SAFTOWER

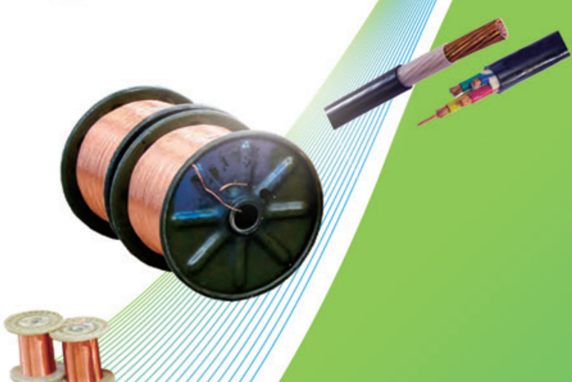
蜀塔集团

中國蜀塔國際控股集團有限公司

China Saftower International Holding Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8623



ANNUAL REPORT 2024

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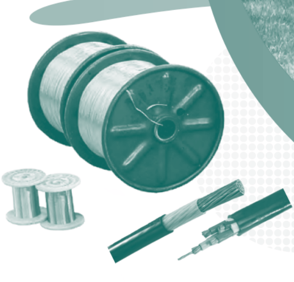

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Dang Fei *(Chairman and Chief Executive Officer)*
Mr. Wang Xiaozhong
Mr. Luo Qiang *(resigned on 19 January 2024)*
Ms. Luo Xi
Mr. Li Xia *(appointed on 19 January 2024)*
Ms. Hu Yi *(appointed on 19 January 2024)*
Mr. Wang Yifan *(appointed on 19 January 2024)*

Independent non-executive Directors

Dr. Zuo Xinzhang
Mr. Ma Kaibing
Mr. Li Jian

COMPANY SECRETARY

Mr. Woo Yuen Ping

COMPLIANCE OFFICER

Mr. Wang Xiaozhong

AUTHORISED REPRESENTATIVES

Mr. Woo Yuen Ping
Mr. Dang Fei

AUDIT COMMITTEE

Mr. Ma Kaibing *(Chairperson)*
Dr. Zuo Xinzhang
Mr. Li Jian

REMUNERATION COMMITTEE

Mr. Li Jian *(Chairperson)*
Dr. Zuo Xinzhang
Mr. Ma Kaibing

NOMINATION COMMITTEE

Mr. Dang Fei *(Chairperson)*
Dr. Zuo Xinzhang
Mr. Ma Kaibing
Mr. Li Jian

INDEPENDENT AUDITOR

CL Partners CPA Limited
(Certified Public Accountants)
(Registered Public Interest Entity Auditor)

LEGAL ADVISER

(As to Hong Kong law)
Fairbairn Catley Low & Kong

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 9, Huaide Road, Sichuan-Zhejiang
Cooperation Industrial Park,
Guangyuan Economic and
Technological Development Zone,
Guangyuan, Sichuan Province,
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 913, 9/F
Chinachem Golden Plaza,
No. 77 Mody Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Company Limited
Chengdu Pidu Branch
No. 178–188, Kehua Second Road,
Pitong Town
Pidu District, Chengdu
Sichuan Province
PRC

Bank of China Limited
Pidu Branch
No. 2 South Street
Pidu District, Chengdu
Sichuan Province
PRC

Chengdu Rural Commercial Bank Company Limited
Pidu Hongxing Branch
No. 198 Wangcong East Road,
Pitong Town
Pidu District, Chengdu
Sichuan Province
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Appleby Global Services (Cayman) Limited
71 Fort Street, PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

8623

COMPANY'S WEBSITE

www.saftower.cn

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of China Saftower International Holding Group Limited (the "**Company**", together with its subsidiaries, the "**Group**", "**we**" or "**us**"), I am presenting the annual results of the Group for the year ended 31 December 2024.

The past year has been one of both transformation and challenge. While we continued to navigate a volatile macroeconomic environment, we made strategic progress in restructuring our product portfolio and expanding into new business segments. Despite recording a net loss of RMB68.2 million, up from RMB60.6 million in the previous year, we took significant steps toward strengthening our long-term financial stability and operational resilience.

Our total revenue increased by 4.9% to RMB256.6 million in 2024 (2023: RMB244.7 million), driven by the recovery in market demand for aluminium wires and cables and the introduction of carbon nanotubes and auxiliary conductive agents into our product mix. However, the Group's overall gross profit margin remained thin at 0.4%, reflecting the price sensitivity and competitive pressure in our core markets.

One of the primary factors behind the widened loss in 2024 was the substantial increase in impairment losses on trade and other receivables, which rose to RMB43.9 million. Recognizing these impairments was a necessary step to ensure the integrity and transparency of our financial reporting. We also incurred impairment losses on property, plant and equipment of RMB2.0 million.

Despite these setbacks, we made meaningful progress in several key areas:

- **Operational Streamlining:** Administrative and other expenses decreased significantly by 37.3% year-on-year, reflecting our cost-control initiatives and improved operational efficiency.

- **Debt Management:** We successfully reduced borrowings and restructured certain defaulted loans, lowering defaulted borrowings from RMB51.0 million in 2023 to RMB15.2 million in 2024.

- **Strategic Investment:** Our new polymer cable material plant commenced operations in late 2024, with secured supply agreements expected to generate stable revenue in the coming year.

Looking ahead, we are optimistic about our strategic direction and market opportunities. The national emphasis on infrastructure development, particularly ultra-high-voltage (UHV) transmission projects, presents a promising growth avenue. We are committed to expanding our presence in the aluminium-clad steel reinforced (ACSR) conductor sector and capitalizing on favorable government support policies.

We will continue to focus on:

- Enhancing product innovation and R&D capabilities;
- Expanding our sales network and customer base in the PRC and beyond;
- Strengthening internal controls and risk management mechanisms;
- Pursuing sustainable practices and ESG initiatives.

Our success would not be possible without the dedication and hard work of our employees. I would like to extend my sincere appreciation to each member of our team for their resilience and perseverance during this challenging year. I also wish to thank our shareholders, customers, partners, and stakeholders for your continued trust and support.

In closing, while 2024 presented many hurdles, it also laid the groundwork for a more robust and streamlined Group. We believe that the strategic initiatives undertaken this year will begin to bear fruit in the near term. We remain committed to restoring profitability and delivering long-term value to our shareholders.

Thank you once again for your unwavering support.

On behalf of the Board
Dang Fei
Chairman and Executive Director

31 March 2025

FINANCIAL HIGHLIGHTS

CONSOLIDATED FINANCIAL PERFORMANCE

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	**256,610**	244,688
Loss before tax	**(61,615)**	(56,841)
Loss for the year attributable to the owners of the Company	**(58,836)**	(60,044)

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Assets		
Non-current assets	**111,842**	139,369
Current assets	**160,957**	219,480
Total assets	**272,799**	358,849
Equity and liabilities		
Total equity	**12,468**	70,537
Non-current liabilities	**35,609**	24,626
Current liabilities	**224,722**	263,686
Total liabilities	**260,331**	288,312
Total equity and liabilities	**272,799**	358,849
Net current liabilities	**(63,765)**	(44,206)
Total assets less current liabilities	**48,077**	95,163

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a regional manufacturer and supplier of wires and cables, with integrated production facilities situated in Chengdu and Guangyuan of Sichuan Province, the People's Republic of China (the "**PRC**"). The Group's products can be broadly classified into four categories:

1. **Finished wires and cables**

2. **Semi-finished wires**

3. **Aluminium products**

4. **Other products** (cable accessories)

During the year ended 31 December 2024, the Group generated revenue primarily from the manufacturing and sales of wires and cables and the sale of aluminium products. The Group served a large number of customers, mainly power companies, manufacturing enterprises, construction and renovation companies, and trading companies.

Our **integrated production facilities** in Sichuan Province continued to play a crucial role in our operations. We invested in state-of-the-art technologies to maintain high-quality standards and ensure operational efficiency.

Despite financial challenges, we **strengthened risk management** processes and **implemented internal controls** to mitigate potential risks.

PROSPECTS

Our outlook remains **optimistic** as we continue to focus on the following key areas:

1. **Market Expansion:** Strengthening sales and marketing efforts, exploring new distribution channels, and forming strategic partnerships.

2. **Innovation and R&D:** Investing in new technologies to develop high-performance, durable, and energy-efficient products.

3. **Sustainability & ESG:** Implementing energy-saving initiatives, waste reduction, and recycling efforts.

4. **Operational Efficiency:** Streamlining processes, optimizing supply chains, and investing in automation to reduce costs and enhance productivity.

5. **Risk Management & Governance:** Enhancing compliance, transparency, and corporate governance to maintain stakeholder trust.

National Policies and Industry Support:

According to official national statistics, the upgrading of the State Grid and the development of ultra-high voltage (UHV) transmission projects are driving demand for high-voltage and ultra-high-voltage cables. The market size for UHV cables is expected to reach RMB800 billion by 2025, with the southwest region accounting for a significant portion of supply and demand.

This has created a favorable development environment for the aluminium-clad steel reinforced (ACSR) conductor industry. The national 14th Five-Year Plan clearly emphasizes the strengthening of power grid infrastructure. UHV projects have been designated as key "new infrastructure" initiatives, directly stimulating demand for high-performance ACSR conductors. The new version of the "Regulations on the Protection of Electric Power Facilities", which will be implemented in 2025, further standardizes transmission line construction standards and promotes high-quality development across the industry.

The "Industrial Structure Adjustment Guidance Catalog" issued by the National Development and Reform Commission (NDRC) classifies ultra-high-voltage and UHV ACSR conductors as encouraged items. Enterprises involved in these projects may enjoy tax incentives and technical transformation subsidies.

Taking a comprehensive view of the current state of the industry, the outlook remains positive in the coming years. Accordingly, the company plans to intensify the promotion, production, and sales of its core products such as ACSR conductors. The company will continue to sign long-term framework sales agreements with downstream customers built on long-standing cooperative relationships. It will also extend upstream by optimizing supplier selection and procurement, and has already signed long-term supply agreements with preferential pricing. The company will continue expanding its regional production base network, optimize production processes, and reduce associated costs.

At the same time, by the end of 2024, with the commissioning of the company's new polymer cable material plant, a 10,000-ton annual supply agreement has been signed with a high-quality state-owned enterprise. The newly built plant is expected to achieve an annual output of over 20,000 tons in the coming year and will benefit from the national "immediate VAT rebate upon collection" incentive policy, which will contribute to the company's profit margin.

FINANCIAL REVIEW

Revenue

The following table sets forth the breakdown of our revenue derived from our major operating subsidiaries by key product types after elimination of intra-group transactions during the review periods:

For the year ended 31 December	Revenue		Gross profit (loss)		Gross profit (loss) margin	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	**2024 RMB'000 (unaudited)**	2023 RMB'000 (unaudited)	**2024 %**	2023 %
Classic finished wires and cables						
Copper wires and cables	**–**	954	**–**	60	**–**	6.3
Aluminium wires and cables	**233,362**	114,465	**1,056**	2,135	**0.5**	1.9
Semi-finished wires						
Bare copper wires	**–**	1,965	**–**	(14)	**–**	(0.7)
Aluminium rods	**2,742**	73,216	**(24)**	(590)	**(0.9)**	(0.8)
Cast-rolled coil	**–**	50,243	**–**	(1,049)	**–**	(2.1)
Cable materials	**20,279**	–	**(79)**	–	**(0.4)**	–
Others	**227**	3,845	**93**	(171)	**41.0**	(4.4)
	256,610	244,688	**1,046**	371	**0.4**	0.2

- The Group recorded a total turnover of RMB256.6 million in 2024, reflecting an increase of 4.9% compared to RMB244.7 million in 2023.

