodwill in associate and provision of inventories write down.

### **Finance income and finance expenses**

Finance income represents bank interest income. The Group had minimal finance income for FY2023 and FY2024.

The Group's finance expenses decreased from approximately S\$3.1 million for FY2023 to S\$2.9 million for FY2024. The decrease was mainly due to the decrease in interest expenses on block discounting financing of approximately S\$0.2 million as a result of the decrease in average effective interest rate of approximately 4.1% for FY2023 to approximately 3.6% for FY2024.

### **Income tax credit/(expense)**

The Group recorded income tax credit of S\$0.3 million for FY2024 as compared to income tax expense of S\$1.6 million for FY2023, which was mainly due to the decrease in taxable profit from the Group's operation in Singapore.

## **(Loss)/profit and total comprehensive (loss)/income for the year and net (loss)/profit margin**

As a result of the foregoing, the Group recorded a loss of approximately S\$3.1 million for FY2024 as compared to a profit of approximately S\$7.7 million for FY2023 and the Group's net loss margin was approximately 1.6% for FY2024 as compared to a net profit margin of approximately 4.3% for FY2023. Such decrease in profit for FY2024 was primarily due to the (i) decrease in other gains – net by approximately S\$2.2 million; and (ii) increase in general and administrative expenses of approximately S\$7.9 million.

## **CAPITAL STRUCTURE**

As at 31 December 2024, the capital structure of the Group consisted of borrowings and equity of the Group, comprising share capital, share premium, capital reserve, share based payment reserve and retained earnings.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During FY2024, the Group's working capital was financed by internal resources, borrowings and net proceeds from the subscription of new shares on 7 June 2024.

The Group's primary uses of cash are for purchases of motor vehicles for sale and leasing purposes and for funding of the Group's operations. The Group has financed its operations mainly by various forms of borrowings, including bank loans, borrowings against inventories, trust receipts, block discounting financing, hire purchase liabilities and term loan, etc.

## **LIQUIDITY RATIOS**

As at 31 December 2024, the Group had cash and bank balances of approximately S\$11.2 million (2023: approximately S\$13.0 million). The Group's current ratio, debt to equity ratio and gearing ratio ratios are as follows:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
Current ratio	<b>2.8</b>	2.6
Debt to equity ratio	<b>77.4%</b>	99.4%
Gearing ratio	<b>38.1%</b>	44.9%

Current ratio represents the current assets over current liabilities as at the end of the respective date.

Debt to equity ratio is determined by dividing total debt by total equity as at the end of the respective date. Total debt includes borrowings.

Gearing ratio equals net debt, which represents total debt net of cash and cash equivalents, over total capital as at the end of the respective date. Total capital includes total equity and net debt.

## **BORROWINGS AND PLEDGE OF ASSETS**

As at 31 December 2024, the Group had borrowings of approximately S\$55.3 million (2023: approximately S\$71.6 million). Certain borrowings were secured by certain inventories, motor vehicles, finance lease receivables and corporate guarantee provide by the Company as disclosed in note 11 to the consolidated financial information of this announcement.

The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings, which enable the Group to continue its business for the foreseeable future.

## **CAPITAL EXPENDITURE AND COMMITMENTS**

During FY2024, the capital expenditures amounted to approximately S\$4.9 million which was used for the purchases of property, plant and equipment in Singapore (2023: approximately S\$11.8 million). The Group finances its capital expenditures primarily through cash generated from operating activities and bank borrowings.

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

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL**

The Group did not have any significant investment, material acquisition and disposal of subsidiaries and affiliated companies during the year ended 31 December 2024.

## **FOREIGN EXCHANGE RISK**

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The Group is exposed to foreign exchange risk arising from various currency exposure, primarily with respect to Sterling pound, Japanese yen, Hong Kong dollars and United States dollars. The Group's exposure to other foreign exchange movements is not material. No hedging activities had been made by the Group during the year ended 31 December 2024.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 December 2024 (2023: nil).

## **EMPLOYEE, EMPLOYEE REMUNERATION AND REMUNERATION POLICY**

As at 31 December 2024, the Group employed a total of 108 employees (2023: 80 employees), excluding the Directors. Employee benefit expense (including directors' emoluments) of approximately S\$11.5 million incurred for the year ended 31 December 2024 (2023: S\$9.4 million).

