HONBRIDGE HOLDINGS LIMITED
洪 橋 集 團 有 限 公 司
(Stock Code: 8137)

EMBRACING CHANGE:

REDEFINING OUR BUSINESS, OPENING NEW HORIZONS

ANNUAL REPORT 2024

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Honbridge Holdings Limited
Annual Report 2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Zhihao
(Chairman and Chief Executive Officer)
(Appointed on 13 October 2024)
Mr. Xu Bing (Appointed on 13 October 2024)
Mr. Chen Shengjie (Appointed on 13 October 2024)
Ms. Gu Wenting (Appointed on 13 October 2024)
Mr. Liu Wei, William (Re-designated from Joint Chief Executive Officer to Chief Executive Officer on 28 March 2024, resigned as Chief Executive Officer on 13 October 2024 and resigned on 1 April 2025)
Mr. He Xuechu *(Chairman)*
(Resigned on 13 October 2024)
Mr. Liu Jian *(Vice Chairman and Joint Chief Executive Officer)* (Resigned on 28 March 2024)
Mr. Dai Qing (Appointed on 28 March 2024 and resigned on 13 October 2024)

Non-Executive Director

Mr. Yan Weimin

Independent Non-Executive Directors

Mr. Chan Chun Wai, Tony
Mr. Ma Gang
Mr. Ha Chun

COMPLIANCE OFFICER

Mr. Liu Wei, William (resigned on 1 April 2025)

COMPANY SECRETARY

Mr. Yeung Ho Ming, *CPA (HK)*

AUTHORISED REPRESENTATIVES

Mr. Chen Shengjie (Appointed on 13 October 2024)
Mr. Yeung Ho Ming
Mr. Liu Wei, William (Resigned on 13 October 2024)

AUDIT COMMITTEE

Mr. Chan Chun Wai, Tony *(Committee Chairman)*
Mr. Ma Gang
Mr. Ha Chun

REMUNERATION COMMITTEE

Mr. Ha Chun *(Committee Chairman)*
Mr. Chen Shengjie (Appointed on 13 October 2024)
Ms. Gu Wenting (Appointed on 13 October 2024)
Mr. Ma Gang
Mr. Chan Chun Wai, Tony
Mr. He Xuechu (Resigned on 13 October 2024)
Mr. Liu Wei, William (Resigned on 13 October 2024)

NOMINATION COMMITTEE

Mr. Xu Zhihao *(Committee Chairman)*
(Appointed on 13 October 2024)
Mr. Xu Bing (Appointed on 13 October 2024)
Mr. Chan Chun Wai, Tony
Mr. Ma Gang
Mr. Ha Chun
Mr. Liu Wei, William (Resigned on 13 October 2024)

AUDITOR

BDO Limited

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited

REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman
KY1–1205 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 5402, 54th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

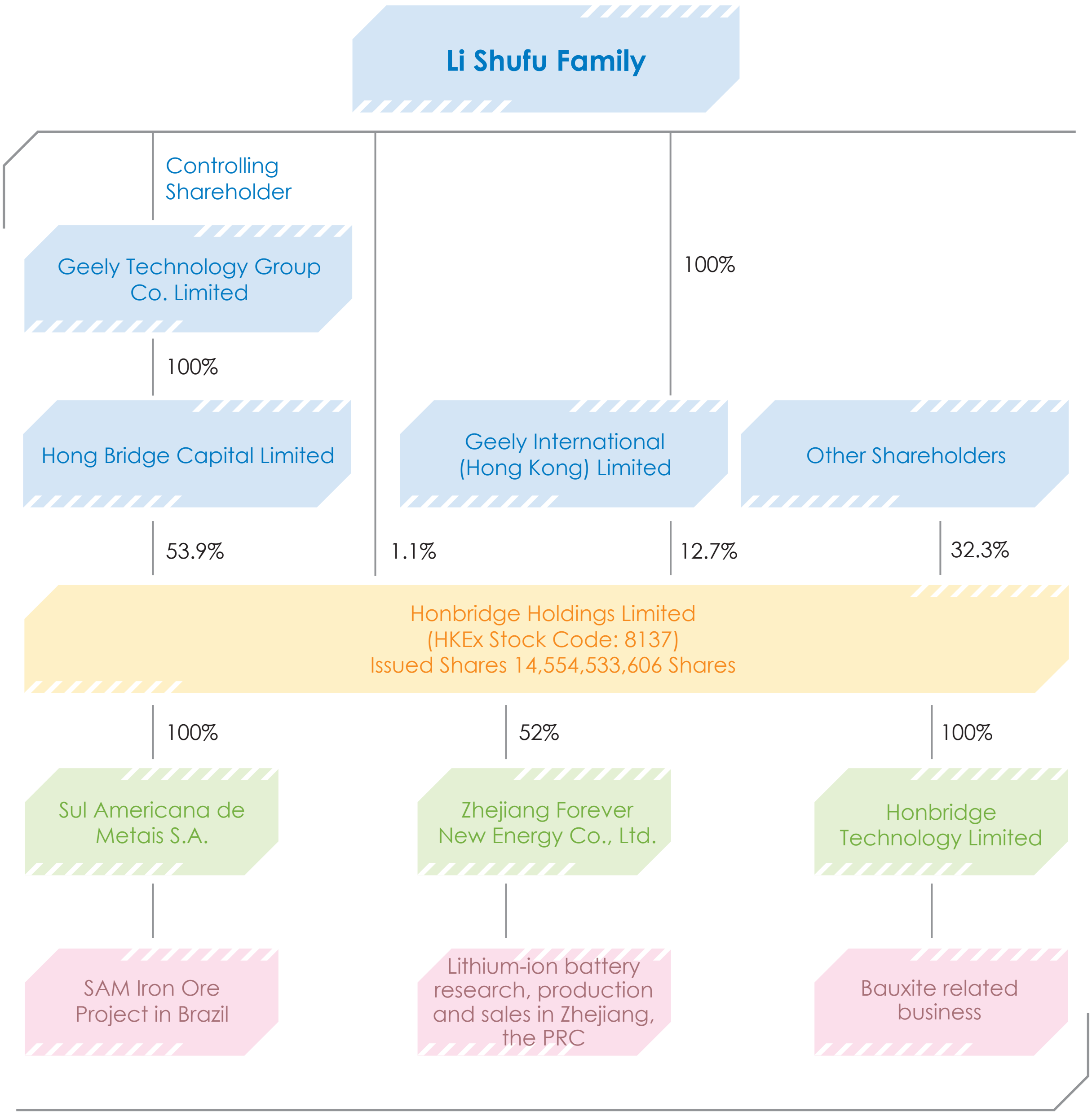
8137

COMPANY WEBSITE

www.8137.hk

CORPORATE STRUCTURE

(as at report date)



Note:

Business units for which the Group has entered into disposal agreements are excluded from the corporate structure.

CHAIRMAN'S STATEMENT

EMBRACING CHANGE: REDEFINING OUR BUSINESS, OPENING NEW HORIZONS

On behalf of the Board, I hereby present the 2024 annual report of Honbridge Holdings Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") to all shareholders.

BUSINESS REVIEW

For the year ended 31 December 2024 ("Year Ended 2024"), the Group recognised HK$126.1 million in revenue, representing a 44.4% decrease when compared to HK$227.0 million revenue recognised for the year ended 31 December 2023 ("Year Ended 2023").

Approximately 61.5% revenue of the Group were contributed by our Zhejiang lithium-ion battery plant. The HK$77.5 million revenue generated from selling lithium batteries has decreased by approximately 55.4% from HK$173.9 million due to the decrease in order from a major customer and the unsatisfactory sales of new products. The remaining revenue were generated by the online car-hailing business in France.

For the Year Ended 2024, the loss for the year of the Company was approximately HK$441.3 million (Year Ended 2023: loss of HK$158.8 million, excluding the discontinued operation). The increase in losses was primarily due to the impairment provision related to exploration and evaluation assets in Brazil as the price of iron concentrate decreased in 2024.

In the past few months, the Group has executed several strategic initiatives aimed at driving growth, streamlining operations, and focusing on our core business activities.

In January 2025, the Group entered into an agreement in relation to the share transfer of an associate of the Company, aligning with our strategy to streamline operations and concentrate our efforts on our major business segments.

Also in January 2025, the Company entered into a bauxite purchase framework agreement with parent company Geely Technology Group Co. Ltd. We expect the underlying business operations will commence in the second quarter of 2025, marking the beginning of a new business for our Company.

In February 2025, a strategic decision has been made to withdraw from the online car-hailing business in France. On 21 March 2025, the Group has signed an equity transfer agreement to dispose the online-car hailing business. This decision was taken after careful consideration, as the business had not yet identified a sustainable business model and required continuous capital investment. The decision will allow us to reallocate resources to more promising ventures.

In March 2025, the Company completed a share issuance under the two share subscription agreements entered into on 13 October 2024 and successfully raised HK$376.0 million. This significant injection of capital will support our business development and strengthen our general capital reserves.

PROSPECTS

Currently, Geely Technology Group Co., Ltd. has become the indirect controlling shareholder of the Group holding 53.9% interests of the Company. Under this background, the Group has commenced a new chapter of development. In order to support the sustainable business development and long-term strategy of the Group, the Company restructured the Board in the fourth quarter of 2024 to lay a solid foundation for future development.

The restructuring aims to enhance the efficiency and decision-making capability of the Board, and include more members with diverse professional expertise and extensive experience to better direct the strategic development and oversee the management of the Group. We believe that the new Board structure will more effectively guide the Group in addressing market challenges and seizing opportunities for development. In addition, we always remain committed to strengthening the internal management to enhance operational efficiency and risk management capability of the Group.

CHAIRMAN'S STATEMENT

We have adopted a prudent investment strategy by exiting projects that are not in line with the Group's vision, and progressively building a clearer business model focusing on resources, so as to more effectively meet the market demand and identify investment opportunities with resilience and stability. This helps mitigate risks and ensure stable growth of the Group's business. Furthermore, we are actively promoting the environmental assessment work of Brazilian iron ore and developing our bauxite business, while exploring and developing new and sustainable businesses to boost the competitiveness and long-term profitability of the Group. It is our long-term vision and goal to become a widely trusted green supplier of mineral resources, and to contribute to the sustainable development of the society. To this end, in addition to the existing projects in Brazil, the Group also intends to look for high-quality mining resource projects globally.

Last but not least, we will deepen cooperation with Geely Technology Group Co., Ltd., our indirect controlling shareholder, and Zhejiang Geely Holding Group Company Limited, one of Fortune 500 companies, to foster synergies and jointly explore new development opportunities. These close partnerships bring valuable resources and support to the Group, enabling us to overcome challenges and achieve sustainable growth.

We are confident that under the premise of openness, transparency and protection of the interests of minority shareholders, and with the strong and professional team, robust strategies and close collaboration with our partners, the Group will achieve greater success and create higher value for shareholders in the future.

Finally, I would like to pay tribute to all our staff for their hard work and to our shareholders for their continued support during the year.

Xu Zhihao
Chairman

LITHIUM-ION BATTERY BUSINESS

Zhejiang Forever New Energy Company Limited ("Zhejiang Forever New Energy")

Zhejiang Forever New Energy, a 52% owned subsidiary of the Group, is a lithium-ion battery enterprise in Jinhua New Energy Automobile Industrial Park. Zhejiang Forever New Energy occupies an area of approximately 130,000 square meters and the plant is designed to possess a maximum production capacity of approximately 2,000,000 kWh ternary lithium-ion battery annually. The first 500,000 kWh production line which produce pouch type cells has commenced mass production since 2018. Recently, Zhejiang Forever New Energy has outsourced the cell production process and focus on production of battery packs.

Zhejiang Forever New Energy has full research and development ability (including lithium battery and battery management system design) and the batteries produced are top quality, reliable and safe. However, large vehicle manufacturers are not willing to place large orders due to the small production capacity which lead to a higher average costs when compared to the other competitors. In the PRC, the top ten powered battery manufacturers accounted for over 90% of the market share. It is not easy to break off an established relationship between a battery manufacturer (supplier) and new energy vehicle manufacturer (customer), given the efforts and resources required by both the supplier and customer to develop a compatible battery product. Customer exploration remains a huge challenge but the Group has been constantly negotiating and promoting products matching with automobile, commercial vehicle or electric bicycle manufacturers and also with potential new customers in the energy storage field and manufacturers which are planning to make a switch from lead acid battery to lithium battery for their vehicles. Expect for lithium-ion battery for PHEVs and the parking and starting battery for heavy trucks, the Group also has 12V, 48V batteries and portable power station in the product list.

Shandong Forever New Energy Company Limited ("Shandong Forever New Energy")

The current production capacity of Shandong Forever New Energy amounts to 150,000 kWh of lithium iron phosphate battery or 225,000 kWh of ternary lithium battery annually. There was no production in Shandong Forever New Energy for years. Shandong Forever has been focusing on downsizing and operation simplification in the past few years.

Disposal of Shandong Forever New Energy and Assignment of Debts

On 20 January 2025, Triumphant Glory Investments Limited (凱榮投資有限公司) ("Triumphant Glory"), a wholly-owned subsidiary of the Company, Zhejiang Geely Automobile Co., Ltd. (浙江吉利汽車有限公司) ("Geely Auto") and Suzhou Aplesi New Energy Power System Technology Co., Ltd. (蘇州艾普樂思新能源動力系統科技有限公司) ("Suzhou Aplesi"), entered into an equity transfer agreement, pursuant to which Triumphant Glory and Geely Auto agreed to sell, and Suzhou Aplesi agreed to purchase approximately 24.5% and approximately 17.0% equity interests in the Shandong Forever New Energy at a consideration of RMB9,290,000 and RMB5,510,000, respectively, to be settled in cash ("Shandong Forever New Energy Equity Transfer Agreement").

LITHIUM-ION BATTERY BUSINESS — CONTINUED

Disposal of Shandong Forever New Energy and Assignment of Debts — Continued

Upon the completion of the Shandong Forever New Energy Equity Transfer Agreement, the Company will not hold any equity interest in Shandong Forever New Energy and Shandong Forever New Energy will cease to be an associate of the Company in the consolidated financial statements of the Group.

In connection to the aforesaid transaction, on 20 January 2025, Triumphant Glory, the Company, Suzhou Aplesi, Shandong Forever New Energy and Geely Auto entered into a debt assignment agreement, pursuant to which Triumphant Glory and the Company will assign approximately RMB20,526,800 and RMB4,000,000 owing by Shandong Forever New Energy to Triumphant Glory and the Company, respectively, to Suzhou Aplesi after completion of the Shandong Forever New Energy Equity Transfer Agreement each at nil consideration (the "Debt Assignment Agreement").

Completion of the Shandong Forever New Energy Equity Transfer Agreement and the Debt Assignment Agreement is subject to the satisfaction of the conditions precedent and are yet to be completed. Details of this transaction was set out in the announcement of the Company dated 20 January 2025.

During the year ended 31 December 2024 ("Year Ended 2024"), the lithium-ion battery segment recorded a revenue of approximately HK$77.5 million, which was decreased by approximately 55.4% when compared to HK$173.9 million revenue recognised last year due to the decrease in order from a major customer and the unsatisfactory sales of new products.

The lithium-ion battery segment loss was approximately HK$14.0 million for the Year Ended 2024 (for the year ended 31 December 2023 ("Year Ended 2023") of: HK$20.5 million gain). The segment turned from profit to loss during the year mainly because of the decrease in revenue, gross profit and increased in other expenses.

ONLINE CAR-HAILING BUSINESS

Jixing International Technology Co. Ltd ("Jixing International"), the Company engaged in online car-hailing services in France under the brand Caocao. The service was launched in Paris in January 2020. Despite the COVID pandemic posed severe challenges. Caocao has received positive feedback from passengers and B2B business partners, affirming the quality of our service and Caocao also completed a round of funding in 2022. In a strategic move, we have also begun cooperating with Uber, a market competitor, to explore synergies and enhance our service offerings. Caocao also did an excellent job during the Paris Olympics and provided reliable service to tourists and athletes. However, Caocao faces critical challenges, particularly in terms of high administrative, drivers, car maintenance and IT costs. Despite Jixing International has actively working on strategies to optimise our operations and reduce these costs, it has not been able to identify a sustainable business model. As the Company fails to perceive the future of the online car-hailing business and it is expected that continuous funding will be required to sustain its operation, the Group, having assessed the financial position of the online car-hailing business in France, believes that termination of the business will be able to avoid further losses and improve the financial position of the Group, which is in the interests of the Company and its shareholders as a whole. For the Year Ended 2024, Caocao contributed approximately HK$48.6 million revenue to the Group (2023: HK$53.0 million).

On 12 February 2025 (France time), the Tribunal de commerce de Nanterre in France confirmed it has received the application for Liquidation judiciaire filed by ESQ VTC ("Voluntary Liquidation"). ESQ VTC is a company incorporated in France with limited liability, is principally engaged in the provision of driver capacity for online-hailing car and driver management services in France. The current operations of ESQ VTC fail to support the development of the Company and have increased the operating costs of the Company. As such, in order to further focus on the development of its principal business relating to resources and new energy, reduce the Company's operating costs, enhance its efficiency and achieve its high-quality and sustainable development, the Company has determined to terminate the operation of ESQ VTC. Upon completion of the Voluntary Liquidation, ESQ VTC will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial results of the Company.

Disposal of Jixing International

On 21 March 2025, Honbridge Technology Limited ("Honbridge Technology") (a wholly-owned subsidiary of the Company), and Zhejiang Zuozhongyou Electric Vehicle Service Co., Ltd. ("Zhejiang Zuozhongyou") entered into the equity transfer agreement, pursuant to which Honbridge Technology agreed to sell, and Zhejiang Zuozhongyou agreed to purchase approximately 35.56% equity interests in Jixing International at a consideration of RMB1 to be settled in cash ("Equity Transfer Agreement" or "the Disposal").

Upon the completion of the Disposal, Honbridge Technology will not hold any equity interest in the Jixing International and the Jixing International and its subsidiaries ("Jixing International Group") will cease to be subsidiary of the Company.

Zhejiang Zuozhongyou is a member of the Geely Technology Group Co., Ltd. which is ultimately controlled by Mr. Li Shufu, the controlling shareholder of the Company. Therefore, Zhejiang Zuozhongyou is an associate of Mr. Li Shufu and a connected person of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

REASONS FOR AND THE BENEFITS OF THE DISPOSAL

The Jixing International Group is principally engaged in online car-hailing services in France. As set out in the Company's announcement dated 13 February 2025, the Company fails to perceive the future of the online car-hailing business in France and it is expected that continuous funding will be required to sustain its operation. ESQ VTC, being one of the members of the Jixing International Group, has already filed application for Liquidation judiciaire in France and is in the process of voluntary liquidation.

In deciding to pursue the Disposal, the Company has also considered financial condition of Jixing International Group. The revenue of Jixing International Group in the past two years was approximately HK$51.6 million and HK$53.0 million for the years ended 31 December 2022 and 2023, respectively. Jixing International Group was in loss-making position for many years, and it may encounter liquidity issues in the short term without further capital injection. After assessing the financial position and prospects of the business, the Company believes that terminating such business and proceeding with the Disposal will help avoid further recording of the operating losses of Jixing International, and thus the overall financial performance of the Group is anticipated to improve. Additionally, voluntary liquidation of ESQ VTC may involve lengthy and complex legal processes, potentially extending over a year. The Disposal will allow the Group to better allocate and utilize its financial resources and manpower toward other businesses while enabling management to focus more effectively on business development of the Group's remaining business.

In consideration of the foregoing factors, the Directors (including the independent nonexecutive Directors) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable are in the interests of the Company and the Shareholders as a whole.

The Disposal under the Equity Transfer Agreement is yet to be completed.

PROGRESS OF SAM IRON ORE PROJECT

Background

As of 31 December 2024, the Group had accumulatively provided US$82.55 million to Sul Americana de Metais S.A. ("SAM"), an indirect wholly owned subsidiary of the Company in Brazil, for preliminary work of the iron ore project in Brazil ("Block 8 Project" or "SAM Project"). In addition to the acquisition consideration of US$78.42 million, the cumulative investment had reached approximately US$160.97 million.

There has been no exploration and mining activity during the Year Ended 2024 and the measured and indicated resources for Block 8 Project are same as last year at 3,583 million tonnes (16.63%) and 1,556 million tonnes (16.05%) respectively.

SAM is devoted to develop Block 8 Project as phase I operation in the state of Minas Gerais with an annual production capacity of 27.5 million tons of iron concentrate (on dry basis) with an average grading of 66.2% Fe in the first 18 years' operation. The project will have an integrated system comprising of an open-pit mine, a beneficiation plant, tailings disposal facilities, a power transmission line, water supply pipelines, pellet feed pipeline to the port and a Vacaria water dam.

PROGRESS OF SAM IRON ORE PROJECT — CONTINUED

Project Development Plan

In order to reduce the impact on the environment by SAM Project, improve its safety, maximize its social benefits to the local communities, and build a sustainable green mining project, SAM has been optimizing, adjusting, and updating its project development plan in accordance with changing legal requirements and based on the rapid advances in technological innovation in the global mining sector and the specific situation of Block 8 Project.

Smart Mining

In order to maximize the safety of open-pit mining operators and reduce costs, the Company will conduct in-depth discussion with HUAWEI in 5G-powered unmanned mining. The project may adopt a large number of new technologies and new equipment, including autonomous drills, remote control excavators, autonomous trucks, BeiDou satellite- or GPS-enabled truck dispatch systems, real-time slope displacement monitoring, and cluster management and dispatch systems.

Beneficiation

After being crushed in the open pit, the ore will go through the comminution process of "primary screening — secondary crushing — high-pressure grinding roll — wet screening — ball milling" and then go through processes such as high-intensity magnetic roughing concentration, regrinding, reverse flotation, and high-intensity magnetic scavenging etc. The final product will be pellet feed (Fe 66.2%).

Tailings Treatment

The company has conducted a large number of tailings backfilling studies. Due to the very slight dip angle of the ore body, the project can realize backfilling of waste and tailings during the open-pit mining operation. It is expected that waste and tailings will be backfilled, making the project the first open-pit iron ore project in Brazil to adopt backfilling during mining operation. In addition, a study on the reuse of tailings shows that the tailings of the project are very suited for the construction of base, sub-base, and reinforcement in the subgrade of highways. The company plans to cooperate with the local highway management authority in reusing tailings to improve and widen highway facilities in the region of the project after obtaining the relevant LP.

Pipeline Transportation

The final product, pellet feed will be transported from the mine site to Porto Sul port in southern Bahia via a pipeline of approximately 480 kilometers long and will be dewatered in the port and then loaded on ships for export.

Port

Porto Sul which is under construction by independent third parties will be the export port for the Block 8 Project. SAM has negotiated with Porto Sul's developers to include the annual cargo volume of 30 million tons (wet basis) of pellet feed in Porto Sul's development plan.

PROGRESS OF SAM IRON ORE PROJECT — CONTINUED

Project Development Plan — Continued

Water Supply

In 2012, the National Water Agency of Brazil granted SAM a water use right that allows SAM to have an annual water consumption of 51 million cubic meters from the Irape Dam. In order to solve water concerns in the region of the project, SAM has also promised to construct a water dam named Vacaria, which has been included in the environmental licensing process of Block 8 Project. If its environmental feasibility is confirmed, the Vacaria dam will become the water source of Block 8 Project. The Vacaria dam has a capacity of approximately 80 million cubic meters. Nearly half of the water will be provided to communities and for flow regulation of the downstream river.

Irrigation Project

The company will carry out an irrigation project near the Vacaria dam together with the Government of the State of Minas Gerais. SAM plans to relocate households in the area directly affected by the mine project to places near the Vacaria dam to make them the main beneficiaries of the irrigation project. As Block 8 Project needs starch as one of flotation reagents with an annual consumption of approximately 50,000 tons for its flotation process, the company will encourage these beneficiaries of the irrigation project to plant crops for starch production, thereby promoting the development of family agriculture in the region of the project.

Power Supply

In 2014, SAM was authorized by the Ministry of Mines and Energy (MME) of Brazil to connect the main substation of SAM Project to the most appropriate connection point in the basic grid of the National Integrated System, as being in the Irapé UHE (Hydroelectric Plant) Substation, via a 67km power transmission line with a nominal voltage of 345 kV. The region of the project has huge potential for renewable energy. It is one of the best region for solar energy in Brazil, in recent years, the installed solar photovoltaic capacity in this region has increased rapidly. It also has huge potential for wind energy as the strongest wind belt (with the wind speed of 8-11m/s) in the State of Minas Gerais is only approximately 40km away from Block 8 Project. In addition, the project region is covered by endless eucalyptus forests, which is a traditional area for producing eucalyptus wood, making it a great place for biomass energy generation. In view of the above, to reduce carbon dioxide emissions, the company is also exploring the use of 100% renewable energy to power Block 8 Project within a certain period of time after the project is put into production.

Job Opportunities

The project is expected to create approximately 6,200 direct jobs during construction and approximately 1,100 direct jobs and 5,600 indirect jobs during operation.

Environmental License

The environmental license of the Block 8 project in Brazil involves three types of licenses: Preliminary License (“LP”), Installation License (“LI”) and Operation License (“LO”). Among them, the LP is the most important to the project as it confirms environmental feasibility and approves the location and design of the project, and establishes basic requirements and conditions to be met in the next phases of the implementation of the project. The LP is also a prerequisite for obtaining the LI, LO, and other necessary approvals or implementing the project.

PROGRESS OF SAM IRON ORE PROJECT — CONTINUED

Project Development Plan — Continued

Environmental License — Continued

SAM remained committed to applying for the LP in compliance with laws and regulations in Brazil over the past few years. When and after the Group was notified of the pending granting of the LP for the first time in 2015, two tailings dam failures occurred at mines operated by other companies in Brazil, resulting in a severe delay in the granting LP for the SAM project. Details and impact of the two tailings dam failures and other events which negatively affected the licensing process of SAM was disclosed in annual report 2021.

In August 2021, SAM's Block 8 Project was selected as a priority project of Brazilian federal government by the Inter-ministerial Committee for the Analysis of Strategic Minerals Projects (CTAPME). ("CTAPME") was established in 2021 to select projects considered highly important for the development of Brazil and it coordinates government agencies to implement and expand production of strategic minerals on an environmentally sustainable basis.

On 10 and 11 May 2022, the Superintendence of Priority Projects ("SUPPRI") of the Secretariat of Environment and Sustainable Development ("SEMAD"), the then licensing organisation responsible for SAM's project, held two public hearings for the environmental licensing process for Block 8 Project in the cities of Grão Mogol and Fruta de Leite. The public hearing is a fundamental instrument of an environmental licensing process, whose purpose is to present the results of environmental studies to the public, resolve doubts and collect criticisms and suggestions from those present. Around 1,150 people in total registered and attended the two public hearings. Those present including representatives of important institutions in the northern region of Minas Gerais, the mayors and councillors of the municipalities in the project area, people from the communities, all manifested their support for Block 8 project and made it clear that they are looking forward to the installation of the project in the region.

Over a thousand of people has attended the two public hearings regarding the Block 8 Project.

PROGRESS OF SAM IRON ORE PROJECT — CONTINUED

Project Development Plan — Continued

Environmental License — Continued

Reasons for the further delay of the Block 8 Project:

In February 2023, SAM received the technical report from SUPPRI. The technical report requests some gap studies because of the modification of the project and the update of the laws and regulations.

After that, the progress was severely affected by the restructuring of Minas Gerais State government institutions, which started in April 2023. As a result of the restructuring, the licensing organ SUPPRI which was responsible for the licensing of SAM's project was replaced by Minas State Environmental Foundation ("FEAM"). In November 2023, SAM's licensing process for Block 8 Project was transferred to FEAM from SUPPRI.

On 26 February 2024, SAM conducted its first meeting with FEAM. FEAM emphasised the imperative for complementary studies as outlined in the technical report of SUPPRI released in February 2023. Furthermore, FEAM referred to the Law 23.291/2019, which demand alternative studies on tailings disposal to demonstrate the absence of safer solutions beyond the chosen one, taking into account environmental, social, and economic sustainability criteria. In alignment with FEAM's perspective, there is an understanding of the necessity to conduct more studies for the project.

Throughout 2024, SAM actively pursued the optimal tailings disposal solution by engaging multiple equipment and service providers to explore advanced technologies tailored to its unique ore characteristics. To gain practical insights, SAM conducted on-site visits to Vale's dry stacking operations and studied best practices at downstream mining sites in China, thoroughly assessing the feasibility of various tailings management approaches. These comprehensive efforts highlight SAM's unwavering commitment to developing a safe, sustainable, and environmentally responsible mining operation that aligns with the latest industry standards and regulatory requirements, while delivering long-term benefits to local communities and the environment.

In addition to the exploration of optional tailings disposal solution, SAM is also working to improve the Block 8 Project in different aspects. This comprehensive effort includes the development of a new conceptual engineering, incorporating detailed technical and location alternative studies, and the reinitiation of the Environmental Impact Assessment and Report ("EIA-RIMA"). These steps are critical to ensuring the project aligns with the latest industry standards and regulatory requirements.

On 5 February 2025, SAM held a meeting with FEAM, during which the licensing organ reaffirmed the Block 8 Project's strategic importance and priority status for the Minas Gerais government. FEAM acknowledged SAM's dedication to restarting the environmental licensing process with the latest tailings dam safety solution and pledged its full technical support. To ensure seamless progress, FEAM will conduct regular meeting with SAM.

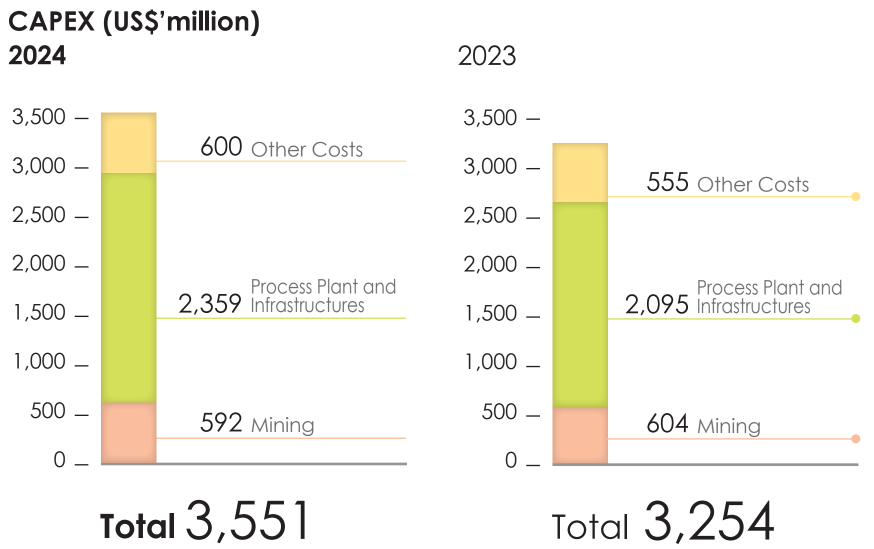
PROGRESS OF SAM IRON ORE PROJECT — CONTINUED

Expected Timetable

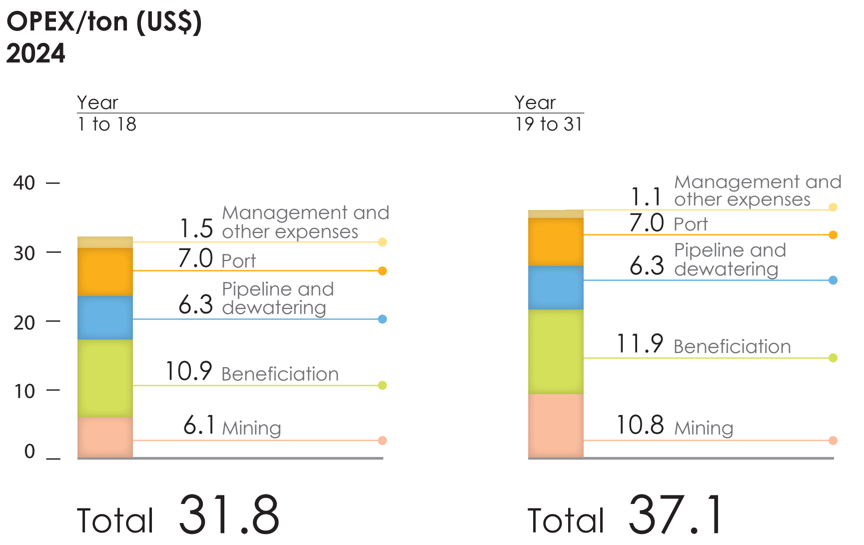
Many uncertainties, may affect the timetable, by assuming that the LP (preliminary license) is granted in 2027, there is a chance to obtain the LI in 2028 and start trial production in the second half of 2031. The new operation commencement date is expected to be early 2032 (2023: early 2031).

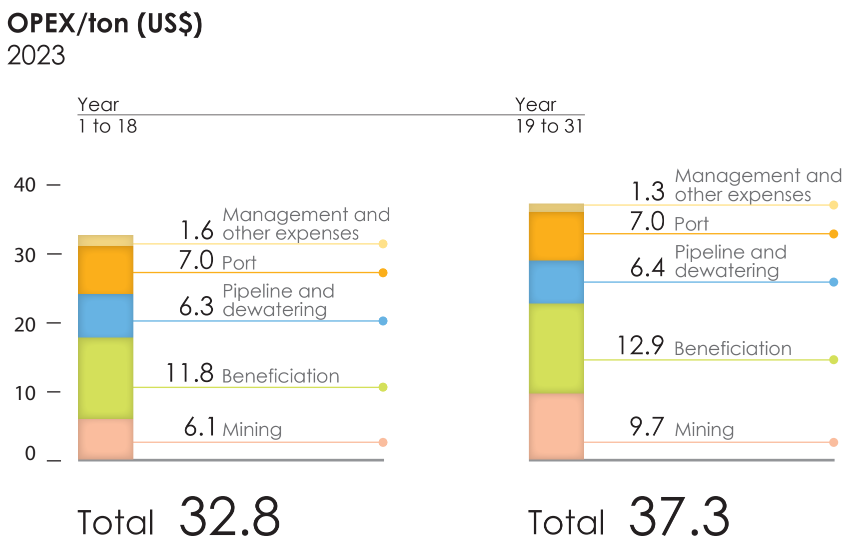
CAPEX AND OPEX

As at 31 December 2024, the total investment of Block 8 Project is estimated to be US$3.55 billion, excluding the pipeline project led by Lotus Brasil and the port project led by Bahia State Government. The Opex per ton of pellet feed for the first 18 years is approximately US$18.5 and thereafter will rise to approximately US$23.8. Taking into account the pipeline transportation and concentrate dewatering service fees payable to Lotus Brasil, as well as fees payable to the port, FOB costs are expected to be approximately US$31.8 per ton for the first 18 years and then increase to US$37.1 per ton.