- The increase in revenue was resulted from the combined effect of (i) increase in sales of aluminium wires and cables because of recovery of market demand, (ii) the drop of sales of cast-rolled coil and newly additional of cable materials due to the restructure of the Group's product mix.

Cost of Sales

- The cost of sales increased from RMB244.3 million in 2023 to RMB255.6 million in 2024, an increase of RMB11.3 million (4.6%).

- The increase followed the trend of revenue growth.

Gross Profit and Gross Profit Margin

- Gross profit increased to RMB1.0 million in 2024 (2023: RMB0.4 million).

- Gross profit margin improved to 0.4% in 2024 (2023: 0.2%) due to the Group dropped the sales of cast-rolled coil which was gross loss.

Other Income and Gain

- Other income and gain rose significantly from RMB8.6 million in 2023 to RMB20.2 million in 2024.

- This increase was mainly attributed to gain on derecognition of trade payables (RMB14.5 million).

Selling and Distribution Expenses

- Selling and distribution expenses increased by RMB1.3 million (68.4%) from RMB1.9 million in 2023 to RMB3.2 million in 2024.

- The increase is due to the Group actively seek for new clients in the PRC and more travelling costs increased.

Administrative and Other Expenses

- Administrative expenses decreased by RMB15.8 million (37.3%), from RMB42.4 million in 2023 to RMB26.6 million in 2024.

- The decrease was mainly due to losses on disposal of property, plant, and equipment than last year.

Finance Costs

- Finance costs decreased from RMB7.3 million in 2023 to RMB7.1 million in 2024, mainly due to repayment of borrowings during the year.

Income Tax Expenses

- Income tax expenses increased from RMB3.7 million in 2023 to RMB6.6 million in 2024.

- The increase was mainly due to the recognition of deferred tax loss.

Loss for the Year

- The net loss of the Company was RMB68.2 million in 2024, compared to RMB60.6 million in 2023.
- The increase in net loss was due to comprised of reason explained above.
- The Group primarily financed operations through cash generated from operations, borrowings and Shareholder equity.

	As at 31 December	
	2024	2023
	(RMB'000)	*(RMB'000)*
Bank balances & cash	**1,776**	1,409
Total equity (deficit)	**(129)**	48,599
Gearing ratio	**674.8%**	163.7%

- **Gearing ratio** increased significantly due to **higher borrowings and lower equity**.

CHARGES ON GROUP'S ASSETS

As at 31 December 2024, the following assets were pledged to secure the Group's bank and other borrowings:

(a) Buildings with an aggregate net carrying amount of approximately RMB40,373,000 as at 31 December 2024 (31 December 2023: RMB42,346,000);

(b) Land use rights with an aggregate net carrying amount of approximately RMB5,901,000 as at 31 December 2024 (31 December 2023: RMB6,088,000); and

(c) Plant and machinery with an aggregate net carrying amount of approximately RMB2,523,000 as at 31 December 2024 (31 December 2023: RMB3,984,000).

CAPITAL COMMITMENT

The Group had capital commitments for property, plant and equipment of approximately HK$nil as at 31 December 2024 (31 December 2023: HK$25,498,000).

In August 2024, the Group established Hainan Saftower, a company engaged in investment holding, in which the Group will make a capital contribution of RMB5,100,000 and hold 100% of its total interests. It is required to pay up its respective committed registered capital on or before 31 December 2028 pursuant to the Memorandum And Articles of Association.

In March 2024, the Group and an individual third party established Hainan Tenengchong, a company engaged in development and operation of charging facilities for non-motorised vehicles, in which the Group will make a capital contribution of RMB5,100,000 and hold 51% of its total interests. Each of the members is required to pay up its respective committed registered capital on or before 12 March 2029 pursuant to the Memorandum And Articles of Association.

In August 2024, the Group and an individual third party established Fuzhou Dasong, a company engaged in software development, technical services, and the operation of nonmotor vehicle charging facilities, in which the Group will make a capital contribution of RMB510,000 and hold 51% of its total interests. It is required to pay up its respective committed registered capital on or before 14 August 2029 pursuant to the Memorandum And Articles of Association. During the year ended 31 December 2024, the Group contributed an amount of RMB100,000 to Fuzhou Dasong.

In September 2024, the Group established Sichuan Ruoergai, a company engaged in manufacturing, processing and sale of mechanical and electrical equipment, in which the Group will make a capital contribution of RMB200,000 and hold 100% of its total interests. It is required to pay up its respective committed registered capital on or before 4 September 2029 pursuant to the Memorandum And Articles of Association.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2024.

LITIGATIONS

There was no significant litigation at 31 December 2024.

CORPORATE GOVERNANCE REPORT

The Company and the board of directors of the Company (the "**Board**") recognise the importance of good corporate governance in management and internal control procedures so as to achieve accountability. The Board is committed to maintaining, and ensuring that the Company adheres to, a high standard of corporate governance practices to safeguard the interests of its shareholders.

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "**CG Code**") as set out in the Appendix C1 to the GEM Listing Rules. During the year ended 31 December 2024 and up to the date of this report, the Company has complied with all the applicable code provisions of the CG Code except for code provision C.2.1 which requires the separation of the roles of chief executive officer and the chairman by different individuals.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "**Share(s)**"). The Company has made specific enquiries to all the Directors, all of whom have confirmed that they have fully complied with the required standard of dealings set out in the Model Code since the Listing Date and up to the date of this report. No incident of non-compliance was noted by the Company since the Listing Date and up to the date of this report.

BOARD OF DIRECTORS

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The day-to-day management, administration and operation of the Company are delegated to the executive Directors and senior management (the "**Senior Management**"). The delegated functions and work tasks are periodically reviewed. The Board has the full support from the executive Directors and the Senior Management of the Company to discharge its responsibilities.

The Board is currently comprised of the following members:

Executive Directors

Mr. Dang Fei *(Chairman and Chief Executive Officer)*
Mr. Wang Xiaozhong
Ms. Luo Xi
Mr. Li Xia
Ms. Hu Yi
Mr. Wang Yifan

Independent Non-Executive Directors

Dr. Zuo Xinzhang
Mr. Ma Kaibing
Mr. Li Jian

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 66 to 69 in this report.

Save as disclosed under the paragraph headed "Chairman and Chief Executive Officer" and in the section headed "Directors and Senior Management" of this report, each of the Board members has no financial, business, family or other material or relevant relationships with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1, the role of the chairman and chief executive officer of the Company should be separately taken by different individuals. Currently, Mr. Dang Fei is the chairman and the chief executive officer of the Company. The Board is of the view that Mr. Dang Fei carrying out both roles can bring strong and consistent leadership for the Group and that such arrangement will be beneficial to the Company and its business.

The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. The Directors are aware that the Company is expected to comply with the CG Code. Save as disclosed above, the Company will continue to comply with the CG Code to protect the best interests of the shareholders of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Mechanism ensuring sufficient independence views to the Board

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

Board Composition

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of the Board members being independent non-executive Directors (or such higher threshold as may be required by the GEM Listing Rules from time to time). Apart from complying with the requirements prescribed by the GEM Listing Rules as to the composition of certain Board committees, independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

The Board has met the requirements of rules 5.05 and 5.05A of the GEM Listing Rules of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications.

Independence Assessment

The Nomination Committee shall strictly adhere to the nomination policy and the independence assessment criteria as set out in the GEM Listing Rules with regard to the nomination and appointment of independent non-executive Directors.

Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.

The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the GEM Listing Rules to ensure that they can continually exercise independent judgement.

The Company has received confirmations of independence from Dr. Zuo Xinzhang, Mr. Ma Kaibing and Mr. Li Jian, being the independent non-executive Directors, in accordance with rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all independent non-executive Directors are independent.

Decision Making

All Directors (including independent non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

All Directors (including independent non-executive Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his close associates has a material interest.

The Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

TERM OF APPOINTMENT OF DIRECTORS

The articles of association of the Company (the "**Articles of Association**") provides that 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, the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

BOARD COMMITTEES

The Board has established three committees, namely the audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). Each committee has its own written terms of reference and is responsible to make recommendations to the Board. All of the Board Committees are allocated with sufficient resources to discharge their duties.

Audit committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph D.3.3 of the CG Code pursuant to a resolution of our Directors passed on 10 June 2020. The primary duties of the Audit Committee are, among others, to make recommendation to our Board on the appointment, reappointment and removal of the external auditor, monitor integrity of our financial statements, review significant financial reporting judgements contained in them, oversee our financial reporting, internal control, risk management systems and audit process and perform other duties and responsibilities assigned by the Board.

At present, the Audit Committee comprises Mr. Ma Kaibing, Dr. Zuo Xinzhang and Mr. Li Jian, all being our independent non-executive Directors. Mr. Ma Kaibing is the chairperson of the Audit Committee.

During the Year, the Audit Committee had held four meetings. Attendance of each Audit Committee member in Audit Committee meeting is set out under the paragraph headed "Board meetings and general meetings" of this report. A summary of the work performed by the Audit Committee is listed below:

— reviewed the Group's annual financial statements for the year ended 31 December 2023, and interim financial statements for the six months ended 30 June 2024, the related result announcements, documents and other matters or issues raised by the external auditor of the Company;

— reviewed the terms of engagement of the external auditor of the Company (including the annual audit plan, scope of work and fee payable to the external auditor);

— recommended to the Board, for the approval by shareholders, of the re-appointment of the external auditor; and

— discussed and confirmed with the management the effectiveness of the Group's financial reporting process, risk management and internal control systems covering all material controls, including financial, operational and compliance controls. In particular, the review has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget.

The Company's annual results and annual report for the year ended 31 December 2024 have been reviewed by the Audit Committee, which opined that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

Remuneration committee

The Company established the Remuneration Committee on 10 June 2020 with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph E.1.2 of the CG Code. The primary duties of our Remuneration Committee are, among others, to review and approve the management's remuneration proposals, make recommendations to our Board on the remuneration package of our Directors and Senior Management and ensure none of our Directors or their associates are involved in deciding their own remuneration.

At present, our Remuneration Committee comprises Mr. Li Jian, Dr. Zuo Xinzhang and Mr. Ma Kaibing, all being our independent non-executive Directors. Mr. Li Jian is the chairperson of our remuneration committee.

Attendance of each Remuneration Committee member in Remuneration Committee meeting is set out under the paragraph headed "Board meetings and general meetings" of this report.

During the Year, the Remuneration Committee has assessed the performance of executive Directors and reviewed the remuneration and compensation package of the Directors and Senior Management with reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the Senior Management and the performance of the Group, and approved that the remuneration and compensation package remained unchanged, and the proposal to pay performance bonus to certain Directors was based on the performance of the Group in 2024.