The remuneration package of the employee mainly includes salaries and allowances, sales commission and bonuses. The remuneration of the employees is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The Company has adopted a share option scheme to reward the employees for their contribution to the Group and to provide them with incentives to further contribute to the Group.

The Group also provides in-house trainings to the staff which aim at updating their product knowledge, as well as improving their technical skills.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the prospectus in relation to the rights issue dated 22 November 2024 (the "**Prospectus**") and the plan for setting up the motor vehicle workshop as disclosed in the section headed "Use of Proceeds" of this announcement, the Group did not have plans for material investments and capital assets as at 31 December 2024.

## **USE OF PROCEEDS**

The total net proceeds raised from the Listing (the "**Net Proceeds**") were approximately HK\$52.9 million after deduction of underwriting fees and commissions and estimated expenses payable by the Group in connection with the Share Offer.

Set out below are details of the allocation of the Net Proceeds, the utilised and unutilised amounts of the Net Proceeds as at 31 December 2024:

	Approximate percentage of total amounts	Actual Net Proceeds <i>HK\$'000</i>	Planned utilised amounts as at 31 December 2024 <i>HK\$'000</i>	Utilised amounts as at 31 December 2024 <i>HK\$'000</i>	Unutilised amounts as at 31 December 2024 <i>HK\$'000</i>
Expanding the scale of the Group's motor vehicle hire purchase financing business	45.8%	24,230	24,230	24,230	–
Expanding the scale of the Group's pre-owned motor vehicle sales business	30.2%	15,974	15,974	15,974	–
Setting up a motor vehicle workshop	10.4%	5,499	5,499	1,677	3,822
Enhancing the Group's branding, sales and marketing efforts	7.7%	4,062	4,062	4,062	–
Working capital	5.9%	3,148	3,148	3,148	–
<b>Total</b>	<b>100.0%</b>	<b>52,913</b>	<b>52,913</b>	<b>49,091</b>	<b>3,822</b>

The reason for the under-utilisation of the Net Proceeds was caused by the delay of setting up a motor vehicle workshop. As set out in the annual report of the Group for the year ended 31 December 2019, it was intended that the Group will set up its own motor vehicle workshop and utilise the remaining proceeds of approximately HK\$5.5 million by FY2020. As Singapore's economy has been severely affected by the outbreak of COVID-19 since the 1st quarter of FY2020, the Directors were prudent for the business expansion and that the plan for setting up the motor vehicle workshop has been further delayed to 2025.

## EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fundraising activities in the past twelve months immediately prior to the date of this annual results announcement:

Date of relevant announcements and circular	Events	Net proceeds	Intended use of Proceeds	Actual use of proceeds as at the date of this annual results announcement
28 May 2024 and 7 June 2024	Subscription of new shares under general mandate	HK\$11.24 million	Expand the Group's motor vehicle portfolio	Fully utilised as intended
12 July 2024, 24 September 2024, 22 November 2024, 13 December 2024 and 10 January 2025	Rights issue on the basis of four (4) rights shares for every one (1) share held on the record date	HK\$170.64 million	<p>(i) approximately HK\$119.43 million used for the expansion of the Group's motor vehicle business network into Thailand;</p> <p>(ii) approximately HK\$17.07 million used for the development of the Group's newly commenced anion exchange membrane (AEM) water electrolysis business;</p> <p>(iii) approximately HK\$17.07 million used to Group's sales and service network and marketing and enhance its brand awareness; and</p> <p>(iv) the remaining portion of approximately HK\$17.07 million will be used for the Group's general and corporate administrative purposes</p>	<p>(i) approximately HK\$27.67 million has been utilised as intended;</p> <p>(ii) approximately HK\$17 million has been utilised as intended;</p> <p>(iii) not yet utilised; and</p> <p>(iv) fully utilised as intended</p>

The Directors would like to highlight that the above unutilised net proceeds of approximately HK\$108.9 million have been primarily allocated for the expansion of the Group's motor vehicle business in Thailand. It is anticipated that these funds will be fully utilized by the first half of 2025. Save as the above, the Company has not conducted any fundraising activities in the past twelve months immediately prior to the date of this annual results announcement.