MANAGEMENT DISCUSSION AND ANALYSIS





IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

During the year ended 31 December 2024, the Company reviewed the carrying amount of exploration and evaluation assets and the recoverable amount was valued by an independent professional valuer, BonVision International Appraisals Limited, at US$691 million (approximately HK$5,368 million) (2023: US$1,018 million, approximately HK$7,949 million) and impairment loss of HK$534.2 million was recognised, which was mainly contributed by the decease in the price of iron concentrate. The valuation was based on the income-based approach and the excess earning method is adopted. There were no changes to the valuer and valuation techniques during the year.

Despite the estimated operating cost ("OPEX") was relatively stable, from US$32.79 per tonnes to US$31.80 per tonnes (first 18 years) and US$37.25 per tonnes to US$37.12 per tonnes (remaining period of mining) for the year ended 31 December 2024 respectively, the price of iron concentrate decreased by more than 14% to US$127 per tonnes (2023: US$148 per tonnes). The FOB price of iron concentrate adopted was made reference to comparable product imported to China, which the data was provided by Mysteel (上海鋼聯), a leading commodity and related industry data service provider in China, with the adjustment of freight costs, insurance costs and other costs.

The capital expenditure of the iron ore project increased from US$3.25 billion for the year ended 31 December 2023 to US$3.55 billion for the year ended 31 December 2024. The increase in capital expenditure was mainly attributable by the new environmental deposit required by the Minas Gerais state government in Brazil, which applies to all relevant project in the Minas Gerais state. The requirement regulates the measurement and execution of environmental guarantees individually for each dam. The deposit amount was calculated mainly based on reservoir area, classification and purpose of the dam, and should be kept throughout the useful life of the dam, from its startup phase until the de-characterization and socio-environmental recovery.

Other major assumptions for the revaluation have been set out in note 16 of this annual report.

SUBSCRIPTIONS OF 4,700,000,000 SHARES OF THE COMPANY

On 13 October 2024, the Company entered into subscription agreements (the "Subscription Agreements") with each of the subscribers Hong Bridge Capital Limited, the controlling shareholder of the Company and Mr. Xu Zhihao, the Chairman of the Company, pursuant to which each of Hong Bridge Capital Limited and Mr. Xu Zhihao has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 4,500,000,000 shares and 200,000,000 shares at the subscription price of HK$0.08 per share, respectively (the "Subscriptions").

The gross proceeds from the Subscriptions, that is the total consideration of the Subscriptions, will be HK$376 million and the estimated net proceeds from the Subscriptions, after deduction of relevant legal and advisory costs, will be approximately HK$375 million. In accordance with the announcement of the Company dated 13 February 2025, the Company intends to use the net proceeds from the Subscriptions for (i) iron ore project development in Brazil; (ii) working capital of Zhejiang Forever New Energy Company Limited; (iii) working capital for the headquarter of the Group in Hong Kong; and (iv) investment funds for potential projects. The Company considers that the Subscriptions will facilitate the development of the existing business of the Company and improve the financial position of the Group for its future development and working capital.

SUBSCRIPTIONS OF 4,700,000,000 SHARES OF THE COMPANY — CONTINUED

The subscription price of the subscription shares under the Subscription Agreements shall be paid via bank cheque in HK$ or wire transfer. The subscription shares, when allotted and issued, will rank pari passu in all respects among themselves and with the shares in issue on the date of allotment and issue of the subscription shares. There is no restriction which apply to the subsequent sale of the subscription shares.

Hong Bridge Capital Limited is a direct controlling Shareholder and Mr. Xu is the Chairman of the Company. Accordingly, the transactions contemplated under the Subscription Agreements are connected transactions of the Company under the GEM Listing Rules. On 27 March 2025, the transactions under Subscription Agreements was completed and 4,700,000,000 shares were alloted to the subscribers.

Usage	Allocation of Net Proceeds *HK$ million*
Development of and investment in mineral-related projects	306.4
— Iron-ore project development in Brazil	207.1
— Investment in mineral-related projects	99.3
Operating fund for Zhejiang Forever New Energy Company Limited	25.0
Operating fund for the headquarters of the Group in Hong Kong	43.6
Total	375.0

CONTINUING CONNECTED TRANSACTIONS

The Sales Framework Agreement with Zhejiang Geely Holding Group Company Limited ("Zhejiang Geely")

Zhejiang Geely is ultimately controlled by Mr. Li Shufu, the controlling shareholder of the Company and therefore a connected person of the Company.

On 11 September 2023, the Company entered into a sales framework agreement (the "2023 Sales Agreement") with Zhejiang Geely, pursuant to which the Group will supply lithium-ion battery pack and related products to Zhejiang Geely and its subsidiaries (the "Zhejiang Geely Group") in accordance with the terms and conditions thereunder.

Reasons for and Benefits of the 2023 Sales Agreement

The Group has been engaged by Zhejiang Geely Group to supply lithium-ion battery pack and related products since 2017. It is expected that the Group will continue to do so in its ordinary and usual course of business upon expiry of the Sales Framework Agreement. The Directors are of the view that securing such renowned customers can effectively improve the Group's financial performance and deliver a stable income to the Group given there will be different vehicle brands under Zhejiang Geely Group using the powered batteries. Furthermore, the Directors consider that entering into the 2023 Sales Agreement which sets out the proposed Sales Annual Caps is constructive for the Group to sell the products and services thereunder, thereby benefiting the Group.

CONTINUING CONNECTED TRANSACTIONST — CONTINUED

Reasons for and Benefits of the 2023 Sales Agreement — Continued

Principal terms of the 2023 Sales Agreement are set out below:

Term	:	From 23 October 2023 to 22 October 2026
Subject matters	:	Pursuant to the 2023 Sales Agreement, the Group shall supply lithium-ion battery pack and related products to Zhejiang Geely Group. The exact model and volume of goods purchased by Zhejiang Geely Group from the Group and the dates of delivery will be provided in separate purchase orders.
Pricing basis	:	The price of goods under the 2023 Sales Agreement will be negotiated on an arm's length basis with reference to the prevailing market price and determined in the ordinary course of business on normal commercial terms or on terms no less favourable to the Company than those offered or available to independent third parties and will be specified in separate purchase orders.
Payment terms	:	Payments for the products under the 2023 Sales Agreement shall be settled within 75 days from the date of receipt of the invoice and are satisfied in cash. The payment terms under the 2023 Sales Agreement are determined in the ordinary course of business and are on normal commercial terms or on terms no less favourable to the Company than those offered or available to independent third parties.

For other details in relation to the 2023 Sales Agreement, please refer to the circular of the Company dated 19 October 2023.

Sales Annual Caps for the 2023 Sales Agreement

An extraordinary general meeting of the Company was held on 6 November 2023 and passed the resolution in relation to the Sales Framework Agreement with the following annual caps.

	For the period from 23 October 2023 to 31 December 2023 *RMB'000*	For the year ended 31 December 2024 *RMB'000*	For the year ending 31 December 2025 *RMB'000*	For the period from 1 January 2026 to 22 October 2026 *RMB'000*
Sales Annual Caps	50,000	235,000	155,000	97,000

Should the actual annual sales amount exceed the above annual caps, the Company will revise the annual caps in compliance with the relevant requirements under Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

The Purchase Framework Agreement with Zhejiang Yaoning Technology Co. Ltd. ("Zhejiang Yaoning")

Mr. Li Xingxing is indirectly interested in 85% of the equity interests in Zhejiang Yaoning and is also the son of Mr. Li Shufu, the controlling shareholder of the Company. Thus, Zhejiang Yaoning is an associate of Mr. Li Shufu and is a connected person of the Company.

On 11 September 2023, the Company entered into a purchase framework agreement with Zhejiang Yaoning, pursuant to which the Group will purchase lithium-ion battery cells, modules and related products from Zhejiang Yaoning Group (the "Purchase Framework Agreement").

The transactions contemplated under the Purchase Framework Agreement between the Group and Zhejiang Yaoning Group will be conducted in the ordinary and usual course of business of the Group. The products purchased from Zhejiang Yaoning Group are a component part of the lithium-ion battery pack, and through the Purchase Framework Agreement, the Group will be able to leverage on this advantage and utilise these supply chain resources to secure a sizable and stable supply of lithium-ion battery cells, modules and related products. The Purchase Framework Agreements will also allow the Group to capture the synergy between Zhejiang Yaoning Group and the Group, and contribute to the operational and business development of the Group.

Principal terms of the Purchase Framework Agreement are set out below:

Term	:	From 11 September 2023 to 10 September 2026
Subject matters	:	Pursuant to the Purchase Framework Agreement, the Group shall purchase lithium-ion battery cells, modules and related products from Zhejiang Yaoning Group. The exact model and volume of goods sold by Zhejiang Yaoning Group to the Group and the dates of delivery will be provided in separate purchase orders.
Pricing basis	:	The price of goods under the Purchase Framework Agreement will be negotiated on an arm's length basis with reference to the prevailing market price and determined in the ordinary course of business on normal commercial terms or on terms no less favourable than those offered by independent third parties and will be specified in separate purchase orders.
Payment terms	:	Payments for the products under the Purchase Framework Agreement shall be settled within 60 days from the date of receipt of the invoice and are satisfied in cash. The payment terms under the Purchase Framework Agreement are determined in the ordinary course of business on normal commercial terms or on terms no less favourable to the Company than those offered by independent third parties.

For other details in relation to the Purchase Framework Agreement, please refer to the circular of the Company dated 19 October 2023.

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

Purchase Annual Caps for the Purchase Framework Agreement

An extraordinary general meeting of the Company was held on 6 November 2023 and passed the resolution in relation to the Purchase Framework Agreement with the following annual caps.

	For the period from 11 September 2023 to 31 December 2023 *RMB'000*	For the year ended 31 December 2024 *RMB'000*	For the year ending 31 December 2025 *RMB'000*	For the period from 1 January 2026 to 10 September 2026 *RMB'000*
Purchase Annual Caps	42,000	103,000	129,000	72,000

Should the actual annual purchase amount exceed the above annual caps, the Company will revise the annual caps in compliance with the relevant requirements under Chapter 20 of the GEM Listing Rules.

The Operation Agreement for Battery Pilot Line Project

On 2 December 2022 (after trading hours), Zhejiang Forever New Energy, a non-wholly owned subsidiary of the Company, entered into an operation agreement with 寧波吉利羅佑發動機零部件有限公司, transliterated as Ningbo Geely Luoyou Engine Components Co., Ltd. ("Ningbo Geely") which is an associate of Zhejiang Geely and therefore a connected person of the Company, pursuant to which Zhejiang Forever New Energy will provide certain support such as sites, equipment, power supply, personnel and other support to assist Ningbo Geely to install a battery pilot line and conduct testing of batteries in accordance with the terms and conditions thereunder (the "Operation Agreement").

Background

In April 2022, Zhejiang Forever New Energy and Ningbo Geely reached an initial framework agreement, pursuant to which, Zhejiang Forever New Energy would, upon the request of Ningbo Geely, provide certain battery testing services and certain support to assist Ningbo Geely to install a battery pilot line, develop and produce batteries. It was originally expected by the Company that the transactions were fully exempted from reporting, announcement and independent shareholders' approval requirements for the year ending 31 December 2022. After several months of experimental cooperation, Zhejiang Forever New Energy and Ningbo Geely decided to enter into a long-term agreement for the provision of services from Zhejiang Forever New Energy to Ningbo Geely to install a battery pilot line, develop and produce batteries and the Operation Agreement was arranged and signed.

Term: From 1 July 2022 to 1 July 2024

Subject matters: Pursuant to the Operation Agreement, Zhejiang Forever New Energy will provide certain support such as sites, equipment, power supply, personnel and other support to assist Ningbo Geely to install a battery pilot line and conduct testing of batteries.

Payment terms: Zhejiang Forever New Energy shall calculate the cost according to the actual quantity of equipment used, energy consumption, equipment consumables, and hourly consumption of personnel monthly and send a cost confirmation sheet to Ningbo Geely for confirmation. The fees shall be settled on a monthly basis.

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

Annual Caps for the Operation Agreement

For the period ended 31 December 2022, for the year ended 31 December 2023 and for the period ended 30 June 2024, the Annual Caps for the transactions contemplated under the Operation Agreement are set out as follows:

	For the period from 1 July 2022 to 31 December 2022 *RMB*	For the year ended 31 December 2023 *RMB*	For the period from 1 January 2024 to 30 June 2024 *RMB*
Annual caps	9,000,000	18,000,000	9,000,000

Pricing policies

The service amount for each individual service order shall be negotiated at arm's length by Zhejiang Forever New Energy and Ningbo Geely at the time when the individual service order is entered into and at a price determined upon the basis of the principle of "cost-plus" which is based on the cost arising from the provision of products or services to Ningbo Geely by Zhejiang Forever New Energy plus a margin in the range of approximately 5% to 8% as agreed after arm's length negotiations between Zhejiang Forever New Energy and Ningbo Geely. In determining the costs, the Company will take into account the actual costs incurred (including, among others, the cost of human resources, professional knowledge and other resources). In determining the margin, the Company will take into account the scope and type of the services to be provided by Zhejiang Forever New Energy and rates that are generally accepted by the market. The Company will refer to, among other things, the terms in relation to the provision of products or services of similar nature in the market and compare them with the terms for the provision of services by Zhejiang Forever New Energy to ensure that the fees payable by Ningbo Geely to Zhejiang Forever New Energy will not be less favorable than the fees receivable from an independent third party for the provision of products or services of similar nature.

Reasons for and Benefits of the Operation Agreement

Zhejiang Geely Holding Group Company Limited ("Zhejiang Geely Group") is the key customer of Zhejiang Forever New Energy. The long-term relationship between Zhejiang Forever New Energy and Zhejiang Geely Group enables Zhejiang Forever New Energy to get familiar with the requirements of Ningbo Geely for provision of support for battery pilot line operation and can satisfy the demands of Ningbo Geely. The transaction between Zhejiang Forever New Energy and Ningbo Geely can enable Zhejiang Forever New Energy to better coordinate with Zhejiang Geely Group for its demand for ternary Lithium-ion battery packs in its normal production and operation, enhance the efficiency of development of new products (such as battery pilot line), provide high-quality services to Zhejiang Geely Group.

In 2023, the Operation Agreement was transferred from Ningbo Geely to Zhejiang Geely Powertrain Company Limited (浙江吉利動力總成有限公司), an indirect subsidiary under Zhejiang Geely, with all the terms of the Operation Agreement remain unchanged. The arrangement under the Operation Agreement was not renewed after 30 June 2024.

CONTINUING CONNECTED TRANSACTIONS — CONTINUED

The sales under the Sales Framework Agreement for the year ended 31 December 2024 was approximately RMB61.9 million (equivalent to approximately HK$67.2 million).

The purchase under the Purchase Framework Agreement for the year ended 31 December 2024 was approximately RMB2.5 million (equivalent to approximately HK$2.7 million).

No transaction was recorded under the Operation Agreement for the year ended 31 December 2024.

Save as disclosed in this annual report, there was no other continuing connected transaction entered into by the Company during the year ended 31 December 2024.

Bauxite Purchase Framework Agreement

On 27 January 2025, the Company and Geely Technology Group Co., Ltd. ("Geely Technology Group") entered into a bauxite purchase framework agreement, which is a continuing connected transaction, pursuant to which Geely Technology Group shall supply bauxite related products to the Group (the "Bauxite Purchase Framework Agreement").

The principal terms of the Bauxite Purchase Framework Agreement are set out as follows:

Parties:	(1) the Company; and
	(2) Geely Technology
Date:	27 January 2025 (after trading hours)
Term:	From 17 March 2025 to 31 December 2027
Subject matters:	Pursuant to the Bauxite Purchase Framework Agreement, Geely Technology Group shall supply bauxite related products to the Group. The exact type and amount of goods supplied to the Group by Geely Technology Group and the dates of delivery will be provided in separate purchase orders.

	For the period from 17 March 2025 to 31 December 2025 *RMB'000*	For the year ending 31 December 2026 *RMB'000*	For the year ending 31 December 2027 *RMB'000*
Purchase Annual Caps	300,000	370,000	370,000

Should the actual annual purchase amount exceed the above Purchase Annual Caps, the Company will revise the Purchase Annual Caps in compliance with the relevant requirements under Chapter 20 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

REASONS FOR AND BENEFITS OF ENTERING INTO THE BAUXITE PURCHASE FRAMEWORK AGREEMENT

Geely Technology Group is engaged in various businesses, including the sale of bauxite related products under its new materials business segment. It received ownership and mining rights in a bauxite mine in Baise City in Guangxi Province in the PRC with an estimated annual production capacity of bauxite of two million tonnes.

The Group has been engaged in resources exploration and exploitation since around 2010 with substantial experience and extensive network in this field. Although the Group is currently focused on the exploration and exploitation of iron ores, it has decided to expand its focus to include bauxite (the raw material to produce aluminium) related business considering that it also has substantial experience with various other metals and ores including copper and steel. The Group's senior management also have many years of experience in businesses engaged in the trading of nonferrous metals or mineral products. Taking into account the high level of competition in the market for lithium-ion power batteries and other challenges in the industry and the expected increase in demand for aluminium products in transportation, construction, packaging and the electrical sectors based on industry reports. The Company believes that securing a stable source of bauxite related products from a reputable source and at competitive prices would help facilitate the Group's further development in this business.

Geely Technology Group are ultimately controlled by Mr. Li Shufu, the controlling shareholder of the Company. Thus, Geely Technology is a connected person of the Company.

Accordingly, the transaction contemplated under the Bauxite Purchase Framework Agreement constitutes continuing connected transactions of the Company.

SHAREHOLDING IN YUXING INFOTECH

As at 31 December 2024, the Group owned 351,867,200 shares of Yuxing InfoTech Investment Holdings Limited ("Yuxing InfoTech"), represented 14.14% equity interests in Yuxing InfoTech, a listed equity investments listed in the GEM of Hong Kong Stock Exchange Limited. The shares could be disposed for working capital of the Company or if the appropriate opportunity or market conditions arrived.

BUSINESS REVIEW

For the year ended 31 December 2024 ("Year Ended 2024"), the Group recognised HK$126.1 million in revenue, representing a 44.4% decrease when compared to HK$227.0 million revenue recognised for the year ended 31 December 2023 ("Year Ended 2023").

Approximately HK$77.5 million revenue of the Group were contributed by our Zhejiang lithium-ion battery plant. The revenue generated from lithium battery segment has decreased by approximately 55.4% from HK$173.9 million due to the decrease in order from a major customer and the unsatisfactory sales of the parking and starting battery for heavy truck (駐車電池). The remaining revenue were generated by the online car-hailing business in France.

For the Year Ended 2024, the loss for the year of the Company was approximately HK$441.3 million (Year Ended 2023: loss of HK$158.8 million, excluding the discontinued operation). The increase in losses was primarily due to impairment provision related to exploration and evaluation assets.

BUSINESS REVIEW — CONTINUED

The Group recorded a gross profit of approximately HK$34.4 million (gross profit ratio: 27.3%) for the Year Ended 2024 as compared with the gross profit of approximately HK$50.7 million (gross profit ratio: 22.3%) last year. The gross profit ratio improved during the current year, mainly driven by enhanced gross profit in the online car-hailing service segment. This improvement was attributed to a reduction in motor vehicle depreciation, following the recognition of an impairment provision for the Year Ended 2023, as well as a decrease in driver headcount and associated salary expenses. This sector only has a single digit gross profit margin for the Year Ended 2023 due to high driver costs and vehicle depreciation. On the other hand, the lithium battery plant, had a gross profit ratio of 21.9% for the Year Ended 2024 (Year Ended 2023: 27.3%) the gross profit ratio decreased mainly because the number of high margin product sale to our major customer decreased and at the same time the per unit fixed direct cost increased.

Other operating income of approximately HK$21.2 million (Year Ended 2023: expenses of HK$13.1 million) was recognised during the year. The return to income was mainly due to the gain on investments in listed securities for HK$5.2 million for the Year Ended 2024, which improved significantly compare to the loss of HK$36.6 million for the Year Ended 2023 as the share price of Yuxing InfoTech, a listed equity investments listed in the GEM of Hong Kong Stock Exchange Limited rose during the current year.

Because of the decreased in revenue, the maintenance cost for the battery products decreased during the current year and the selling and distribution costs for the Year Ended 2024 was approximately HK$5.2 million (Year Ended 2023: HK$6.9 million).

The administrative expenses decreased by approximately HK$29.5 million or 27.8% when compared to last year. The decrease was mainly contributed by decrease in research and development expense, staff costs and depreciation expenses.

Provision of approximately RMB9.9 million (equivalent to approximately HK$10.7 million) was recognised for the Year Ended 2024. The provision is related to a repayment to government entities.

Impairment loss on exploration and evaluation assets of approximately HK$534.2 million, impairment loss on property, plant and equipment of approximately HK$16.3 million and impairment loss on right-of-use asset of approximately HK$2.9 million are recognised for the Year Ended 2024 respectively and the reasons were disclosed in the Management Discussion and Analysis section in this report.

Approximately HK$10.0 million finance costs were recognised during the Year Ended 2024 (Year Ended 2023: HK$9.4 million) which were mainly interest expense related to the bank borrowings from a commercial bank in the PRC. There was no additional bank borrowing draw down for the current year and the interest rate was 4.45% per annum for the Year Ended 2024 (Year Ended 2023: 4.55%).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW — CONTINUED

For the Year Ended 2024, the loss for the year of the Company was approximately HK$441.3 million (Year Ended 2023: loss of HK$158.8 million, excluding the discontinued operation). The significant increase in loss for the Year Ended 2024 was primarily attributable to a non-cash loss of HK$352.6 million arising from the exploration and evaluation assets. This included an impairment loss of HK$534.2 million, net of a deferred tax credit of HK$181.6 million. Additionally, there was a decline in gross profit by HK$16.3 million during the same year. These negative impacts were partially offset by the relatively stable share price of the Group's listed investments during the current year. In comparison, for the Year Ended 2023, the loss on financial assets at fair value through profit or loss amounted to HK$36.6 million, mainly due to the decline in the share price of listed securities held by the Company. However, for the current year, there was a gain of HK$5.2 million on financial assets at fair value through profit or loss. Furthermore, administrative expenses decreased by HK$29.5 million and the total impairment loss on financial assets, property, plant and equipment and right-of-use of assets were decreased by HK$23.4 million for the Year Ended 2024, contributing positively to the overall financial performance.

Since March 2020, Shandong Forever New Energy became an associate of the Company. It has stopped production for years and approximately HK$0.2 million share of gain was recognised by the Company for the Year Ended 2024 (Year Ended 2023: loss of HK$0.6 million). In 2023 and 2024, it has been focusing on downsizing and operation simplification. The Company has been seeking the disposal of its interest in Shandong Forever New Energy for years through various means including engaging an international third party agent to seek buyers. However, interest from the market is limited and the factory plant and production line of the Shandong Forever New Energy was built and acquired many years ago and are unable to produce competitive lithium battery products. During the Year Ended 2024, HK$23.9 million impairment on amount due from Shandong Forever New Energy was recognised. The Company engaged an independent professional valuer to carry out a valuation of the recoverable amount of amount due from Shandong Forever New Energy as at 31 December 2024.

As at 31 December 2024, the cash and cash equivalent balance of the Group was approximately HK$65.8 million (31 December 2023: HK$167.0 million). As at 31 December 2024, the net current assets of the Group was approximately HK$67.5 million (Year Ended 2023: HK$45.5 million). The increase was mainly due to a reclassification of a current liability related to a repayment to government as a non-current liability.

As at 31 December 2024, the gearing ratio of the Group which is measured by total loans and borrowings to total equity was 3.0% (31 December 2023: 2.6%). The gearing ratio of the Group has increased as the total equity of the Company has decreased mainly due to the depreciation of Brazil Reais against Hong Kong dollars and the impairment of the exploration and evaluation assets for the Year Ended 2024.

IMPAIRMENT LOSS ON AMOUNT DUE FROM AN ASSOCIATE (THE "OTHER RECEIVABLES")

The Company engaged an independent professional valuer, BonVision International Appraisals Limited, to carry out a valuation of the expected credit losses ("ECL") of the Other Receivables as at 31 December 2024 and an impairment loss of HK$23.9 million was recognised. The valuation of the Other Receivables considered probability of default method, in which the ECL can be calculated by the formula ECL = EAD x PD x LGD.

Where EAD = Exposure at Default; PD = Probability of Default; LGD = Loss Given Default.

The EAD would be the full amount of the Other Receivables.

IMPAIRMENT LOSS ON AMOUNT DUE FROM AN ASSOCIATE (THE "OTHER RECEIVABLES") — CONTINUED

Considering the cease of operation for years and financial condition of Shandong Forever New Energy Technology Co., Ltd. the probability of default is assumed to be 100%.

The Loss Given Default is calculated based on the following formula:

LGD = 1–Recovery Rate

Where Recovery Rate = The overall recovery rate of the public bond market in PRC extracted from "2023年度我國公募債券市場違約處置和回收情況研究"published by China Lianhe Credit Rating Co.,Ltd.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2024, certain of the Group's property, plant and equipment and right-of-use assets of approximately HK$45.4 million (2023: HK$128.1 million) in total are mainly related to the cash generating unit ("CGU") of online car-hailing and related services business segment ("Online car-hailing and related services CGU") which recorded operating losses during the year.

The management carried out an impairment assessment and a review of the recoverable amounts of relevant assets of Online car-hailing and related services CGU, which is amounted to HK$26.2 million (2023: HK$61.2 million). The carrying amount of Online car-hailing and related services CGU is written down to its recoverable amount and the impairment loss amounting to HK$19.2 million (2023: HK$66.8 million) has been allocated to the assets to offset the carrying amount of the asset is not reduced below the highest of its fair value less costs of disposal, its value in use and zero. As a result, impairment loss of HK$16.3 million (2023: HK$62.6 million) on property, plant and equipment and HK$2.9 million (2023: HK$4.2 million) on right-of-use assets had been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. The impairment loss recognised was mainly due to the continuous loss making under the keen competition of the online car-hailing market in Europe and inefficient maintenance services of the motor vehicles used in the online-car hailing and related services which led to unreasonably high vehicle downtime.

As at 31 December 2024, the recoverable amount had been determined based on fair value less cost of disposal with reference to the market quoted prices of similar comparable assets in an active market, which is higher than its value-in-use. The key assumptions for the fair value less cost of disposal calculation were those regarding the market quoted prices of similar comparable assets and the depreciation adjustment.

As at 31 December 2024, the recoverable amount has been determined by an independent professional valuer, BonVision International Appraisals Limited, under the market approach.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group has contracted but not provided for capital commitments in relation to property, plant and equipment amounted to approximately HK$13.5 million.

EMPLOYEES

As at 31 December 2024, the total number of employees of the Group was 164 (2023: 201). Employee benefit expenses (including directors' emoluments) decreased to HK$58.1 million for the Year Ended 2024 (Year Ended 2023: HK$82.0 million), mainly due to the reduction of headcount in China and France. In China, certain manufacturing processes and IT functions were outsourced resulting in a decrease in number of employees. In France, there was a change of human resources strategy to optimise headcount by reducing the number of driver employees during the Year Ended 2024.

The Group considers its employees as its most valuable assets. In addition to salary, other fringe benefits such as medical subsidies, life insurance, provident fund and subsidised training programs are offered to employees of the Group. Performance of the employees is normally reviewed on an annual basis with adjustment compatible to the market. Individual employees may also receive a discretionary bonus based on performance.

CHARGES ON GROUP ASSETS

Details of the charges on assets of the Group are set out in note 24, 26 and 28 of this report.

PROSPECTS

Currently, Geely Technology Group Co., Ltd. has become the indirect controlling shareholder of the Group. Under this background, the Group has commenced a new chapter of development. In order to support the sustainable business development and long-term strategy of the Group, the Company restructured the Board in the fourth quarter of 2024 to lay a solid foundation for future development.

The restructuring aims to enhance the efficiency and decision-making capability of the Board, and include more members with diverse professional expertise and extensive experience to better direct the strategic development and oversee the management of the Group. We believe that the new Board structure will more effectively guide the Group in addressing market challenges and seizing opportunities for development. In addition, we always remain committed to strengthening the internal management to enhance operational efficiency and risk management capability of the Group.

We have adopted a prudent investment strategy by exiting projects that are not in line with the Group's vision, and progressively building a clearer business model focusing on resources, so as to more effectively meet the market demand and identify investment opportunities with resilience and stability. This helps mitigate risks and ensure stable growth of the Group's business. Furthermore, we are actively promoting the environmental assessment work of Brazilian iron ore and developing our bauxite business, while exploring and developing new and sustainable businesses to boost the competitiveness and long-term profitability of the Group. It is our long-term vision and goal to become a widely trusted green supplier of mineral resources, and to contribute to the sustainable development of the society. To this end, in addition to the existing projects in Brazil, the Group also intends to look for high-quality mining resource projects globally.

PROSPECTS — CONTINUED

Last but not least, we will deepen cooperation with Geely Technology Group Co., Ltd., our indirect controlling shareholder, and Zhejiang Geely Holding Group Company Limited, one of Fortune 500 companies, to foster synergies and jointly explore new development opportunities. These close partnerships bring valuable resources and support to the Group, enabling us to overcome challenges and achieve sustainable growth.

We are confident that under the premise of openness, transparency and protection of the interests of minority shareholders, and with the strong and professional team, robust strategies and close collaboration with our partners, the Group will achieve greater success and create higher value for shareholders in the future.

THE PRINCIPAL RISKS AND UNCERTAINTIES FOR LITHIUM-ION BATTERIES SEGMENT

Regulatory Environment and Policies in Relation to NEV Industry in the PRC

To promote the development of NEV industry, the PRC government has actively introduced requirements such as more stringent fuel efficiency, NEV output ratio requirement, NEV sales target as well as provision of different types of subsidies. However, the NEV industry is still affected by the regulatory environment and policies in the PRC, any material change in the regulatory environment and policies which is not positive for the NEV industry could negatively affect the industry and the lithium-ion battery business of the Group. The management of the Group will continue to pay attention to any proposed and new policies related to the NEV industry and take the appropriate actions to maximize the return of the Group.

Customer Concentration Risk

The management is aware of the business risk to rely on limited key customer. Should Zhejiang Geely reduce substantially the size of their purchase orders placed with the Group or terminate their business relationship with the Group entirely, the results of operations and financial performance of the Group may be adversely affected.

The Group expects the sales to companies under Zhejiang Geely will count a material portion of revenue of Zhejiang Forever New Energy. The strategy of Zhejiang Forever New Energy is getting an advantage from the relations and cooperation with the world famous enterprise Zhejiang Geely, and pursue to get orders from the other automobile manufacturers to reduce the sales concentration risk. The Group is constantly negotiating and conducting products matching with automobile enterprises, electric bicycle and commercial vehicle enterprises as well as potential customers in the energy storage field. The Group has launched a parking and starting lithium battery for heavy truck which target independent heavy truck fleets, and drivers. Meanwhile, the Group will pursue to maintain a good business relationship with key customers. The Group is also actively investing and exploring investment and business opportunities other than lithium-ion battery business. For example, the Group has acquired a France-based online car hailing business in August 2022 and will engage in bauxite related business in 2025.

Increasing Raw Materials and Purchase Costs

There is a general lack of supply of key raw materials of lithium-ion battery such as cobalt and lithium, if there is any significant increase in the price of raw materials, the Group profitability and financial results will be adversely affected. The Group will continue to control and improve the overall costs structure of lithium-ion battery products by increasing the energy density, production passing ratio of our products, strengthening the management skill, promoting effective use of materials, streamlining the supply chain and outsource some manufacturing process to other parties, etc.

MANAGEMENT DISCUSSION AND ANALYSIS

THE PRINCIPAL RISKS AND UNCERTAINTIES FOR LITHIUM-ION BATTERIES SEGMENT — CONTINUED

Others

Moreover, technological advancement, innovation and even revolution requires continuous improvement, or even obsolescence, of battery production lines. Instead of expansion which requires large capital investment, the Group has been adopting a prudent strategy which includes outsourcing some production process to reduce the possible negative impacts from such risks. Factors such as excessively large trade receivables will also result in certain risks.

THE PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SAM PROJECT

Iron ore price risk

The fair value of the Group's evaluation and exploration assets in the Brazil are exposed to fluctuations in the expected future iron ore price. The management will review the market condition from time to time and determine the best strategy to deal with the fluctuation of iron ore price.

Risk of SAM project will not be materialized

The risk is largely driven by various factors such as commodity prices, government regulations, legal litigation challenges, political factors, policies and approval of the relevant permits and licenses to conduct the mining activities in Brazil. All these factors may affect the schedule of the project, or even result in the failure of the SAM project.

CONTINGENT CONSIDERATION AND LIABILITIES

Pursuant to the share purchase agreement in relation to the acquisition of SAM (the "SAM SPA"), the total consideration of US$390 million for the acquisition of SAM was to be satisfied in cash in five instalment payments. The first and the second instalment payment amount to US$75 million were settled before the date of Settlement Agreement (details set out in the announcement of the Company dated 13 May 2016). The third, fourth and fifth instalment payment amount to US$115 million, US$100 million and US$100 million were required to be settled according to certain milestones.

After execution of the Settlement Agreement in June 2016, the Group shall no longer be liable to pay third, fourth and fifth instalment payment with the total amount of US$315 million under the SAM SPA.