Details of the Directors' remuneration are set out in note 11 to the consolidated financial statements.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of the Senior Management by band for the Year:

Remuneration band (RMB)	Number of person(s)
Nil to 1,000,000	7
1,000,001 to 1,500,000	–
1,500,001 to 2,000,000	–
2,000,001 to 2,500,000	–

Nomination committee

The Company established the Nomination Committee on 10 June 2020 with written terms of reference in compliance with paragraph B.3.1 of the CG Code. The primary duties of the Nomination Committee are, among others, to review the structure, size, composition and diversity of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, the Nomination Committee comprises Mr. Dang Fei, Dr. Zuo Xinzhang, Mr. Ma Kaibing and Mr. Li Jian. Mr. Dang Fei is the chairperson of the Nomination Committee.

Attendance of each Nomination Committee member in Nomination Committee meeting is set out under the paragraph headed "Board meetings and general meetings" of this report.

Nomination policy

During the Year, the Nomination Committee held a meeting, considered and recommended the nomination policy to the Board. The Board thus approved and adopted the nomination policy, which establishes written guidelines to the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, and finance and management skills to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Criteria

In evaluating and selecting any candidate for the directorship, the following criteria should be considered:

(i) the candidate's character and integrity;

(ii) the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy (as defined below) that are relevant to the Company's business and corporate strategy;

(iii) any measurable objectives adopted for achieving diversity on the Board;

(iv) for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules;

(v) any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(vi) willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(vii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination Procedures

The Board has put in place the following director nomination procedures:

(a) Appointment of New and Replacement Directors

(i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

(ii) Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee/Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

(b) Re-election of Director at General Meeting

Retiring Directors are eligible for nomination by the Board to stand for re-election at the general meeting according to the Articles of Association.

The Nomination Committee and the Board should review the overall contribution, participation and performance of the retiring Director and the Board should then make recommendation to the shareholders in respect of the proposed re-election of Director at the general meeting.

Tasks Conducted by the Nomination Committee

The Nomination Committee has, during the Year, conducted the following tasks:

(i) reviewed and considered the structure, size and composition of the Board;

(ii) assessed the independence of the independent non-executive directors; and

(iii) considered the Directors to retire and reappoint at the forthcoming annual general meeting of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Except for the deviation from provision C.2.1 of the CG Code, our corporate governance practices are expected to comply with the CG Code. Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Dang Fei has been managing our Group's business and overall strategic planning since its establishment. Our Directors believe that the vesting of the roles of chairman of our Board and chief executive officer in Mr. Dang Fei is beneficial to the business operations and management of our Group as it provides a strong and consistent leadership to our Group. The current management has been effective in the development of our Group and implementation of business strategies under the leadership of Mr. Dang Fei. Our Directors believe both positions require in-depth knowledge and considerable experience of our Group's business and Mr. Dang Fei is the most suitable person to occupy both positions for effective management of our Group. Accordingly, our Company has not segregated the roles of the chairman of our Board and the chief executive officer as required by provision C.2.1 of the CG Code.

Board Diversity Policy

We have adopted a board diversity policy (the "**Board Diversity Policy**") on 10 June 2020 pursuant to the requirement of the CG Code, which sets out the approach of which our Board could use to achieve a higher level of diversity. We recognise the benefits of having a diversified Board. In summary, our Board Diversity Policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, our Board would consider a number of factors. These include but are not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and diversity of perspective that the candidate is expected to bring to our Board and what would be the candidate's potential contributions, in order to better serve the needs and development of our Company. Our Board Diversity Policy also seeks to attract, retain and motivate our Directors and other staff from the widest pool of available talent. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

The Company is conscious of maintaining board diversity with an appropriate level of female members on the Board, which shall not be less than one female member with immediate effect and may further increase in the next five years. During the Year and as at the date of this Report, the Board comprised of two female members. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The Nominations Committee will review the implementation of the Board Diversity Policy at least annually and make recommendations on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

In view of achieving board diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which a candidate should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms.

During the Year, the Nomination Committee reviewed the Board Diversity Policy and reviewed the independence of each of the independent non-executive Directors. The Board had reviewed the implementation and effectiveness of the Board Diversity Policy and was of the view that the Board Diversity Policy and its implementation was sufficient and effective.

Workforce Diversity

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 December 2024, the Group had a total of 111 staff members (including members of the senior management but excluding Directors). The gender composition of the staff members (including members of the senior management but excluding Directors) was approximately 70.3% male staff members and 29.7% female staff members.

The Board strived to achieve gender diversity of the workforce of the Group during the Year. The plan for the Group in terms of gender diversity in workforce is to continue its efforts to achieve the balance of gender diversity in the foreseeable future.

BOARD MEETINGS AND GENERAL MEETING

Pursuant to code provision C.5.1 of the CG Code, the Board meets regularly and Board meetings would be held at least four times a year. Additional meetings would be arranged if and when required. Board members are provided with all agenda and adequate information for their review within reasonable time before the meetings. After each meeting, draft minutes are circulated to all Directors for comments before confirmation. Minutes of Board meetings and meetings of the Board Committees are kept by the company secretary and are available for inspection by the Directors at all times. Each Director is entitled to seek independent professional advice in appropriate circumstances at the expense of the Company. Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

The Board had made an annual review on the implementation of the abovementioned mechanisms to ensure independent views and input are available to the Board and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

The Board is regularly provided with brief reports containing balanced and comprehensive evaluation on the Group's performance, status and prospects to keep it abreast of the Group's affairs and to facilitate the Directors' performance of their obligations under the relevant requirements of the GEM Listing Rules.

Directors' attendance records at meetings of the Board and the Board Committees and general meeting

During the Year, eight meetings of the Board and Board Committees were held and the attendance record of each Director in the such meetings and the general meeting are set out in the table below:

	Board meetings	Audit Committee meetings	Nomination Committee meetings	Remuneration Committee Meetings	Annual General Meeting held on 17 June 2024
Executive Directors					
Mr. Dang Fei	4/4	N/A	1/1	N/A	1/1
Mr. Wang Xiaozhong	4/4	N/A	N/A	N/A	1/1
Ms. Luo Xi	4/4	N/A	N/A	N/A	1/1
Mr. Li Xia	3/3	N/A	N/A	N/A	1/1
Mr. Hu Yi	3/3	N/A	N/A	N/A	1/1
Mr. Wang Yifan	3/3	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Dr. Zuo Xinzhang	4/4	2/2	1/1	1/1	1/1
Mr. Ma Kaibing	4/4	2/2	1/1	1/1	1/1
Mr. Li Jian	4/4	2/2	1/1	1/1	1/1

Dividend policy

The Company has on 10 June 2020 adopted a dividend policy (the "**Dividend Policy**") in compliance with F.1.1 of the CG Code, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company. Summary of the Dividend Policy is set out below:

(i) the Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company and also takes into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- balance of distributable reserves;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on the payment of dividends; and
- any other factors that the Board may consider relevant;

(ii) depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate;

(iii) any final dividend for a financial year will be subject to shareholders' approval;

(iv) the Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate; and

(v) any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Articles of Association.

The Board will review the Dividend Policy as appropriate from time to time.

TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

During the Year, all Directors had participated in continuous professional development with respect to directors' duties, relevant programmes and seminars or had perused reading materials and updated information in relation to business and industrial development and are aware of the requirement under code provision C.1.4 of the CG Code regarding continuous professional development. The Directors had complied with the CG Code by participating in sufficient relevant continuous professional training and had provided the relevant training records to the Company.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her roles, functions, duties and responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed. The Company Secretary is responsible for advising the Board on corporate governance matters and facilitating induction and professional development of the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws, rules and regulations are followed.

Mr. Woo Yuen Ping aged 39, was appointed as the Company Secretary of the Company on 22 May 2019. He has complied with all requirements relating to qualifications, experiences and training under the GEM Listing Rules. During the Year, Mr. Woo had attended at least 15 hours of relevant professional training pursuant to Rule 5.15 of the GEM Listing Rules.

Mr. Woo graduated with a bachelor's degree of business administration in accountancy from City University of Hong Kong in November 2008. Mr. Woo was admitted in January 2012 and is currently a practising member of Hong Kong Institute of Certified Public Accountants. Mr. Woo has been admitted as an associate of the Institute of Chartered Accountants in England and Wales as of February 2023.

Mr. Woo has over 10 years of experience in accounting, auditing and company secretarial fields gaining from accounting firms. Prior to joining the Group in May 2019, Mr. Woo worked at RSM Nelson Wheeler and left as an audit assistant manager from August 2008 to September 2014. From December 2015 to February 2019, he served as a director of Global Vision CPA Limited. Mr. Woo has been the company secretary of Dadi Education Holdings Limited, a company listed on the Stock Exchange (stock code: 8417) since March 2019 and the company secretary of Affluent Foundation Holdings Limited, a company listed on the Stock Exchange (stock code: 1757) since April 2019.

COMPLIANCE OFFICER

Mr. Wang Xiaozhong is the compliance officer of the Company. Please refer to the section headed "Directors and Senior Management" of this report for Mr. Wang's biography.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The management provides information and explanation to the Board to enable it to make informed decisions in this connection.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the Consolidated Financial Statements for the Year is set out in the section headed "Independent Auditor's Report" of this report.

RISK MANAGEMENT AND INTERNAL CONTROLS

One of the major functions of the Board is to maintain an adequate risk management and internal control systems to safeguard the Company's shareholders' investments and the Group's assets, and review their effectiveness annually through the Audit Committee. The Audit Committee reports to the Board on any material issues and makes recommendations to the Board.

Policies and procedures have been designed to safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with applicable law, rules and regulations. The policies and procedures provide a reasonable assurance that material misstatements or losses are prevented, potential interruption of the Group's management system is detected, and risks existing in the course of arriving at the Group's objectives are properly managed.

Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit function.

The effectiveness of the risk management and internal control systems of the Company, including financial, operation and compliance controls, are reviewed by the Audit Committee and further reviewed and assessed by the Board at least once annually. The Audit Committee and the Board held one meeting, respectively, during the Year to review the same and were both satisfied that the Group had an effective internal control system in place, which encompassed a sound control environment, appropriate segregation of duties, and well-defined policies and procedures. We will continue to closely monitor and review these systems in regular intervals.

Going Concern Assessment

As at 31 December 2024 and up to the date of this report, save as disclosed in note 3 to the consolidated financial statements in this report, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period of not less than twelve months from 31 December 2024. The Directors are of the opinion that, taking into account the plans and measures described in note 3 to the consolidated financial statements in this report, which improve the liquidity and financial position of the Group, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

INSURANCE ON DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged liability insurance cover to indemnify the Directors and the Senior Management of the Company. The Board reviews the insurance coverage on an annual basis.

REMUNERATION TO THE COMPANY'S AUDITOR

During the Year, the auditor did not perform any non-audit services to the Group. Further, the total remuneration paid or payable to the Company's auditor, CL Partners CPA Limited, for audit and audit related services amounted were as follows:

Nature of services	Amount RMB'000
Audit services	**811**

Note: The amount represents the total fee for the entire professional services as the reporting accountants for the Listing of Shares. Such professional fees have been recognised in varies accounting period.

SHAREHOLDERS' RIGHTS

The Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy, details of which are summarised below:

Shareholders' Meetings

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

- Notices of the general meetings, related circulars and forms of proxy are provided within a prescribed time prior to the general meetings on Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.saftower.cn) and by post to the Shareholders.

- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.

- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.saftower.cn) subsequent to the close of the general meetings.

Corporate Communications

- The Company will send (by post or by electronic means as permitted by the Articles or the GEM Listing Rules) corporate communications of the Company, which include annual reports, interim reports, notices of shareholders' meeting, listing documents, circulars, and proxy forms, to the Shareholders.