## **OTHER INFORMATION**

### **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 during the year ended 31 December 2024.

### **SHARE OPTION SCHEME**

The Company has adopted the share option scheme (the "**Share Option Scheme**") on 1 February 2019. The purpose of the Share Option Scheme is to enable the Company to grant options to eligible persons as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group. The principal terms of the Scheme are summarised in the section headed "Share Option Scheme" in Appendix IV to the Prospectus.

As at 31 December 2024, there were 9,000,000 share options granted by the Company under the Share Option Scheme which were valid and outstanding, representing approximately 1.7% of the issued share capital of the Company as at the date of this announcement. The share options are exercisable for a period of ten years from 8 April 2020 (the "**Option Period**") and expiring at the close of business on the last day of the Option Period or at the expiry of the Scheme, whichever is earlier. The share options have vested on 8 April 2020.

No share options were granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 December 2024.

### **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 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its code of conduct regarding securities transaction by Directors. The Company, having made specific enquiry, confirms that all Directors have complied with the Model Code throughout the year ended 31 December 2024.

### **CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2024, the Company has applied the principles of and complied with all the applicable code provisions set out from time to time in the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules, save and except for the following deviations from code provisions A.2.1 and C.2.5 of the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive shall be separated and shall not be performed by the same individual. Mr. Vincent Tan currently holds both positions. Throughout the business history, Mr. Vincent Tan, as a founder and the controlling shareholder of the Group, has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors, including the independent non-executive Directors consider that Mr. Vincent Tan is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the shareholders as a whole.

Under code provision C.2.5 of the CG Code, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the audit committee and the Board. In addition, the audit committee has communicated with external auditor of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

## **EVENTS AFTER THE REPORTING PERIOD**

On 13 January 2025, the Company allotted and issued 431,906,081 shares on the basis of four (4) rights share for every one (1) share at HK\$0.40 per rights share, details of which are set out in the prospectus of the Company dated 22 November 2024 and announcement of the Company dated 13 December 2024. As at the date of this announcement, the total number of issued shares of the Company increased from 108,000,000 to 539,906,081.

On 17 January 2025, the Company and its wholly owned subsidiary of the Company, entered into the investment agreement with Reabon Technology Co., Limited in relation to, among other things, the establishment of the joint venture. Throughout the year, the Group has been proactively identifying and exploring potential projects to diversify its investment portfolio and enhance future returns. Prior to finalising the Investment Agreement, the Directors acknowledged the significant role of lithium niobate in advancing optical and mobile phone communications. Moreover, the ongoing revolution in Artificial Intelligence (AI) is significantly increasing the demand for computing power, positing optical communication as a fundamental element in supporting these innovative networks. The Directors are confident that entering into the Investment Agreement will provide a strategic opportunity to establish a foothold in the industry, which is expected to yield significant financial returns for the Group. For details, please refer to the Company's announcements dated 17 January 2025 and 14 February 2025.

On 17 March 2025, the Company entered into the placing agreement with the placing agent (the “**Placing Agent**”), pursuant to which the Company agreed to place through the Placing Agent up to a maximum of 21,600,000 placing shares to not less than six places at the placing price of HK\$0.73 per placing share (the “**Placing**”). As at the date of this announcement, the Placing is yet to be completed and is expected to be completed by early April. For details, please refer to the Company’s announcements dated 17 March 2025.

Save as disclosed above, the Group had no other significant events after 31 December 2024 and up to the date of this announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient minimum public float under the Listing Rules during the year ended 31 December 2024 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established an Audit Committee on 1 February 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Chow Wing Tung, Mr. Tam Yat Kin Ken and Mr. Zhong Lili. Mr. Chow Wing Tung is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group’s financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2024, including the accounting principles and practices adopted by the Group.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of 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 auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the annual report of the Company for FY2024 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Guan Chao Holdings Limited**  
**Mr. Tan Shuay Tarn Vincent**  
*Co-chairman and executive Director*

Hong Kong, 31 March 2025

*As at the date of this announcement, the Board comprises Mr. Tan Shuay Tarn Vincent, Mr. Zhang Xiaoyang, Ms. Ng Hui Bin Audrey, Ms. Beng Lee Ser Marisa and Mr. Jin Zhehui as executive Directors; and Mr. Chow Wing Tung, Mr. Tam Yat Kin Ken and Mr. Zhong Lili\* as independent non-executive Directors.*

\* *For identification purposes only*