Conditional additional payment

If, however:

(i) the Group disposes of any or all of its interests in direct or indirect interests of SAM;

(ii) SAM disposes of all or a significant portion of its assets other than the sale of inventory (i.e., pellet feed or other minerals) in the ordinary course of business after the production or extraction of minerals has begun, to a party other than the Group company;

CONTINGENT CONSIDERATION AND LIABILITIES — CONTINUED

Conditional additional payment — Continued

(each a "Disposal Event") after the execution of the Settlement Agreement but before (a) the date by which an aggregate of 100,000 metric tons of pellet feed from any of the areas represented by the exploration permits issued to SAM has been shipped commercially (the "New Mining Production Commencement Date"); or (b) any final and non-appealable order, by any Brazilian regulatory authority, permanently restraining, enjoining or otherwise preventing the consummation of the New Mining Production Commencement Date, whichever is earlier, and the net proceeds from such a Disposal Event exceeds 120% of the Company's investment in SAM and the Project, which comprises:

(1) the amount of US$75,000,000, being part of the acquisition consideration and US$420,000, an incentive payment previously paid to Votorantim (the seller);

(2) the Settlement Payment of US$3,000,000 under the Settlement Agreement;

(3) an amount of US$1,500,000, paid to a third party as fees for preparation of SAM's feasibility study report;

(4) the amount of US$64,175,000, representing the funds loaned to SAM and capital invested in SAM as of the date of the Settlement Agreement; and

(5) the total sum of any additional loans and capital invested (and not repaid, reduced or returned) by the Group in SAM or the Project, in each case which is related to the development of the Project, between the date of the Settlement Agreement and the date of any Disposal Event ("Honbridge's Investment"), with the aggregate of items (1) to (5) above in no event exceeding US$250,000,000, then the net proceeds from the Disposal Event that exceed 120% of Honbridge's Investment shall be shared equally by the Company and Votorantim, with payment to Votorantim in no event to exceed US$60,000,000 (the "Additional Payment"). As at 31 December 2024, the additional loans and capital invested was approximately US$16,870,000.

Conditional mining production payment to Votorantim

If, prior to the expiry of 10 years after the date of the Settlement Agreement (i.e. May 2026), the New Mining Production Commencement Date occurs and all Additional Payments made by the Group to Votorantim in the aggregate prior to that date are less than US$30,000,000, then the Group shall pay US$30,000,000 to Votorantim ("New Mining Production Payment") within 10 Business Days after the New Mining Production Commencement Date.

As at 31 December 2024, the contingent consideration payable was approximately HK$117.5 million (equivalent to approximately US$15.1 million) (2023: HK$119.0 million, equivalent to approximately US$15.2 million).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xu Zhihao (徐志豪), aged 48, joined the Company in October 2024, is the Chairman and Chief Executive Officer of the Company. He has joined Zhejiang Geely Holding Group Co., Ltd. ("Geely Holding") as the Chief Executive Officer of Geely Technology Group Co., Ltd. ("Geely Technology") since 2017. From January 2021 to October 2022, Mr. Xu was the Chairman and an executive director of Lifan Technology (Group) Co., Ltd. (601777.SH). Since 2020, Mr. Xu has been serving as the Chairman of Zhejiang Qianjiang Motorcycle Co., Ltd. (000913.SZ) and an independent non-executive director of Anhui Gujing Distillery Co., Ltd. (000596.SZ). He was awarded the National May 1st Labor Medal. Mr. Xu received his doctor's degree from Singapore Management University in June 2024. He has obtained the PRC fund practitioner qualification and securities practitioner qualification. He is a senior economist.

Mr. Xu Bing (許兵), aged 43, joined the Company in October 2024, joined Geely Holding in 2005 and has nearly 20 years of experience in operations management in the automotive industry, mineral smelting and diversified industries. He had served as the senior manager of operations management of Geely Holding and the general manager of operations management of Geely Technology. Currently, he is the Vice President of Geely Technology, the Chairman of Zhejiang Jingneng Microelectronics Co., Ltd., Xiaolinggou Travel Technology Co., Ltd., and Anhui Ruike Resource Recycling Technology Co., Ltd. Since May 2021, he has been serving as a director of Zhejiang Qianjiang Motorcycle Co., Ltd (000913.SZ).

Mr. Chen Shengjie (陳聖杰), aged 41, joined the Company in October 2024, joined Geely Holding in 2010, and has served successively as the manager of the financial audit office and the financial auditor of the internal control department at Geely Holding, the Chief Financial Officer of Mingtai Investment Development Group, and the senior director of the board of directors of Geely Holding. He currently serves as the Chief Financial Officer of Geely Technology. Mr. Chen obtained his bachelor's degree from Southwest University of Science and Technology (西南科技大學) in June 2007 and his master's degree from Zhejiang Gongshang University (浙江工商大學) in June 2015.

Ms. Gu Wenting (顧文婷), aged 38, joined the Company in October 2024, served as the Vice President of the Hong Kong stocks consumer goods sector of EJF Capital LCC from August 2012 to December 2015. From January 2016 to May 2022, she served as the executive partner and post-investment manager of Green Pine Capital Partners. Since July 2022, she has been serving as the Vice President of Geely Technology and Chairman of the board of directors of Aerofugia Technology (Chengdu) Co., Ltd., in charge of strategic investment and financing sector. Ms. Gu graduated from Guanghua School of Management of Peking University (北京大學光華管理學院) in June 2024.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Yan Weimin (燕衛民), aged 57, joined the Company in 2010, graduated from Central South University in 1989 majoring in automation. He also holds an EMBA degree of United Business Institutes (UBI) in Belgium. Mr. Yan has over 25 years of experience in the trading of mineral products. He has served in Shanghai Guohong Trading Co. Ltd. as the general manager and Shanghai Yingyue International Group Co. Ltd as the Chairman. Mr. Yan was a former director of Xi'an Haitian Antenna Technologies Co., Ltd. (stock code: 8227), the shares of which are listed on the Hong Kong Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chun Wai, Tony (陳振偉), aged 53, joined the Company in 2007, is a Certified Public Accountant in Hong Kong and owns a CPA practice. He has extensive experience in audit assurance and business advisory services in both Hong Kong and the PRC. Moreover, Mr. Chan has extensive experience in public listings in Hong Kong and Singapore, mergers and acquisitions as well as corporate finance. He holds a Master's degree in Business Administration from the Manchester Business School. Mr. Chan is currently an independent non-executive director of Hans Group Holdings Limited (stock code: 0554), the shares of which are listed on the Hong Kong Stock Exchange. He was also a former director of Wai Chun Bio-Technology Limited (stock code: 660), Wai Chun Group Holdings Limited (stock code: 1013), the shares of which are listed on the Hong Kong Stock Exchange.

Mr. Ma Gang (馬剛), aged 68, joined the Company in 2007, graduated from Anhui Finance and Trade College, the PRC in 1983 with a Bachelor degree in Economics. From 2004 to 2006, Mr. Ma was employed as the vice managing director of Shanghai HongYe Real Estate Development Co. Ltd. which is principally engaged in properties development business.

Mr. Ha Chun (夏峻), aged 55, joined the Company in 2015, graduated from the University of Hong Kong in 1994 with a bachelor degree in law and was admitted as a solicitor of the High Court of the Hong Kong Special Administrative Region, the Guangdon-Hong Kong-Macao Greater Bay Area and the Supreme Court of England and Wales. He has extensive experience in corporate finance, cross-border merger and acquisitions as well as general commercial transactions. Mr. Ha is one of the founding partners of Messrs. Ha and Ho Solicitors and also a China-Appointed Attesting Officer. Mr. Ha is also the sponsoring body manager of Ju Ching Chu Secondary School (Yuen Long, Kwai Chung and Tuen Mun).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Yeung Ho Ming, aged 41, is a Certified Public Accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants (ACCA). Mr. Yeung has extensive listed companies assurance and advisory experience in an international accounting firm before joining the Company in March 2013 as Chief Financial Officer and Company Secretary. He also has over 10 years extensive experience in mergers and acquisitions as well as corporate compliance.

Mr. Jin Yongshi, aged 45, holds a Bachelor's degree in mineral processing engineering and a Master's degree in ferrous metallurgy engineering from the School of Mineral Processing and Bioengineering of Central South University in China. Mr. Jin has over 20 years experience in participating varieties of mine projects in China and abroad. Prior to joining the Group, he worked in China ENFI Engineering Corporation (formerly China Nonferrous Engineering and Research Institute) as a design manager of mine projects and also a senior engineer in mineral processing, he once provided consulting and engineering design service for lots of large-scale mine projects. He joined the Company in March 2014 and since March 2015, Mr. Jin became an executive director of SAM. He is currently an International Advisory Council member in Fundação Dom Cabral (Brazil) and a Scientific Council member of the Brazil-China Studies Center of FGV Direito Rio. In 2023, he was appointed the head of secretary of the China-Bahia State Mining Committee in Brazil.

Dr. Eder de Silvio, aged 62, graduated from The Polytechnic School of the University of Sao Paulo with an engineering degree in 1984 and was awarded a doctorate degree on mineral engineering in 2001, based on a process research and engineering for a heavy mineral project (tin, tantalum, niobium, and rare earth).

Dr. Eder de Silvio is experienced in process research, mineral project engineering design, equipment selection and acquisition, plant and infrastructure construction. He has worked for several years in two mines in the Amazon region, involved on engineering, construction and operation. He also worked as process engineering leader in a major Brazilian engineering company, served some of the world largest companies in the mining industry such as Vale, BHP Billiton, RTZ Mining and Exploration Limited, Anglo American plc, Manabi and others, being involved in some of the large projects such as Brucutu, Mirabela, Anglo's Minas Rio, Ferro Amapá, Itabiritos de Conceição and Samarco P4P. Dr. Eder de Silvio also worked in Ferrous Resources Limited as an Chief Operating Officer focusing on engineering, construction and production increase.

Dr. Eder de Silvio has been SAM's director of engineering since 2012, worked on process research and engineering concepts design.

DIRECTORS' REPORT

The Directors of the Company present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities, place of operation and issued share capital of its principal subsidiaries are set out in note 37 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year is set out in the "Chairman's Statement" and "Management Discussion and Analysis" section of this annual report. There was no exploration, installation and production activity for our iron ore project in Brazil during the year, while relevant resources details are set out in note 16 to financial statements.

The environmental policies and performance, and relationships with employees, customers and suppliers, supply chain management are set out in the Environmental, Social and Governance Report of this annual report.

The principal risks and uncertainties facing the Company are set out in the "Management Discussion and Analysis" section in this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

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

FINANCIAL SUMMARY

A summary of the results of the Group for the last five financial years is set out on page 175 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL, SHARE OPTIONS AND EQUITY-LINKED AGREEMENTS

Details of movements in the Company's share capital during the year are set out in note 33 to the consolidated financial statements.

Saves as disclosed in the section headed "Share Option Schemes", no equity-linked agreement was entered into by the Group, or subsisted during the year ended 31 December 2024.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company:

Executive Directors:

Mr. Xu Zhihao *(Chairman and Chief Executive Officer)* (Appointed on 13 October 2024)
Mr. Xu Bing (Appointed on 13 October 2024)
Mr. Chen Shengjie (Appointed on 13 October 2024)
Ms. Gu Wenting (Appointed on 13 October 2024)
Mr. Liu Wei, William (Re-designated from Joint Chief Executive Officer to Chief Executive Officer on 28 March 2024 and resigned as Chief Executive Officer on 13 October 2024)
Mr. He Xuechu *(Chairman)* (Resigned on 13 October 2024)
Mr. Liu Jian *(Vice Chairman and Joint Chief Executive Officer)* (Resigned on 28 March 2024)
Mr. Dai Qing (Appointed on 28 March 2024 and resigned on 13 October 2024)

Non-Executive Director:

Mr. Yan Weimin

Independent Non-Executive Directors:

Mr. Chan Chun Wai, Tony
Mr. Ma Gang
Mr. Ha Chun

In accordance with Article 116 of the amended and restated memorandum and articles of association of the Company (the "Articles of Association"), Mr. Yan Weimin, Mr. Chan Chun Wai, Tony and Mr. Ha Chun will retire by rotation and being eligible, offer themselves for re-election at the Company's forthcoming annual general meeting. In addition, in accordance with Article 99 of the Articles of Association, Mr. Xu Zhihao, Mr. Xu Bing, Mr. Chen Shengjie and Ms. Gu Wenting shall hold office until the first annual general meeting after their appointment and being eligible for re-election at that annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors entered into a service contract with the Company which shall continue thereafter unless and until terminated by either party serving to the other not less than three months' notice in writing.

None of the Directors has entered into any service contract or has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, relating to the required standards of dealing by directors of listed issuers, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the ordinary shares of HK$0.001 each of the Company

	Number of shares in the Company				
Name of director	Beneficial owner	Interest of spouse	Interest of controlled corporation	Total	Approximate percentage of shareholding *(%)*
Xu Zhihao	222,000,000	–	–	222,000,000	2.25
LIU Wei, William	9,002,000	–	–	9,002,000	0.09
YAN Weimin	30,000,000	–	–	30,000,000	0.30
CHAN Chun Wai, Tony	1,000,000	–	–	1,000,000	0.01

Note: Mr. Xu's above shareholding does not include the 200,000,000 Shares which he is interested pursuant to the subscription agreement dated 13 October 2024 entered into between the Company and Mr. Xu as detailed in the Company's circular dated 22 November 2024. This subscription was not yet completed as at 31 December 2024.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 December 2024, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under the provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2024, the following persons, other than the Directors or chief executives of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

	Number of Shares in the Company				
Name of Shareholder	Beneficial owner	Interest of spouse	Interests of controlled corporation	Total number of shares held	Approximate percentage of shareholding
Li Shufu *(Note 1)*	103,064,000	50,000,000	5,696,504,675	5,849,568,675	59.36%
Geely Group Limited *(Note 2)*	2,829,000	–	3,843,000,000	3,845,829,000	39.03%
Hong Bridge Capital Limited	3,843,000,000	–	–	3,843,000,000	39.00%
Geely International (Hong Kong) Limited	1,850,675,675	–	–	1,850,675,675	18.78%
Zhejiang Geely Holding Group Company Limited *(Note 3)*	–	–	1,850,675,675	1,850,675,675	18.78%

Notes:

1. Mr. LI Shufu holds 91.08% equity interest of Zhejiang Geely Holding Group Company Limited and 100% equity interest of Geely Group Limited.
2. Geely Group Limited was the controlling shareholder holding 87.09% equity interest of Hong Bridge Capital Limited.
3. Zhejiang Geely Holding Group Company Limited holds 100% equity interest of Geely International (Hong Kong) Limited.
4. Li Shufu's and Hong Bridge Capital Limited's above shareholdings do not include the 4,500,000,000 Shares which he/it is interested pursuant to the subscription agreement dated 13 October 2024 entered into between the Company and Hong Bridge Capital Limited as detailed in the Company's circular dated 22 November 2024. This subscription was not yet completed as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company received from each of the Independent Non-Executive Directors, Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers all of the Independent Non-Executive Directors to be independent.

SHARE OPTION SCHEME

During the year 2024, the Company operated a share option scheme adopted on 26 May 2022 (the "Scheme") respectively. Particulars of the Scheme as required under the GEM Listing Rules are set out below:

(i) Summary of the Scheme

1. Purpose of the Scheme

The purpose of the Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested Entity.

2. Participants of the Scheme

Participants are any Director, Eligible Employee, adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Invested Entity whom the Board in its sole discretion considers eligible for the Scheme on the basis of his/her contribution to the development and growth of the Group.

For the purposes of the Scheme, the Options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Participants or any discretionary object of a Participant which is a discretionary trust.

3. Total number of Shares available for issue under the Scheme

The total number of Shares available for issue under options which may be granted under the Scheme is 985,453,360 Shares, being 10% of the issued share capital immediately following adoption of the Scheme on 26 May 2022.

As at 31 December 2024, the total number of Shares available for issue pursuant to the grant of further options under the Scheme was 985,453,360, representing 10% of the issued share capital of the Company as at 31 December 2024.

No share option was granted, exercised, cancelled or lapsed under the Scheme during the year ended 31 December 2024.

4. Maximum entitlement of each participant

Unless approved by the Shareholders in general meeting in the manner prescribed in the GEM Listing Rules, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Group (including both exercised and outstanding options) to each qualified Participant in any 12-month period shall not exceed 1% of the total number of Shares in issue for the time being (the "Individual Limit"). Any further grant of Options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such Participant and his/her/its close associates (or his/her/its associate if the qualified Participant is a connected person) abstaining from voting.

5. **Time of acceptance and exercise of options**

An Option may be accepted by Participant within 21 days from the date of the offer of grant of the Option. An Option may be exercised in accordance with the terms of the Scheme at any time during the option period which the Board may in its sole and absolute discretion determine, save that such period shall end in any event not later than ten years from the date of grant of the Option and subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of Options to a Grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised.

An offer shall be deemed to have been accepted by Participant when the duplicate letter comprising acceptance of the offer duly signed by the Participant together with a non-refundable consideration of HK$1.00 are received by the Company.

6. **Basis of determining the exercise price of the option**

The exercise price will be determined by the Board as its absolute discretion and notified to a grantee. The minimum exercise price shall not be less than the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date;

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Offer Date; and

(c) the nominal value of the Shares on the Offer Date.

7. **Remaining life of the Scheme**

Subject to early termination of the Scheme pursuant to the terms thereof, the Scheme shall be valid and effective for a period of 10 years commencing from the date on which the Scheme becomes effective, i.e. 26 May 2022 and ending on 25 May 2032.

Details of the principal terms of the Scheme are summarised under the sub-section headed "SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME" in Appendix III to the Circular of the Company dated 3 May 2022.

(ii) Details of options granted

The Company has no outstanding Share options as at 1 January 2024 and 31 December 2024.

CONNECTED TRANSACTIONS

Details of the continuing connected transactions are set out in the "Management Discussion and Analysis" section in this annual report.

Pursuant to GEM Listing Rule 20.54, the Board has engaged the auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed the continuing connected transactions in accordance with GEM Listing Rule 20.54 and issued an unqualified letter containing their findings and conclusions accordingly. The independent non-executive Directors have confirmed the continuing connected transactions in accordance with GEM Listing Rule 20.53.

Specifically, the independent non-executive Directors have reviewed the continuing connected transactions and the unqualified letter from the auditor and have confirmed that the continuing connected transactions entered into by the Group were in the ordinary and usual course of its business, on normal commercial terms, or on terms no less favourable than terms available to or from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

In the opinion of the independent non-executive Directors, these transactions entered into by the Group were:

(1) in the ordinary and usual course of its business;

(2) on normal commercial terms or better;

(3) in accordance with the terms of agreements governing them on terms that are fair and reasonable so far as the shareholders of the Company are concerned and in the interests of the shareholders of the Company as a whole; and

(4) within the relevant cap amounts as disclosed in previous announcements.

Save as disclosed above, there were no other transactions which are required to be disclosed as continuing connected transactions in accordance with the requirements of the GEM Listing Rule.

Save as disclosed above or otherwise as disclosed in the Management Discussion and Analysis section in this report, there was no other connected transaction entered into by the Company during the year ended 31 December 2024.

The Company has complied with the applicable requirements under Chapter 20 of the GEM Listing Rules with respect to the connected transaction and continuing connected transactions during the year ended 31 December 2024.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 39 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVE OF THE COMPANY

The share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution or dividend payment the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Memorandum and Articles of Association, dividends can be distributed out of the profits and share premium of the Company. The Company's reserve available for distribution to shareholders as at 31 December 2024 amounted to approximately HK$1,061,524,000 (2023: HK$1,131,462,000).

INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders (as defined under the GEM Listing Rules) of the Company or their respective associates had any interest in a business which competes or may compete or had any conflicts of interest with the business of the Group for the year ended 31 December 2024.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme are set out in note 3.17 to the consolidated financial statements.

CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the largest and five largest customers of the Group accounted for 53.3% and 58.8% of the Group's total revenue respectively and the largest and five largest suppliers of the Group accounted for 69.1% and 83.8% of the Group's total purchases respectively.

Except as disclosed in the Connected Transactions section under the Directors' Report, none of the Directors, their associates, or shareholders (which to the knowledge of the Directors owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest suppliers and customers as at 31 December 2024.

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

During the year ended 31 December 2024, neither the Company, its ultimate holding company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 the prescribed public float of not less than 25% of the Company's issued Shares as required under the GEM Listing Rules for the year ended 31 December 2024 and up to the date hereof.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board
Xu Zhihao
Chairman

Hong Kong
26 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance practices and procedures. The corporate governance principles of the Company emphasises accountability and transparency and are adopted in the best interests of the Company and its shareholders.

The Company complied with the corporate governance code in Appendix C1 to the GEM Listing Rules throughout the Year Ended 2024 with the exception of Code Provision C.2.1 and D.2.5. Code provision C.2.1 requires the roles of Chairman and Chief Executive of the Company should be separate and should not be performed by the same individual. The Board believes that Chairman and Chief Executive performed by the same individual enhances governance and strategic delivery, ultimately benefiting the Group's overall success. Details is discussed in the Chairman and Chief Executive Officers in this Corporate Governance Report. Under Code Provision D.2.5, 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.

BOARD COMPOSITION

Executive Directors

Mr. Xu Zhihao *(Chairman and Chief Executive Officer)* (Appointed on 13 October 2024)
Mr. Xu Bing (Appointed on 13 October 2024)
Mr. Chen Shengjie (Appointed on 13 October 2024)
Ms. Gu Wenting (Appointed on 13 October 2024)
Mr. Liu Wei, William (Re-designated from Joint Chief Executive Officer to Chief Executive Officer on 28 March 2024, resigned as Chief Executive Officer on 13 October 2024 and resigned on 1 April 2025)
Mr. He Xuechu *(Chairman)* (Resigned on 13 October 2024)
Mr. Liu Jian *(Vice Chairman and Joint Chief Executive Officer)* (Resigned on 28 March 2024)
Mr. Dai Qing (Appointed on 28 March 2024 and resigned on 13 October 2024)

Non-Executive Director

Mr. Yan Weimin

Independent Non-Executive Directors

Mr. Chan Chun Wai, Tony
Mr. Ma Gang
Mr. Ha Chun

As at 31 December 2024, the Board of Directors (the "Board") of the Company composed of nine Directors, including five Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors. One third of the Board are Independent Non-Executive Directors who have appropriate professional qualifications in accounting or related financial management expertise. Biographies of Directors are set out in the Biographical Details of Directors and Senior Management Section of this annual report.

Mr. Dai Qing obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on 8 March 2024 and he has confirmed that he understood his obligations as a director of the Company.

Mr. Xu Zhihao, Mr. Xu Bing, Mr. Chen Shengjie and Ms. Gu Wenting obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on 12 October 2024 and they have confirmed that they understood their obligations as a director of the Company.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies of the Company, monitoring the financial performance and internal control, compliance with laws and regulations (including the GEM Listing Rules) as well as overseeing the risk management system of the Company and monitoring the performance of senior executives.

PERMITTED INDEMNITY PROVISION

Every Director is entitled to be indemnified by the Company against all costs, charges, losses, expenses, and liabilities incurred by him in the execution and discharge of his or her duties or in relation thereto.

There is in place a directors liabilities insurance cover in respect of legal action against directors. The relevant provisions in the directors liabilities insurance were in force during the financial year ended 31 December 2024 and as at the date of this report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-Executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance, control and standard of conduct, as well as ensure that the interests of all shareholders are taken into account and take the lead where potential conflicts of interests arise. All Independent Non-Executive Directors possess appropriate academic, professional qualifications or related financial management experience.

Mr. Ha Chun entered into a term of service of two years with the Company under a formal letter of appointment and is subject to retirement by rotation at least once every three years and offer himself/herself for re-election at the annual general meeting of the Company.

Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all Independent Non-Executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the Code as set out in Appendix C1 of the GEM Listing Rules stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As Mr. Xu Zhihao is the Chairman and the Chief Executive Officer, the Company has deviated from this Code. However, after considering the aspects listed below, the Board believes that the roles of both Chairman and Chief Executive Officer in Mr. Xu Zhihao have the benefit of ensuring consistent and continuous planning and execution of the Company's strategies.

CORPORATE GOVERNANCE REPORT

- **Balance of Power:**
  - o The Board is assured that its governance framework will not compromise the distribution of power and authority between the Board and company management.
  - o Comprised of seasoned and high-quality individuals with proven integrity, the Board provides solid oversight.
- **Voting Procedures:**
  - o Decisions of the Board are reached through majority consensus, which promotes democratic and clear governance.
- **Agility in Response:**
  - o This governance framework facilitates a rapid adaptation to the fast-changing business landscape.
  - o It enhances effective oversight and execution of business processes, leading to improved operational efficiency.
- **Leadership Framework:**
  - o Merging two roles under one individual offers the Group strong, cohesive leadership.
  - o This merging of responsibilities bolsters the formulation and implementation of the Group's business strategies, contributing positively to overall organizational coherence.

In summary, the Board believes that this structure enhances governance and strategic delivery, ultimately benefiting the Group's overall success.

The Chairman and Chief Executive Officer ensures that Directors receive clear, complete and adaquate information and are properly briefed prior to Board meetings. He also ensures that good corporate governance practices and procedures are established, and that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The Chairman and Chief Executive Officer has also delegated the Company Secretary to draw up and approve the agenda for each Board meeting with the recommendation of other Directors.

The Chairman and Chief Executive Officer encourages the Directors to fully and actively participate in the Board's affairs, taking the lead to assure that the Board acts in the best interests of the Company. The Chairman and Chief Executive Officer also promotes a culture to facilitate effective contribution and encourages the Directors to express dissenting views and concerns and allow sufficient discussion of issues before decisions are made.

The Chairman and Chief Executive Officer focus on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations and are also responsible for developing strategic plans, formulating and reviewing the organisational structure, control systems and internal procedures and processes for the Board's approval.

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the Executive Directors along with other senior executives. They report periodically to the Board their work and business decisions.

MEETINGS OF THE BOARD

The following meetings were held during the financial year ended 31 December 2024 and the attendance records of the Directors are as follows:

	Extraordinary General Meeting	Annual General Meeting	Board Meetings	Audit Committee Meetings	Nomination Committee Meeting	Remuneration Committee Meeting
Executive Directors						
Mr. Xu Zhihao *(Chairman and Chief Executive Officer)* (Appointed on 13 October 2024)	1/1	–	2/2	–	–	–
Mr. Xu Bing (Appointed on 13 October 2024)	1/1	–	2/2	–	–	–
Mr. Chen Shengjie (Appointed on 13 October 2024)	1/1	–	2/2	–	–	–
Ms. Gu Wenting (Appointed on 13 October 2024)	1/1	–	2/2	–	–	–
Mr. Liu Wei, William (Re-designated from Joint Chief Executive Officer to Chief Executive Officer on 28 March 2024, resigned as Chief Executive Officer on 13 October 2024 and resigned on 1 April 2025)	1/1	1/1	6/6	–	3/3	3/3
Mr. He Xuechu *(Chairman)* (Resigned on 13 October 2024)	–	1/1	4/4	–	–	3/3
Mr. Liu Jian *(Vice Chairman and Joint Chief Executive Officer)* (Resigned on 28 March 2024)	–	–	2/2	–	–	–
Mr. Dai Qing (Appointed on 28 March 2024 and resigned on 13 October 2024)	–	1/1	4/4	–	–	–
Non-Executive Director						
Mr. Yan Weimin	1/1	1/1	5/6	–	–	–
Independent Non-Executive Directors						
Mr. Chan Chun Wai, Tony	1/1	1/1	6/6	4/4	3/3	3/3
Mr. Ma Gang	1/1	1/1	6/6	3/4	3/3	3/3
Mr. Ha Chun	1/1	1/1	6/6	4/4	3/3	3/3

Formal notice of at least 14 days are given to the Directors for regular board meetings. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Articles of Association of the Company. The Company Secretary ensures that the procedure and all applicable rules and regulations are strictly and fully complied with. Minutes of board meetings and meetings of board committees are kept by the Company Secretary and are available for inspection at any reasonable time on reasonable notice by any Directors.

Director shall have full access to information of the Group and are able to obtain independent views and inputs according to the mechanism below:

- Three Directors are independent non-executive directors ("INEDs") and INEDs will be appointed to all Board committees as far as possible to ensure independent views are available. Currently, all the audit committee, remuneration committee and nomination committee are chaired by INED.

- All Directors shall have full access to information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the company secretary and, where deemed necessary, independent advice from independent professional advisers, including but not limited to financial advisor, valuer, lawyer, etc. at the Company's expense.

- A Director (including INED) who has material interest in the subject transaction or arrangement shall abstain from voting on the relevant Board resolution.

- Where a substantial shareholder or a director has a conflict of interest in a matter considered to be material by the Board, the matter would be considered and discussed in a physical board meeting rather than a written resolution, with INEDs who have no conflicting interests present in the meeting.

The Board will review the implementation and effectiveness of the mechanisms annually.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

A formal written procedure and policy has been adopted by the Board for the appointment of new directors. Newly appointed Directors would receive induction on the occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the business and operations of the Company and is fully aware of his/her responsibilities under applicable laws, rules and regulations and the Group's various governance and internal control policies. According to the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

The Company may by ordinary resolution at any time remove a Director before the expiration of his period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead.

DIVERSITY POLICY

In order to enhance the effectiveness of the Board, the Company has adopted a board diversity policy (the "Policy") which sets out the approach to achieve diversity on the Board. The Company reviews the implementation and effectiveness of the Policy on an annual basis, and seeks to achieve Board diversity through the consideration of a number of measurable objectives or factors, including but not limited to gender, age, cultural and education background, professional experience, skills and knowledge.

The Board will review such objectives from time to time and at least annually to ensure their appropriateness and ascertain the progress made towards achieving those objectives. For example, the Board will review the gender of employees every year and monitor if fair opportunities are given without regard for their gender and try to achieve a more balanced ratio. The Nomination Committee will review the Policy from time to time and at least annually to ensure its continued effectiveness. The Board targeted and to appoint at least one director of a different gender no later than 31 December 2024. After approval of the Nomination committee and the Board, the Company has appointed one female Director during the year ended 31 December 2024. The Policy has develop a pipeline of potential successors to the board to achieve gender diversity.

The breakdown of employees according to gender, age group, employment type, and geographical region and recruitment policy are disclosed in the environmental, social and governance report of the Company in this annual report.

TRAINING

To ensure Directors' contribution to the Board remains informed and relevant, all directors should participate in continuous professional development to develop and refresh their knowledge and skills.

During the year ended 31 December 2024, the Company has provided briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices. Records of the Directors' participation in other continuous professional development or training sessions provided, if any, are maintained by the Company Secretary of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for Directors.

All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standards of dealings and its code of conduct regarding the directors' securities transaction throughout the year ended 31 December 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

Recognising that a well-designed and effective system of internal control is crucial to safeguard the assets of the Company and the shareholders' investment and maintaining proper accounts to ensure the reliability of financial reporting as well as compliance with the relevant requirement of GEM Listing Rules, the Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks (including ESG risks) that could affect the achievement of goals of the Group;

- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and Management for reviews.

The Company has in place an internal control system which is compatible with The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The COSO framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The five key components of the COSO framework are shown as follows:

- Control Environment: Serves as an umbrella for the other 4 components which is the set of standards, processes, and structures that provide the basis for carrying out internal control across the Company.

- Risk Assessment: Identify what the relevant risks are that could form potential barriers to the completion of the company's objectives. Using this information, the Board and management should form basic plans on how these obstacles can be managed or avoided.

- Control Activities: Help ensure that necessary actions are taken to address risks to the achievement of the Company's objectives.

- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- Monitoring: Ongoing and separate evaluations to ensure all component of internal control is present and implemented.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out in 2024 by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Company's audit committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 December 2024 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the audit committee and concurred the same.

Under Code Provision D.2.5, 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.

WHISTLEBLOWING POLICY AND ANTI-CORRUPTION POLICY

The Company has in place a whistleblowing policy and anti-corruption policy and they are disclosed on the website of the Company.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a Policy on Disclosure of Inside Information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- Define the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;

- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the GEM Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Hong Kong Exchanges and Clearing Limited's website and the Company's website.

COMPANY SECRETARY

Being an employee of the Company, the company secretary reports to the Chairman and Chief Executive Officer and assists the Board by ensuring the Board policy and procedures are followed. The company secretary is also responsible for advising the Board on corporate governance matters. As an employee of the Company, the company secretary has confirmed that for the year under review, he has taken no less than 15 hours of relevant professional training.

ACCOUNTABILITY AND AUDIT

The Directors were provided with major financial information and the related explanation and information of the Company that would enable them to make an informed assessment. The Directors acknowledge their responsibility for preparing the financial statements of the Group for each financial period. The Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. In preparing the financial statements for the year ended 31 December 2024, the Directors have selected appropriate accounting policies and applied them consistently; made judgements and estimates that are prudent and reasonable; and prepared accounts on a going concern basis. During the year, the Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the Auditor of the Company about its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 89 to 94 of this annual report.

DIVIDEND POLICY

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia: (i) the general operational and financial condition of the Group; (ii) the latest capital and debt level of the Group; (iii) future cash requirements, business strategies and future development needs; (iv) any restrictions on payment of dividends that may be imposed by the Group's creditors (if any); (v) the general market conditions; and (vi) any other factors that the Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the articles of association of the Company. The Dividend Policy will continue to be reviewed by the Board from time to time.

AUDITOR'S REMUNERATION

For the year ended 31 December 2024, the Company's auditor, BDO Limited, shall receive approximately HK$1.4 million for audit services.

AUDIT COMMITTEE

The primary duties of the audit committee are to review and supervise the financial reporting, internal control procedures, whistleblowing policy and risk management system of the Group. Other duties of the audit committee are set out in its specific terms of reference, which are posted on the website of the Company and the Stock Exchange respectively. The audit committee comprises Mr. Chan Chun Wai, Tony (Committee Chairman), Mr. Ma Gang and Mr. Ha Chun, who are Independent Non-Executive Directors of the Company.