- Shareholders are encouraged to provide their up-to-date contact details to the Hong Kong branch share registrar of the Company in order to facilitate timely and effective communications.

Company's Website

- The Company's website (www.saftower.cn) provides the Shareholders with corporate information on the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.

- In addition to the "Relationship" section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange's website (www.hkexnews.hk), press releases and newsletters issued by the Company from time to time are also available on the Company's website to facilitate communication between the Company, Shareholders and investment community.

- Information on the Company's website is updated on a regular basis.

Communication with the Company

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Suite 913, 9/F, Chinachem Golden Plaza, No. 77 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong, or by the following means:

Telephone number:	(852) 3757 3150
Email address:	luoxi@saftower.cn

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The Company highly value the views and comments of its Shareholders and relevant stakeholders and would invite the Shareholders and relevant stakeholders to communicate with the Company by employing the abovementioned means. In view of the above mechanisms, the Board is of the view that the shareholders' communication policy implemented during the Year was sufficient and effective.

Right to convene extraordinary general meeting

The following procedures for Shareholders to convene an extraordinary general meeting are subject to the Articles of Association (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules:

1. Extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings.

2. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

3. Such meeting shall be held within two months after the deposit of such requisition.

4. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Introduction

Report Overview

China Saftower International Holding Group Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**we**") is a regional manufacturer and supplier of wires and cables, with integrated production facilities situated in Chengdu and Guangyuan of Sichuan Province, the People's Republic of China ("**China**"). The Group's products can be broadly classified into four categories: (i) finished wires and cables; (ii) semi-finished wires; (iii) aluminium products; and (iv) other products, which comprise cable accessories. The Group's portfolio of finished wires and cables products comprises classic and special products. Apart from finished wires and cables, the Group also produces semi-finished wires comprising aluminium rods and bare copper wires.

This ESG ("**ESG**") report (this "**Report**") summarises the Group's initiatives, plans and performance in ESG and demonstrates its commitment to sustainable development. The Group adheres to a sustainable approach to ESG management and is committed to the effective and responsible management of the Group's ESG issues as a core part of its business strategy, as we believe this is the key to our continued success in the future.

ESG Governance Structure

The Group believes that a strong governance structure is essential for the effective management of ESG related matters. The board of directors of the Company (the "**Board**") has overall responsibility for the Group's ESG matters, including formulating strategies, monitoring the Group's ESG performance, ensuring the effectiveness of risk management and internal control systems, and approving disclosures in ESG reports. The Board discusses ESG related affairs at least once a year to formulate and review ESG-related management policies, strategies, principles, policies, targets and priorities, to ensure alignment of its ESG management with the times and its general orientation. The members of the Board possess knowledge and experience required for overseeing the ESG issues.

In order to promote unified ESG management within the Group, the Group has established an ESG working group (the "**ESG Working Group**") to assist the Board on ESG-related matters. The ESG Working Group is composed of senior management and staff from different departments. It reports its work progress to the Board at least once a year, and is responsible for implementing the Group's ESG measures, assisting in the identification and evaluation of the Group's ESG risks, collecting and analysing ESG data, reviewing ESG-related matters across different parts of the Group, formulating and regularly reviewing the progress of ESG targets, ensuring compliance with ESG-related laws and regulations, and advising the Board on ESG matters.

In order to gain an in-depth understanding of stakeholders' expectations for the Group's sustainable development and to improve the Group's ESG performance, the Board and the ESG Working Group continue to communicate with the Group's stakeholders and invite them on a regular basis to participate in materiality assessments, refer to the opinions of different stakeholders to determine the priority of different ESG issues, and formulate the Group's sustainable development strategy. Information on stakeholder communication channels and the result of materiality assessment are set out in the sections "Stakeholder Engagement" and "Materiality Assessment" respectively.

In response to China's "carbon neutrality" goal and stakeholders' expectations for the Group in the materiality assessment, and to further enhance the Group's performance in ESG aspects, the Group has set environmental targets, including emissions reduction, waste management and resource conservation. The Board will review progress towards the relevant targets annually and ensure that the ESG Working Group has sufficient resources to achieve these targets. The Group believes that through the setting of targets and the implementation of relevant measures, the Group will continuously enhance the ESG awareness of employees, promote behavioural changes, and ultimately integrate the concept of sustainability into the operation and development of the Group.

This Report was approved by the Board.

Report Framework and Principles

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

The Group's corporate governance practices are set out in the Corporate Governance Report of the Group's Annual Report 2024.

The Group has attached great concern to materiality, quantitative, balance and consistency in the preparation of this Report. The Group has applied these reporting principles in the above-mentioned ESG Reporting Guide, details of which are as follows:

Materiality: The Group's major ESG issues were analysed through materiality assessment, and the identified major issues were taken as the focus of the preparation of this Report. The importance of different material issues has been reviewed and confirmed by the Board and the ESG Working Group.

Quantitative: This Report compares quantitative key performance indicators ("**KPIs**") where appropriate and sets out in explanatory notes the criteria, methodology, assumptions and sources of key conversion factors used to calculate the relevant information.

Balance: This Report provides an unbiased description of the Group's performance and avoids misleading readers with inappropriate selection, omissions and presentation formats.

Consistency: This Report describes data with changes to disclosure and calculation methods where appropriate. Unless otherwise stated, the preparation method for this Report is consistent with that for the ESG report ended 31 December 2023 ("**2023**").

Reporting Period

This Report details the ESG initiatives, plans and performance achieved by the Group for the year ended 31 December 2024 (the "**Reporting Period**" or "**2024**").

Reporting Scope

The scope of this Report is determined by the management of the Group after considering the resource allocation of the Group and the operating conditions of different segments, and includes only the subsidiaries which have material environmental and social impact during the Reporting Period, including the Group's plants located in Chengdu, Guangyuan, Yaan, and Bazhong, China, as well as the headquarter offices in Chengdu and Guangyuan. Since the plants located in Yaan has ceased operations in early 2023 and disposed of its production equipment in October 2023, only the social KPIs of the Yaan factory are disclosed in this Report.

As compared with 2023, the principal changes in the reporting scope are as follows:

1. this Report will only cover the operating data of Chengdu business from January to September due to its complete relocation to Guangyuan in September 2024; and

2. This Report will include relevant data during the construction phase of Bazhong plant as it commenced its operation in December 2024.

Save as otherwise specified, we obtained ESG KPIs through the Group's operational control mechanisms. After the Group's data collection system becomes more mature and its sustainability development work is deepened, the Group will continue to expand the scope of disclosure in the future.

Stakeholder Engagement

We maintain ongoing communication with various stakeholders including shareholders and investors, employees, customers, suppliers and subcontractors, the community and the public, as well as regulators and government agencies, in an effort to balance the views and interests of all parties in order to set the long-term direction for us and the communities in which we operate.

The Group's communication channels with key stakeholders and their expectations and concerns about the Group are as follows:

Stakeholders	Expectations and concerns	Communication channels
Shareholders and investors	• Compliance with laws and regulations • Risk management • Corporate governance system • Investment return • Information transparency	• Annual general meetings and other general meetings • Financial reports • The Group's announcements and notices • The Group's website and email • Meetings/conference calls
Employees	• Entitlements and benefits • Employee health and safety • Career development and training • Labour rights • Corporate culture	• Training and seminars • Regular performance evaluation • Employee suggestion box • Internal announcements and newsletters • Cultural and sports activities • Work sessions/special sessions • Career development communication mechanism
Customers	• Safe and quality products • Customer service • Compliance with laws and regulations	• Customer support hotline and email • Meetings • Customer satisfaction survey • Visits and communication
Suppliers and subcontractors	• Fair competition • Stable demand • Maintenance of a good relationship • Corporate Reputation	• Business meetings, emails and phone calls • Audit and evaluation • Opinion survey • Instant messaging software
Community and public	• Information transparency • Environmental protection • Community engagement • Economic development	• Community events • ESG reports • Media • Press releases/announcements • Results announcements • Management interviews

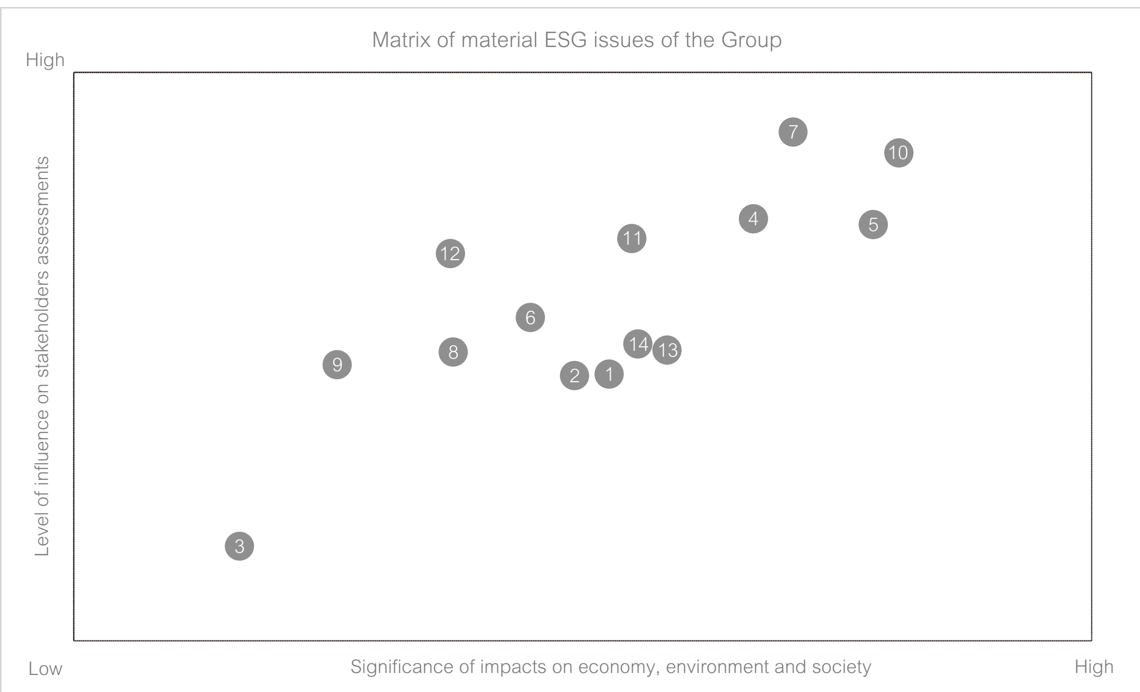
Stakeholders	Expectations and concerns	Communication channels
Regulators and government agencies	• Compliance with laws and regulations • Promotion of economic development and employment • Fulfillment of tax liabilities • Stable business operations	• Compliance advisors • Site visits • Financial reports • Progress reports • Meetings • Contact by phone/email • Supervision and inspection

We are committed to working and communicating with our stakeholders to enhance the Group's ESG performance and to continue to create greater value for our country and society.

Materiality Assessment

The management and staff of each of the Group's key functions have been involved in the preparation of this Report to assist the Group in reviewing its operations and identifying relevant ESG issues. The Group identifies and ranks the importance of ESG issues to the Group and its stakeholders. The management of the Group first determines the major ESG issues and reporting framework by considering emerging global and local sustainable development trends, major issues identified by its peers in the industry, and the best practices in the industry. In order to better understand stakeholders' views and expectations of the Group's ESG performance, we have developed a questionnaire based on identified material ESG issues. We distributed questionnaires to the Group's stakeholders, including but not limited to employees and management, and analysed the results of the questionnaires and compiled a matrix of the material ESG issues of the Group. The results of materiality assessments will be reviewed and approved by the Board.