During the year, the audit committee held four meetings to review and comment on the Company's 2023 annual results and 2024 half-yearly results as well as the Company's internal control procedures and risk management system. Full attendance was recorded for three meetings.

The Group's annual report for the year ended 31 December 2024 were reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

The terms of reference of the Audit Committee are published on the Company's website (http://www.8137.hk) and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

RELATIONSHIP WITH THE EXTERNAL AUDITOR

Apart from meeting with the Company's external auditor for approving the annual results, the Audit Committee also meets with the external auditor in the absence of the management team of the Company, including executive Directors, whenever necessary to discuss any issues related to the audit (e.g. nature and scope of the audit, key audit matters, reporting obligations, audit fee, nature and scope of non-audit service provided, those arising from the audit (e.g. judgment used in the financial reporting, compliance with financial reporting and auditing standards), etc.) so as to review and monitor the independence and objectivity of the Company's external auditor, and the effectiveness of the audit process in accordance with applicable standards.

REMUNERATION COMMITTEE

The Committee members comprise Mr. Ha Chun (Chairman of the Committee), Mr. Ma Gang, Mr. Chan Chun Wai, Tony, Mr. Chen Shengjie and Ms. Gu Wenting. The Committee had three meetings in 2024 which was attended by all Committee members at the date of the meetings.

The role and function of the Remuneration Committee is to determine the policy for the remuneration package of executive Directors and senior management; to assess the performance of executive Directors and senior management; to approve the terms of service contracts of executive Directors and senior management; to make recommendations to the Board on the remuneration of executive Directors and senior management, and to make recommendations to the Board on the remuneration of non-executive Directors. The policy for the remuneration of Executive Directors and the Senior Management was reviewed by the Committee and recommendations will be made to the Board on the terms and remuneration packages of individual executive directors and senior management. Remuneration packages, including basic salary, performance bonus, grant of share options, if any, of the Executive Directors and Senior Management is based on skills, knowledge, involvement and performance of the individuals by reference to the Company's performance and profitability, as well as industry practice. Granting share options is considered as one of the means for giving long term benefits to and retaining staff.

Sufficient resources is provided and reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including but not limited to attendance at board meetings and committee meetings. The details of remuneration payable to directors of the Company is set out in Note 14 to the financial statements.

The terms of reference of the Remuneration Committee are published on the Company's website (http://www.8137.hk) and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

NOMINATION COMMITTEE

Current Committee members are Mr. Xu Zhihao (Chairman of the Committee), Mr. Xu Bing, Mr. Chan Chun Wai, Tony, Mr. Ma Gang and Mr. Ha Chun. The Committee meets at least once every year and additional meetings shall be held as the work of the Committee demands. The Committee had three meetings in 2024 which was attended by all Committee members at the date of the meetings.

The primary duties of nomination committee is to (i) review the structure, size and composition (including the skills, knowledge, experience, age, gender and length of service) of the Board at least annually; and make recommendations on any proposed changes to the Board to implement the Company's corporate strategy; (ii) consider the selection of Directors; (iii) identify and nominate candidates to the Board for it to recommend to Shareholders for election as Directors. Sufficient biographical details of nominated candidates shall be provided to the Board and Shareholders to enable them to make an informed decision; (iv) consider the skill mix needed in respect of the Directors, and make recommendations to the Board; (v) identify and nominate candidates to fill casual vacancies of Directors for the Board's approval; (vi) assess the independence of Independent Non-executive Directors and review the Independent Non-executive Directors' annual confirmations on their independence; and make disclosure of its review results in the Corporate Governance Report; (vii) to review annually the time commitment required of directors and to evaluate whether directors have committed adequate time to discharge their responsibilities; (viii) make recommendations to the Board on relevant matters relating to the succession planning for the Chairman, the Chief Executive as well as the senior management; (ix) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; (x) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation; and (xi) to review the board diversity policy, as appropriate, to ensure its effectiveness; and review the measurable objectives that the board has set for implementing the board diversity policy and the progress on achieving these objectives.

Procedures and Process for Nomination of Director by the Nomination Committee

Upon identifying a director candidate, the Nomination Committee initially determines the need for additional or replacement Board members and evaluates the director candidate under a range of objective criteria based on the information the Nomination Committee receives with the recommendation or otherwise possesses, which may be supplemented by certain inquiries. If the Nomination Committee determines, in consultation with other Board members, including the Chairman, that a more comprehensive evaluation is warranted, the Nomination Committee may then obtain additional information about the director candidate's background and experience, including by means of interviews. The Nomination Committee will then evaluate the director candidate further, again using the evaluation criteria described above. The Nomination Committee receives input on such director candidates from other directors, including the Chairman, and recommends director candidates to the Board for nomination. The Nomination Committee may engage a third party to assist in the search for director candidates or to assist in gathering information regarding a director candidate's background and experience. If such third party is engaged, the Company will pay for the services to enable the Nomination Committee discharging the duties.

The terms of reference of the Nomination Committee are published on the Company's website (http://www.8137.hk) and the Stock Exchange's website (http://www.hkexnews.hk) for Shareholders' inspection.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence with reference to the Board's corporate goals and objectives. The emoluments of the Directors are determined by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

REMUNERATION OF THE SENIOR MANAGEMENT

The remuneration of the senior management of our Group for the year ended 31 December 2024 and 2023 falls within the following band:

	Number of individuals	
	2024	2023
HK$1,000,001 to HK$1,500,000	**3**	3
Below HK$1,000,001	**0**	0

SHAREHOLDERS AND INVESTORS RELATIONS

The Group continues to promote and strengthen its relationship with shareholders of the Company and potential investors. The chairman of the Board, members of audit committee and external auditor attended the annual general meeting held on 24 May 2024 to answer questions, if any, at the meeting. The Group also meets with analysts and participates in investor conferences. As a channel to further enhance communications, the Company will disseminate announcements, corporate notice, and other financial and non-financial information through the Company's website in a timely manner. Since the year ended 31 December 2016, an environmental, social and governance report has been incorporated in the annual report of the Company which further facilitates the communications between shareholders and the Company. The comments and suggestions of shareholders and stakeholders will be recorded and considered as appropriate.

The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the year and conclude that it is effective because some minority shareholders have personally approached the company and ask for relevant news.

SHAREHOLDERS' RIGHTS

Annual report and interim report offer comprehensive information to the Shareholders whereas annual general meetings provide a forum for the Shareholders to exchange views directly with the Board.

Pursuant to Articles 72 of the Company's Articles of Association, an extraordinary general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the shareholders, provided that such shareholders held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within twenty one days from the date of deposit of the requisition proceed duly to convene the meeting, the shareholders themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the shareholders as a result of the failure of the Board shall be reimbursed to them by the Company.

If shareholders would like to put forward proposals at the general meetings, they have to sign a written proposal specifying the details of the proposal and their contact details (e.g. name, telephone number, email address, etc.) and addressing it to the Board (copy to the Company Secretary) then deposit it at the Company's head office in Hong Kong.

Shareholders may at any time send their enquiries to the Board by sending the same to the Company at the head office of the Company in Hong Kong and for the attention of the Company Secretary.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Honbridge Holdings Limited and its subsidiaries (the "Group" or "we") mainly engages in (i) the research, production, and sales of lithium-ion batteries in the People's Republic of China (the "PRC"), (ii) the car-hailing service in France, and (iii) the iron ore project in Brazil ("SAM Project").

The Group believes sustainability is the key to achieving continued success and has integrated this concept into its business strategy. To strike a balance among business growth, social demands, and environmental impacts, we are committed to continuously monitoring the risks and opportunities that exist in our daily operations and embracing a transparent corporate culture to ensure our sustainability strategies are well communicated to our stakeholders.

This Environmental, Social and Governance Report ("ESG Report") discloses the ESG initiatives, plans, and performance of the Group transparently and demonstrates its ongoing commitment towards sustainable development.

SCOPE OF REPORTING

To determine the scope of reporting, the Group considers the materiality principle, its core businesses and its main revenue source. The scope of this ESG Report covers the Group's major business operations and activities in Hong Kong, the PRC, Brazil and France. The Group will further expand its scope in the future where feasible.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges, and measures taken by the Group for the year ended 31 December 2024 ("2024").

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During 2024, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues, and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

Information related to the Group's corporate governance structure and practices has been set out in the Corporate Governance Report of this annual report.

REPORTING PRINCIPLES

During the preparation of this ESG Report, the Group has applied the reporting principles as stipulated in the aforementioned ESG Reporting Guide as follows:

Materiality	A materiality assessment was conducted to identify material issues during the reporting period, thereby acknowledging the material issues as the focus for preparation of this ESG Report. The materiality of the issues was reviewed and confirmed by the Group. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.
Quantitative	Supplementary notes are added along with quantitative data disclosed in this ESG report to explain any standards, methodologies, and sources of conversion factors used during the calculation of emissions and energy consumption.
Consistency	The preparation approach of this ESG report is substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure or calculation methodologies.

BOARD STATEMENT

This ESG Report has undergone the internal review process of the Group and was approved by the Board of Directors ("Board").

CONTACT US

Our continuous improvements rely on your valuable opinions. If you have any enquires or recommendations regarding our ESG reports, you are welcome to email us at info@8137.hk.

ESG GOVERNANCE STRUCTURE

The Group has developed a core governance framework to ensure the alignment of ESG governance with its strategic growth. It aims to integrate ESG practices into its business operations. The structure of ESG governance is divided into two components, the Board and the ESG Taskforce.

The Board holds the overall responsibility for the Group's ESG strategies and reporting, as well as overseeing and managing its ESG-related risks. The Board is responsible for setting ESG-related targets and goals. The Board discusses and reviews the Group's ESG-related risks and opportunities, performance, progress, goals and targets annually with the assistance of the ESG Taskforce. The Board also examines the effectiveness of the Group's risk management and internal controls through an annual assessment, and assures the precision and accuracy of the information disclosed in the ESG reports.

The ESG Taskforce consists of representatives from different functional departments of the Group. The ESG Taskforce facilitates the Board's oversight of ESG issues and has the responsibility for collecting and analysing the ESG data, monitoring and evaluating the Group's ESG performance, ensuring compliance with laws and regulations, as well as preparing the ESG reports. The ESG Taskforce arranges meetings annually to discuss and review ESG-related issues including but not limited to the effectiveness of current ESG policies and procedures, and its strategic goals in terms of sustainable development. The ESG Taskforce reports to the Board annually and assists the Board in discharging its oversight responsibility.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. The Group maintains close ties with its stakeholders, including but not limited to management, employees, investors and shareholders, customers, suppliers, government and regulatory bodies, and the public and communities, in the hopes of creating greater value for the community through operational strategies and ESG measures, as well as improving performance through collaboration with stakeholders.

Stakeholders' expectations have been taken into consideration by utilising the diversified engagement methods and communication channels shown below:

Key Stakeholders	Engagement Channels	Expectations and Concerns
Management	• Regular meetings • Intranet and emails	• Employee health and safety • Employee development and training • Protection of employees' rights and interests • Compliance with relevant laws and regulations
Employees	• Regular meetings • Intranet and emails	• Employee health and safety • Remuneration and benefits • Career development
Investors and shareholders	• Annual general meetings • Financial reports • Press releases and announcements	• Compliance with relevant laws and regulations • Disclosing timely information of the Group • Financial results • Corporate sustainability
Customers	• Company website and social media • Email and customer service hotline	• Assuming product and service responsibility • Customer information and privacy protection
Suppliers	• Site visits • Supplier performance assessments • Supplier management meetings and events • Supplier audit management system	• Fair competition • Business ethics and reputation • Cooperation with mutual benefits
Government and regulatory bodies	• Site visits and meetings • Regular reporting	• Compliance with relevant laws and regulations • Business ethics
Local communities	• ESG reports • Community investment program	• Giving back to the society • Environmental protection • Compliance with relevant laws and regulations

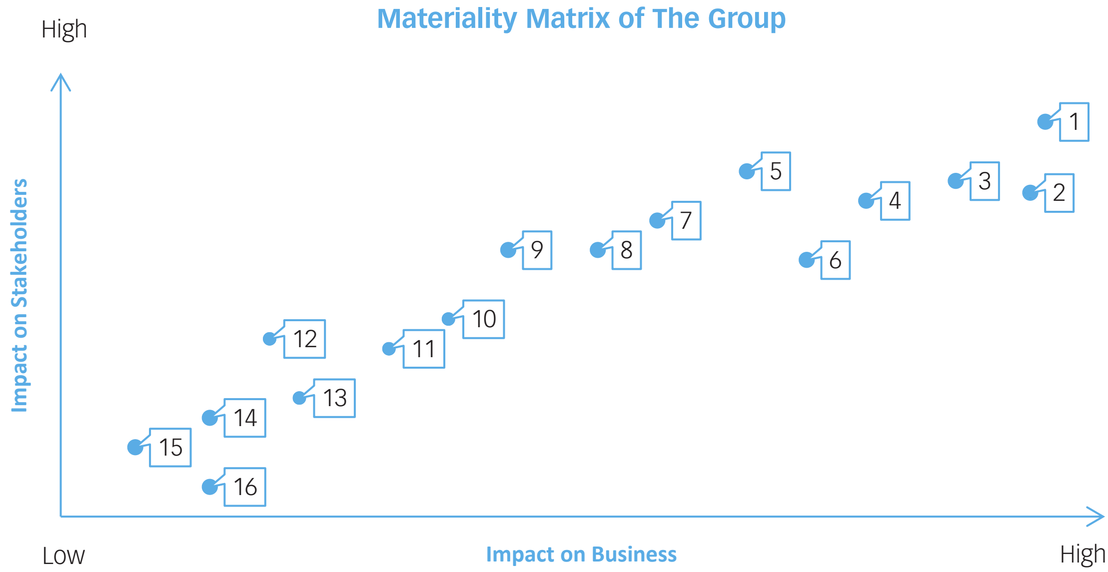
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

Materiality assessment is the process of identifying, refining, and assessing ESG issues that may affect the Group's business and its stakeholders. The results of materiality assessment are used to formulate strategy, set targets, and determine the focus of ESG reports.

With the assistance of the Group's management and the ESG Taskforce, the Group identified the list of material ESG issues with consideration of its business operations and industry standards. To prioritise the identified material ESG issues, the Group conducted a materiality assessment survey. The results of the survey were reviewed and validated by the ESG Taskforce, and then approved by the Board.

The following matrix summarizes the results of the materiality assessment survey:



Materiality Issues	
1. Employee Health and Safety	9. Use of Resources
2. Product Safety	10. Self-owned Intellectual Property Right
3. Climate Change Mitigation and Adaptation	11. Community Investment
4. Anti-Corruption	12. Air & GHG Emissions
5. Customer Service	13. Waste Management
6. Employee Training and Development	14. Wastewater Management
7. Prevention of Child and Forced Labour	15. Employment Practices
8. Supply Chain Management	16. Noise management

As "employee health and safety" remains as one of the key materiality issues for the Group, the Group will continue to focus on safeguarding employee well-being.

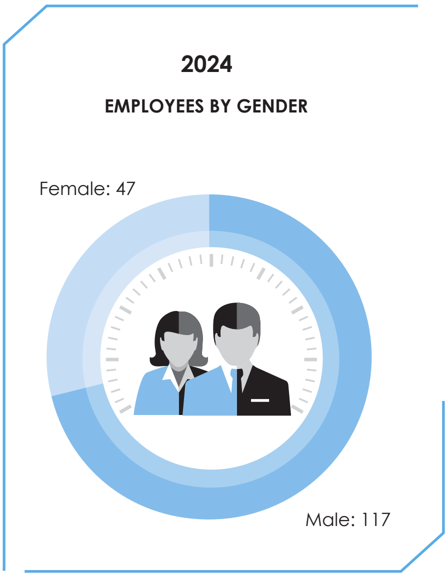
EMPLOYMENT PRACTICES

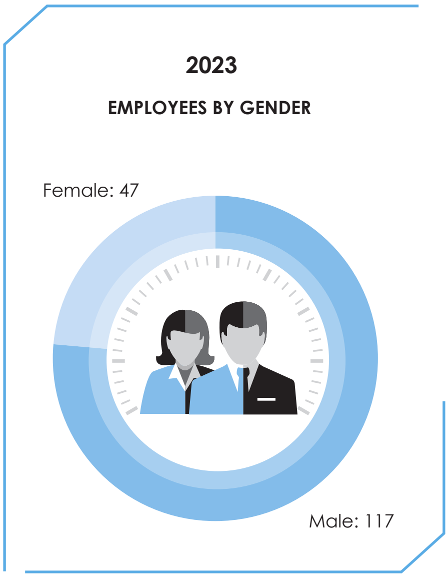
The Group believes that talent is one of its most important assets and serves as the basis for the sustainable development of an enterprise. While employees contribute time and wisdom to the Group, the Group also endeavours to build a fair and proper workplace for employees. The Group is committed to upholding the principle of fairness and justice to offer equal promotion opportunities to every employee in the Group.

During 2024, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Employment Ordinance, the Sex Discrimination Ordinance, the Disability Discrimination Ordinance and the Minimum Wage Ordinance of Hong Kong, the Consolidation of Labour Laws of Brazil, and The Labour Code of France.

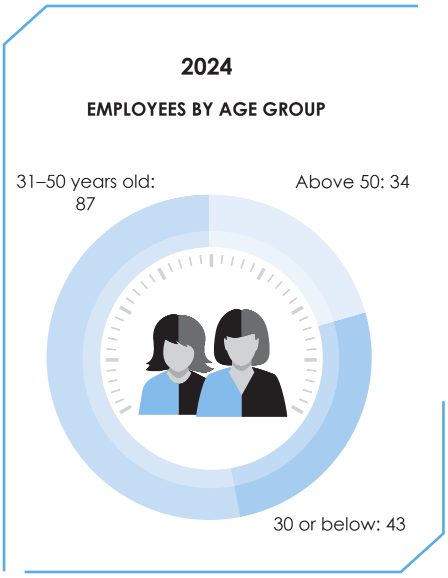
Labour Structure

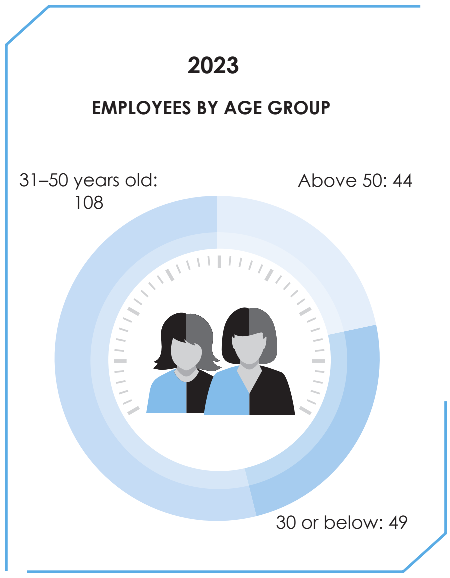
As at 31 December 2024, the total number of employees of the Group was 164 (as at 31 December 2023: 201). The decrease in number of employees was mainly due to reduction of headcount in China and France. In China, Zhejiang Forever New Energy was further streamlining its workforce to reduce costs due to a decline in sales. In France, there was a change of human resources strategy to optimise headcount by engaging drivers as independent service providers instead of employees. The breakdown of employees according to gender, age group, and geographical region is as follows:

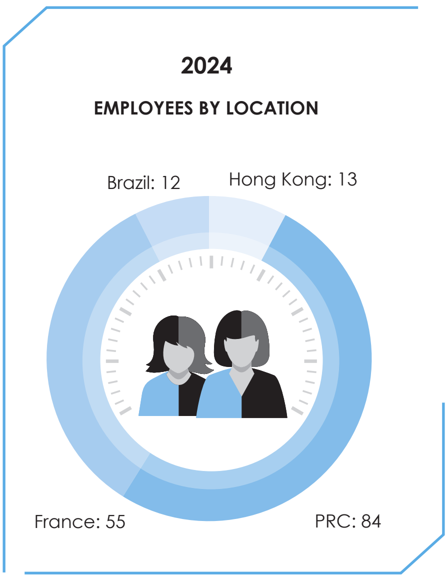


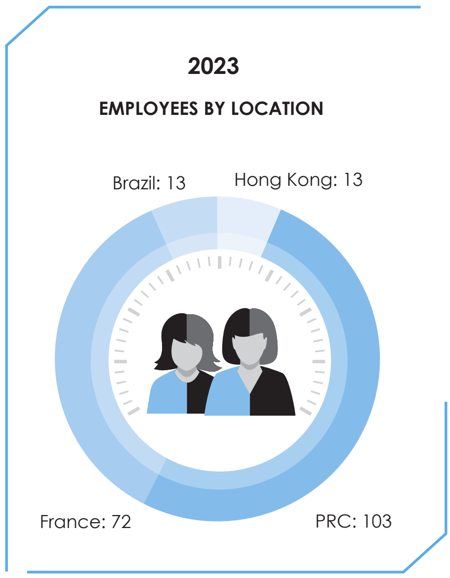


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

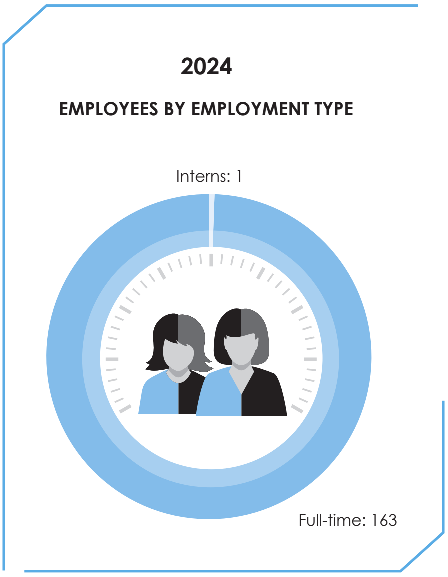


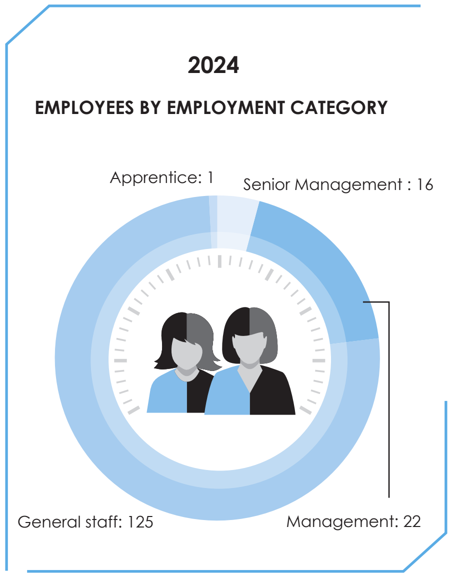






The employee profile of the Group by employment type and employee category as of the end of 2024 is as follows:





During 2024, the Group's employee turnover rate[1] was 40.55% (2023: 36.29%). The details of employee turnover rate by gender, age group, and geographical region[2] are as follows:

Categories	2024	2023
By Gender		
Male	45.02%	36.36%
Female	27.66%	36.04%
By Age Group		
Below 30	43.48%	46.51%
30–50	38.97%	39.31%
Above 50	41.03%	16.36%
By Geographical Region		
Hong Kong	38.46%	8.00%
PRC	40.64%	44.44%
Brazil	8.00%	26.67%
France	47.00%	30.39%

Notes:

1. The employee turnover rate = Total number of employees leaving employment during 2024/Average number of employees in 2024.

2. The employee turnover rate by category = Number of employees in the specified category leaving employment during 2024/Average number of employees in the specified category in 2024.

3. The calculation of employee turnover rate includes all normal turnover, but excludes a one-off reduction in the number of employees in the car hailing business due to a change of human resources strategy to optimise the headcount.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Recruitment, Diversity and Equal Opportunities

The Group has formulated the Recruitment Management System (《招聘管理制度》) to regulate and standardise employment-related procedures. In line with the need for business development and the principles of fairness and justice, the Group's employees are recruited via a robust, transparent, and fair recruitment process based solely on their experience and expertise, without regard for their age, ethnicity, origin, gender identity, marital status, sexual orientation, or religion.

The Group adopts a combination of various recruitment channels based on different positions and rankings. The channels mainly include the following:

Referrals	Public Recruitment	Campus Recruitment
• The Group encourages employees referrals. The Human Resources Department will evaluate the candidates based on their experience and qualifications. • The employee who successfully refers a suitable candidate will receive a corresponding bonus.	• The Group recruits through public media, advertisements in professional publications, websites, and professional institutions regularly or as necessary. • Each position's recruitment period shall not exceed 12 weeks.	• The Group disseminates timely information to the career centres of different institutions in autumn every year. • The Group also participates in job fairs held by different universities to recruit fresh graduates from well-known universities through online and on-site screening.

In addition, the Group believes that all employees should have the right to work in an environment free of discrimination, harassment, and vilification. Therefore, the Group is committed to creating and maintaining an inclusive and harmonious workplace culture. Moreover, the Group states its zero-tolerance stance on any form of discrimination and harassment in the workplace.

Benefits and Welfare

The Group has established the Salary Management System (《薪酬管理制度》). The Group recognises its employees' qualifications, experience, and work performance by offering attractive remuneration packages. In order to build a highly motivated team, the Group reviews and adjusts salary and benefits in accordance with employees' performance annually.

The Group has established the Benefit Management System (《福利管理制度》) for employees in the PRC, which sets out benefits stipulated in the laws and regulations of the PRC. Such statutory benefits include traditional holiday benefits, ex gratia payments for important personal matters, and subsidies for academic qualification enhancement.

In order to ensure the wellbeing of employees, the Group would also distribute festive food or gifts to employees during festivals such as the Lunar New Year and the Mid-Autumn Festival. The Group is also flexible in granting leave to cater to the needs of its employees, such as marriage leave and compassionate leave.

A summary of benefits provided to employees in different geographic areas is presented below:

China
Public holidays, social insurance, housing provident fund, statutory public holidays, annual leaves, and maternity leaves

Brazil
Medical insurance, work-related injury insurance, retirement coverage, statutory public holidays, annual leaves, and maternity and paternity leaves

Hong Kong
Medical insurance, work-related injury insurance, MPF, statutory holiday, annual leaves, maternity and paternity leaves

France
Medical insurance, dental insurance, traffic accidents insurance, employer liability insurance, retirement coverage, annual leaves, maternity and paternity leaves, compassionate leaves

Working Hours and Rest Periods

The Group has formulated policies for regulating the working hours and rest periods for employees in accordance with local labour laws. Over-time work, when required, is compensated in accordance with the requirements stipulated in the labour laws in Hong Kong, such as the Provisions on Minimum Wages.

In Brazil, Sul Americana de Metais S.A. ("SAM") strictly follows the terms in the Collective Bargaining Agreements. For aspects not covered by the agreements, SAM will follow the local labour laws. In France, the Group adheres to the Labor Code, which governs the terms and conditions of employment. In China, the Group complies with the Labour Law of the People's Republic of China.

Compensation and Dismissal

In the event of staff resignation or dismissal, the Group ensures that the employees receive the entitled compensation according to the employment contract and by reference to the applicable labour laws and regulations. Unreasonable dismissal under any circumstances is strictly prohibited, dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group. The Group has also formulated resignation management procedures to ensure resigning personnel and relevant departments have carried out proper handover procedures.

EMPLOYEE HEALTHY AND SAFETY

To protect our employees, the Group strictly adheres to the "safety first" slogan and constantly upgrades occupational health and safety management. The Group has established the Environmental and Occupational Health System Manual (《環境&職業健康安全管理體系管理手冊》), which was certified with ISO 45001:2018 Occupational Health and Safety Management Systems. The Group's management reviews the manual annually or whenever there is a significant change in relevant regulations, the Group's governance structure, or the working environment, and will make necessary adjustments and updates accordingly.

During 2024, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Production Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, the Occupational Safety and Health Ordinance of Hong Kong, the Consolidation of Labour Laws of Brazil, and the Social Security Code of France. There were no reported work-related fatalities that occurred in each of the past three years, including this year. During 2024, there were 0 cases (2023: 3 cases) of work-related injuries, and 730 (2023: 645) lost days due to work-related injuries.

Apart from regular assessments on the working environment of manufacturing plants in the PRC, the Group has also established a safety and occupational health management system, and set up an occupational health management scheme to eliminate occupational hazards from construction facilities and achieve fundamental safety.

Safety measures implemented in the manufacturing plants in the PRC include:

Operational Measures	Training Measures	Management Measures	Equipment Measures
• Install devices to control dust for procedures that generate dust • Adopt a closed model in the production to minimise dust exposure for employees	• Arrange regular occupational health training for workers • Organise training at workshops in the form of meetings before and after work	• Establish an occupational health directing group, responsible for management of occupational health • Conduct examinations to identify potential occupational health hazards	• Provide personal protective equipment, such as anti-virus and anti-dust masks, earplugs, safety goggles, safety helmets, protective boots, insulating protective equipment

The Group organises fire safety lessons and trainings for employees regularly. Fire emergency evacuation drills and fire extinguisher operation drills allow employees to understand the importance of fire safety and improve their awareness of safety precautions.

The Hong Kong headquarters is required to comply with the Occupational Safety and Health Ordinance to improve the indoor environment of the Group in order to create a safe and healthy work environment for employees. First aid stations are close to the workplace, clearly marked with signs.

SAM has strictly adhered to Brazil's regulations of work safety and health standards and prepared an annual Risk Management Program ("PGR"), formerly the Environmental Risk Prevention Program, as well as an Occupational Health Examination Program ("PCMSO"). PGR is a programme for employee health and physical integrity by predicting, identifying, evaluating, and controlling environmental, ergonomic, and accident-related risks in the workplace. Potential risks and hazards of occupation exposure are monitored through systematic and repetitive evaluation with the introduction and modification of control measures as illustrated below:

Work Accident Management	Contingency Management	Physical Examinations	Protective Equipment
• Develop action plans for any work accident, as well as corrective actions	• Prepare and implement a solution that aims at promoting and protecting the health of their employees, including in medical emergencies	• Arrange physical examinations for employees to prevent, detect, and control potential health risks, especially work-related diseases, and ensure the health of employees	• Provide personal protective equipment to employees during their induction training based on the position and function defined in the new PGR and will replace it on a regular basis

In France, the Group is obliged to join a medical program. An occupational physician regularly checks on employees. In addition, the Group provides information leaflets on health and safety measures concerning night shifts, prolonged screen time, road safety and psychosocial risks, which are available both online and offline. To further safeguard the health of its employees, the Group also has strengthened sanitizing and cleaning of all of the workplaces since the COVID-19 pandemic.

EMPLOYEE TRAINING AND DEVELOPMENT

The Group believes that providing training opportunities and continuous development to its employees provides a solid foundation for the Group's continued success. The Group has formulated the Training Management Measure (《培訓管理辦法》) and the External Training Management Measure (《外派培訓管理辦法》) to standardise the management of employees' training. The Group provides internal and external training for all employees. Employees will receive training depending on their different positions and ranks, so as to achieve different training purposes and effects that enable the Group to improve work efficiency and enhance employees' independent ability to work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employees will also be eligible for subsidies provided by the Group to improve their academic credentials. During 2024, the Group recorded approximately 59.76% (2023: approximately 61.19%) of employees trained[4] and an average of approximately 20.49 training hours (2023: approximately 24.05 training hours) per employee[5]. The relevant training data by gender and employee category[6] are as follows:

	2024			2023		
Categories	Percentage of Employee Trained (%)[7]	Breakdown of Employees Trained (%)[8]	Average Training Hours per Employee (hours)[9]	Percentage of Employee Trained (%)[7]	Breakdown of Employees Trained (%)[8]	Average Training Hours per Employee (hours)[9]
By Gender						
Male	63.25	75.51	21.31	58.44	73.17	25.46
Female	51.06	24.49	18.47	70.21	26.83	19.43
By Employment Category						
Senior Management	75.00	12.24	1.35	28.57	6.50	1.00
Management	63.64	14.29	21.92	46.34	15.45	10.32
Other employees	57.60	73.47	22.86	73.85	78.05	33.72

Notes:

4. The percentage of employees trained = Total number of trained employees during 2024/Total number of employees at the end of 2024.

5. The average training hours per employee = Total number of training hours during 2024/Total number of employees at the end of 2024.

6. All training data excludes employees who have left the Group during the period.

7. The percentage of employees trained by category = Number of trained employees in the specified category during 2024/Total number of employees in the specified category at the end of 2024.

8. The breakdown of employees trained by category = Number of trained employees in the specified category during 2024/Total number of trained employees at the end of 2024.

9. The average training hours by category = Number of training hours for employees in the specified category during 2024/Total number of employees in the specified category at the end of 2024.

Furthermore, the Group created the "Rising Stars" training programme for talents recruited on campus. This programme aims at developing a new workforce of young and energetic members that align with the Group's values and have an ambitious, determined, amiable, and complimentary spirit.

The Group encourages employees to enrol in work-related external programmes, including conferences, seminars, and foreign language courses, enabling them to engage in continuous education and self-improvement and keep abreast of the latest developments in society and regulations.

LABOUR STANDARDS

Prevention of Child and Forced Labour

The Group guarantees that no employee will be forced to work against his/her will or be coerced to work. Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and prohibits any child or forced labour, as stipulated in the Group's Recruitment Management System (《招聘管理制度》). The Group's Human Resources Department is responsible for monitoring and ensuring compliance with the latest and most relevant laws and regulations that prohibit child labour and forced labour.

To avoid illegal employment of children and forced labour, personal data are collected during the recruitment process to assist in the selection of suitable candidates and to verify the candidates' personal identity. The Human Resources Department also ensures that the identification documents are carefully checked. If a violation is involved, corrective actions will be taken immediately to rectify the situation, including terminating the employment contract and reporting to the relevant governmental authorities.

During 2024, the Group was not aware of any material non-compliance with child and forced labour related laws and regulations that would have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China, the Employment Ordinance of Hong Kong, the Labour Laws of Brazil, and the European Convention for the Protection of Human Rights and Fundamental Freedoms.

SUPPLY CHAIN MANAGEMENT

With reference to the specific product requirements from the Group's Quality Department, Research and Development Department, and Production Department, the Procurement Department has prepared supplier management and regulation documents to ensure the consistency, reliability, and passing rate of the products.

The Procurement Department has formulated a series of relevant documents that regulate supplier admission and grade individual suppliers to select, supervise, and incentivise suppliers. In order to enhance the supplier selection process and properly allocate procurement volume every month, the Procurement Control Procedure (《採購控制程序》) has been established to further standardise and govern the procurement processes. The Group takes into account suppliers' track record, prevailing market price, and delivery time. At the same time, the purchase of supplies is determined and adjusted by the current inventories, expected customer demands, and projected sales trends.

Besides, the Group performs close monitoring of the suppliers' or subcontractors' business practices through onsite inspections. Any observations of non-compliance during the site visit will be reported immediately to the management. Corrective action plans will be carried out to remediate the identified risks in a timely manner. In addition, the Group has signed Agreements on Credibility, Integrity and Self-discipline (《誠信廉潔自律協議》) with suppliers to establish a relationship of mutual trust.

In Brazil and France, the Group always work with those well-known companies which have good environmental practices, good corporate governance, and comply with law and regulations. Proposals from suppliers will be evaluated based on their experience, price and time of delivery, among other factors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure supply chain stability, the group strives to avoid over-reliance on a single supplier by maintaining more than one supplier for each type of good or service provided. The Group is keen on supporting local economies, hence, more than 90% of the Group's approved suppliers are local suppliers. In 2024, there were a total of 133 (As at 31 December 2023: 416) qualified suppliers.

Materials for production, such as manufacturing components and equipment are procured for the research, production, and sales of lithium-ion batteries in the PRC. The suppliers in France are mainly service providers for cars, such as providers of auto insurance, fuel and electricity. The suppliers of SAM Project are service providers for the iron ore project. The breakdown of suppliers by geographical region is as follows:

Region	2024	2023
PRC	76	350
France	7	8
Brazil	50	58
Total number of suppliers	**133**	**416**

ESG Considerations in Supply Chain Management

Apart from requiring its suppliers to comply with local regulations, the Group is also aware of the importance of enhancing their environmental and safety performance. We aspire to involve our suppliers in the implementation of our environmental objectives. In order to minimise environmental and social risks along the supply chain, the Group maintains a regularly reviewed list of qualified suppliers, and closely monitors potential environmental, health, and safety issues.

Furthermore, we promote environmentally responsible purchasing through the adoption of sustainable and responsible selection criteria whenever applicable. During the selection process, to promote improvements in environmental performance, suppliers are encouraged to consider and manage their environmental and social issues in their operations for priority consideration. The Group maintains close communication with suppliers, resolves related supply and service issues, and makes corresponding improvement measures. The Group also shares sustainable operating practices and disseminates environmental concepts, including the latest knowledge on quality, safety, good employment and environmental practices.

PRODUCT RESPONSIBILITY

The Group embraces an enterprise culture of "integrity, practicality, meritocracy, creativity" and its after-sales services adhere to the principle of "quality comes first and commitment to outstanding service".

During 2024, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance, the Law of the People's Republic of China on Protection of Consumer Rights and Interests, the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Consumer Protection Code of Brazil, and the General Data Protection Regulation (GDPR) of Europe.

Product Safety and Quality Control

The Group has formulated a Quality Handbook (《質量手冊》) to build a quality control system, ensuring that the lithium-ion battery products meet the requirements of relevant regulations and standards. The Group conducts on-site quality checks and inspections at various stages of manufacturing. The Group's lithium-ion battery products have passed the requirements of various standards, including GB/T31467.3-2015 Lithium-ion Battery Packs and Systems for Electric Vehicles — Part 3: Safety Requirements and Test Methods (《電動汽車用鋰離子動力蓄電池包和系統第3部分：安全性要求與測試方法》) and Revision Notice No. 1, the 1610 Test Methods for the Relevant Technologies and Indicators of Powered Battery and Fuel Cells (Trial) (1610《動力電池、燃料電池相關技術指標測試方法(試行)》), GB/T31484-2015 Cycle Life Requirements and Test Methods for Powered Battery of Electric Vehicles (GB/T31484-2015《電動汽車用動力蓄電池循環壽命要求及試驗方法》), GB/T31485-2015 Safety Requirements and Test Methods for Powered Battery of Electric Vehicles (GB/T31485-2015《電動汽車用動力蓄電池安全要求及試驗方法》), and GB/T31486-2015 Electrical Performance Requirements and Test Methods for Powered Battery of Electric Vehicle (GB/T31486-2015《電動汽車用動力蓄電池電性能要求及試驗方法》).

In Brazil, the Group is still at licensing stage, and therefore is no product safety and quality issue yet. However, the Group will implement measures on ensuring safety and quality once production commences.

In France, the drivers are connected to the car-hailing system, which keeps record of all the trips made. The system will be used to ensure the drivers always travel at appropriate speeds and not making unnecessary detours.

Self-owned IP Right

The Group regularly monitors the market to ensure that IP rights are not being infringed upon, as IP rights are the core competitiveness of enterprises, especially in the lithium-ion battery industry, which relies on independent research and development ("R&D") and brand building. Its "quality" and "quantity" are directly related to the innovation capacity and product safety of an enterprise. To protect the Group's IP, the Group has formulated the Intellectual Property Management Measures (《知識產權管理辦法》), the Patent Management Measures (《專利管理辦法》) and Trademark Management Measures (《商標管理辦法》).

The Group's Research and Development team consists of both national and overseas experts from top-tier power battery manufacturers. As at 31 December 2024, the Group had 271 active patents, among which 200 are utility model patents, 4 appearance design patents, and 67 innovation patents.

Customer Service

Customer satisfaction is of paramount importance for the battery business. To constantly improve and optimise the after-sales system and ensure the timely and efficient resolution of any battery failure, the Group has formulated the Procedures on Handling After-sales Products (《售後產品處理流程》). The Group adopted various forms of after-sales services to maintain customer satisfaction, such as providing customers with a 24-hour technical support hotline. If any defective product is found, the Group will immediately initiate the recall process and re-deliver the products after quality inspection and confirmation. The final completion of the recall process is subject to the receipt of qualified products by customers.

In Brazil, the Group is still at licensing stage, and therefore is no issue on customer service yet. However, the Group is open-minded to opinions of customers and always welcome suggestions.

In France, the Group also places great importance on customer service. When a customer complains about a driver, the Group will listen to both the customer and the driver and check the system that keeps record of all the trips made. If inappropriate or dangerous behaviour is found, the Group may disconnect the driver from its car-hailing platform.

During 2024, the Group did not receive any cases of product or service-related complaints, nor was it subjected to any product recalls for safety and health reasons.

Privacy Protection

The Group is determined to protect customers' personal data by handling it with the highest degree of confidentiality. Therefore, we have also established the Information Security Management System (《信息安全管理體系制度》) for the collection and use of customers' data. The said policy covers topics such as the handling and disclosure of confidential information. A designated person is appointed to regularly review existing policies and ensure that the Group's employees have proper knowledge and support with regard to data privacy protection. The Group has also formulated security measures for data protection and encryption.

In France, the Group complies with the applicable laws and regulations on data privacy, in particular the General Data Protection Regulation, which governs the protection of data privacy. The Group has a designated email for any inquiries from customers regarding the use of their personal data.

Advertising and Labelling

Due to the Group's business nature, the Group considers its business dealings with advertising and labelling matters to be quantitatively insignificant.

ANTI-CORRUPTION

The Group strives to maintain a high level of corporate ethical culture, and strictly prohibits all forms of bribery and corruption. The Group emphatically asserts its zero-tolerance stance regarding any behaviours that not only violate relevant laws and regulations in Hong Kong, the PRC, Brazil, and France, but also severely damage the business integrity and reputation of the Group. The Group has formulated internal policies for different operational sites to ensure that every employee complies with relevant laws and regulations. For Hong Kong headquarters, the Group has formulated the Corporate Disciplinary Code (《公司紀律守則》). For Brazil, the Group has formulated the Code of Conduct. For the PRC, the Group formulated the Integrity and Self-discipline Code of Conduct and the Punishment Implementation Rules (《廉潔自律行為準則及其處分實施細則》), the Gifts and Entertainment Management System (《禮品與招待管理制度》), and the Conflict of Interest Management System (《利益衝突管理制度》). For France, the Group is refining its Code of Ethics to be issues to all employees in 2024. The Group requires all its employees to understand and be well-aware of the Group's ethical expectations and standards.

During 2024, there was no concluded legal case regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud, and money laundering that would have a significant impact on the Group, including but not limited to the Company Law of the People's Republic of China, the Prevention of Bribery Ordinance of Hong Kong, Federal Law No. 12,846/2013 (LAC) of Brazil, and Article L. 1132-3-3, The Labour Code of France.

To further achieve and maintain the highest degree of openness, probity, and accountability, the Group has established a whistle-blowing system. The Group has formulated the Measures for Compliance Consulting, Reporting, Investigation and Reward Management (《合規諮詢、舉報、查處及獎勵管理辦法》) in the PRC. In Brazil and France, the employees also have similar channels to report to irregularities and illegal behaviours. Employees and stakeholders of the Group are allowed to report any forms of negligence, corruption, bribery, or other misconduct to the Group. Reports and complaints received will be handled in a prompt, fair, and confidential manner. The Group will protect the whistle-blowers from unfair dismissal, victimisation, and unwarranted disciplinary actions. Any person who is found to have victimised or retaliated against those who have raised concerns under this policy will be subjected to disciplinary sanctions.

In order to promote integrity and honesty, the Group encourages and provides opportunities for all employees including management and general employees, to participate in anti-corruption training. During 2024, the Group has provided a series of compliance training. It has also disseminated materials and information regarding anti-corruption and anti-money laundering provided by the Hong Kong Independent Commission Against Corruption (ICAC) to its directors and other employees via e-mail.

To further enhance corporate compliance and business ethics, the Group has held meetings with the external parties to exchange compliance management skills.

During 2024, one director received anti-corruption training materials from the ICAC, as well as corporate governance training materials from the Stock Exchange, for their continuous development.

COMMUNITY INVESTMENT

The Group is devoted to becoming a responsible corporate citizen and offering appropriate resources to the needy in the community. The Group believes that the Group and its employees can build positive values through charitable activities and become socially responsible corporate citizens. The Group encourages and supports employees to participate in voluntary activities in their spare time and arranges environmental and social service activities for the Group's employees. Through participating in those community activities, the Group hopes that its employees can develop a sense of social responsibility and empathy.

The Group has participated in many charitable donations over the years. In 2024, SAM has contributed more than R$5,000 (equivalent to approximately HK$6,800) on purchasing Christmas gifts and food, such as toys and panettones, for the community. It also donated trash cans to the city for its urban development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT

The Group understands the importance of environmental protection for promoting sustainable development. Therefore, the Group has embedded the slogan "protect the natural environment, build green factories, provide green energy" into its business strategy and daily operations. To create an environmentally sustainable business, the Group has formulated the Environmental and Occupational Health and Safety Management System Manual (《環境&職業健康安全管理體系手冊》), which was accredited with ISO 14001:2015 Environmental Management System.

In France, the Group has policies to increase the percentage of mileage being powered by electricity rather than petrol for the vehicles of its car-hailing business.

The Group proactively implemented different environmental measures, endeavouring to reduce the environmental impacts resulting from its operations. Different control measures have also been imposed on activities that are likely to have an impact on the environment.

During 2024, the Group was not aware of any material non-compliance with environmental-related laws and regulations in relation to air and GHG emissions, wastewater discharged into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group, including but not limited to the Environmental Protection Law of the People's Republic of China, Cleaner Production Promotion Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Emission Standard of Pollutants for Battery Industry (《電池工業污染物排放標準》) (GB30484-2013), the Waste Disposal Ordinance of Hong Kong, Article 225 of the Brazilian Federal Constitution, The Environmental Code of France, and the Charter for the Environment of France.

EMISSIONS

The Group's emissions such as wastewater, solid wastes, GHG, air pollutants, and noise are mainly produced by the lithium-ion battery manufacturing plants in the PRC and the car-hailing service in France. The Group has engaged a qualified third party to conduct audits and inspection to report on emissions during the production processes of the manufacturing plants in the PRC. It has also used hybrid vehicles in its the car-hailing service to reduce emissions.

Emissions related data are closely monitored and strictly controlled to ensure that the Group's emissions meet the requirements of national and regional standards, laws and regulations.

The Group's business premises include Hong Kong headquarters, and offices in the PRC, Brazil and France. These premises are mainly used for administrative purposes and have insignificant impacts on the environment. Because the iron ore project in Brazil is still in the process of applying for an environmental licence and construction and operation have not yet begun, the environmental risks and pollution are insignificant during 2024.

In France, the Group encourages its drivers to use electricity instead of petrol to fuel their vehicles. The mileage being powered by electricity is currently at about 30%, and from 2024 onwards, the Group is raising its target to have 35% of the mileage being powered by electricity.

Air Emissions

The principal sources of emissions arising out of the Group's operation were petrol and diesel consumed by vehicles. The Group has actively taken measures to control air emissions, and such measures are mentioned in the section headed "GHG Emissions".

Summary of air emission performances:

Type of Air Pollutants	Unit	2024	2023
Nitrogen oxides (NO_x)	kg	430.58	251.89
Sulphur oxides (SO_x)	kg	5.83	6.68
Particulate matter ("PM")	kg	31.70	18.55

Apart from the emissions generated from vehicle use, the manufacturing process of lithium-ion battery also involves other type of pollutants. During 2024, as the Group has outsourced battery cell production, no Nonmethane Hydrocarbons ("NMHC") were emitted. The Group's NO_x, SO_x and PM emissions at its manufacturing plants were 0.431 tonnes, 0.006 tonnes and 0.032 tonnes respectively, all within the range of maximum emission limits specified in the PRC.

GHG Emissions

The Group's primary sources of GHG emissions are direct emissions from petrol and diesel oil consumed by vehicles and natural gas consumed by the boiler (Scope 1), and energy indirect emissions from purchased electricity (Scope 2). In 2021, the Group has set a target to reduce the total GHG emissions intensity (tCO_2e/million revenue (HK$)) gradually, using 2021 as the baseline year. Besides, the Group has adopted the following measures to reduce GHG emissions:

Scope 1 — Direct GHG Emissions

The Group has adopted the following measures to mitigate direct GHG emissions from petrol and diesel oil consumed by company vehicles and natural gas for the production of pretensioned spun high strength concrete piles, which is high strength concrete, in its operations:

- Use hybrid, fuel-saving vehicles for the car-hailing service in France;
- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Service company vehicles regularly to ensure optimal engine performance and fuel use; and
- Switch off the engine when the vehicle is idling.

Scope 2 — Energy Indirect GHG Emissions

Electricity consumption accounted for a sizeable percentage of GHG emissions within the Group. The Group has implemented measures to reduce energy consumption, said measures will be mentioned in the section headed "Effective Energy Consumption Plan".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, one of the factory lines at PRC only operated four months, resulting in a decrease in electricity consumption.

Summary of GHG emissions performances:

Types of GHG Emissions[10]	Unit	2024	2023
Direct GHG emissions (Scope 1)	tCO_2e	1,054.26	1,206.64
Indirect GHG emissions (Scope 2)	tCO_2e	3,861.39	12,742.40
Total GHG emissions (Scope 1 & 2)	**tCO_2e**	**4,915.66**	**13,949.04**
GHG emission intensity[11]	tCO_2e/million revenue (HK$)	38.98	61.46

Notes:

10. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the HK Electric Investments Sustainability Report 2024, the "Notice on the Management of Enterprise Greenhouse Gas Emission Reporting by Power Generation Industry for 2023–2025" (《關於做好2023–2025年發電行業企業溫室氣體排放報告管理有關工作的通知》) published by the Ministry of Ecology and Environment of the PRC, and the CO_2 Emission Factors for Electricity Generation in the National Interconnected System of Brazil by the Ministry of Science, Technology, Innovations and Communications of Brazil.

11. In 2024, the Group recorded a revenue of approximately HK$126.11 million (2023: approximately HK$227.0 million). This data is used for calculating other intensity data.

Wastewater Discharge

The Group's wastewater discharge is mainly due to its manufacturing process. To minimise the environmental impact, the Group conducts management in strict compliance with the environmental licensing requirements and online monitoring of wastewater pollutants at its sewage station in the PRC. The Group has obtained the National Pollutant Discharge Permit in accordance with the Emission Standard of Pollutants for Battery Industry (《電池工業污染物排放標準》) (GB30484-2013). During 2024, the Group's total wastewater discharge was equal to its total water consumption. To pursue the initiative of water conservation, the Group's lithium-ion battery manufacturing plants in the PRC have recycled their wastewater.

Waste Management

Hazardous Waste

The hazardous waste generated by the Group mainly consists of scrap electrodes, alumina, and electrolyte generated in the production of batteries in the PRC. These are treated according to the Pollution Control on Hazardous Waste Storage (《危險廢物貯存污染控制標準》) (GB18597-2001). To minimise the risk impact of hazardous wastes, the Group either returns them to suppliers or sells them to qualified recycling companies.

During 2024, the Group did not generate any hazardous waste as the manufacturing process of battery has been outsourced. However, the Group has also formulated guidelines for the management and disposal of hazardous waste. If any hazardous waste is generated, the Group must engage qualified chemical waste collectors to treat such waste to comply with relevant environmental laws and regulations.

Summary of hazardous waste disposal performance:

Category of Waste	Unit	2024	2023
Total hazardous waste	**tonnes**	**N/A**	**5.10**
Total hazardous waste intensity	tonnes/million revenue (HK$)	N/A	0.022

Non-hazardous Waste

The Group disposes of waste according to the Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes (《一般工業固體廢棄物貯存、處置場污染物控制標準》) (GB18599-2001).

The non-hazardous waste generated by the Group is mainly domestic refuse and office paper generated in the PRC. The Group continues to place great effort into educating its employees on the importance of reducing waste production in the offices. In 2021, the Group has set a target to organise at least one waste reduction campaign annually from 2022 onwards. In order to minimise the environmental impacts and achieve the set target, the Group has adopted environmentally friendly initiatives to enhance its environmental performance. Green measures include but are not limited to the following:

- Print electronic correspondences only when necessary;
- Recycle used office paper;
- Use double-sided printing or photocopying;
- Recycle office and electronic equipment to reduce waste going to the landfills; and
- Procure paper with the FSC Recycled Label to encourage the use of recycled materials.

During 2024, the increase in domestic refuse for Group is attributed to the rental of the PRC dormitory, which led to higher occupancy and waste generation. As part of ongoing efforts, environmental protection training sessions were conducted, as they are every year, and banners promoting paper conservation were displayed. The commitment to organizing at least one waste reduction campaign annually remains, and waste reduction initiatives will continue to be implemented in the future.

Summary of non-hazardous waste disposal performance:

Category of Waste	Unit	2024	2023
Domestic refuse	tonnes	730.00	219.00
Office paper	tonnes	125.50	328.00
Production dust	tonnes	N/A	0.60
Total non-hazardous waste	**tonnes**	**855.50**	**547.60**
Total non-hazardous waste intensity	tonnes/million revenue (HK$)	6.78	2.41

USE OF RESOURCES

The Group actively promotes the effective use of resources, and monitors the potential impact that its business operations have on the environment, and has implemented relevant policies to support its efforts. The Group encourages employees to make suggestions and participate in various energy saving and water conservation programmes to facilitate the efficient use of resources.

Effective Energy Consumption Plan

The Group plays an active role in energy conservation and views it as its key responsibility. The Group's commitment towards realising its responsibilities for energy conservation was shown throughout its planning, design, and R&D of chemical systems, electric systems, future technologies, and manufacturing processes. The Group has successfully improved the energy efficiency of its circulating cooling water system by dosing cleaning and refrigerator sludge stripping cleaning. Besides, the Group has set a target in 2021 to study the feasibility of installing solar panels in the coming years. The Group has also adopted the following initiatives:

- Regularly repair equipment and facilitate technological innovation to achieve the best status and reduce energy consumption;
- Switch off unnecessary lighting and electrical appliances when not in use;
- Purchase energy-efficient equipment to replace retired equipment;
- Set all computer screens and printers to standby mode after a certain period;
- Build an expert team for energy conservation and environmental protection to enhance energy efficiency; and
- Enhance product quality and performance, minimise product energy consumption ratio, and optimise resource utilization.

During the Reporting Period, the Group's total energy consumption intensity decreased, primarily due to a reduction in car usage in France's car-hailing service and one of the factory line in PRC only operate four months.

Summary of energy consumption performance:

Types of Energy Consumption	Unit	2024	2023
Direct energy consumption:		6,163.69	14,507.59
• Petrol	MWh	3,788.98	4,331.79
• Diesel	MWh	58.00	71.74
• Natural gas	MWh	2,316.71[14]	10,104.06
Indirect energy consumption:	MWh	7,179.86	16,335.56
• Purchased		7,179.86	16,335.56
Total energy consumption	**MWh**	**13,343.55**	**30,843.15**
Energy consumption intensity	MWh/million revenue (HK$)	105.81	135.90

Notes:

12. The unit conversion method for energy consumption data is formulated based on the Energy Statistics Manual issued by the International Energy Agency.

13. Electricity consumption data for France was not available since electricity usage was covered in rent.

14. In FY 2024, natural gas consumption experienced a sharp decline due to one of the factory lines at PRC operating for only four months.

Water Efficiency

The Group actively promotes the importance of water conservation to its employees. In 2021, the Group has set a target to organise at least one activity annually to raise employees' awareness of water-saving measures. To further enhance water conservation, apart from posting banners around the office, the Group also regularly inspects water taps to prevent leakage. As a result of these implementations, the employees' awareness of water conservation increased.

Water consumption data only includes operations in the PRC and Brazil. Water consumption data for other facilities were not available since water usage was covered in the rent. Summary of water consumption performance:

Indicator	Unit	2024	2023[15]
Total water consumption	**m^3**	**34,593.00**	**34,576.00**
Water consumption intensity	m^3/million revenue (HK$)	274.30	152.47

Note:

15. The FY 2023 water consumption data has been restated.

During 2024, the Group did not encounter any problems in sourcing water fit for purpose due to its business nature.

Use of Packaging Materials

The packaging materials used by the Group are mainly wooden boxes and paper cartons. The Group realises the potential adverse environmental impacts brought by the packaging materials consumed and thus strives to make the best use of the materials consumed and minimise the potential impacts brought by their consumption. Due to the decline in turnover in 2024, we have reduced the use of packaging materials accordingly, resulting in a significant decrease in the packaging material usage in 2024 as compared to 2023.

Summary of packaging material usage performance:

Types of Packaging Materials	Unit	2024	2023[16]
Wooden materials	tonnes	49.26	98.53
Paper carton	tonnes	14.58	29.15
Total packaging materials consumption	**tonnes**	**63.84**	**127.68**
Packaging materials consumption intensity	tonnes/million revenue (HK$)	0.51	0.56

Note:

16. The FY 2023 packaging material usage has been restated.

ENVIRONMENTAL PROTECTION AND NATURAL RESOURCES CONSERVATION

The Group's lithium-ion battery manufacturing plant is located within the planned area of Wucheng District in Jinhua New Energy Automobile Industrial Park, which is far from nature reserve area. A feasibility analysis and environmental impact assessment were conducted for the site. By adhering to the principle of "focusing on proactive prevention and combining it with controlling and correcting measures to form a comprehensive solution", the Group strives to reduce the impact on the environment to a minimal level and ensure that it will not affect the important local water sources in any way. The Group has also implemented relevant policies to minimise its environmental impact.

Methodology of Environmental Inspection or Research in Brazil

SAM is committed to minimise the impact on the environment and the surrounding residents or animals by adopting different measures. Before conducting any inspections or research in the iron ore area, SAM and its assigned professional firms or advisors are required to participate in extensive training sessions. The requirements and standard operating procedures of SAM are explained to staff from various departments during the training sessions.

The contents include:

- Activity is carried out in a confined area to avoid, minimise, or mitigate its potential impact;
- Interference in any unauthorised area (path or entrance of a drill area) is prohibited;
- Burying any plant in the area is prohibited;
- Destroying any plant in the area is prohibited;
- Disposing any excess chemical materials, cleaning waste, and/or other waste in an unauthorised area is prohibited;

- Blockage of the drainage system and/or permanent storage area due to environmental inspection or research is prohibited;
- Dispose of and store waste at an appropriate location, such as recycling bins;
- Waste combustion is prohibited;
- Drive carefully and avoid internal or third-party vehicles running over wild animals; and
- Wild animal hunting and catching are prohibited.

Besides, a series of preparation activities, such as mapping, defining the scope of activities, and listing out the tasks and duties of each worker, are required before conducting any inspections or research in the iron ore area to enhance efficiency and minimise the time for outdoor work.

When there are any negative environmental issues that would have a material environmental impact, a violation of relevant legal requirements, or an occurrence where no rectification measure is adopted for a related environmental incident, the environmental supervisors shall immediately give an environmental warning to the coordinator of the environmental management project of SAM and advise the manager of SAM to evaluate and decide whether further measures shall be taken.

During 2024, there was no occurrence of material negative environmental issues in the course of environmental inspection or research.

Noise Emission

The Group responds proactively to the noise generated by the manufacturing plant in the PRC. By conducting regular noise inspections in four specific locations and adopting sound insulation and vibration reduction measures, the Group was able to meet the Environmental Quality Standard for Noise (《聲環境質量標準》) (GB3096-2008).

CLIMATE CHANGE MITIGATION AND ADAPTATION

The Group is committed to managing the potential climate-related risks that may impact the Group's business activities. To identify and mitigate different climate-related risks, the Group has integrated climate change into its internal control and enterprise risk management processes, such as its Risk Management Procedure, and established relevant climate-related policies. Besides, the Board also meets regularly and cooperates closely with the ESG Taskforce to evaluate ESG-related risks, including climate-related risks, and to formulate strategies to manage the identified risks.

Through the above method, the Group identified the material impacts on the Group's business arising from the following physical and transition risks:

Physical Risks — Acute risk

Extreme weather events, such as extreme cold or heat, storms, heavy rains, and typhoons, can disrupt operations by causing damage to power grids and communication infrastructure, as well as impede and injure employees on their way to or during work. These events could also disrupt supply chains, interrupt business operations, and damage the Group's assets. During the Reporting Period, part of the Group's business operations were located in regions with a high risk of major typhoons.

As a countermeasure, the Group has formulated precautionary and contingency measures; concurrently, the Group will explore the ways in which a change in business model is possible to mitigate or avoid these severe impacts on business operations. Owing to the Group's comprehensive preventive measures, there was no material impact caused by the climate-related events during the Reporting Period.

Physical Risks — Chronic risk

Global warming may affect battery research and production, and even increase the relevant costs. Under high temperatures, equipment used for research and production is more likely to deteriorate, and more energy is required for cooling the equipment during operation, resulting in the need for more water and coolants as well as an increased cost and environmental impact. In order to manage the related market risk, the Group shall improve and upgrade the machinery used in the production process, increasing its heat resistance. On the other hand, water circulation is used in the cooling process to replace the use of chemical coolants, reducing the long-term cost and minimising the environmental impact by curtailing chemical use and water uptake.

Transition Risk — Policy and legal risks, and reputation risks

There are more stringent climate legislation and regulations in place to support the global decarbonisation vision. For example, the Stock Exchange has required the listed companies to enhance the climate-related disclosures in their ESG reports. Meanwhile, the PRC also unveiled an up-to-date document guiding the country to achieve carbon peaking and carbon neutrality goals in 2030 and 2060 respectively. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also decline due to a failure to meet the compliance requirements for climate change. The Group's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputational risks, the Group regularly monitors existing and emerging trends, policies, and regulations relevant to climate and is prepared to alert the top management where necessary to avoid cost increments, noncompliance fines, or reputational risks due to delayed response.

Transition Risk — Market Risk

Besides, investors advocate for tackling climate change and become more likely to withdraw capital when companies fail to implement effective measures to manage climate risks. This may reduce the Group's capital supply if the investors do not believe in the climate risk management of the Group. To build investors' trust and confidence, the Group enhances and maintains the high level of transparency of its ESG risk management activities.

Opportunities

Climate change has raised public awareness about environmental conservation. It led to the development of electric vehicles and green energy due to the shift in customer preference. Therefore, the demand for batteries may increase due to the increasing popularity of electric vehicles. Rapid development in the sales of electric vehicles and batteries provides a unique business opportunity for the industry. To grasp this opportunity, the Group will continue to enhance management skills, promote efficient use of materials, and control the cost of lithium-ion battery products to increase profits.

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	Introduction, Board Statement
Reporting Principles	Reporting Framework
Reporting Boundary	Scope of Reporting

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A1. Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment
A1.1	The types of emissions and respective emissions data.	Emissions — Air emissions
A1.2	GHG emissions in total (in tonnes) and intensity.	Emissions — GHG emissions
A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
A1.5	Description of reduction initiatives and results achieved.	Emissions — GHG emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A2. Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Effective Energy Consumption Plan
A2.2	Water consumption in total and intensity.	Use of Resources — Water Efficiency
A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Effective Energy Consumption Plan
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Efficiency
A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Materials
A3. The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Protection and Natural Resources Conservation
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection and Natural Resources Conservation
A4. Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Mitigation and Adaptation
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Mitigation and Adaptation

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B. Social		
B1. Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Practices
B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment Practices — Labour Structure
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Practices — Labour Structure
B2. Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Health and Safety
B2.1	Number and rate of work-related fatalities.	Employee Health and Safety
B2.2	Lost days due to work injury.	Employee Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B3. Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	Employee Training and Development
B4. Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards — Prevention of Child and Forced Labour
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child and Forced Labour
B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child and Forced Labour
B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management — ESG Considerations in Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management — ESG Considerations in Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B6. Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility — Customer Service
B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility — Customer Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Self-owned IP Right
B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Product Safety and Quality Control
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility — Privacy Protection
B7. Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

INDEPENDENT AUDITOR'S REPORT

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港
干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF HONBRIDGE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Honbridge Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 95 to 174, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS — CONTINUED

Impairment of exploration and evaluation assets

(Refer to notes 3.9, 4(a)(i) and 16 to the consolidated financial statements)

As at 31 December 2024, before current year's impairment assessment, the Group had exploration and evaluation assets with carrying amount of HK$5,901,950,000 operated by Sul Americana de Metais S.A. ("SAM"), a subsidiary of the Company, and were stated at cost less accumulated impairment loss.

The carrying value of exploration and evaluation assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The directors consider all facts and circumstances occurred to judge whether these facts and circumstances would suggest that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount (i.e. impaired). Following a review of the business, management recognised an impairment loss of HK$534,169,000 to reduce the exploration and evaluation assets to their estimated recoverable values, which was estimated by the independent external valuer as the management's expert.

We focused on these area because these conclusions are dependent upon significant management judgement and are significant to the consolidated financial statements. Significant assumptions and parameters were set out in note 16 to the consolidated financial statements.

Our response

Our key procedures in relation to management's impairment assessment included:

— Assessing the appropriateness of valuation methodologies;

— Assessing the reasonableness of underlying key assumptions;

— Involving auditor's expert to assist our assessment on the valuation assessed by management's expert; and

— Evaluating the competence, capabilities and objectivity of the auditor's expert and management's expert.

Impairment assessment on non-current assets — online car-hailing and related services business

(Refer to notes 3.10, 4(a)(iii), 15 and 17 to the consolidated financial statements)

As at 31 December 2024, before current year's impairment assessment, the Group had property, plant and equipment with carrying amount of HK$42,481,000 and right-of-use assets with carrying amount of HK$2,921,000 attributable to the cash-generating unit ("CGU") of the online car-hailing and related services business.

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Given the online car-hailing and related services business suffered from loss for the year, the management performed impairment assessment for the property, plant and equipment and right-of-use assets within that business as at 31 December 2024. The estimation of the recoverable amounts of the CGU of the online car-hailing and related services business involves complex and subjective estimates based on management's judgement of key variables and market conditions.

KEY AUDIT MATTERS — CONTINUED

Impairment assessment on non-current assets — online car-hailing and related services business — Continued

Following a review of the business and the Group's operating plans of the online car-hailing and related services business, management assessed that impairment loss of HK$16,298,000 on property, plant and equipment and HK$2,921,000 on right-of-use assets were recognised to impair the carrying values of the relevant assets of the online car-hailing and related services business to their estimated recoverable amounts for the year.

We focused on these areas because estimation of recoverable amount is dependent upon significant management judgement and are significant to the consolidated financial statements.