The Group has conducted a materiality assessment exercise during the Reporting Period. The following is a matrix of the material ESG issues of the Group:



Material issues	Priority number	Material issues	Priority number
Emissions	1	Employee Development and Training	8
Resources Consumption	2	Supply Chain Management	9
Climate Change	3	Product Quality Management	10
Employee Recruitment, Promotion and Dismissal	4	Customer Services	11
Employee Remuneration and Benefits	5	Privacy Protection	12
Equal Opportunity and Anti-discrimination	6	Anti-corruption	13
Employee Health and Safety	7	Community Investment	14

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and control systems for ESG matters and that the disclosures made were in compliance with the requirements of the ESG Reporting Guide.

A. Environment

A1. Emissions

The Group adheres to a sustainable development strategy in its operations, emphasises good environmental management, and has established procedures to protect the environment and make every effort to reduce the environmental impact of existing business activities, while supporting nature and environmental conservation programmes. During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations on environmental protection that have a significant impact on the Group, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Promoting Clean Production, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution. In addition, the Group has strictly complied with all national and local standards on emissions control, pollution and discharge to surface and groundwater, and noise control. To reduce environment pollution by its operations, the Group has established its Environmental Protection Management Policy, which specifies the regulations on environmental protection responsibilities, pollution control and environmental monitoring, to coordinate work related to environmental protection and ensure economic construction and environmental protection are planned and developed simultaneously.

Emissions control

Air emissions

In the course of the Group's operations, air emissions are mainly from fuel consumed by company vehicles, which mainly includes nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**") and particulate matter ("**PM**"). To address the above-mentioned emissions, the Group has established Air Emissions and Solid Waste Management Policy and is actively taking the following emissions reduction measures:

- We replaced the original high energy-consuming daily office vehicles with economical vehicles and the daily delivery vehicles with new energy vehicles, thereby significantly reducing emissions;

- We take good care of the vehicles to ensure that they are in the best possible condition. We perform checks on the tire pressure and motor oil. We improve the efficiency of the vehicles by removing heavy objects from the vehicles when we don't need them;

- We pay attention to the clutch/throttle coordination when driving, ensure the vehicles are kept at the economic speed, and try to start smoothly. We try to avoid idling the engine when waiting in line, in a traffic jam or waiting for passengers. If the vehicle is to be stopped for over 1 minute, then the engine should be turned off;

- Our production department is equipped with dust removal facilities in the relevant workshops where exhaust and dust are produced, such as installing exhaust fans and ventilations in the operating room to effectively control the steam, fumes, and dust generated in the cooking, baking and dust and other processes; and

- The production department conducts regular inspection and maintenance of equipment, piping and valves to maintain good air tightness of the devices.

During the Reporting Period, the Group encouraged its employees to use public transportation to reduce the use of the company vehicles, therefore, its air emissions decreased compared with that in 2023. The summary of the Group's air emissions performance is set out below:

Types of emissions[1]	**Unit**	**Emissions in 2024**	Emissions in 2023
NO_x	kg	28.88	88.69
SO_x	kg	0.12	0.19
PM	kg	2.57	8.30

Note(s):

1. Air emissions are calculated with reference to "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

*Greenhouse gas ("**GHG**") emissions*

The Group's GHG emissions are mainly from fuel consumed by company vehicles, natural gas, liquefied petroleum gas ("**LPG**") and purchased electricity consumed by production, boilers and canteens. The Group established GHG emissions targets during the year ended 31 December 2021 ("**2021**"), to align with the nation's policy of "achieving peak carbon emissions by 2030 and achieving carbon neutral by 2060", and strictly implemented and actively adhered to the carbon reduction plan promulgated by the government of the mainland China in order to complete its carbon reduction mission during the target period. The Group actively adopts electricity saving and energy saving measures to reduce GHG emissions, including strictly controlling the use of air conditioners and production equipment. The specific measures will be explained in the "Energy efficiency" section. The Group's GHG emissions performance has been disclosed in this Report. The above-mentioned targets are still in progress. The Group will continue to monitor relevant progress and introduce measures to reduce GHG emissions.

Since the production activities in Guangyuan plant of the Group increased during the Reporting Period, the Group's total GHG emissions intensity increased from approximately 4.04 tonnes of carbon dioxide equivalent ("**tCO_2e**") per million RMB in revenue in 2023 to approximately 4.91 tonnes of carbon dioxide equivalent per million RMB in revenue in 2024.

The summary of the Group's GHG emissions performance is set out below:

Types of GHG emissions[2]	**Unit**	**Emissions in 2024**	Emissions in 2023
Direct GHG emissions (Scope 1) • Fuel consumed by company vehicles • Natural gas and LPG consumed by production, boilers and canteens	tCO_2e	53.24	55.47
Energy indirect GHG emissions (Scope 2) • Purchased electricity	tCO_2e	1,206.87	933.26
Total (Scope 1 & 2)	**tCO_2e**	**1,260.11**	**988.73**
Intensity (Scope 1 & 2)	tCO_2e/million in revenue[3]	4.91	4.04

Note:

2. GHG emissions data are presented in terms of carbon dioxide equivalent, with reference to, including but not limited to, the "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" published by the World Resources Institute and the World Business Council for Sustainable Development, "the Notice of the Management of GHG Emissions Reports for Electricity-generating Corporates 2023–2025" and "the Notice on Releasing the Carbon Dioxide Emission Factor of Electricity in 2022" released by the Ministry of Ecology and Environment of China, global warming potential in the "2006 IPCC Guidelines for National Greenhouse Gas Inventories" and the "Sixth Assessment Report" issued by the Intergovernmental Panel on Climate Change ("**IPCC**") and "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

3. During the Reporting Period, the Group's total revenue was approximately RMB256.61 million (2023: RMB244.69 million). The data will be used to calculate other intensity data.

Waste management

The Group adheres to the principles of waste management and strives to manage and dispose of waste generated from its business activities in a rational manner to reduce the impact of waste on the environment. The Group strictly complies with the relevant environmental laws and regulations and will maintain high standards in waste reduction and encourage employees to be aware of the importance of sustainable development, raising their awareness of environmental protection thereby achieving the goal of waste reduction at source. The Group has established Air Emissions and Solid Waste Management Policy, pursuant to which wastes are specified in accordance with the type of storage location and disposal methods to reduce the pollution generated by solid waste to the environment.

Hazardous waste

The Group's hazardous waste mainly arises from the manufacturing process of electric wires and cables, and the hazardous waste generated during the production process is mainly waste mineral oil and waste activated carbon. The Group standardises the management and disposal of hazardous wastes generated by each department and sets up special facilities for separate collection, storage and keeping. All sites where hazardous waste is stored have dedicated staff to enhance management and to register hazardous waste. In order to reduce the pollution caused by hazardous waste to the environment, the Procurement Department will notify the suppliers to collect the waste centrally or hire a qualified hazardous waste collector to handle the waste. The staff will also keep the equipment hygienic at all times, make sure the oil supply system is intact and normal and the amount of oil is reasonably filled to eliminate overflows and drippings.

Due to the effective implementation of the abovementioned measures, the Group's total hazardous waste intensity decreased from approximately 0.00188 tonnes per million RMB in revenue in 2023 to approximately 0.00144 tonnes per million RMB in revenue in 2024.

The summary of the Group's hazardous waste disposal performance is set out below:

Types of hazardous waste	**Unit**	**Amount disposed of in 2024**	Amount disposed of in 2023
Waste mineral oil	tonnes	0.13	0.18
Waste activated carbon	tonnes	0.24	0.28
Total	**tonnes**	**0.37**	**0.46**
Intensity	tonnes/million in revenue	0.00144	0.00188

Non-hazardous waste

As a wire and cable manufacturer, the Group's non-hazardous waste mainly includes obsolete copper, obsolete aluminium, waste plastic pellets, waste wood pallets, domestic waste, food waste and paper. The Group identifies waste in its daily production and operation and reduces or eliminates waste by means of project controls to reduce the amount of waste generated, thereby reducing the overall amount of waste generated. At the same time, the Group has adopted environmental measures to reduce paper consumption in its operations. We encourage our employees to use double-sided printing or photocopying whenever possible, and to communicate through email and electronic format documents to conserve paper. The Group has set quantitative targets, taking 2023 as the baseline year, to maintain or reduce the intensity of total non-hazardous waste in 2024 and reduce the intensity of total non-hazardous waste by 5% in the next five years.

During the Reporting Period, the Group's total non-hazardous waste intensity decreased from approximately 0.21 tonnes per million RMB in revenue in 2023 to approximately 0.20 tonnes per million RMB in revenue in 2024. Therefore, the Group has met the above-mentioned short-term waste reduction target.

The summary of the Group's non-hazardous waste disposal performance is set out below:

Types of non-hazardous waste	**Unit**	**Amount disposed of in 2024**	Amount disposed of in 2023
Obsolete copper (blue, yellow copper), obsolete aluminium	tonnes	40.00	38.00
Waste plastic pellets	tonnes	0.50	1.00
Domestic waste	tonnes	5.55	6.65
Food waste	tonnes	5.00	5.70
Paper	tonnes	0.33	0.34
Waste wood pellets	tonnes	0.10	0.05
Total	**tonnes**	**51.48**	**51.74**
Intensity	tonnes/million in revenue	0.20	0.21

A2. Use of Resources

The Group integrates resource conservation and environmental protection concepts into its business operations and is committed to optimising the use of resources in all its business and production operations. The Group focuses on the management of major energy-consuming equipment and standardises the equipment operation process in order to fully and effectively utilise energy.

Energy efficiency

The energy consumed by the Group in the course of its operations includes fuel consumed by company vehicles, natural gas, LPG and purchased electricity consumed by production, boilers and canteens. In order to reduce the consumption of energy and other resources and improve the sustainability of production and operation, the Group has prepared the Environmental Management Operation Control Procedures in accordance with the relevant environmental laws and regulations to implement various energy saving and emissions reduction management regulations through controlling and assessing the usage of energy and resources. The Group has set quantitative targets, taking 2023 as the baseline year, to maintain or reduce the intensity of total energy consumption in 2024 and reduce the intensity of total energy consumption by 5% in the next five years.

For the operation of electricity, the Group will consider the performance of production equipment in terms of energy saving when selecting the equipment and prioritise the equipment with mature technology and low energy consumption. At the same time, the Group requested all departments to strengthen their electricity consumption management and establish a sustainable concept of energy conservation among employees. Each production department should also use production equipment with variable frequency control technology as much as possible, and the Facilities Management Department should take good care of the maintenance and repair of electricity equipment to ensure that the equipment can maintain high efficiency in order to achieve electricity saving. Energy-saving lamps should be used at production sites whenever possible. The person in charge of each department should turn off the power of all electronic equipment before the end of each day, and require employees to turn off the lights before leaving to avoid wasting power. The temperature of the air conditioner should not be lower than 26°C during summer and not higher than 20°C during winter.

For the natural gas used in the canteen, the Group distributed the amount of meals accordingly to reduce the use of natural gas. As for the fuel consumed by vehicles and mobility machines, in addition to the measures described in the section headed "Air emissions", the Group will also rationalise the arrangement of travel of its employees, such as using public transportation as much as possible and grouping employees when using the Company's vehicles. Through the implementation of these measures, employees' awareness of energy conservation has been increased.