Our response

Our key procedures in relation to management's impairment assessment included:

— Assessing the appropriateness of valuation methodologies;

— Assessing the reasonableness of underlying key assumptions;

— Involving auditor's expert to assist our assessment on the valuation assessed by management's expert; and

— Evaluating the competence, capabilities and objectivity of the auditor's expert and management's expert.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Cheung Or Ping
Practising Certificate Number P05412

Hong Kong, 26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Continuing operations			
Revenue	5	126,112	226,961
Cost of revenue		(91,720)	(176,301)
Gross profit		34,392	50,660
Other operating income, gains and losses	7	21,244	(13,149)
Selling and distribution costs		(5,203)	(6,922)
Administrative expenses		(76,644)	(106,143)
Other expenses	26(a)	(10,727)	–
Impairment loss on exploration and evaluation assets	16	(534,169)	–
Impairment loss on financial assets, net	9	(24,306)	(130)
Impairment loss on property, plant and equipment	15	(16,298)	(62,621)
Impairment loss on right-of-use assets	17	(2,921)	(4,213)
Gain/(loss) on changes in fair value of contingent consideration payables	41	1,576	(6,257)
Share of results of associates	18	159	(589)
Finance costs	8	(10,065)	(9,447)
Loss before income tax from continuing operations	9	(622,962)	(158,811)
Income tax credit	10	181,617	–
Loss for the year from continuing operations		(441,345)	(158,811)
Discontinued operation			
Loss for the year from discontinued operation	12	–	(8,309)
Loss for the year		(441,345)	(167,120)
Loss for the year attributable to:			
Owners of the Company			
— Continuing operations		(412,879)	(98,210)
— Discontinued operation		–	(8,309)
		(412,879)	(106,519)
Non-controlling interests			
— Continuing operations		(28,466)	(60,601)
		(441,345)	(167,120)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Loss for the year		**(441,345)**	(167,120)
Other comprehensive (loss)/income			
Item that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments at fair value through other comprehensive income		**(290)**	(4,415)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(1,039,653)**	409,024
Share of other comprehensive income of associates		**239**	172
Release of translation reserve upon disposal of subsidiaries		**–**	(1,106)
Other comprehensive (loss)/income for the year, net of tax		**(1,039,704)**	403,675
Total comprehensive (loss)/income for the year		**(1,481,049)**	236,555
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(1,449,914)**	293,857
Non-controlling interests		**(31,135)**	(57,302)
		(1,481,049)	236,555
Loss per share from continuing and discontinued operations	11		
— Basic		**(4.23) cents**	(1.09) cents
— Diluted		**(4.23) cents**	(1.09) cents
Loss per share from continuing operations	11		
— Basic		**(4.23) cents**	(1.00) cents
— Diluted		**(4.23) cents**	(1.00) cents
Loss per share from discontinued operation	11		
— Basic		**N/A**	(0.09) cents
— Diluted		**N/A**	(0.09) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	56,820	89,977
Exploration and evaluation assets	16	5,367,781	7,467,157
Right-of-use assets	17	34,595	37,671
Interest in an associate	18	5,810	5,412
Financial assets at fair value through other comprehensive income	19	249	539
		5,465,255	7,600,756
Current assets			
Inventories	20	10,335	21,927
Trade and bill receivables	21	36,593	38,590
Prepayments, deposits and other receivables	22	21,910	52,230
Financial assets at fair value through profit or loss	23	49,373	44,128
Tax recoverable		412	433
Restricted bank deposits	24	16,386	31,065
Time deposits with maturity over three months	24	21,373	–
Cash and cash equivalents	24	65,784	166,953
		222,166	355,326
Current liabilities			
Trade and bill payables	25	38,500	72,044
Provision, other payables, accruals and deposits received	26	91,505	213,985
Contract liabilities	27	2,103	321
Borrowings	28	19,459	20,025
Lease liabilities	29	3,063	3,420
		154,630	309,795
Net current assets		67,536	45,531
Total assets less current liabilities		5,532,791	7,646,287
Non-current liabilities			
Provision, other payables, accruals and deposits received	26	85,137	–
Borrowings	28	85,988	108,926
Lease liabilities	29	11,591	9,512
Deferred income	30	–	3,134
Deferred tax liabilities	31	1,706,319	2,420,928
Other financial liabilities	32	12,337	10,761
Contingent consideration payables	41	117,471	119,047
		2,018,843	2,672,308
Net assets		3,513,948	4,973,979

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	33	9,855	9,855
Reserves	39	3,549,434	4,978,330
		3,559,289	4,988,185
Non-controlling interests		(45,341)	(14,206)
Total equity		3,513,948	4,973,979

On behalf of directors

Xu Zhihao
Chairman

Chen Shengjie
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Loss before income tax			
— Continuing operations		(622,962)	(158,811)
— Discontinued operation	12	–	(9,415)
		(622,962)	(168,226)
Adjustments for:			
Depreciation of property, plant and equipment	15	12,735	26,120
Amortisation of right-of-use assets	17	2,440	3,051
Impairment of exploration and evaluation assets	16	534,169	–
Impairment loss recognised/(reversed) on trade receivables	21	455	(766)
Impairment loss recognised on amount due from an associate	22	23,851	896
Impairment loss on property, plant and equipment	15	16,298	62,621
Impairment loss on right-of-use assets	17	2,921	4,213
Interest on borrowings	8	5,284	6,630
Interest on lease liabilities	8	895	1,006
Interest on provision	8, 26a	2,029	–
Imputed interest on other financial liabilities	8	1,857	1,812
Share of results of associates	18	(159)	589
Loss on lease modification	7	1,845	–
(Gain)/loss on changes in fair value of contingent consideration payables	41	(1,576)	6,257
Bank interest income	7	(2,764)	(3,882)
(Gain)/loss on disposal of property, plant and equipment	9	(34)	158
Write off of property, plant and equipment	9	505	1,684
Government grant	30	(3,091)	(3,092)
Other expenses	9, 26a	10,727	–
Net (gain)/loss on financial assets at fair value through profit or loss	7	(5,245)	36,649
Operating loss before working capital changes		(19,820)	(24,280)
Decrease in inventories		11,087	1,150
(Increase)/decrease in trade and bill receivables		(87)	37,740
Decrease in prepayments, deposits and other receivables		3,392	214
(Decrease)/increase in trade and bill payables		(31,384)	1,759
Decrease in other payables, accrued expenses and deposits received		(45,250)	(1,821)
Increase/(decrease) in contract liabilities		1,829	(2)
Cash (used in)/generated from operations activities		(80,233)	14,760
Income tax paid		–	–
Net cash (used in)/generated from operating activities		(80,233)	14,760

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from investing activities			
Interest received		2,764	3,882
Placement of time deposits with maturity over three months		(21,804)	–
Purchases of property, plant and equipment	15	(4,857)	(5,220)
Purchases of exploration and evaluation assets	16	(2,417)	(2,134)
Proceeds from disposals of property, plant and equipment		178	1,533
Proceeds from disposal of financial assets at fair value through profit or loss		–	1,408
Disposal of subsidiaries, net of cash disposal of	35	–	20,071
Release of restricted bank deposits		14,679	–
Placement of restricted bank deposits		–	(5,078)
Net cash (used in)/generated from investing activities		(11,457)	14,462
Cash flows from financing activities			
Interest paid on borrowings	46	(5,284)	(6,630)
Repayments of borrowings	46	(19,749)	(16,164)
Drawdown of borrowings and bank overdraft	46	95	–
Proceed from the disposal of treasury shares	39	21,018	443
Advance from a shareholder	46	2,534	–
Interest paid on lease liabilities	46	(895)	(1,006)
Repayment of principal portion of lease liabilities	46	(3,323)	(3,113)
Net cash used in financing activities		(5,604)	(26,470)
(Decrease)/increase in cash and cash equivalents		(97,294)	2,752
Cash and cash equivalents at 1 January		166,953	165,452
Effect of foreign exchange rate changes		(3,875)	(1,251)
Cash and cash equivalents at 31 December		65,784	166,953
Analysis of cash and cash equivalents			
Cash at banks and in hand		65,784	166,953

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium* HK$'000	Treasury shares reserve* HK$'000	Share-based payment reserve* HK$'000	Translation reserve* HK$'000	Fair value through other comprehensive income reserve* HK$'000	Other reserve* HK$'000	Retained earnings* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	9,855	3,563,686	(142,864)	9,958	(6,033,945)	(98,913)	–	7,363,781	4,671,558	35,449	4,707,007
Disposal of treasury shares *(Note 39)*	–	–	1,220	–	–	–	–	(777)	443	–	443
Acquisition of assets through acquisition of a subsidiary *(Note 37(b))*	–	–	–	–	–	–	(7,647)	–	(7,647)	7,647	–
Deemed contribution arising from disposal of subsidiaries *(Note 35)*	–	–	–	–	–	–	–	29,974	29,974	–	29,974
Share options lapsed	–	–	–	(9,958)	–	–	–	9,958	–	–	–
Transactions with owners	–	–	1,220	(9,958)	–	–	(7,647)	39,155	22,770	7,647	30,417
Loss for the year	–	–	–	–	–	–	–	(106,519)	(106,519)	(60,601)	(167,120)
Other comprehensive income/(loss)											
Changes of fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	(4,415)	–	–	(4,415)	–	(4,415)
Release of translation reserve upon disposal of subsidiaries *(Note 35)*	–	–	–	–	(1,106)	–	–	–	(1,106)	–	(1,106)
Share of other comprehensive income of an associate	–	–	–	–	172	–	–	–	172	–	172
Currency translation	–	–	–	–	405,725	–	–	–	405,725	3,299	409,024
Total comprehensive income	–	–	–	–	404,791	(4,415)	–	(106,519)	293,857	(57,302)	236,555
At 31 December 2023	9,855	3,563,686	(141,644)	–	(5,629,154)	(103,328)	(7,647)	7,296,417	4,988,185	(14,206)	4,973,979
At 1 January 2024	9,855	3,563,686	(141,644)	–	(5,629,154)	(103,328)	(7,647)	7,296,417	4,988,185	(14,206)	4,973,979
Disposal of treasury shares *(Note 39)*	–	–	79,566	–	–	–	–	(58,548)	21,018	–	21,018
Transactions with owners	–	–	79,566	–	–	–	–	(58,548)	21,018	–	21,018
Loss for the year	–	–	–	–	–	–	–	(412,879)	(412,879)	(28,466)	(441,345)
Other comprehensive (loss)/income											
Changes of fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	(290)	–	–	(290)	–	(290)
Share of other comprehensive income of an associate	–	–	–	–	239	–	–	–	239	–	239
Currency translation	–	–	–	–	(1,036,984)	–	–	–	(1,036,984)	(2,669)	(1,039,653)
Total comprehensive loss	–	–	–	–	(1,036,745)	(290)	–	(412,879)	(1,449,914)	(31,135)	(1,481,049)
At 31 December 2024	9,855	3,563,686	(62,078)	–	(6,665,899)	(103,618)	(7,647)	6,824,990	3,559,289	(45,341)	3,513,948

* The aggregate amount of these balances of approximately HK$3,549,434,000 (2023: HK$4,978,330,000) is included as reserves in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Honbridge Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Revision) of the Cayman Islands. The address of the Company's registered office is P.O. Box 31119, Grand Pavilion Hibiscus Way, 802 West Bay Road Grand Cayman KY1–1205 Cayman Islands and the Company's principal place of business is Suite 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 37. The Company and its subsidiaries are collectively referred to as the "Group" hereinafter. The directors of the Company consider the ultimate holding company as Geely Technology Group Co., Ltd., a company incorporated in the People's Republic of China (the "PRC") with limited liability.

2. ADOPTION OF NEW/REVISED HKFRS ACCOUNTING STANDARDS

2.1 Adoption of revised HKFRS Accounting Standards

In the current year, the Group has applied for the first time the following revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024.

Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these amendments to HKFRS Accounting Standards has no material impact on the Group's accounting policies.

2. ADOPTION OF NEW/REVISED HKFRS ACCOUNTING STANDARDS — CONTINUED

2.2 New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new or amendments to HKFRS Accounting Standards, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 The effective date of these amendments were deferred indefinitely. Early adoption continues to be permitted.

The Group is in the process of making an assessment of the potential impact of these new and amendments to HKFRS Accounting Standards. Except for the possible impact that the adoption of the below new and amendments to HKFRS Accounting Standards will have in the period of initial application, the Board so far concluded that the application of these new and amendments to HKFRS Accounting Standards will have no material impact on the Company's consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7 "Classification and Measurement of Financial Instruments"

Amendments to HKFRS 9 and HKFRS 7 will be first applied for the annual reporting periods beginning on 1 January 2026 and to be applied retrospectively. The amendments clarify guidance on timing of derecognition of financial liabilities, on the assessment of cash flow characteristics and resulting classification and disclosure of financial assets with terms referencing contingent events including environmental, social and corporate governance events, and of the treatment of non-recourse assets and contractually linked instruments. The Group have assessed the impact of these amendments on the Company's consolidated financial statements and considered these amendments have no material impact on the consolidated financial statements.

2. ADOPTION OF NEW/REVISED HKFRS ACCOUNTING STANDARDS — CONTINUED

2.2 New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective — Continued

HKFRS 18 "Presentation and Disclosure in the Financial Statements"

HKFRS 18 was replaces HKAS 1 "Presentation of Financial Statements" and will be first applied for the annual reporting periods beginning on 1 January 2027. The new standard introduced the following new requirements.

— Entities are required to classify all income and expenses into five categories in the consolidated statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

— Entities are required to disclose within a note to consolidated financial statements of management-defined performance measures ("MPMs") with a reconciliation between MPMs and HKFRS performance measures.

— Enhanced guidance is provided on how to group the information in the financial statements or in the notes.

In addition, all entities are required to use the operating profit subtotal as the starting point for the consolidated statement of cash flows when presenting operating cash flows under the indirect method.

The Group have assessed the impact of the new standard, particularly with respect to the structure of the Company's consolidated statement of profit or loss, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group have also assessed the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as "others". These amendments have no effect on the measurement of any items in the consolidated financial statements but affect the presentation and disclosure to the consolidated financial statements.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS Accounting Standards") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements also include the applicable disclosure required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.1 Basis of preparation — Continued

(b) Basis of measurement

The consolidated financial statements have been prepared under historical cost basis except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars ("HK$") which is also the functional currency of the Company. All values are rounded to the nearest thousand ("HK$'000"), except when otherwise indicated.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is disposed of, such exchange differences are reclassified from equity to profit or loss as part of the disposal gain or loss.

3.6 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.6 Revenue recognition — Continued

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Sales of lithium batteries

Sale of lithium batteries is recognised at a point in time when the goods are transferred and the customer has received the goods, since only by the time the Group has a present right to payment for the goods delivered.

Provision of battery testing services

The Group provides supporting services such as sites, equipment, power supply, and other supporting services to the customers in the installation assistance of battery pilot line and battery testing.

Revenue is recognised over time as battery testing services are provided.

Provision of battery swapping services

Revenue is recognised over time as battery swapping services are provided.

Provision of delivery services

Delivery services income is recognised at the time when the on-demand delivery services are provided.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.6 Revenue recognition — Continued

Platform services

The Group provides online-hailing platform services to drivers (the "Drivers") to find passengers who are looking for a ride (the "Riders") and the Group considers the Drivers as customers of the platform services ("Platform Services"). Drivers accept the terms and conditions with the Group to receive the Platform Services through the use of the CaoCao Mobility App. The terms and conditions defines the fees the Group charges the Drivers for each transaction, each party's rights and obligations regarding the Platform Services. As the Group's customary business practice, a contract exists between the Drivers and the Group when the Drivers confirms an online-hailing request from Riders and their ability to cancel the transaction lapses. The duration of a contract with a customer is typically equal to the duration of a single ride. The Group provides Platform Services to the Drivers to assist them to complete riding service to the Riders and the Group earns fees from the Drivers at a fixed percentage of the fare charged to the Riders.

Revenue is recognised at the time the performance obligation is satisfied by transferring the control of the promised service to a customer in an amount that reflects the consideration that the Group expects to receive in exchange for the service. The Group recognises revenue upon completion of a trip as its performance obligation is satisfied upon the completion of the trip. The Group does not have contract assets or contract liabilities in relation to the Platform Services as the payment of the transaction price is concurrent with the fulfillment of the services. At the time of trip completion, the Group has the right to receive payment for the services rendered. Accordingly, there are no partially satisfied or unsatisfied performance obligations as of 31 December 2024. The Group recognises the Platform Services at a point in time.

The Group has determined that it acts as an agent in the Platform Services as the Group are not responsible for fulfilling the promise to provide the riding services provided by drivers, nor do we have the ability to control the related services. Upon the completion of riding order, the Group recognised the service income charged to the Drivers in the form of commission, who is regarded as the customer of online-hailing services. The amount to be remitted to the Drivers from the cash payments made by Riders net of the service income charged to the Drivers, are recorded as payables to the Drivers.

Riding service income

The Group provides riding services through the employee of the Group for customers who place riding orders via multiple channels including the CaoCao Mobility App owned and developed by the Group and other means, such as other platform applications developed by other services providers and direct email quotations. The Group has determined that it acts as a principal in these services as the Group is primarily responsible for the riding service which meet the riding service specification promised to customers. The Group identifies and directs the riding service providers to complete the orders. Also, the Group has full discretion in establishing the fares for the services to customers. Revenues resulting from riding services are recognised over the period when the service is rendered on a gross basis.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.6 Revenue recognition — Continued

Motor vehicles rental income

Rental income derived from operating lease contracts is specified as motor vehicles rental revenue. Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term.

Advertising and related services

The Group derived the advertising income from the customers in exchange for advertising placement on the Group's vehicles. Advertising income is recognised on a pro-rata basis over the contractual service period.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3.7 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at acquisition cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Freehold land is not subject to depreciation. Depreciation on other property, plant and equipment, other than the construction in progress, is provided to write off the cost less their estimated residual values over their estimated useful lives, using straight-line method, at the following rates per annum:

Leasehold buildings	3.33% or over the lease term, whichever is shorter
Leasehold improvements	20% or over the lease term, whichever is shorter
Plant and machinery	10% to 20%
Furniture and office equipment	10% to 20%
Computer software	20%
Motor vehicles	10% to 20%

The assets' estimated residual values, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Construction in progress represents plant and machinery under construction and is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.7 Property, plant and equipment — Continued

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3.8 Research and development activities

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

3.9 Exploration and evaluation assets

Exploration and evaluation assets acquired in business combination are initially recognised at fair value and subsequently stated at cost less any impairment losses.

Exploration and evaluation assets include topographical and geological surveys, exploratory drillings, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ores and to expand the capacity of a mine. Expenditure incurred prior to obtaining the legal rights to explore an area is written off as incurred.

When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to tangible and intangible assets according to the nature of the exploration and evaluation assets. If any project is abandoned during the exploration and evaluation stage, the related exploration and evaluation assets thereon will be written off to profit or loss.

No amortisation is charged during the exploration and evaluation phase.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.9 Exploration and evaluation assets — Continued

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKFRS 6 "Exploration for and Evaluation of Mineral Resources" and HKAS 36 "Impairment of Assets" whenever one of the following events or changes in facts and circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

(i) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; and

(iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped into each area of interest for which exploration activities are undertaken.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.10 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets and investments in subsidiaries and associates are subject to impairment testing. These are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.11 Financial instruments — Continued

(i) Financial assets — Continued

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income ("FVOCI"), as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.11 Financial instruments — Continued

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12 months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.11 Financial instruments — Continued

(ii) Impairment loss on financial assets — Continued

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iii) Financial liabilities

Financial liabilities at amortised cost

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade, bill and other payables, amount due to shareholder, other financial liabilities and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.11 Financial instruments — Continued

(iii) Financial liabilities — Continued

Financial liabilities at FVTPL

Financial liabilities at FVTPL includes financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising the gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis, and in case of work-in-progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

3.13 Cash and cash equivalents

For the purpose of the consolidated statement of financial position and the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and at banks, which are not restricted as to use.

3.14 Leasing

The Group as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

The Group has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.14 Leasing — Continued

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The Group as a lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

3.15 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are recognised in profit or loss on straight line method over the expected lives of the related assets.

3.16 Income taxes

Income taxes comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax liabilities are recognised in profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.17 Retirement benefit costs and short-term employee benefits

Retirement benefits to employees are provided through several defined contribution plans.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contribution recognised in respect to defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The Group contributes to defined contribution retirement benefit schemes registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Scheme"), which are available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are calculated as percentages of employees' basic salaries. Retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to MPF Scheme. Assets of the MPF Scheme are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the governments in the PRC, France and Brazil, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There were no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION — CONTINUED

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.19 Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss and other comprehensive income, which comprises:

— The post-tax profit or loss of the discontinued operation; and

— The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS — CONTINUED

(a) Key sources of estimation uncertainty

(i) Impairment of exploration and evaluation assets

The carrying value of exploration and evaluation assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The directors consider all facts and circumstances occurred to judge whether these facts and circumstances would suggest that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount (i.e. impaired). Management reassesses the impairment of exploration and evaluation assets at the reporting date (note 16).

(ii) Impairment of receivables

The impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the risk of default and expected credit loss rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting period.

(iii) Impairment of non-financial assets (other than exploration and evaluation assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The estimation of the recoverable amounts of the CGUs involves complex and subjective estimates based on management's judgement of key variables and market conditions. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market conditions existing at the reporting dates and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(iv) Provision for net realisable value of inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the period in which such estimate is changed.

(v) Depreciation

The Group depreciates its property, plant and equipment in accordance with the accounting policies stated in note 3.7. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS — CONTINUED

(a) Key sources of estimation uncertainty — Continued

(vi) Fair value of contingent consideration payables

Where the fair value of contingent consideration payables recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as probability of occurrence of certain events as stated in the agreements for contingent consideration. Changes in assumptions about these factors could affect the reported fair value of contingent consideration payables.

(b) Critical judgement

(i) De-facto control

De-facto control exists when the size of an entity's own voting, rights relative to the size and dispersion of other vote holders, give the entity the practical ability to unilaterally direct the relevant activities of the investee. The Company holds 35.56% equity interest in Jixing International Technology Co., Ltd ("Jixing International") and Jixing International is regarded as a subsidiary of the Company as disclosed in note 37. The directors of the Company assessed whether or not the Group has control over Jixing International based on whether the Group has the practical ability to direct the relevant activities of Jixing International unilaterally. In making their judgement, the directors considered various factors, including but not limited to the Group's absolute size of holding in Jixing International and the arrangements with the party acting in concert. After the assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Jixing International and therefore the Company has control over Jixing International.

(ii) Principal versus agent consideration

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers, individually or in combination, whether the Group (i) controls the service provided to the customer, (ii) is primarily responsible for fulfilling the contract, and (iii) has discretion in establishing prices.

The Group determined it acts a principal in riding services though the employee of the Group as the Group is primarily responsible for fulfilling the promise to provide the riding services and regards the Riders who place the riding orders via CaoCao Mobility platform or other means as customers. When the Group satisfies the performance obligation, the Group recognised the riding service income in the gross amount of consideration in which the Group expected to be entitled as specified in the contracts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS — CONTINUED

(b) Critical judgement — Continued

(ii) Principal versus agent consideration — Continued

Meanwhile, the Group determined it acts an agent in Platform Services as the Group facilitates matching Drivers with the Riders. The Group has charged service income to Drivers for their use of platform. The Group is considered as an agent for its contracts with Drivers relating to the provision of Platform Services as the Group did not obtain the control over the specified riding services provided by Drivers and requested by the Riders via the use of CaoCao Mobility platform before that service is transferred to the Riders after taking into consideration indicators such as the Group is not primarily responsible for fulfilling the promise to provide the riding services. When the Group satisfies the performance obligation, the Group recognises a commission revenue in the amount it expects to be entitled as specified in the contracts.

5. REVENUE

(a) Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2024 HK$'000	2023 HK$'000
Continuing operations:		
Sale of lithium batteries	74,591	158,045
Battery testing service income	2,953	15,870
Platform service and riding service income	25,648	40,133
Advertising and related income	5,214	1,364
Revenue from contracts with customers	108,406	215,412
Motor vehicles rental income *(Note)*	17,706	11,549
Revenue from continuing operations	126,112	226,961
Discontinued operation:		
Delivery service income	–	1,190
Battery swapping service income	–	698
Revenue from contracts with customers from discontinued operation	–	1,888
Timing of revenue recognition		
At a point in time	75,515	160,494
Over time	32,891	56,806
	108,406	217,300

All contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Note:

Variable lease payments that do not depend on an index or rate amounted to HK$17,706,000 (2023: HK$11,549,000).

5. REVENUE — CONTINUED

(b) Reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	Discontinued operation	Continuing operations				
	Battery swapping services HK$'000	Mineral resources exploration and trading HK$'000	Lithium battery production HK$'000	Online car-hailing and related services HK$'000	Sub-total HK$'000	Total HK$'000
Year ended 31 December 2024						
Sale of lithium batteries	–	–	74,591	–	74,591	74,591
Battery testing service income	–	–	2,953	–	2,953	2,953
Platform service and riding service income	–	–	–	25,648	25,648	25,648
Advertising and related income	–	–	–	5,214	5,214	5,214
Revenue from contracts with customers	–	–	77,544	30,862	108,406	108,406
Motor vehicles rental income	–	–	–	17,706	17,706	17,706
	–	–	77,544	48,568	126,112	126,112

	Discontinued operation	Continuing operations				
	Battery swapping services HK$'000	Mineral resources exploration and trading HK$'000	Lithium battery production HK$'000	Online car-hailing and related services HK$'000	Sub-total HK$'000	Total HK$'000
Year ended 31 December 2023						
Sale of lithium batteries	–	–	158,045	–	158,045	158,045
Battery testing service income	–	–	15,870	–	15,870	15,870
Delivery service income	1,190	–	–	–	–	1,190
Battery swapping service income	698	–	–	–	–	698
Platform service and riding service income	–	–	–	40,133	40,133	40,133
Advertising and related income	–	–	–	1,364	1,364	1,364
Revenue from contracts with customers	1,888	–	173,915	41,497	215,412	217,300
Motor vehicles rental income	–	–	–	11,549	11,549	11,549
	1,888	–	173,915	53,046	226,961	228,849

6. SEGMENT REPORTING

The Group has identified its operating segment and prepared segment information based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation and review of performance.

The Group's operating businesses are organised and managed separately according to the nature of product and service, with each segment representing a strategic business segment that offers different products and services in the PRC, France and Brazil.

The Group has identified the following reportable segments:

Continuing operations:

(i) "Mineral resources exploration and trading" segment involves research and exploration of mineral resources and trading of minerals;

(ii) "Lithium battery production" segment involves production and sale of lithium battery; and

(iii) "Online car-hailing and related services" segment involves provision of platform services, riding services, motor vehicles rental services and advertising and related services.

During the year ended 31 December 2023, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. An operating segment for the Group's provision of battery swapping services in the PRC was discontinued upon disposal of subsidiaries (note 12) for the year ended 31 December 2023. The segment information for the year ended 31 December 2023 reported in note 6 to the consolidated financial statements does not include any amounts for this discontinued operation, which are described in more details as set out in note 12.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRS Accounting Standards, except that corporate income and expenses which are not included in arriving at the operating results of the operating segment, which primarily applies to the Group's headquarter.

Segment assets and liabilities exclude corporate assets and liabilities which are not directly attributable to the business activities of any operating segment, which primarily referred to deferred tax liabilities and those assets and liabilities included in the Group's headquarter.

The Company is an investment holding company. Principal places of the Group's operations are Hong Kong, the PRC, France and Brazil. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its place of domicile.

6. SEGMENT REPORTING — CONTINUED

Information regarding the Group's reportable segments provided to the Group's most senior management (i.e. the executive directors) is set out below:

	Continuing operations			
	Mineral resources exploration and trading *HK$'000*	Lithium battery production *HK$'000*	Online car-hailing and related services *HK$'000*	Total *HK$'000*
Year ended 31 December 2024				
Reportable segment revenue (external customers)	–	77,544	48,568	126,112
Reportable segment losses	(541,530)	(14,024)	(33,758)	(589,312)
Reportable segment assets	5,380,216	189,503	51,778	5,621,497
Reportable segment liabilities	119,121	280,936	55,350	455,407
Capital expenditure	4,123	3,078	73	7,274
Impairment loss on exploration and evaluation assets	534,169	–	–	534,169
Impairment loss on property, plant and equipment	–	–	16,298	16,298
Impairment loss on right-of-use assets	–	–	2,921	2,921
Impairment loss on financial assets	–	48	407	455
Interest income	(8)	(2,658)	(1)	(2,667)
Interest expense	–	7,313	2,593	9,906
Other expenses	–	10,727	–	10,727
Depreciation	955	4,564	7,216	12,735
Amortisation	–	750	433	1,183

6. SEGMENT REPORTING — CONTINUED

	Continuing operations			
	Mineral resources exploration and trading *HK$'000*	Lithium battery production *HK$'000*	Online car-hailing and related services *HK$'000*	Total *HK$'000*
Year ended 31 December 2023				
Reportable segment revenue (external customers)	–	173,915	53,046	226,961
Reportable segment (losses)/gains	(8,225)	20,530	(107,922)	(95,617)
Reportable segment assets	7,480,220	302,550	84,964	7,867,734
Reportable segment liabilities	120,338	382,899	48,485	551,722
Capital expenditure	3,026	2,989	1,339	7,354
Impairment loss on property, plant and equipment	–	–	62,621	62,621
Impairment loss on right-of-use assets	–	–	4,213	4,213
(Reversal of impairment loss)/impairment loss on financial assets	–	(811)	45	(766)
Interest income	(107)	(3,604)	(1)	(3,712)
Interest expense	–	6,630	2,621	9,251
Depreciation	88	3,975	20,508	24,571
Amortisation	–	766	1,020	1,786

6. SEGMENT REPORTING — CONTINUED

The total presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

Continuing operations

	2024 HK$'000	2023 HK$'000
Reportable segment revenue	126,112	226,691
Reportable segment losses	(589,312)	(95,617)
Other operating income	360	278
Administrative expenses	(15,135)	(18,885)
Share of results of associates	159	(589)
Impairment loss on financial assets	(23,851)	(896)
Fair value gain/(loss) on contingent consideration payables	1,576	(6,257)
Net gain/(loss) on financial assets at FVTPL	5,245	(36,649)
Finance costs	(159)	(196)
Loss on lease modification	(1,845)	–
Loss before income tax from continuing operations	(622,962)	(158,811)
Reportable segment assets	5,621,497	7,867,734
Right-of-use assets	4,117	1,554
Interest in an associate	5,810	5,412
Financial assets at FVOCI	249	539
Prepayments, deposits and other receivables	2,784	26,295
Financial assets at FVTPL	49,373	44,128
Cash and cash equivalents	3,591	10,420
	5,687,421	7,956,082
Reportable segment liabilities	455,407	551,722
Other payables and accrued expenses	5,403	6,512
Lease liabilities	6,344	2,941
Deferred tax liabilities	1,706,319	2,420,928
	2,173,473	2,982,103

6. SEGMENT REPORTING — CONTINUED

Continuing operations — Continued

The Group's revenue from external customers and its non-current assets from continuing operations are divided into the following geographical areas:

	2024 HK$'000	2023 HK$'000
Revenue from external customers		
PRC	12,588	18,385
France	48,568	53,046
United Kingdom	64,956	155,530
Reportable segment revenue	126,112	226,961
Non-current assets (excluding financial assets)		
Hong Kong	4,117	6,966
PRC	65,950	64,451
France	26,184	61,197
Brazil	5,368,755	7,467,603
Reportable segment non-current assets	5,465,006	7,600,217

Geographical location of customers is based on the location at which the goods and services are delivered whilst geographical location of non-current assets is determined based on (1) the physical location of the asset (for property, plant and equipment and right-of-use assets) and (2) location of operations (for exploration and evaluation assets and interest in an associate).

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2024 HK$'000	2023 HK$'000
Customer A[1]	67,193	157,688

[1] Revenue from lithium battery production segment

7. OTHER OPERATING INCOME, GAINS AND LOSSES

	2024 *HK$'000*	2023 *HK$'000*
Continuing operations:		
Bank interest income	2,764	3,718
Government grants *(note (i))*	4,157	3,137
Sundry income *(note (ii))*	10,889	17,056
Loss on lease modification	(1,845)	–
Gain/(loss) on disposal of property, plant and equipment	34	(411)
Net gain/(loss) on financial assets at FVTPL	5,245	(36,649)
	21,244	(13,149)
Discontinued operation:		
Bank interest income	–	164
Government grants *(note (i))*	–	111
Sundry income	–	5
Gain on disposal of property, plant and equipment	–	253
	–	533
	21,244	(12,616)

Notes:

(i) The balance represented government grant related to income of HK$1.1 million (2023: HK$0.1 million) and government grant related to assets of HK$3.1 million (2023: HK$3.1 million) (Note 30). These government grants were received and complied with all attached conditions and therefore recognised in profit or loss during the years.

(ii) Among the sundry income, HK$5,621,000 (2023: HK$5,735,000) is derived from a subsidiary of Zhejiang Geely Holding Group Company Limited. Since Zhejiang Geely Holding Group Company Limited is a substantial shareholder and a related party of the Company, this entity is therefore a related party of the Company.

8. FINANCE COSTS

	2024 *HK$'000*	2023 *HK$'000*
Continuing operations:		
Interest charges on bank borrowings	5,284	6,630
Interest on lease liabilities	895	1,005
Interest on provision	2,029	–
Imputed interest on other financial liabilities	1,857	1,812
	10,065	9,447
Discontinued operation:		
Interest on lease liabilities	–	1
	–	1
	10,065	9,448

9. LOSS BEFORE INCOME TAX

Loss before income tax are arrived at after charging/(crediting):

	2024 HK$'000	2023 HK$'000
Continuing operations:		
Auditor's remuneration		
— audit services	1,539	2,704
— non-audit services	–	90
	1,539	2,794
Cost of inventories recognised as expenses	52,141	117,357
Depreciation	12,735	24,571
Amortisation of right-of-use assets *(note (i))*	2,440	3,040
Short-term leases expenses	1,272	1,166
Net foreign exchange gain	(4)	(13)
Research and development costs *(note (i))*	8,032	20,126
(Gain)/loss on disposal of property, plant and equipment	(34)	411
Write off of property, plant and equipment	505	1,684
Loss on lease modification	1,845	–
Other expenses *(Note 26(a))*	10,727	–
Impairment loss on/(reversal of) impairment loss on financial assets:		
— Trade receivables *(Note 21)*	455	(766)
— Amount due from an associate *(Note 22)*	23,851	896
Impairment loss on financial assets, net	24,306	130
Impairment loss on exploration and evaluation assets	534,169	–
Impairment loss on property, plant and equipment	16,298	62,621
Impairment loss on right-of-use assets	2,921	4,213
Discontinued operation:		
Depreciation	–	1,549
Amortisation of right-of-use assets *(note (i))*	–	11
Short-term leases expenses	–	189
Research and development costs *(note (i))*	–	854
Gain on disposal of property, plant and equipment	–	(253)

Note:

(i) Included in administrative expenses.

10. INCOME TAX CREDIT

	2024 HK$'000	2023 HK$'000
Continuing operations:		
Current tax	–	–
Deferred tax *(Note 31)*	181,617	–
Income tax credit	181,617	–

No provision for Hong Kong Profits tax has been provided by the Group as the Group had no estimated assessable profits arising in or derived from Hong Kong. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The PRC corporate income tax rate of 25% (2023: 25%) is applicable to the Company's PRC subsidiaries.

Corporate income tax rates in Brazil of 34% (2023: 34%) is applicable to Sul Americana de Metais S.A. ("SAM"), being the Company's subsidiary established in Brazil.

Corporate income tax rates in France of 25% (2023: 25%) is applicable to the Company's subsidiaries in France.

The Group is operating in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

Reconciliation between income tax credit and accounting loss at applicable tax rates:

	2024 HK$'000	2023 HK$'000
Loss before income tax		
Continuing operations	(622,962)	(158,811)
Discontinued operation	–	(9,415)
	(622,962)	(168,226)
Tax on loss before income tax, calculated at the rates applicable to losses in the tax jurisdiction concerned	(201,601)	(37,678)
Tax effect of non-deductible expenses	5,556	24,104
Tax effect of non-taxable revenue	(1,128)	(2)
Tax effect of tax losses not recognised	15,556	13,576
Income tax credit	(181,617)	–

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company and weighted average of ordinary shares in issue (after adjusting the effect of treasury shares held by the Company with details set out in note 39) during the year.

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	9,755,329	9,737,776

(a) From continuing and discontinued operations

	2024 HK$'000	2023 HK$'000
Loss for the purpose of calculating basic loss per share	(412,879)	(106,519)

(b) From continuing operations

	2024 HK$'000	2023 HK$'000
Loss for the year attributable to owners of the Company	(412,879)	(106,519)
Less: loss for the year from discontinued operation	–	(8,309)
Loss for the purpose of calculating basic loss per share from continuing operations	(412,879)	(98,210)

(c) From discontinued operation

	2024 HK$'000	2023 HK$'000
Loss for the purpose of calculating basic loss per share from discontinued operation	–	(8,309)

For the year ended 31 December 2024, there were no potential ordinary share in issue. Accordingly, the diluted loss per share presented are the same as the basic loss per share.

For year ended 31 December 2023, diluted loss per share is the same as basic loss per share because the impact of the exercise of share options was anti-dilutive.

12. DISCONTINUED OPERATION

On 22 September 2023, a non-wholly owned subsidiary of the Company entered into agreements with a related party of the Company in relation to the disposal of the entire issued share capital of GETI (China) Energy Technology Co., Ltd ("GETI (China) Energy") and Hangzhou GETI Industrial Co., Ltd ("Hangzhou GETI Industrial"). GETI (China) Energy and Hangzhou GETI Industrial were principally engaged in provision of battery swapping services in the PRC. The disposals were completed on 24 November 2023. The results and cash flows of the discontinued operation of battery swapping services as well as the gain on disposal are set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the battery swapping services operation as a discontinued operation.

	2023* *HK$'000*
Revenue	1,888
Cost of revenue	(4,730)
Gross loss	(2,842)
Other operating income, gains and losses	533
Selling and distribution costs	(944)
Administrative expenses	(6,161)
Other expenses	–
Impairment loss on property, plant and equipment	–
Impairment loss on right-of-use assets	–
Finance costs	(1)
Loss before income tax	(9,415)
Income tax expense	–
Loss after income tax from discontinued operation	(9,415)

The consolidated loss for the period from discontinued operation is set out below:

	2023* *HK$'000*
Loss for the period from discontinued operation	(9,415)
Release of translation reserve upon disposal of subsidiaries *(Note 35)*	1,106
	(8,309)
Cash flows from discontinued operation:	
Operating cash flows	(13,712)
Investing cash flows	164
Financing cash flows	(59)
Net cash flows	(13,607)

* For the period from 1 January 2023 to the date of disposal (i.e. 24 November 2023).

The carrying amounts of the assets and liabilities of GETI (China) Energy and Hangzhou GETI Industrial at the date of disposal are disclosed in note 35.

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For the year ended 31 December 2024

13. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK$'000	2023 HK$'000
Continuing operations:		
Wages and salaries	47,749	64,659
Contribution to defined contribution plans	10,326	12,955
	58,075	77,614
Discontinued operation:		
Wages and salaries	–	3,675
Contribution to defined contribution plans	–	747
	–	4,422
	58,075	82,036

Employee benefit expenses of HK$13,066,000 (2023: HK$19,382,000), HK$1,875,000 (2023: HK$2,072,000) and HK$43,134,000 (2023: HK$60,582,000) have been included in cost of revenue, selling and distribution costs and administrative expenses respectively.

Included in staff costs are key management personnel compensation and comprises the following categories:

	2024 HK$'000	2023 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	8,485	8,028
Contribution to defined contribution plans	367	72
	8,852	8,100

14. DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) is as follows:

(a) Directors' emoluments

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Contribution to defined contribution plans *HK$'000*	Total *HK$'000*
Year ended 31 December 2024				
Executive directors				
HE Xuechu[1]	1,385	–	14	1,399
LIU Wei, William	1,777	–	18	1,795
LIU Jian[2]	–	–	–	–
DAI Qing[3]	–	–	–	–
XU Zhihao[4]	205	–	3	208
XU Bing[4]	–	–	–	–
CHEN Shengjie[4]	–	–	–	–
GU Wenting[4]	–	–	–	–
Non-executive director				
YAN Weimin	–	–	–	–
Independent non-executive directors				
CHAN Chun Wai, Tony	204	–	–	204
MA Gang	204	–	–	204
HA Chun	204	–	–	204
	3,979	–	35	4,014
Year ended 31 December 2023				
Executive directors				
HE Xuechu	1,913	–	18	1,931
LIU Wei, William	1,777	–	18	1,795
LIU Jian	–	1,220	–	1,220
Non-executive director				
YAN Weimin	–	–	–	–
Independent non-executive directors				
CHAN Chun Wai, Tony	251	–	–	251
MA Gang	251	–	–	251
HA Chun	251	–	–	251
	4,443	1,220	36	5,699

1 Resigned with effect from 13 October 2024
2 Resigned with effect from 28 March 2024
3 Appointed with effect from 28 March 2024 and resigned with effect from 13 October 2024
4 Appointed with effect from 13 October 2024

14. DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS — CONTINUED

(a) Directors' emoluments — Continued

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: Nil).

Fee, salaries and allowance paid to or for the executive directors are generally emoluments paid in respect of those persons' services in connection with the management of the affairs of the Company and its subsidiaries.

(b) Five highest paid individuals

The five individuals whose total emoluments were the highest in the Group for the year included two (2023: three) directors whose emoluments are reflected in the analysis presented above. Emoluments payable to the remaining three (2023: two) individuals during the year are as follows:

	2024 HK$'000	2023 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	3,287	2,364
Contribution to defined contribution plans	332	36
	3,619	2,400

The emoluments fell within the following band:

	Number of individuals	
	2024	2023
Emolument band		
HK$1,000,001 – HK$1,500,000	3	2
	3	2

During the year ended 31 December 2024, no emoluments were paid by the Group to the directors or the three (2023: two) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. PROPERTY, PLANT AND EQUIPMENT

	Land HK$'000	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and office equipment HK$'000	Motor vehicles HK$'000	Computer software HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 December 2023									
Opening net book amount	80	12,834	890	21,960	1,088	136,253	462	627	174,194
Additions	–	882	–	111	995	1,339	–	1,893	5,220
Transfers	–	–	–	1,154	–	–	685	(1,839)	–
Disposals	–	–	–	–	(4)	(1,646)	–	(41)	(1,691)
Disposal of subsidiaries *(Note 35)*	–	–	–	(137)	–	(2)	–	(125)	(264)
Write off	–	–	–	(353)	(1)	(1,323)	(7)	–	(1,684)
Depreciation	–	(498)	(193)	(4,856)	(1,318)	(19,014)	(241)	–	(26,120)
Impairment	–	–	(376)	(19)	(88)	(62,032)	(106)	–	(62,621)
Exchange difference	7	(348)	22	(213)	34	3,455	2	(16)	2,943
Closing net book amount	87	12,870	343	17,647	706	57,030	795	499	89,977
At 31 December 2023									
Cost	87	212,313	3,958	387,060	10,334	193,596	4,956	3,325	815,629
Accumulated depreciation and impairment	–	(199,443)	(3,615)	(369,413)	(9,628)	(136,566)	(4,161)	(2,826)	(725,652)
Net book amount	87	12,870	343	17,647	706	57,030	795	499	89,977
Year ended 31 December 2024									
Opening net book amount	87	12,870	343	17,647	706	57,030	795	499	89,977
Additions	–	–	49	294	1,798	269	23	2,424	4,857
Transfers	–	–	–	2,478	–	–	–	(2,478)	–
Disposals	–	–	–	–	(3)	(141)	–	–	(144)
Write off	–	–	–	–	(29)	(476)	–	–	(505)
Depreciation	–	(488)	(58)	(3,541)	(1,108)	(7,139)	(401)	–	(12,735)
Impairment	–	–	(290)	–	–	(16,008)	–	–	(16,298)
Exchange difference	(19)	(413)	(44)	(565)	(186)	(7,067)	(23)	(15)	(8,332)
Closing net book amount	68	11,969	–	16,313	1,178	26,468	394	430	56,820
At 31 December 2024									
Cost	68	205,356	3,631	377,086	9,464	179,653	4,664	1,033	780,955
Accumulated depreciation and impairment	–	(193,387)	(3,631)	(360,773)	(8,286)	(153,185)	(4,270)	(603)	(724,135)
Net book amount	68	11,969	–	16,313	1,178	26,468	394	430	56,820

Note:

The Group's land held as at 31 December 2024 and 2023, was a freehold land situated in the Brazil whilst the Group's leasehold buildings as at 31 December 2024 and 2023 are situated in the PRC and held under long term leases.

15. PROPERTY, PLANT AND EQUIPMENT — CONTINUED

Depreciation of HK8,133,000 (2023: HK$17,370,000), HK$4,000 (2023: HK$14,000) and HK$4,598,000 (2023: HK$8,736,000) have been included in cost of revenue, selling and distribution costs and administrative expenses respectively.

As at 31 December 2024, leasehold buildings with carrying amount of HK$9,977,000 (2023: HK$10,239,000) were pledged to secure the Group's bank borrowings (note 28).

As at 31 December 2024, motor vehicles of HK$587,000 (2023: nil) were pledged to secure the amount due to shareholder (note 26(d)).

Impairment assessment of the relevant assets of CGU of online car-hailing and related services

As at 31 December 2024, certain of the Group's property, plant and equipment and right-of-use assets of HK$45,402,000 (2023: HK$128,044,000) in total are mainly related to the CGU of online car-hailing and related services segment ("Online car-hailing and related services CGU").

As at 31 December 2024, the management regards the Online car-hailing and related services CGU with operating loss recorded for the current year and performing below management's expectation as having impairment indicator. The management carried out impairment assessment and a review of the recoverable amounts of relevant assets of Online car-hailing and related services CGU, which is amounted to HK$26,183,000 (2023: HK$61,210,000). The carrying amount of Online car-hailing and related services CGU is written down to its recoverable amount and the impairment loss amounting to HK$19,219,000 (2023: HK$66,834,000) has been allocated to the assets to offset the carrying amount of the asset is not reduced below the highest of its fair value less costs of disposal, its value in use and zero. As a result, impairment loss of HK$16,298,000 (2023: HK$62,621,000) on property, plant and equipment and HK$2,921,000 (2023: HK$4,213,000) on right-of-use assets (note 17) had been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. The impairment loss recognised was mainly due to the continuous loss making under the keen competition of the online car-hailing market in Europe and inefficient maintenance services of the motor vehicles used in the Online car-hailing and related services which led to unreasonably high vehicle downtime.

As at 31 December 2024, the recoverable amount had been determined based on fair value less cost of disposal with reference to the active market, which is higher of its value-in-use. The key assumptions for the fair value less cost of disposal calculation were those regarding the market quoted prices of similar comparable assets and the depreciation adjustment.

As at 31 December 2024, the recoverable amount has been determined by an independent professional valuer, BonVision International Appraisals Limited, under the market approach.

As at 31 December 2023, the recoverable amount had been determined based on value in use calculation using discounted cash flow technique, covering detailed budget plans prepared by the management assumption of up to the end of useful life of Online car-hailing and related services CGU at 2031, followed by a projected cash flows with average revenue growth rate of 8.7%. The pre-tax discount rate used for value in use calculation is 15.21% per annum, which reflects specific risks relating to the relevant CGU. The key assumptions for the value in use calculation were those regarding the discount rate, revenue growth rate and budgeted gross margin, which had been determined based on the management's expectation for the market development.

15. PROPERTY, PLANT AND EQUIPMENT — CONTINUED

Impairment assessment of the relevant assets of CGU of online car-hailing and related services — Continued

As at 31 December 2023, the recoverable amount has been determined by an independent professional valuer, Valtech Valuation Advisory Limited, with the discounted cash flows under the income approach.

Apart from the considerations described above in determining the recoverable amount of Online car-hailing and related services CGU, the management is not currently aware of any other probable changes that would necessitate changes in their key assumptions. However, the estimate of recoverable amount of the Online car-hailing and related services CGU is particularly sensitive to the market quoted prices of similar comparable assets (2023: discount rate) applied.

16. EXPLORATION AND EVALUATION ASSETS

	2024 ***HK$'000***	2023 *HK$'000*
At 1 January		
Cost	**7,467,157**	6,859,393
Accumulated impairment	**–**	–
Net book amount	**7,467,157**	6,859,393
For the year ended 31 December		
Opening net book amount	**7,467,157**	6,859,393
Additions	**2,417**	2,134
Impairment loss	**(534,169)**	–
Exchange difference	**(1,567,624)**	605,630
Net book amount	**5,367,781**	7,467,157
At 31 December		
Cost	**5,901,950**	7,467,157
Accumulated impairment	**(534,169)**	–
Net book amount	**5,367,781**	7,467,157

As at 31 December 2024 and 2023, exploration and evaluation assets represented the rights to explore and identify prospective deposits of mineral resources in the states of Minas Gerais, Brazil and the expenditures incurred in the search for mineral resources.

Exploration and evaluation assets are assessed for impairment and a formal estimate of the recoverable amount is performed when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is less than its recoverable amount.

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For the year ended 31 December 2024

16. EXPLORATION AND EVALUATION ASSETS — CONTINUED

During the year ended 31 December 2024, the directors of the Company reviewed the carrying amount of exploration and evaluation assets, impairment indicators had been identified and impairment loss of HK$534,169,000 (2023: nil) had been recognised in the consolidated statement of profit or loss and other comprehensive income. The impairment is mainly due to the decrease in price of iron ore concentrate. In addition, the capital expenditure is increased for the year ended 31 December 2024. There is a new environmental deposit required by the Minas Gerais state government in Brazil, which applies to all relevant project in the Minas Gerais state. The requirement regulates the measurement and execution of environmental guarantees individually for each dam. The deposit amount was calculated mainly based on reservoir area, classification and purpose of the dam, and should be kept throughout the useful life of the dam, from its startup phase until the de-characterization and socio-environmental recovery.

The recoverable amount of exploration and evaluation assets were valued by an independent professional valuer, BonVision International Appraisals Limited, and based on the estimated of fair value less cost of disposal. The valuation was based on the income-based approach and the excess earning method is adopted. This method looks at the current values of the tangible assets and other intangible assets employed as the benchmark for an estimated rate of return. The fair values of exploration and evaluation assets are level 3 fair value measurement. There were no changes to the valuation techniques during the year.

Assumptions and parameters of the valuation as at 31 December 2024 are as follows:

Approval of all required licenses	Mid 2028 (2023: Mid 2027)
Commencement of production	1st quarter of 2032 (2023: 1st quarter of 2031)
Annual production capacity	27.5 million tonnes (2023: 27.5 million tonnes) of iron concentrate
Resource estimates	Measured resources of 3,583 million tonnes (2023: 3,583 million tonnes) (16.63%) Indicated resources of 1,556 million tonnes (2023: 1,556 million tonnes) (16.05%)
Price of iron concentrate	US$127 per tonnes (2023: US$148 per tonnes)
Operating costs:	
— First 18 years of mining	US$31.80 per tonnes (2023: US$32.79 per tonnes)
— Remaining period of mining	US$37.12 per tonnes (2023: US$37.25 per tonnes)
Income tax rate	15.25% for the first ten years of operation 34% afterwards (2023: same term)
Capital expenditures:	
— Construction of infrastructure	US$3,551 million (2023: US$3,254 million)
Discount rate	25.10% (2023: 26.14%)

17. RIGHT-OF-USE ASSETS

	Prepaid land lease payments HK$'000	Offices HK$'000	Total HK$'000
At 1 January 2023	33,947	11,667	45,614
Amortisation	(766)	(2,285)	(3,051)
Impairment	–	(4,213)	(4,213)
Exchange difference	(909)	230	(679)
At 31 December 2023 and 1 January 2024	**32,272**	**5,399**	**37,671**
Amortisation	**(750)**	**(1,690)**	**(2,440)**
Lease modification	**–**	**3,820**	**3,820**
Impairment	**–**	**(2,921)**	**(2,921)**
Exchange difference	**(1,044)**	**(491)**	**(1,535)**
At 31 December 2024	**30,478**	**4,117**	**34,595**

At 31 December 2024 and 2023, the Group's prepaid land lease payments represented up-front payments to acquire long-term interest in the usage of land situated in the PRC.

In 2024 and 2023, the Group leases a number of properties and offices for its operations. The leases run for an initial period ranged from one to ten years (2023: one to ten years). Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Details of the lease maturity analysis of lease liabilities are set out in note 29.

As at 31 December 2024, right-of-use assets of HK$30,478,000 (2023: HK$32,272,000) were pledged to secure the Group's bank borrowings (note 28).

Impairment loss of right-of-use assets of HK$2,921,000 is recognised for the year ended 31 December 2024 (2023: HK$4,213,000). Details of the impairment assessment are set out in note 15.

18. INTEREST IN AN ASSOCIATE

	2024 ***HK$'000***	2023 *HK$'000*
Interest in an associate:		
Cost of investment in unlisted associate	**110,922**	110,922
Share of post-acquisition losses and other comprehensive loss	**(105,112)**	(105,510)
Share of net assets	**5,810**	5,412

18. INTEREST IN AN ASSOCIATE — CONTINUED

Movement of interest in an associate are as follows:

	2024 HK$'000	2023 HK$'000
As at 1 January	5,412	5,829
Share of results of associate	159	(589)
Share of other comprehensive income	239	172
As at 31 December	5,810	5,412

Details of the Group's associate as at 31 December 2024 and 2023 are as follows:

Name	Place of incorporation/operation and principal activity	Percentage of ownership interests/voting rights/profit share
Shandong Forever New Energy Company Limited ("Shandong Forever")	The PRC/research, production and sales of lithium battery	24.5% (indirectly)

Summarised financial information of the Group's associate is as follows:

	Shandong Forever 2024 HK$'000	2023 HK$'000
As at 31 December		
Current assets	1,504	2,732
Non-current assets	84,170	84,269
Current liabilities	(518)	(5,456)
Non-current liabilities	(61,442)	(59,455)
Net assets	23,714	22,090
Group's share of net assets of the associate	5,810	5,412
Year ended 31 December		
Revenue	–	542
Other operating income	3,744	5,369
Expenses	(3,094)	(8,313)
Profit/(loss) for the year	650	(2,402)
Other comprehensive income	973	702
Total comprehensive income/(loss)	1,623	(1,700)
Share of results of associate	159	(589)
Share of other comprehensive income of associate	239	172
Share of total comprehensive income/(loss)	398	(417)

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 *HK$'000*	2023 *HK$'000*
Listed:		
— Equity instruments measured at FVOCI	**249**	539

The balance represented the Group's strategic investments is a 1% interest in an equity security listed in the United States. The equity investment was irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

The fair value of the Group's investment in listed securities has been determined by reference to their quoted bid prices on the reporting date.

20. INVENTORIES

	2024 *HK$'000*	2023 *HK$'000*
Raw materials	**31,122**	42,275
Work-in-progress	**2,819**	3,571
Finished goods	**18,388**	21,484
	52,329	67,330
Less: Write-down of inventories	**(41,994)**	(45,403)
	10,335	21,927

The following table shows the movement in write-down of inventories:

	2024 *HK$'000*	2023 *HK$'000*
At 1 January	**45,403**	54,678
Write-off	**(1,959)**	(7,851)
Exchange difference	**(1,450)**	(1,424)
At 31 December	**41,994**	45,403

21. TRADE AND BILL RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables — Gross	37,217	37,174
Less: Impairment losses	(794)	(373)
Trade receivables — Net	36,423	36,801
Bill receivables	170	1,789
	36,593	38,590

Trade and bill receivables are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
Renminbi ("RMB")	25,048	34,885
EUR	11,545	3,705
	36,593	38,590

The following is ageing analysis of gross trade and bill receivables based on invoice date:

	2024 HK$'000	2023 HK$'000
0–30 days	8,079	16,230
31–90 days	8,088	18,830
91–180 days	19,198	3,903
Over 180 days	2,022	–
	37,387	38,963

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	373	1,165
Impairment loss recognised	500	45
Reversal of impairment loss	(45)	(811)
Exchange difference	(34)	(26)
At 31 December	794	373

21. TRADE AND BILL RECEIVABLES — CONTINUED

The Group recognised provision for impairment of trade receivables based on the accounting policy stated in note 3.11. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 43.4.

As at 31 December 2024 and 2023, the Group did not hold any collateral as security or other credit enhancements over the trade and bill receivables.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 ***HK$'000***	2023 *HK$'000*
Deposits	**9,581**	11,978
Value added tax receivables	**7,150**	5,807
Other receivables	**1,058**	5,993
Prepayment	**2,017**	2,497
Amount due from an associate, net of allowance	**2,104**	25,955
	21,910	52,230

The amount due from an associate is unsecured, bears no interest and is repayable on demand. The carrying amount of the amount due from an associate approximate their fair values.

Movement in the loss allowance account in respect of the amount due from an associate during the year is as follows:

	HK$'000
At 1 January 2023	–
Impairment loss recognised	896
At 31 December 2023 and 1 January 2024	896
Impairment loss recognised	23,851
At 31 December 2024	**24,747**

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Listed equity investments, at market value,		
— in Hong Kong — held for trading	49,261	43,983
— In overseas — held for trading	112	145
	49,373	44,128

At 31 December 2024 and 2023, the Group holds 14.14% (2023: 14.14%) equity interests in a company listed in Hong Kong.

The fair value of the Group's investment in listed securities has been determined by reference to their quoted bid prices on the reporting date.

24. RESTRICTED BANK DEPOSITS, TIME DEPOSITS WITH MATURITY OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS

At 31 December 2024, restricted bank deposits of approximately HK$16,386,000 (2023: HK$31,065,000) represented guaranteed deposits placed in the banks in the PRC as securities for the Group's bill payables and bank facilities and guaranteed deposits placed in the banks in the Paris as securities for the lease agreement of the right-of-use asset.

Restricted bank deposits and cash at banks earn interest at floating rates based on the daily bank deposit rates.

At 31 December 2024, the Group had time deposits with maturity over three months denominated in RMB amounting to approximately HK$21,284,000 and cash and bank balances denominated in RMB amounting to approximately HK$56,411,000 (2023: HK$145,792,000), which were deposited with the banks in the PRC and held in hand. RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

25. TRADE AND BILL PAYABLES

	2024 *HK$'000*	2023 *HK$'000*
Trade payables	23,980	40,979
Bill payables	14,520	31,065
	38,500	72,044

The credit terms of trade payables vary according to the terms agreed with different suppliers. Aging analysis of trade and bill payables based on invoice date is as follows:

	2024 *HK$'000*	2023 *HK$'000*
0–30 days	9,488	30,388
31–60 days	9,617	14,475
61–90 days	7,395	9,823
91–180 days	835	16,788
Over 180 days	11,165	570
	38,500	72,044

26. PROVISION, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2024 *HK$'000*	2023 *HK$'000*
Provision *(Note a, b)*	119,052	147,690
Other payables *(Note c)*	40,888	44,734
Accrued expenses	3,263	2,756
Deposits received	11,027	18,805
Amount due to shareholder *(Note d)*	2,412	–
	176,642	213,985
Analysed for reporting purposes as:		
Non-current liabilities	85,137	–
Current liabilities	91,505	213,985
	176,642	213,985

26. PROVISION, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED — CONTINUED

Notes:

(a) The following table shows the movements of provision and government grant repayable during the years:

	Provision for litigation *(note (b))* *HK$'000*	Provision for repayment of government grant *HK$'000*	Total *HK$'000*
At 1 January 2023	11,401	151,778	163,179
Disposal of subsidiary *(Note 35)*	(11,067)	–	(11,067)
Exchange difference	(334)	(4,088)	(4,422)
At 31 December 2023 and 1 January 2024	–	147,690	147,690
Addition	–	10,727	10,727
Repayment	–	(37,021)	(37,021)
Accrued interest	–	2,029	2,029
Exchange difference	–	(4,373)	(4,373)
At 31 December 2024	–	**119,052**	**119,052**

On 31 December 2022, Zhejiang Forever New Energy Company Limited ("Zhejiang Forever"), a subsidiary of the Company, entered into an agreement with certain local government entities in Zhejiang, PRC (the "Government"), pursuant to which, Zhejiang Forever shall repay the Government (a) by 31 December 2022, the government loan in the principal amount of RMB100 million (which Zhejiang Forever had already fully repaid in December 2022); and (b) by 29 February 2024, the government grants (the "Grants") received by Zhejiang Forever in relation to its production facilities in the aggregate amount of around RMB208.4 million, net of 20% to 30% of Zhejiang Forever's accumulated qualified plant and equipment investment as at 31 January 2024 (the percentage being subject to the category classification of the production facilities as at 31 January 2024) (the "Deductible Amount"). The maximum of the Deductible Amount shall not exceed the amount of the Grants received of around RMB208.4 million and if the maximum of Deductible Amount is reached as at 31 January 2024, no repayment of the Grants shall be made. Based on the directors' best estimate, anticipated repayment amount of approximately RMB134.2 million (equivalent to approximately HK$151.8 million) has been recognised for this obligation as provision as at 31 December 2022 and 31 December 2023.

On 15 July 2024, Zhejiang Forever has entered into an agreement with the Government. Pursuant to which, Zhejiang Forever shall repay the Government a total of approximately RMB144.1 million (equivalent to approximately HK$154.8 million) by instalments. Zhejiang Forever shall repay the Government (a) by 15 July 2024, the Grants in the principal amount of RMB34.1 million (equivalent to HK$37.0 million) that had been repaid on 15 July 2024; (b) RMB30 million on or before 31 December 2025; (c) RMB40 million on or before 31 December 2026; and (d) RMB40 million on or before 31 December 2027. The balance payable on or before 31 December 2025, 2026 and 2027 are interest bearing at 2.00% per annum and payable together with the principal on the repayment date. The government grant repayable is guaranteed by the Zhejiang Geely Holding Group Co., Ltd, a company established in the PRC and controlled by Mr. Li Shufu ("Mr. Li").

Based on the consequence of the new information, further provision of approximately RMB9.9 million (equivalent to approximately HK$10.7 million) was recognised in profit or loss for the year ended 31 December 2024 pursuant to the terms of the agreement with the Government on 15 July 2024.

(b) During the year ended 31 December 2023, the Group disposed all the equity interest in GETI (China) Energy. Details of the disposal of subsidiaries are set out in note 35 to the consolidated financial statements. In the opinion of the directors of the Company, the court cases against GETI (China) Energy would not have any impact to the remaining group entities of the Group following the disposal.

(c) The other payables of HK$613,000 (2023: HK$2,487,000) is related to purchase of property, plant and equipment.

(d) The amount due to shareholder is interest bearing with 3 months EURIBOR plus 1.5%, secured by the Group's motor vehicles of HK$587,000 and repayable in December 2025.

27. CONTRACT LIABILITIES

	2024 *HK$'000*	2023 *HK$'000*
Contract liabilities	**2,103**	321

Details of contract liabilities are as follows:

	2024 *HK$'000*	2023 *HK$'000*
Contract liabilities arising from:		
— Sale of lithium batteries	**2,103**	–
— Advertising and related income	**–**	321
	2,103	321

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities:

	2024 *HK$'000*	2023 *HK$'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**321**	314

28. BORROWINGS

	2024 *HK$'000*	2023 *HK$'000*
Bank overdraft	**90**	–
Bank loans	**105,357**	128,951
	105,447	128,951
Represented by:		
Current liabilities	**19,459**	20,025
Non-current liabilities	**85,988**	108,926
	105,477	128,951

28. BORROWINGS — CONTINUED

Notes:

As at 31 December 2024, bank loans of HK$105,357,000 (2023: HK$128,951,000) are secured by the Group's right-of-use assets and property, plant and equipment with carry amounts of HK$30,478,000 and HK$9,977,000 (2023: HK$32,272,000 and HK$10,239,000) respectively and the corporate guarantee from Zhejiang Geely Automobile Company Limited, a related party of the Company. Bank loans were repayable by instalments up to 3 June 2029 and were interest bearing at 4.45% (2023: 4.55%) per annum. Based on the repayment date, the Group's bank loans and bank overdraft are due for repayments as at 31 December 2024 and 2023 as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Within one year or on demand	**19,459**	20,025
In the second years	**19,369**	20,025
In the third to fifth years	**66,619**	60,074
Over five years	**–**	28,827
	105,477	128,951

29. LEASE LIABILITIES

	2024 ***HK$'000***	2023 *HK$'000*
Lease liabilities:		
Current	**3,063**	3,420
Non-current	**11,591**	9,512
	14,654	12,932

Future lease payments are due as follows:

	Future lease payments *HK$'000*	**Interest** *HK$'000*	**Present value** *HK$'000*
As at 31 December 2024			
Due within one year	**3,962**	**(899)**	**3,063**
Due between one and two years	**5,737**	**(791)**	**4,946**
Due between two to five years	**5,188**	**(1,074)**	**4,114**
Due over five years	**2,722**	**(191)**	**2,531**
	17,609	**(2,955)**	**14,654**
As at 31 December 2023			
Due within one year	4,256	(836)	3,420
Due between one and two years	2,523	(670)	1,853
Due between two to five years	5,003	(1,446)	3,557
Due over five years	4,585	(483)	4,102
	16,367	(3,435)	12,932

29. LEASE LIABILITIES — CONTINUED

Operating leases — lessor

At 31 December 2024 and 2023, there is no undiscounted lease payments receivables under non-cancellable operating leases.

30. DEFERRED INCOME

	2024 HK$'000	2023 HK$'000
At 1 January	3,134	6,379
Exchange difference	(43)	(153)
Government grant income recognised for the year	(3,091)	(3,092)
At 31 December	–	3,134

As at 31 December 2024 and 2023, deferred income represents government grants received by Zhejiang Forever in relation to its purchases of production facilities of lithium batteries in Zhejiang Province, the PRC. Such government grants are treated as deferred income and are recognised in consolidated statement of profit or loss and other comprehensive income in accordance with the Group's accounting policies shown in note 3.15.

31. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under liability method using the tax rates applicable in the tax jurisdiction concerned. The followings are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting years.

	Fair value adjustments arising from exploration and evaluation assets	
	2024 HK$'000	2023 HK$'000
At 1 January	2,420,928	2,215,014
Credit to profit or loss	(181,617)	–
Exchange difference	(532,992)	205,914
At 31 December	1,706,319	2,420,928

As at 31 December 2024, the Group has unused tax losses of HK$554,213,000 (2023: HK$495,916,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams and there was no taxable temporary difference related to accelerated tax depreciation as at year ended 31 December 2024. All tax losses of the Group have no expiry dates under the current tax legislation except for the tax losses amounting to HK$237,907,000 (2023: HK$199,893,000) incurred by one subsidiary (2023: one subsidiary) in the PRC which will expire after 10 years (2023: 5 years) from the year in which the tax losses were incurred.

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32. OTHER FINANCIAL LIABILITIES

	2024 *HK$'000*	2023 *HK$'000*
At 1 January	**10,761**	8,472
Imputed interest	**1,857**	1,812
Exchange difference	**(281)**	477
At 31 December	**12,337**	10,761

The balance is non-interest bearing, unsecured and with mature date in 2028.

33. SHARE CAPITAL

	Number of shares *'000*	**Total** *HK$'000*
Authorised:		
Ordinary shares of HK$0.001 each at 1 January, 31 December 2023 and 2024	1,000,000,000	1,000,000

	Number of shares *'000*	*HK$'000*
Issued and fully paid:		
Ordinary shares of HK$0.001 each at 1 January, 31 December 2023 and 2024	9,854,534	9,855

34. SHARE OPTIONS

2012 share option scheme

The Company's share option scheme (the "2012 Share Option Scheme") was adopted pursuant to a resolution passed on 21 May 2012. The 2012 Share Option Scheme shall be effective for a period of ten years commencing on 21 May 2012. The purpose of the Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and providing benefits to any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Company, or any of its subsidiaries. The 2012 share option scheme was expired and terminated on 20 May 2022.

Total number of shares in respect of which options may be granted under the 2012 Share Option Scheme does not exceed 10% of the total number of shares in issue of the Company from 21 May 2012 onwards or at the renewal of such limit. Under the 2012 Share Option Scheme, the Company may obtain a fresh approval from its shareholders to refresh the above mentioned 10% limit.

Exercise price of the share options shall be determined by the Directors at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the offer date; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares of the Company on the offer date.

The consideration payable on the grant of an option is HK$1 for each grant transaction. Options may be exercised at any time within the exercisable period.

All share options under the 2012 Share Option Scheme have lapsed during the year ended 31 December 2023. There is no outstanding option as at 31 December 2023.

2022 share option scheme

On 26 May 2022, the Company passed a resolution to adopt a new share option scheme (the "2022 Share Option Scheme") for the purpose to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity. Participants of the 2022 Share Option Scheme include any director, eligible employee, adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any invested entity whom the Board in its sole discretion considers eligible for the 2022 Share Option Scheme on the basis of his/her contribution to the development and growth of the Group.

For the purposes of the 2022 Share Option Scheme, the share options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants or any discretionary object of a participant which is a discretionary trust.

The total number of shares available for issue under the 2022 Share Option Scheme does not exceed 10% of the total number of shares in issue of the Company immediately following adoption of the 2022 Share Option Scheme on 26 May 2022.

34. SHARE OPTIONS — CONTINUED

2022 share option scheme — Continued

No share option was granted, exercised, cancelled or lapsed under the 2022 Share Option Scheme during the years ended 31 December 2023 and 2024.