Since the production activities in Guangyuan plant of the Group increased during the Reporting Period, the energy consumption intensity of the Group increased from approximately 7.62 MWh per million RMB in revenue in 2023 to approximately 9.61 MWh per million RMB in revenue in 2024. Therefore, the Group is still working towards achieving the above-mentioned energy consumption reduction target.

The summary of the Group's energy consumption performance is set out below:

Types of energy[4]	**Unit**	**Consumption in 2024**	Consumption in 2023
Direct energy consumption	**MWh**	**228.68**	**227.04**
Diesel	MWh	25.16	25.19
Petrol	MWh	78.77	112.82
Natural gas	MWh	115.29	75.12
LPG	MWh	9.46	13.91
Indirect energy consumption	**MWh**	**2,237.01**	**1,636.44**
Purchased electricity	MWh	2,237.01	1,636.44
Total	**MWh**	**2,465.69**	**1,863.48**
Intensity	MWh/million in revenue	9.61	7.62

Note:

4. The unit conversion method for energy consumption data refers to the "Energy Statistics Manual" issued by the International Energy Agency.

Water consumption

In order to conserve water resources, the Group has been promoting water conservation to its employees during the Reporting Period, posted water conservation promotional materials in factories and offices and recycling cooling water during operation to enhance employees' awareness of water conservation. In addition, the Group also requires the Facilities Management Department to formulate relevant measures to urge the relevant departments to conduct regular inspections of the drainage pipes and deal with all irregularities in a timely manner to reduce the wasting of water resources. The domestic water is treated in septic tanks and used for agricultural irrigation. The Group has set quantitative targets, taking 2023 as the baseline year, to maintain or reduce the intensity of water consumption in 2024 and reduce the intensity of water consumption by 5% in the next five years.

Due to the geographical location of its operations and the nature of its business, the Group does not have any issues in sourcing water that is fit for purpose. Since the underground pipes which had been leaking in the Guangyuan plant of the Group were repaired during the Reporting Period, the water consumption per million RMB in revenue of the Group decreased from approximately 41.62 m^3 in 2023 to approximately 27.49 m^3 in 2024.

The summary of the Group's water consumption performance is set out below:

Water consumption[5]	Unit	Consumption in 2024	Consumption in 2023
Total	**m^3**	**7,055.00**	**10,183.80**
Intensity	m^3/million in revenue	27.49	41.62

Note:

5. As Chengdu plant of the Group is not equipped with independent water meters, this data includes the water consumption of tenants other than the Group.

Use of packaging materials

The Group produces a wide range of products, and the main packaging materials used include wood, plastic packaging film, packaging steel buckle, packaging plastic steel tape and tonne packaging bag. The consumption of packaging materials increased in 2024 compared with that in 2023. This is mainly due to the increase in production volume of aluminium-clad steel reinforced conductor.

The performance of the Group's packaging materials is set out as follows:

Types of packaging materials	Unit	Consumption in 2024	Consumption in 2023
Wood	tonnes	18.50	18.00
Plastic packaging film	tonnes	0.25	0.20
Packaging steel buckle	tonnes	0.09	0.05
Packaging plastic steel tape	tonnes	0.15	0.10
Tonne packaging bag	tonnes	0.01	—
Total	**tonnes**	**19.00**	**18.35**

A3. The Environment and Natural Resources

The Group continues to pursue environmental protection and focuses on the impact of its operations on the environment and natural resources. We integrate the concept of environmental protection into our internal management and daily operation activities, and strive to reduce our impact on the environment. Our manufacturing processes generally do not generate large amounts of hazardous waste, wastewater or other industrial waste. As a result, the Group's production processes have a limited negative impact on the environment. However, the Group has taken various measures to ensure its compliance with applicable environmental laws and regulations, including (i) making sure that the wastewater is treated in accordance with national standards before discharge; (ii) managing non-hazardous and hazardous wastes separately; and (iii) implementing noise isolation for major machinery.

For noise emissions, maintenance of equipment should be enhanced during production to ensure good lubrication and all equipment should work in a noise-free condition. When new equipment is to be added, the noise index should also be evaluated and priority should be given to equipment with low noise levels. We have taken measures to reduce noise emissions from equipment that emits strong noise, and we have enhanced the maintenance of forklifts to reduce transport noise. We also conduct noise monitoring of the plants annually and provide timely advice or measures for improvement if abnormalities are found.

In addition, the Group has an Environmental Factors Identification and Assessment Control Procedure, which identifies environmental factors that can be controlled or affected by the Group's activities, products and services in the past, present and future in eight areas, including "emissions to air", "emissions to water", "emissions to land" and "use of raw materials and natural resources", and controls and updates them in a timely manner to ensure that the environmental impact of the Group's operations is minimised. The Group has also formulated the Air Emissions and Solid Waste Management Policy to regulate the management of air emissions and solid waste pollutants, improve the working environment, reduce the generation of three types of wastes and the pollution released to the environment, and protect the physical and mental health of personnel.

A4. Climate Change

The impact of global climate change on the global ecology and different industries has become increasingly significant. The Group is also deeply aware that climate change will affect its business operations in different ways. Therefore, while practising green and low-carbon operations, the Group has formulated the Climate Change Policy to identify, monitor and manage climate change-related risks, assess related impacts, and formulate response strategies. Based on these policy procedures, the Group has identified the following climate-related risks:

Physical risk

First, climate change has brought about more frequent and more intense extreme weather events, such as typhoons, floods, torrential rains, etc., which may disrupt transportation services and cause delays in the delivery of raw materials and the Group's products. At the same time, rising global temperatures may lead to an increase in electricity consumption in the production process, which in turn drives up the cost of raw materials. The Group's supply chain may be adversely affected in view of the possible increase in raw material costs and transportation disruptions due to climate change. In addition, floods caused by extreme weather will also cause physical damage to the operating sites owned by the Group, increasing the Group's maintenance, disaster response and insurance costs. In severe cases, the normal operations of the Group may be affected, and the personal safety of employees may also be threatened. If the Group does not handle such incidents properly, it will also have a negative impact on the Group's reputation.

In order to deal with these physical risks, the Group has incorporated climate change risks into its risk management process, and will regularly review the risks of business interruption related to extreme weather and, where appropriate, develop countermeasure to mitigate negative compacts, thereby reducing negative impacts. At the same time, the Group has specified special work arrangements under potential environmental disasters, typhoons and rainstorms to avoid any chaotic situations that may lead to safety incidents.

Transition risk

In addition to the above-mentioned physical risks, the Group also faces transition risks arising from the transition to a low-carbon economy. The transition to a low-carbon economy, constrained by constantly updated and stricter environmental regulations, and related innovations in energy-efficient materials, processes, and operations may lead to higher costs for goods and services. The transition risk may increase the cost of raw materials used by the Group and production. In addition, stricter environmental laws and regulations may increase the risk of claims and lawsuits arising from the failure to comply with compliance requirements, thereby affecting the Group's reputation. Affected by these risks, the Group's related capital investment and compliance costs may also increase.

In response to the transition risks mentioned above, the Group regularly monitors existing and emerging climate-related trends, policies and regulations and is prepared to alert senior management if necessary to avoid increased costs, fines for non-compliance or reputational risks due to delayed responses. In addition, the Group maintains a high level of transparency in its ESG risk management activities to build trust and confidence between us and our investors. The Group has also set targets for reducing energy consumption and GHG emissions to promote the Group's sustainable development process. At the same time, the Group is also actively exploring low-carbon and energy-saving materials and production methods, in order to seize opportunities in the process of transition to a low-carbon economy and maintain competitiveness in the market.

B. Social

B1. Employment

Human resources are the core of the Group's greatest and most valuable asset and competitive advantage, and the Group's sustainable growth relies on good recruitment and retention practices. The Group adheres to a people-oriented approach, respects and protects the legitimate rights and interests of its employees, actively promotes diversity in the workplace and strives to create a friendly and harmonious working environment.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to employment that have a material impact on the Group, including but not limited to the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

As at 31 December 2024, the Group had 111 employees, all of which are full-time employees in mainland China (2023: 116 employees, all are full-time employees in mainland China).

The Group's employee composition by the last day of the financial year is set out below:

Categories	**Number of employees in 2024**	**Employee percentage in 2024**	Number of employees in 2023	Employee percentage in 2023
Gender				
Male	79	71%	78	67%
Female	32	29%	38	33%
Age group				
≦30	10	9%	7	6%
31–40	25	22%	34	29%
41–50	41	37%	30	26%
≧51	35	32%	45	39%
Employment type				
Senior management	6	5%	8	7%
Middle management	8	7%	13	11%
General staff	97	88%	95	82%

During the Reporting Period, the Group's overall employee turnover rate[6] was approximately 32% (2023: 66%), with the following breakdown:

Categories	Number of employee turnover in 2024	Turnover rate in 2024	Number of employee turnover in 2023	Turnover rate in 2023
Gender				
Male	23	29%	61	78%
Female	12	38%	15	39%
Age group				
≦30	3	30%	11	157%
31–40	12	48%	17	50%
41–50	6	15%	43	143%
≧51	14	40%	5	11%
Region				
Mainland China	35	32%	76	66%

Note:

6. The turnover rate for the Group are calculated by dividing the number of employees in that category who left their jobs during the year by the number of employees in that category as at the end of the year, and then multiplying by 100%.

The Group has established relevant personnel management policies, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, to safeguard the welfare of its employees and ensure equal opportunities in all aspects. The Group also encourages and advocates diversity of employees and strives to reduce unfair treatment so that they can actively integrate their personal pursuits into the long-term development of the Group. We have formulated the Labour and Personnel Management Policy in accordance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Basic Internal Control Norms for Enterprises and other relevant laws and regulations to clearly define the recruitment conditions, remuneration, working hours and leaves, other entitlements, benefits and post-employment management, and are committed to providing equal opportunities in the cultivation of talents.

Salary and benefits

The Group has established a fair, just, reasonable and competitive remuneration system and remunerates its staff based on the principles of fairness, competition, motivation, reasonableness and lawfulness. The remuneration package for our employees includes salary, commission, bonus and allowances. In addition, the Group signs and fulfils labour contracts with its employees in accordance with the Labour Contract Law of the People's Republic of China. The Group practically protects the legitimate rights and interests of labours in accordance with the requirements of the Labour Law of the People's Republic of China and other relevant national and local laws and regulations, respects the rights of employees to rest and leave, and regulates the working hours of employees and their rights to various types of rest periods and holidays.

Recruitment, promotion and dismissal

The Group has been actively implementing the strategy of strengthening the enterprise with talented professionals and has been establishing and improving the talent recruitment and selection system. In accordance with the provisions of the Labour Law of the People's Republic of China and based on the principle of "fairness, impartiality and openness" in the employment environment and recruitment conditions, the Group conducted a comprehensive assessment of those who met the employment requirements for the positions and determined the employment results after a rigorous recruitment process.

The Group has clearly set out the principles of promotion in the Labour and Personnel Management Policy and strives to provide every employee with opportunities for promotion and advancement in accordance with the actual needs of its operation and management. The Group believes that morals and performance are of equal importance. We give promotion and advancement to outstanding staff based on the annual appraisal results, work ability, development potential, moral quality and overall quality. The Group also has clear procedures for the termination, dismissal and retirement of employees. For employees who have reached the retirement age stipulated by China, their employment contracts with the Group will be terminated and the Human Resources Department will handle the retirement procedures for them in accordance with the law.