The following tables set out the movement in share options:

Name or category of participant	Share option type	Outstanding at 1 January 2023	Lapsed during the year	Outstanding at 31 December 2023
2012 Share Option Scheme				
Share option for employees				
Employees				
In aggregate	2015	8,750,000	(8,750,000)	–

Details of the share options are as follows:

Share option type	Date of grant	Exercisable period	Exercise price
2015	14 May 2015	15 May 2015 to 14 May 2023	HK$2.61

Note:

(i) Share options and weighted average exercise prices are as follows for the reporting period presented:

	2023	
	Number of share options	Weighted average exercise price *HK$*
Outstanding at 1 January	8,750,000	2.61
Lapsed during the year	(8,750,000)	2.61
Outstanding at 31 December	–	–

There are no share options exercisable as at 31 December 2023 and 2024.

35. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2023

As disclosed in note 12 to the consolidated financial statements, on 22 September 2023, a subsidiary of the Company ("Vendor") entered into two equity transfer agreements with Zhejiang Farizon Intelligent Transportation Technology Co., Ltd. ("Purchaser"), a related party of the Group, to dispose of 100% equity interest in GETI (China) Energy and Hangzhou GETI Industrial at cash consideration of RMB20,000,000 (equivalent to HK$21,811,000) and no consideration respectively. The Purchaser is a company controlled by a controlling shareholder of the Company. The principal business of GETI (China) Energy and Hangzhou GETI Industrial is provision of battery swapping services. These two transactions were completed on 24 November 2023.

35. DISPOSAL OF SUBSIDIARIES — CONTINUED

For the year ended 31 December 2023 — Continued

Net liabilities at the date of disposal were as follow:

	GETI (China) Energy *HK$'000*	Hangzhou GETI Industrial *HK$'000*	Total *HK$'000*
Property, plant and equipment	264	–	264
Inventories	80	–	80
Trade receivables	1,044	–	1,044
Prepayments, deposits and other receivables	1,413	7	1,420
Amount due from the Group	1,098	–	1,098
Restricted bank deposits	11,067	–	11,067
Cash and cash equivalents	638	4	642
Accruals and other payables and deposits received	(12,593)	(118)	(12,711)
Provisions	(11,067)	–	(11,067)
Net liabilities disposed of	(8,056)	(107)	(8,163)
Satisfied by:			
Cash consideration	21,811	–	21,811
Net liabilities disposed of	8,056	107	8,163
Deemed contribution arising from disposal of subsidiaries *(note (a))*	29,867	107	29,974
Reclassification of cumulative translation reserve upon disposal to profit or loss *(Note 12)*	1,103	3	1,106
Net cash inflow arising on disposal:			
Cash received *(note (b))*	20,713	–	20,713
Cash and cash equivalents disposed of	(638)	(4)	(642)
Net cash inflow	20,075	(4)	20,071

The impact of GETI (China) Energy and Hangzhou GETI Industrial on the Group's results and cash flows in the current and prior periods is disclosed in note 12 to the consolidated financial statements.

Notes:

(a) Since the Purchaser is a company controlled by a substantial shareholder of the Company, the transaction, that resulted in a gain on disposal of subsidiaries and the loss of control, involves a contribution of shares of the subsidiary from owners in their capacity as owners, would consider as deemed contribution from shareholder and recognised in the consolidated statement of changes in equity.

(b) At the date of the completion of disposal, there is of RMB1,000,000 (equivalent to HK$1,098,000) due from the Group to the Purchaser. The Group agreed to offset the debt to the consideration when arrange the cash settlement.

(c) Translation reserve of HK$1,106,000 was re-classified to the profit or loss upon the disposal of subsidiaries (Note 12).

36. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	37	314	214
Property, plant and equipment		–	–
Financial assets at FVOCI		249	539
Amounts due from subsidiaries		860,657	846,631
Right-of-use assets		4,117	1,554
		865,337	848,938
Current assets			
Financial assets at FVTPL		49,373	44,128
Deposits and other receivables		1,731	5,782
Cash and cash equivalents		3,441	10,163
		54,545	60,073
Current liabilities			
Amounts due to subsidiaries		5,613	5,431
Lease liabilities		1,896	2,338
Other payables, accruals and deposits received		2,243	4,294
		9,752	12,063
Net current assets		44,793	48,010
Total assets less current liabilities		910,130	896,948
Non-current liabilities			
Lease liabilities		4,447	603
Net assets		905,683	896,345
EQUITY			
Share capital	33	9,855	9,855
Reserves	39	895,828	886,490
Total equity		905,683	896,345

On behalf of directors

Xu Zhihao
Chairman

Chen Shengjie
Director

37. INTERESTS IN SUBSIDIARIES

The below table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Particulars of the principal subsidiaries at 31 December 2024 are as follows:

Name of subsidiary	Place of incorporation and kind of legal entity	Particulars of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities and place of operation
			Directly	Indirectly	
New Trinity Holdings Limited	BVI, limited liability company	10,000 ordinary shares of US$1 each	–	100%	Investment holding, Hong Kong
SAM	Brazil, limited liability company	10,000 ordinary shares in Reais ("R$") 5,266,604	–	100%	Research and exploration of iron ores, Brazil
Zhejiang Forever[1]	PRC, limited liability company	Registered capital of US$80,000,000	–	52%	Research and development, production, sales of lithium-ion battery and battery system, PRC
Profit Well Global Limited	BVI, limited liability company	10,000 ordinary shares of US$1 each	100%	–	Investment holding, Hong Kong
Jixing International[2] *(note)*	PRC, limited liability company	Registered capital of RMB117,000,000	–	35.56%	Investment holding, PRC
Caocao Mobility Paris *(note)*	France, Sole shareholder company	EUR35,599,998	–	35.56%	Platform services, France
ESQ VTC *(note)*	France, Sole shareholder company	EUR10,000	–	35.56%	Riding services, France

Note:

Accounted for as subsidiaries of the Company because the directors are of the opinion that the Group has power over the investee through control of the board of the subsidiaries, exposure to variable returns from the investee and the ability to use its power to affect those variable returns.

1 sino-foreign equity joint venture

2 foreign investment enterprises

37. INTERESTS IN SUBSIDIARIES — CONTINUED

(a) Details of non-wholly owned subsidiaries that have non-controlling interests

As at 31 December 2024, non-controlling interests ("NCI") of the Group is represented by (1) 48% (2023: 48%) equity interests in Zhejiang Forever; and (2) 64.44% (2023: 64.44%) equity interests in Jixing International and its subsidiaries (collectively known as Jixing Group) held by non-controlling shareholders.

Summarised financial information in relation to the NCI of Zhejiang Forever and Jixing Group is presented below:

	Zhejiang Forever		Jixing Group	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
For the year ended 31 December				
Revenue	**77,544**	173,915	**48,568**	53,046
(Loss)/profit for the year	**(13,986)**	20,594	**(33,758)**	(107,922)
Total comprehensive (loss)/profit	**(9,717)**	21,962	**(40,051)**	(104,769)
(Loss)/profit allocated to NCI	**(6,713)**	9,886	**(21,753)**	(69,545)
Cash flows (used in)/generated from operating activities	**(51,631)**	61,577	**(5,432)**	(13,951)
Cash flows generated from/(used in) investing activities	**13,475**	(2,989)	**(1,770)**	197
Cash flows (used in)/generated from financing activities	**(24,618)**	(22,794)	**705**	(1,639)
Net cash (outflows)/inflows	**(62,774)**	35,794	**(6,497)**	(15,393)
As at 31 December				
Current assets	**129,382**	236,752	**25,594**	23,767
Non-current assets	**49,584**	53,894	**26,184**	61,197
Current liabilities	**(109,811)**	(270,838)	**(35,869)**	(28,815)
Non-current liabilities	**(171,125)**	(112,061)	**(19,481)**	(19,670)
Net (liabilities)/assets	**(101,970)**	(92,253)	**(3,572)**	36,479
Accumulated non-controlling interests	**(43,039)**	(37,714)	**(2,302)**	23,508

(b) During the year ended 31 December 2023, the Group acquired 100% equity interest in Fresh Mind Ventures Limited ("Fresh Mind") at cash consideration of HK$78,000. Fresh Mind is a dormant company. The net assets acquired at the date of acquisition is HK$78,000 which represented by other receivables. Fresh Mind hold 100% interest in GETI Energy Sharing Technology Company Limited. The Group recognized a decrease in non-controlling interests in GETI Energy Sharing Technology Company Limited and recognised the corresponding change of HK$7,647,000 in other reserve.

38. DIVIDENDS

The Board does not recommend the payment of a final dividend for the years ended 31 December 2024 and 2023.

39. RESERVES

Share-based payment reserve of the Company and the Group arose from the recognition of the share-based payment expenses in consolidated statement of profit or loss and other comprehensive income with a corresponding credit to share-based payment reserve. The amount recorded in share options expense vested in prior years. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in the share-based payment reserve will be transferred to retained earnings. No liabilities were recognized due to share-based payment transactions.

Treasury shares reserve represented the fair value at the date of disposal of Hill Talent Limited and its subsidiaries (the "Hill Talent Group"), former subsidiaries of the Company, in 2013 of 226,500,000 ordinary shares of the Company held by the purchaser which were receivable as part of the consideration of the disposals of the Hill Talent Group. At 29 August 2023, 1,000,000 treasury shares with carrying amount of HK$1,220,000 were disposed at consideration of HK$443,000.

During the year ended 31 December 2024, total 65,218,000 treasury shares with carrying amount of HK$79,566,000 were disposed at consideration of HK$21,018,000. As at 31 December 2024, there were 50,882,000 (2023: 116,100,000) ordinary shares classified as treasury shares.

Translation reserve mainly represented the foreign exchange differences arising from the translation of the financial statement of foreign operations into HK$.

Other reserve represented gains/losses arising from changes in Group's interests in a subsidiary that do not result in change in control.

COMPANY

	Share premium HK$'000	Treasury shares reserve HK$'000	Share-based payment reserve HK$'000	FVOCI reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	3,563,686	(142,864)	9,958	(98,913)	(2,386,105)	945,762
Disposal of treasury shares	–	1,220	–	–	(777)	443
Share options lapsed	–	–	(9,958)	–	9,958	–
Loss for the year	–	–	–	–	(55,300)	(55,300)
Changes of fair value of financial assets at FVOCI	–	–	–	(4,415)	–	(4,415)
At 31 December 2023 and 1 January 2024	3,563,686	(141,644)	–	(103,328)	(2,432,224)	886,490
Disposal of treasury shares	–	79,566	–	–	(58,548)	21,018
Loss for the year	–	–	–	–	(11,390)	(11,390)
Changes of fair value of financial assets at FVOCI	–	–	–	(290)	–	(290)
At 31 December 2024	3,563,686	(62,078)	–	(103,618)	(2,502,162)	895,828

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For the year ended 31 December 2024

40. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Contracted but not provided for		
Property, plant and equipment	13,527	26,739

As at 31 December 2024, the estimated capital expenditures for the mineral resources exploration business in Brazil, which is operated by SAM, are stated in note 16.

41. CONTINGENT CONSIDERATION PAYABLES

	2024 HK$'000	2023 HK$'000
At 1 January	119,047	112,790
Fair value (gain)/loss	(1,576)	6,257
At 31 December	117,471	119,047

Under the settlement agreement related to the acquisition of SAM, the Group is committed to pay a maximum aggregate amount of US$60,000,000 (equivalent to approximately HK$468,000,000) contingent additional payment and conditional mining production payment to the sellers upon occurrence of certain events. Details of the settlement agreement are set out in the Company's announcement dated 13 May 2016.

The contingent consideration payables represent the fair value of the obligation for the contingent payable in accordance with the new settlement and are estimated by independent professional valuers, BonVision International Appraisals Limited. As at 31 December 2024, the fair value of the contingent consideration payables was estimated by applying probabilistic approach at a discount rate of 12.20% (2023: 15.46%) and the probability of occurrence of certain events as stated in the settlement agreement such as occurrence of disposal event or the commencement of mining. The higher the discount rate, the lower the fair value.

42. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities.

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets measured at FVTPL:		
Current assets		
Listed equity securities held for trading	49,373	44,128
Financial assets measured at FVOCI:		
Non-current assets		
Listed equity securities	249	539
Financial assets measured at amortised cost:		
Current assets		
Trade and bill receivables	36,593	38,590
Deposits and other receivables	10,639	17,971
Amount due from an associate	2,104	25,955
Restricted bank deposits	16,386	31,065
Time deposits with maturity over three months	21,373	–
Cash and bank balances	65,784	166,953
	152,879	280,534
Financial liabilities		
Financial liabilities measured at FVTPL:		
Non-current liabilities		
Contingent consideration payables	117,471	119,047
Financial liabilities measured at amortised cost:		
Current liabilities		
Trade and bill payables	38,500	72,044
Other payables and accrued expenses	46,563	47,490
Borrowings	19,459	20,025
Non-current liabilities		
Borrowings	85,988	108,926
Other financial liabilities	12,337	10,761
	202,847	259,246
Lease liabilities		
Current liabilities	3,063	3,420
Non-current liabilities	11,591	9,512
	14,654	12,932

42. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY — CONTINUED

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments that are measured at fair value in the statements of financial position:

Level 1: fair value measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: fair value measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial assets or liabilities are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

As at 31 December 2024	**Level 1** *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
Assets				
— financial assets measured at FVOCI:				
Listed shares *(Note 19)*	**249**	–	–	**249**
— financial assets measured at FVTPL:				
Listed shares *(Note 23)*	**49,373**	–	–	**49,373**
	49,622	–	–	**49,622**
Liabilities				
Contingent consideration payables *(Note 41)*	–	–	**117,471**	**117,471**

As at 31 December 2023	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Assets				
— financial assets measured at FVOCI:				
Listed shares *(Note 19)*	539	–	–	539
— financial assets measured at FVTPL:				
Listed shares *(Note 23)*	44,128	–	–	44,128
	44,667	–	–	44,667
Liabilities				
Contingent consideration payables *(Note 41)*	–	–	119,047	119,047

There were no transfers between levels during the years.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk, interest risk and equity price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the Directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long-term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. Management identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the directors.

43.1 Foreign currency risk

The Group's exposure to currency exchange rates is minimal as the group companies usually hold most of their financial assets/liabilities in their own functional currencies. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

43.2 Interest rate risk

The Group's exposure to cash flow interest rate risk is minimal as the Group has no financial assets or liabilities of material amounts with floating interest rates except for deposits held in banks as at 31 December 2024 and 2023. The exposure to fluctuations in interest rates for the Group's bank deposits, bank and other borrowing are considered immaterial.

The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors are of the opinion that sensitivity of the Group's loss after tax and retained earnings to a reasonable change in the interest rates are assessed to be immaterial. Changes in interest rates have no impact on other components of equity.

43.3 Equity price risk

The Group is exposed to equity price risk through its investments classified as financial assets at FVTPL and financial assets at FVOCI. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of the investments.

If the quoted prices of the listed equity securities (included in financial assets at FVTPL and financial assets at FVOCI), had been 5% (2023: 5%) higher/lower, the loss before tax for the year ended 31 December 2024 would decrease/increase by HK$2,469,000 (2023: HK$2,206,000) and other comprehensive loss for the year ended 31 December 2024 would decrease/increase by HK$12,000 (2023: HK$27,000).

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — CONTINUED

43.4 Credit risk

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group has certain concentration of credit risk as 53% (2023: 69%) of the Group's revenue for the year was derived from 1 (2023: 1) major customer and as at reporting date and 60% (2023: 70%) of the Group's trade receivables was due from this customer. The Group continuously and actively evaluates the credit risk of these debtors.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs for both years, which is calculated using a provision matrix. The Group recognised lifetime ECL for trade and bill receivables based on collective basis. As at 31 December 2024 and 2023, the expected loss rates applied in the provision matrix are determined by the directors' shared credit risk characteristics, including background of the customers and their historical payment behaviour, actual loss experience and information pertaining to the economic environment in which the debtors operated.

For deposits and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of these receivables based on historical settlement records and experience. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment assessment based on risk of these amount since initial recognition and the Group provided impairment assessment based on 12 months ECL. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for deposits and other receivables was insignificant and thus no loss allowance was recognised.

For the amount due from an associate, the management of the Group has reviewed the recoverability of the balance periodically based on historical settlement records, probability of default, expected recovery and other forward-looking information. The associate did not have operation for the year. The Group measures loss allowances for amount due from an associate based on the lifetime ECL (2023: 12 months ECLs) for the year ended 31 December 2024. The expected loss rate applied is approximately 92.16% (2023: 3.34%).

The credit risk on the bank balances, time deposits and restricted bank deposits in considered negligible as the counterparties are reputable banks with high quality external credit ratings.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — CONTINUED

43.4 Credit risk — Continued

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and amount due from an associate:

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
As at 31 December 2024			
Trade and bill receivables			
Current (not past due)	**1.11%**	**13,487**	**150**
1–90 days past due	**1.63%**	**15,179**	**248**
Over 90 days past due	**4.54%**	**8,721**	**396**
		37,387	**794**
Amount due from an associate	**92.16%**	**26,851**	**24,747**
As at 31 December 2023			
Trade and bill receivables			
Current (not past due)	0.19%	3,207	6
1–90 days past due	0.98%	35,005	343
Over 90 days past due	3.20%	751	24
		38,963	373
Amount due from an associate	3.34%	26,851	896

Movement in the loss allowance in respect of 12-month ECL and lifetime ECL during the years ended 31 December 2024 and 2023 is as follows:

	12-month ECL Amount due from an associate HK$'000	Lifetime ECL (not credit-impaired) Trade receivables HK$'000	Lifetime ECL (credit-impaired) Amount due from an associate HK$'000	Total HK$'000
At 1 January 2023	–	1,165	–	1,165
Impairment losses recognised	896	45	–	941
Reversal of impairment losses	–	(811)	–	(811)
Exchange difference	–	(26)	–	(26)
At 31 December 2023 and 1 January 2024	**896**	**373**	**–**	**1,269**
Transfer to lifetime ECL	**(896)**	**–**	**896**	**–**
Impairment losses recognised	**–**	**500**	**23,851**	**24,351**
Reversal of impairment losses	**–**	**(45)**	**–**	**(45)**
Exchange difference	**–**	**(34)**	**–**	**(34)**
At 31 December 2024		**794**	**24,747**	**25,541**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES — CONTINUED

43.5 Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs for a 360-day lookout period are identified monthly.

The Group maintains mainly cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by the ability to sell long-term financial assets.

As at 31 December 2024 and 2023, the Group's financial liabilities have contractual maturities which are summarised below:

	Within 1 year or on demand *HK$'000*	1–5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted amount *HK$'000*	Total carrying amount *HK$'000*
At 31 December 2024					
Non-derivatives:					
Trade and bill payables	**38,500**	**–**	**–**	**38,500**	**38,500**
Other payables and accrued expenses	**46,563**	**–**	**–**	**46,563**	**46,563**
Lease liabilities	**3,962**	**10,925**	**2,722**	**17,609**	**14,654**
Borrowings	**23,206**	**93,428**	**–**	**116,634**	**105,447**
Contingent consideration payables	**–**	**157,053**	**–**	**157,053**	**117,471**
Other financial liabilities	**–**	**14,899**	**–**	**14,899**	**12,337**
	112,231	**276,305**	**2,722**	**391,258**	**334,972**
At 31 December 2023					
Non-derivatives:					
Trade and bill payables	72,044	–	–	72,044	72,044
Other payables and accrued expenses	47,490	–	–	47,490	47,490
Lease liabilities	4,256	7,526	4,585	16,367	12,932
Borrowings	26,198	94,780	29,592	150,570	128,951
Contingent consideration payables	–	158,255	–	158,255	119,047
Other financial liabilities	–	12,996	–	12,996	10,761
	149,988	273,557	34,177	457,722	391,225

44. CAPITAL MANAGEMENT

The Group's objectives when managing capital include:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Group's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or raise new debts, or sell assets to reduce debt.

The capital-to-overall financing ratio at reporting date was as follows:

	2024	2023
	HK$'000	*HK$'000*
Capital		
Total equity	**3,513,948**	4,973,979
Overall financing		
Borrowings	**105,447**	128,951
Capital-to-overall financing ratio	**33.32 times**	38.57 times

45. RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following significant transactions with the following related parties:

Name of related party	Nature of transactions	2024 *HK$'000*	2023 *HK$'000*
Zhejiang Geely Holding Group Co. Ltd. and its subsidiaries, excluding Geely Automobile Holdings Limited and its subsidiaries *(note (a))*	Sales of lithium-ion batteries	**67,193**	157,688
	Trade receivables	**21,930**	25,635
Zhejiang Geely Powertrain Company Limited *(note (b))*	Provision of batteries testing services	**–**	14,872
	Trade receivables	**1,323**	6,783
Zhejiang Yaoning Technology Co. Ltd. and its subsidiaries, excluding Jiangsu Chengxing Phosphorus Chemical Co Ltd. and its subsidiaries *(note (c))*	Purchase of lithium-ion battery cells	**2,715**	3,935
	Trade payables	**1,783**	3,873
	Provision of batteries testing services *(note (d))*	**2,953**	–

Notes:

(a) Zhejiang Forever and Zhejiang Geely Holding Group Co., Ltd. ("Zhejiang Geely") entered into a sale of lithium-ion battery agreement (the "Sale Agreement") on 28 September 2020 regarding the sales of high performance ternary lithium-ion powered battery packs by Zhejiang Forever to Zhejiang Geely and its subsidiaries, but excluding Geely Automobile Holdings Limited and its subsidiaries commencing from 23 October 2020 to 22 October 2023.

Zhejiang Geely indirectly holds 18.78% of the total issued shares of the Company through Geely International (Hong Kong) Limited. Zhejiang Geely is therefore a substantial shareholder and a related party of the Company. Volvo Car and Zhejiang Geely Group is therefore a related party of the Company.

The annual cap amounts for the years ended 31 December 2022 and the period from 1 January 2023 to 22 October 2023 for the Sale Agreement of Zhejiang Geely are RMB76 million, RMB250 million, RMB300 million and RMB350 million respectively as set out in the circular of the Company dated 10 August 2021.

Zhejiang Forever and Zhejiang Geely entered into a sale of lithium-ion battery agreement (the "Sale Agreement 2") on 11 September 2023 regarding the same terms from 23 October 2023 to 22 October 2026.

The annual cap amounts for the period from 23 October 2023 to 31 December 2023, years ended 31 December 2024, 2025 and the period from 1 January 2026 to 22 October 2026 for the Sale Agreement 2 of Zhejiang Geely are RMB50 million, RMB235 million, RMB155 million and RMB97 million respectively.

45. RELATED PARTIES TRANSACTIONS — CONTINUED

Notes: — Continued

(b) On 2 December 2022, Zhejiang Forever and Ningbo Geely Luoyou Engine Components Co., Ltd ("Ningbo Geely") entered into a service agreement (the "Operation Agreement"), pursuant to which Zhejiang Forever will provide certain support such as sites, equipment, power supply, personnel and other support to assist Ningbo Geely to install a battery pilot line and conduct testing of batteries commencing from 1 July 2022 to 1 July 2024.

Ningbo Geely is a subsidiary of Geely Automobile Holdings Limited ("Geely Automobile"), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 175). Mr. Li Shufu ("Mr. Li") is an executive director and a substantial shareholder of Geely Automobile and therefore Ningbo Geely is a related party of the Company.

The annual cap amounts for the period from 1 July 2022 to 31 December 2022, the year ended 31 December 2023 and the period from 1 January 2024 to 30 June 2024 for the Operation Agreement of Ningbo Geely are RMB9 million, RMB18 million and RMB9 million respectively as set out in the circular of the Company dated 2 December 2022.

In 2023, the Operation Agreement was transferred from Ningbo Geely to Zhejiang Geely Powertrain Company Limited, an indirect subsidiary under Zhejiang Geely, with all the terms of the Operation Agreement remain unchanged.

(c) In 2023, Zhejiang Forever and Zhejiang Yaoning Technology Co. Ltd. ("Zhejiang Yaoning") entered into a purchase framework agreement (the "Purchase Framework Agreement"), pursuant to which Zhejiang Forever will purchase lithium-ion battery cells, modules and related products from Zhejiang Yaoning and its subsidiaries, but excluding Jiangsu Chengxing Phosphorus Chemical Co Ltd. ("Zhejiang Yaoning Group") commencing from 11 September 2023 to 10 September 2026.

Mr. Li Xingxing is indirectly interested in 85% of the equity interests in Zhejiang Yaoning and is also the son of Mr. Li, the controlling shareholder of the Company. Therefore Zhejiang Yaoning Group a related party of the Company.

The annual cap amounts for the period from 11 September 2023 to 31 December 2023, the years ended 31 December 2024, 2025 and the period from 1 January 2026 to 10 September 2026 for the Purchase Framework Agreement of Zhejiang Yaoning are RMB42 million, RMB103 million, RMB129 million and RMB72 million respectively as set out in the circular of the Company dated 11 September 2023.

(d) In 2024, Zhejiang Forever and Huzhou Yaoning Solid-state Battery Research Institute Co., Ltd. ("Huzhou Yaoning") entered into service agreement, pursuant to which Zhejiang Forever will provide certain support such as sites, equipment, power supply, personnel and other support to assist Huzhou Yaoning to install a battery pilot line and conduct testing of batteries commencing from 1 February 2024 to 30 December 2024. Huzhou Yaoning is a subsidiary of Zhejiang Yaoning and therefore Ningbo Geely is a related party of the Company.

(e) During the year ended 31 December 2023, the Group disposed 100% equity interest in GETI (China) Energy and Hangzhou GETI Industrial at a total cash consideration of RMB20,000,000 to a related party. Details are set out in note 35 to the consolidated financial statements.

46. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financial activities:

	Amount due to shareholder (Note 26)		Borrowings (Note 28)		Lease liabilities (Note 29)		Other financial liabilities (Note 32)	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 January	–	–	128,951	149,027	12,932	15,763	10,761	8,472
Changes from cash flows:								
Advance from a shareholder	2,534	–	–	–	–	–	–	–
Drawdown of borrowings and bank overdraft	–	–	95	–	–	–	–	–
Repayment of borrowings	–	–	(19,749)	(16,164)	–	–	–	–
Repayment of principal portion of lease liabilities	–	–	–	–	(3,323)	(3,113)	–	–
Interest paid	–	–	(5,284)	(6,630)	(895)	(1,006)	–	–
Total changes from financing cash flows	–	–	(24,938)	(22,794)	(4,218)	(4,119)	–	–
Other changes:								
Lease modification	–	–	–	–	5,665	–	–	–
Exchange difference	(122)	–	(3,850)	(3,912)	(620)	282	(281)	477
Interest expenses	–	–	5,284	6,630	895	1,006	1,857	1,812
At 31 December	2,412	–	105,447	128,951	14,654	12,932	12,337	10,761

47. EVENTS AFTER REPORTING PERIOD

i. On 20 January 2025, Triumphant Glory Investments Limited ("Triumphant Glory"), a wholly-owned subsidiary of the Company, Zhejiang Geely Automobile Co., Ltd. ("Geely Auto") and Suzhou Aplesi New Energy Power System Technology Co., Ltd. ("Suzhou Aplesi"), which are shareholders of Shandong Forever, entered into the equity transfer agreement, pursuant to which Triumphant Glory and Geely Auto agreed to sell, and Suzhou Aplesi agreed to purchase approximately 24.5% and approximately 17.0% equity interests in the Shandong Forever at a consideration of RMB9.3 million and RMB5.5 million, respectively, to be settled in cash.

   Shandong Forever, is a 24.5% owned associate of the Company. Upon the completion of the disposal of the equity interest in Shandong Forever, the Group will not hold any equity interest in the Shandong Forever and the Shandong Forever will cease to be an associate of the Company in the consolidated financial statements of the Group. As at the date of approval of the consolidated financial statement, the equity transfer is yet to be completed. Details of the transaction were disclosed in the Company's announcement dated 20 January 2025.

ii. On 27 January 2025, the Company and Geely Technology Group Co., Ltd ("Geely Technology"), a company established in the PRC and controlled by Mr Li, entered into the bauxite purchase framework agreement ("Purchase Framework Agreement"), pursuant to which Geely Technology and its subsidiaries shall supply bauxite related products to the Group from the date on which the conditions precedent under the Purchase Framework Agreement are fulfilled to 31 December 2027. The annual cap amounts for the period from 27 January 2025 to 31 December 2025, the years ended 31 December 2026 and 2027 for the Purchase Framework Agreement are RMB300 million, RMB370 million and RMB370 million respectively. This constitutes continuing connected transaction of the Company under the Rules Governing the Listing of Securities on the GEM and the transaction is subject to independent shareholder approval in the extraordinary general meeting ("EGM") of the Company. The transaction is passed at the EGM on 17 March 2025. Details of the transaction are set out in the Company's announcement dated 27 January 2025 and the Company's circular dated 27 February 2025.

iii. On 12 February 2025, the Group announced that the Tribunal de commerce de Nanterre in France, government agency of France, confirmed it has received the application for liquidation judiciaire filed by ESQ VTC. ESQ VTC is a non-wholly owned subsidiary of the Company and principally engaged in the online car-hailing and related services. The current operations of ESQ VTC fail to support the development of the Group and have increased the operating costs of the Group. As such, the Group has determined to terminate the operation of ESQ VTC.

   The online car-hailing business in France has not been able to identify a sustainable business model. As the Company fails to perceive the future of the online car-hailing business in France and it is expected that continuous funding will be required to sustain its operation, the Group, having assessed the financial position of the online car-hailing business in France, believes that termination of the business will be able to avoid further losses and improve the financial position of the Group, which is in the interests of the Company and its shareholders as a whole. Details of the liquidation were disclosed in the Company's announcement dated 13 February 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

47. EVENTS AFTER REPORTING PERIOD — CONTINUED

iv. On 21 March 2025, Honbridge Technology Limited ("Honbridge Technology"), a wholly-owned subsidiary of the Company, and Zhejiang Zuozhongyou Electric Vehicle Service Co., Ltd ("Zhejiang Zuozhongyou"), a company established in the PRC and controlled by Mr Li, entered into an equity transfer agreement, pursuant to which Honbridge Technology agreed to sell, and Zhejiang Zuozhongyou agreed to purchase approximately 35.56% equity interests in the Jixing International at a consideration of RMB1 and to be settled in cash. This constitutes a connected transaction of the Company under the Rules Governing the Listing of Securities on the GEM.

Jixing International is a company established in the PRC and 35.56% owned subsidiary of the Company. Upon the completion of the disposal of the equity interest in Jixing International, the Group will not hold any equity interest in Jixing International and Jixing International and its subsidiaries will cease to be subsidiaries of the Company in the consolidated financial statements of the Group. As at the date of approval of the consolidated financial statement, the equity transfer is yet to be completed. Details of the transaction were disclosed in the Company's announcement dated 23 March 2025.

48. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2024 were approved for issue by the Board of Directors on 26 March 2025.

FINANCIAL SUMMARY

FINANCIAL RESULTS

	Year ended 31 December				
	2020	2021	2022	2023	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
CONTINUING OPERATIONS					
Revenue	297,065	478,917	130,491	226,961	**126,112**
Cost of revenue	(204,077)	(363,791)	(98,825)	(176,301)	**(91,720)**
Other operating income, gains and losses	(47,836)	114,590	(33,664)	(13,149)	**21,244**
Selling and distribution costs	(20,149)	(12,995)	(5,867)	(6,922)	**(5,203)**
Administrative expenses	(86,159)	(92,824)	(95,558)	(106,143)	**(76,644)**
Other expenses	–	–	(151,778)	–	**(10,727)**
Loss on deemed disposal of a subsidiary	(58,767)	–	–	–	**–**
(Reversal of impairment of)/impairment loss on exploration and evaluation assets	2,053,773	–	–	–	**(534,169)**
Impairment loss on financial assets, net	277	(10)	(799)	(130)	**(24,306)**
Impairment loss on property, plant and equipment	(139,058)	(18,244)	(19,060)	(62,621)	**(16,298)**
Impairment loss on right-of-use assets	–	–	(1,665)	(4,213)	**(2,921)**
Gain on bargain purchase	–	–	170	–	**–**
Gain/(loss) on changes in fair value of contingent consideration payables	54,769	(3,342)	(3,123)	(6,257)	**1,576**
Share of results of associates	(50,628)	(4,868)	(1,385)	(589)	**159**
Gain on re-measurement of pre-existing interests in an associate	–	–	27,047	–	**–**
Finance costs	(16,785)	(8,780)	(8,743)	(9,447)	**(10,065)**
Profit/(loss) before income tax from continuing operations	1,782,425	88,653	(262,759)	(158,811)	**(622,962)**
Income tax (expense)/credit	(698,283)	–	–	–	**181,617**
Profit/(loss) for the year from continuing operations	1,084,142	88,653	(262,759)	(158,811)	**(441,345)**
Discontinued operation					
Loss for the year from discontinued operation	–	–	(39,102)	(8,309)	**–**
Profit/(loss) for the year	1,084,142	88,653	(301,861)	(167,120)	**(441,345)**
Profit/(loss) for the year attributable to:					
Owners of the Company					
— Continuing operations	1,156,593	88,500	(160,054)	(98,210)	**(412,879)**
— Discontinued operation	–	–	(39,102)	(8,309)	**–**
	1,156,593	88,500	(199,156)	(106,519)	**(412,879)**
Non-controlling interests					
— Continuing operations	(72,451)	153	(102,705)	(60,601)	**(28,466)**
	1,084,142	88,653	(301,861)	(167,120)	**(441,345)**

FINANCIAL SUMMARY

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2020	2021	2022	2023	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	7,803,205	7,308,648	7,530,749	7,956,082	**5,687,421**
Total liabilities	(3,004,183)	(2,622,857)	(2,823,742)	(2,982,103)	**(2,173,473)**
Non-controlling interests	71,324	(31,745)	(35,449)	14,206	**45,341**
Equity attributable to owners of the Company	4,870,346	4,654,046	4,671,558	4,988,185	**3,559,289**