Equal opportunity and anti-discrimination

The Group provides equal employment opportunities and fair treatment in employment, does not make discriminatory demands, does not discriminate against any employee at work on the basis of gender, race, marriage, physical condition, family name, geography, religious beliefs, and other aspects and protects the right of workers to equal employment. We endeavour to provide fair treatment to our employees at every stage of recruitment, remuneration, training, promotion, termination of employment contracts and retirement. We also strive to recruit professionals from different backgrounds to join the Group, to eliminate identity discrimination, to make anti-discrimination our social responsibility and to strongly prohibit any unfair treatment.

B2. Health and Safety

The Group pays great attention to the health and safety of its employees and is committed to providing them a healthy, safe and comfortable working environment. We aim to protect the safety and health of our employees at work by eliminating all potential health and safety hazards in the workplace and by managing all aspects of safety.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations on health and safety that have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China, the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and the Fire Control Law of the People's Republic of China. During the Reporting Period, the Group recorded no lost days due to work injury (2023: No lost days due to work injury). During the Reporting Period, the Group did not have work-related fatality (2023: Nil; 2022: 1) The Group will continue to focus on employee health and safety, and work hard to reduce work-related injuries and work-related fatalities.

Occupational health and safety

We are committed to providing a healthy and safe working environment for all staff, insisting on the principle of "safety first, prevention is the key", implementing the responsibility system for safe production, focusing on safety management to ensure personal safety and machine safety, and practically achieving the principles of three no-harms (no harm to others, to yourself, and from others) and three no-give-ups (not giving up until the cause of the accident is clarified, until the person responsible for the accident is educated and those who should be educated are educated, and until the person responsible for the accident is punished). In addition, we strictly prohibit unauthorised operation and instruction, and we always check the safety equipment and protect it in accordance with the regulations. At the same time, all safety precautions are taken as required during the production process. We do not allow the normal operating procedures of the machine to be violated, always remember that personal safety and machine safety are the top priorities. We require employees to wear ear plugs and masks in work areas with exhaust gases, dust and high noise levels, and to wear the correct protective items as required.

New employees must undergo safety training and skills training and be assessed by the production authority before they are allowed to start working. All employees on the production site are required to undergo the necessary safety and technical training and be qualified. For staff whose work involves the use of combustible materials (such as acetylene, oil, oxygen and lacquer thinner), we require them to be familiar with the properties of these materials and the rules for fire and explosion protection.

We also encourage our staff to do the "three checks" before they start work, which is to check safety concepts, safety measures and safety equipment, and every staff has the right to refuse to perform work that may cause injury (such as equipment with serious potential hazards that may cause personal injury, dangerous operations with inadequate safety measures). At the same time, we are trying to eliminate and stop habitual violations. We make every employee consciously aware of the importance of safe production. Safety helmets must also be worn by workers during the installation of equipment and lifting of goods or during dangerous operations to avoid injury.

The Group strictly complies with the Work Safety Law of the People's Republic of China and other relevant regulations, and has developed a Production Safety Management Policy to ensure that our operations comply with applicable production safety laws and regulations and prevent production accidents from occurring. The Group's safety management team conducts regular safety inspections of production facilities, and production equipment and machinery are equipped with protective devices and warning labels to ensure compliance with safety regulations and safe operation. Production staff receive regular training on the operation of production equipment and occupational safety equipment. We have complied in all material respects with all applicable occupational health and safety laws and regulations. We will regularly check related measures to ensure effective protection of employee health and safety.

B3. Development and Training

The Group focuses on achieving a positive atmosphere for the cultivation, selection and use of talents, and provides each employee with a career path that suits his or her own development and capabilities. We provide on-the-job training and other opportunities to enhance the skills and knowledge of our management and employees. Employees also attend external professional training on a regular basis to meet the different needs of different levels and functions of employees, to enhance their skills and to promote the continuous development of the Group's human resources, as well as to help their individual growth and development.

Career development and training

The Group has established training-related procedures to govern the management of staff training, and specified the responsibilities in training management, the management approach for training demands, and the training methods and contents as the basis of implementing and managing training for employees at all levels. For frontline production staff, in order to ensure that each employee fully understands his or her responsibilities in the production plant, the Group actively arranges for staff to participate in focused training, which includes explaining to staff the main responsibilities and important points to note in each position to enhance their productivity. To ensure that our employees keep up to date, the Group also conducts regular courses for staff on the new version of the wire and cable standards. In addition, the Group also arranges fire drills on a regular basis to test the quick response capability of staff in various positions, enhance their ability to respond quickly to actual fires and strengthen their awareness of fire prevention through on-site fire fighting and self-rescue drills.

During the Reporting Period, the Group had 58 trained employees (2023: 64), representing approximately 52% of the total number of employees (2023: 55%)[7]. The average number of hours of training[8] was approximately 41.80 hours (2023: 59.55 hours). The total hours and average number of hours of training completed by employees, by gender and employment type, are as follows:

Categories	**Total training hours in 2024**	**Average training hours in 2024**[8]	Total training hours in 2023	Average training hours in 2023[8]
Gender				
Male	3,680	46.58	4,970	63.72
Female	960	30.00	1,938	51.00
Employee type				
Senior management	160	26.67	208	26.00
Middle management	320	40.00	680	52.31
General staff	4,160	42.89	6,020	63.37

Specific information on the breakdown of employees trained (calculated as 100% of the total for the same category) is as follows:

Categories	Breakdown of employees trained[9] in 2024	Breakdown of employees trained[9] in 2023
Gender		
Male	79%	78%
Female	21%	22%
Employee type		
Senior management	3%	3%
Middle management	7%	5%
General staff	90%	92%

Note:

7. The percentage of employees trained is calculated by dividing the total number of employees trained during the year by the total number of employees as at the end of the year, and then multiplying by 100%.

8. The average number of hours of training for employees of the Group is the number of hours of training (for that category) of employees during the year divided by the number of training hours (for that category) of employees as at the end of the year.

9. The breakdown of employees trained of the Group (the sum of the same category is 100%) is calculated by dividing the number of employees trained in that category of the Group during the year by the total number of employees trained during the year, and then multiplying by 100%.

B4. Labour Standards

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations on the prevention of child labour or forced labour that have a significant impact on the Group, including but not limited to the Labour Law of the People's Republic of China, the Provisions on the Special Protection on Juvenile Workers and the Provisions on the Prohibition of Using Child Labour of the People's Republic of China.

Prevention of child labour and forced labour

The Group strictly prohibits the employment of any child labour and requires new employees to provide true and accurate personal information when they join the Group. Recruiters strictly check entry data, including academic proof, identity card, household registration details, etc. The Group has well-established recruitment system and processes that require checking of candidates' backgrounds to prevent any child labour or forced labour in its operations. The Human Resources Department will ensure that identity documents are carefully checked. If any violations are discovered, they will be dealt with as appropriate, including to terminate the labour contract with the employee concerned.

In addition, employees work overtime on a voluntary basis to avoid violating labour standards and to protect their rights and interests, and we are required to provide overtime pay or paid leave. The Human Resources Department will also regularly check records of working hours and if overwork is found, it will initiate immediate investigation and take corresponding action, including to punish the employee involved according to the Employee Reward and Punishment Management System. The Group will also review relevant measures regularly, and further improve the labour mechanism for violations if necessary.

B5. Supply Chain Management

The Group highly values the management of potential environmental and social risks in the supply chain. As such, the Group has established a stringent procurement policy system and supplier selection process to more effectively regulate and monitor the supply chain and procurement process.

Supplier management

We identify suitable suppliers based on actual requirements, and collect information on quality, material selection and price as a basis for selection. Interested suppliers are required to complete the basic supplier information form. The procurement officer will conduct preliminary evaluation of the basic supplier information form and draw up a shortlist of suppliers based on the evaluation, which will be submitted to the person in charge of the Supplies Department for review and approval, and provide relevant supporting documents for toxic and dangerous goods to ensure that the suppliers comply with government laws and regulations and safety requirements.

In addition, in conjunction with other relevant departments, the Supplies Department will conduct on-site supplier evaluations and make corresponding suggestions and recommendations to ensure that the quality of the supplier is up to standard. The supplier evaluation criteria include the following four main aspects:

I. Qualifications, operating conditions, credit rating and service of the supplier;

II. Payment terms requested by the supplier;

III. Quality of the goods; and

IV. Prices and delivery times for procurement.

At the same time, the Group also fully considers the social, ethical and environmental performance of its suppliers in the procurement process. The Group has established the Policy of the Consideration of Environmental and Social Factors on the Supply Chain, which requires the following contents in the periodic audit of suppliers:

- The supplier understands the social, ethical and environmental issues related to its business and has established minimum standards for these issues;
- Main suppliers and suppliers with higher risks have management systems in place to deal with environmental and social issues and risks;
- Ensure the accuracy of the information provided by suppliers through audits, third-party verification or similar procedures; and
- Under other conditions being the same, the Group will give priority to suppliers who are responsible for the environment and society, or those who promote products and services that are beneficial to the environment.

The Group maintains stable relationships with its various suppliers and has never encountered any significant problems in obtaining sufficient raw materials to meet its production needs. The Group also does not rely on specific suppliers to supply its raw materials as there are other suppliers readily available to supply such raw materials. The Group also reviews the performance of suppliers on an annual basis, including but not limited to track record, pricing, timely delivery, financial condition and environmental and social performance, to ensure that they maintain a high level. In additions, in its Environmental Protection Policy, the Group encourages all departments to purchase environmentally friendly products and services, and will punish anyone that has purchased technologies or equipment inconsistent with environmental regulations. We regularly review our supply chain-related policies and practices to ensure their effectiveness.

During the Reporting Period, the Group had a total of 50 major suppliers (2023: 55), among which all were located in mainland China and passed the above-mentioned practice of reviewing suppliers. During the Reporting Period, the Group did not find any major suppliers to have any significant negative impact on business ethics, environmental protection, human rights and labour practices.

B6. Product Responsibility

A subsidiary of the Group, has obtained the ISO 9001:2015 Quality Management System Certification. The Group has also acquired National Production Licence for Industrial Products.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations on health and safety, advertising, labelling and privacy matters in relation to products and services that had a significant impact on the Group, including but not limited to the Product Quality Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Law of the People's Republic of China on Technology Contracts.

Product quality management

The Group has developed effective quality control systems designed to demonstrate its ability to provide products that meet customer, regulatory and legal requirements. In addition, some of the wires and cables we supply are used in public sector projects that have strict quality assurance of the power supply and distribution system, therefore we place great emphasis on the quality of our products. The Group also regularly reviews and upgrades its quality control systems from time to time to meet industry standards and to meet or exceed customer expectations.

The insulation layer of the Group's eco-friendly wires and cables is made of unique materials that prevent the emissions of harmful pollutants into the atmosphere under high temperature conditions. Eco-friendly wires and cables are not only better for the environment, they are also safer choices. The use of fire-resistant materials also enhances the safety of eco-friendly wires and cables. The Group has obtained two patents in the development of unique wires and cables, which were the "Aluminium Alloy Eco-friendly Fire-resistant Electronic Cable" and the "Aluminium Alloy Eco-friendly Fire-resistant Cables".

As at 31 December 2024, the Group's quality management team has 6 members, some of whom have over 10 years of experience in the wire and cable industry. The Group conducts quality tests and checks at each major stage of the production process. During the Reporting Period, the Group did not receive any cases of recall of sold or delivered products for safety and health reasons (2023: Nil), nor did it receive any material complaints about products and services (2023: Nil).

We have adopted the following quality control measures to ensure the production of high quality and safe products:

- *Raw material inspection and test*
  We inspect and test raw materials from our suppliers in accordance with our "Inspection and Test" quality procedures prepared in accordance with ISO 9001. The purpose of these inspections and tests is to verify that the raw materials purchased, technical requirements, external conditions and other requirements are suitable for use in production. The inspections and tests are carried out by the Group's quality control staff by sampling.

- *Production quality control*
  We carry out quality control tests at all stages of the production process, known as "in-process testing". The objective is to ensure that the product meets quality requirements (including cable diameter, thickness, voltage testing and insulation) and that quality problems are identified and resolved in a timely manner. The unfinished products will be moved to the next production process after passing the inspection.

- *Final inspection and testing*
  We carry out quality checks on all finished products to ensure that they meet the specifications of our customers and national industry standards. Based on the specifications of the finished products, the Group conducts tests on samples from the finished products.

Customer service

We always "focus on the customer" in all our work processes, fully communicate and understand customer requirements to ensure that they are identified and met. The Group's standardised service quality, humanised service process and regulated service management provide customers with a quality and warm service experience.

We collect customer satisfaction information in the following ways:

- We regularly collect written information by having the Marketing Department organising customer satisfaction surveys and collecting information by sending Customer Satisfaction Survey Forms to customers;

- Our Marketing Department directly communicates with customers, such as holding seminars with customer representatives, making return visits to customers, and sending representatives to customers to listen to their opinions;

- We collect customer satisfaction information through customer complaints and after-sales service information; and

- We collect evaluations through higher authorities, consumers associations or the media.

The information we collect is analysed statistically to identify patterns in customer satisfaction, identify gaps between competitors, set targets, and summarise the main current issues. For customer complaints, the Group has established a complaint handling procedure, enabling relevant departments to conduct investigations, actively monitoring the handling process, coordinating and communicating with all relevant parties, and properly responding to complaints. The Group is committed to understanding the reason for customer complaints, identifying responsible parties and areas for improvement, so as to improve the quality of the Group's services. We have also established the Non-conforming Product Control Procedures to identify and control non-conforming products, prevent unintended use and delivery of non-conforming products and take appropriate action against non-conforming products. If customers find out that the product is unqualified after delivery and after the start of use, the Group will immediately recall such product. After it is confirmed as an unqualified product, it will be scrapped. Meanwhile, similar products will be inspected to ensure that the products are qualified. Once unqualified products are discovered, they will also be recalled and scrapped.

Intellectual property

We continue to focus on product development and product quality improvement, and intellectual property rights play an important part in our business. In order to safeguard the efforts of the Group's development team, the Group actively applies for patents for its products and technologies in order to protect its intellectual property rights. Meanwhile, when dealing with its customers or suppliers, the Group will also include relevant content of intellectual property protection in the contract terms with original equipment manufacturer. The Group's legal department also reviews the contracts in operation to ensure that the terms of the contracts protect the intellectual property rights of both parties. As at 31 December 2024, we have obtained 29 registered trademarks and 61 registered patents for the development and technology of wire and cable products that are significant to our business. We are committed to being a leader in our industry through continuous innovation.

During the Reporting Period, we are not aware of any material infringement of any of the Group's intellectual property rights that has adversely affected our business, nor are we aware of any pending or potential litigation or legal proceedings against us for infringement of any intellectual property rights owned by a third-party.

Privacy protection

The Group endeavours to protect the legitimate interests of its customers, respects the rights of its customers' information assets and strictly adheres to its customers' information security management systems and standards. The sensitive information of the Group's customers is used only for its intended purpose to avoid disclosure of customers' privacy. The relevant business personnel are trained to respect the confidentiality of customers' information and only authorised personnel have access to customers' sensitive information. The Group will not use personal data for marketing purposes or provide personal data to any person for such purposes unless with the written consent of the customer. Access to employee information systems is also restricted to authorised personnel with respect to employees' privacy. In addition, employees are required to sign a confidentiality agreement and will be held liable for any unlawful disclosure of information. We regularly review our privacy-related practices to ensure their effectiveness.

Advertising and labelling

The Group conducts limited advertising activities and therefore does not involve significant advertising-related risks. We strictly abide by the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations. All information about the Group's products and businesses is subject to strict review before it is made public to eliminate any use of false information in advertising, promotion and exhibitions to mislead customers.

B7. Anti-corruption

As a corruption-free corporate culture is vital to the Group's sustainable development, we value the anti-corruption efforts and institutional development. The Group has anti-corruption policies, including prevention of bribery, extortion, fraud and money laundering, in place and clearly stipulates the expectations of the Group for employees in relation to anti-corruption matter to ensure that the Group operates in compliance with national and industry regulations. At the same time, the Group strives to create a fair, open, impartial, standardised and efficient internal management environment and requires its employees, especially the management, to adopt honesty, trustworthiness and integrity as the most basic standards of conduct. The Group will investigate suspicious cases and will take the necessary disciplinary and legal action once identified. The Group has always attached great importance to its corporate culture of integrity. The Group undertakes to provide anti-corruption training or relevant reading materials to the directors and employees at least once a year to enhance their awareness of integrity and business ethnics. During the Reporting Period, the Group has provided anti-corruption training materials for directors and employees for their self-learning, which covered anti-corruption laws and news.

We have formulated the Whistleblowing Policy, which is an internal regulation that sets out relevant anti-corruption and anti-fraud behaviours, enhance stakeholders' knowledge and understanding of the Group's whistle-blowing workflow and related precautions. According to this policy, stakeholders can report any fraudulent behaviour for undue gain by emails and letters, etc. The Group is responsible for managing relevant reports, conducting internal assessments, conducting investigations and forming written records and, where appropriate, reporting investigation results to the Board for appropriate handling. The Whistleblowing Policy also ensures the protection of whistleblowers (including the confidentiality of identity and personal information) against retaliation for reporting incidents in good faith. The Group will regularly review relevant systems to ensure the effectiveness.

During the Reporting Period, there were no corruption proceedings brought or concluded against the Group or its employees (2023: Nil). Furthermore, the Group is not aware of any non-compliance with relevant laws and regulations on bribery, extortion, fraud and money laundering that have a significant impact on the Group, including but not limited to the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Company Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China.

B8. Community Investment

The Group believes that giving back to the community by participating in social activities and contributing to society is a form of corporate citizenship. As a member of the community, the Group has always been committed to the concept of public welfare, taking public welfare as its corporate responsibility and mission, focusing on the difficulties and needs of the disadvantaged groups, and taking the initiative to give back to the society, contribute to the society and promote social harmony. In this regard, the Group has developed Community Investment Policy to understand the needs of the communities where we operate proactively. We encourage staff to participate in social welfare activities to enhance their civic awareness, help them establish proper values, and foster a good corporate culture of contributing to society.

During the Reporting Period, the Group mainly focused on business development and concentrated its resources on daily operations. As a result, the Group did not participate in community activities. The Group attaches great importance to giving back to the society and will continue to seek opportunities to participate in charity in the future.

Index Table of the ESG Reporting Guide of The Stock Exchange

Mandatory Disclosure Requirements	Section/Statement
Governance framework	ESG Governance Structure
Reporting principles	Reporting Framework and Principles
Reporting scope	Reporting Scope

"Comply or explain" provisions	Description	Section/Statement
Aspect A1: Emissions		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions-Emissions control
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions-Emissions control
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions-Waste management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions-Waste management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions-Emissions control
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Emissions-Waste management

"Comply or explain" provisions	Description	Section/Statement
Aspect A2: Use of Resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources-Energy efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources-Water consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources-Energy efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources-Water consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources-Use of packaging materials
Aspect A3: The Environment and Natural Resources		
General Disclosures	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect 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
KPI 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

"Comply or explain" provisions	Description	Section/Statement
Aspect B1: Employment		
General Disclosures	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
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosures	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.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

"Comply or explain" provisions	Description	Section/Statement
Aspect B4: Labour Standards		
General Disclosures	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
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI 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
KPI 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

"Comply or explain" provisions	Description	Section/Statement
Aspect B6: Product Responsibility		
General Disclosures	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
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosures	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
KPI 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
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

"Comply or explain" provisions	Description	Section/Statement
Aspect B8: Community Investment		
General Disclosures	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
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of wires and cables and the sale of aluminium products in the People's Republic of China (the "**PRC**").

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap 622), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, are set out in the sections headed "Management Discussion and Analysis" and "Corporate Governance Report — Risk Management and Internal Controls" of this report, and the discussion on the Group's environmental policies and performance, compliance with relevant laws and regulations that have a significant impact on the Group, and the Group's key relationships with its employees, customers and suppliers are set out in the section headed "Environmental, Social and Governance Report" of this report. Those discussion and analysis form part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated financial statements on pages 75 to 147 of this report. The Directors resolved not to recommend the payment of any final dividend for the year ended 31 December 2024 (2023: nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the five largest customers in aggregate and the largest customer of the Group accounted for approximately 86.5% and 61.5% respectively of the Group's sales.

For the year ended 31 December 2024, the five largest suppliers in aggregate and the largest supplier of the Group accounted for approximately 94.4% and 80.8% respectively of the Group's purchases.

None of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the issued Shares of the Company) had any interest in any of these major customers or suppliers during the year ended 31 December 2024.

DIRECTORS

The directors of the Company during the year ended 31 December 2024 and up to the date of this report are:

Executive Directors
Mr. Dang Fei *(Chairman and chief executive officer)*
Mr. Wang Xiaozhong
Ms. Luo Xi
Mr. Luo Qiang *(Resigned on 19 January 2024)*
Mr. Li Xia *(Appointed on 19 January 2024)*
Ms. Hu Yi *(Appointed on 19 January 2024)*
Mr. Wang Yifan *(Appointed on 19 January 2024)*

Independent non-executive Directors
Dr. Zuo Xinzhang
Mr. Ma Kaibing
Mr. Li Jian

On 19 January 2024, Mr. Luo Qiang resigned as an executive Director due to his other career commitments which require more of his attention; each of Ms. Hu Yi, Mr. Wang Yifan and Mr. Li Xia has been appointed as an executive Director. Each of Ms. Hu Yi, Mr. Wang Yifan and Mr. Li Xia (i) has obtained the legal advice referred to Rule 5.02D of the GEM Listing Rules on 18 January 2024 and; (ii) has confirmed he/she understood his/her obligations as a director of a listed issuer. For details, please refer to the announcement of the Company published on 19 January 2024.

BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are disclosed in the section headed "Directors and Senior Management" on pages 66 to 69 of this report.

UPDATE INFORMATION OF DIRECTORS

In addition to the change of directors of the Company during the year ended 31 December 2024 and up to the date of this report set out in the section headed "Directors" in this Directors' Report, the change in information of Director is set out below pursuant to Rule 17.50A of the GEM Listing Rules:

1. Mr. Wang Xiaozhong, an executive Director, has been appointed as a director and/or supervisor of each of the following subsidiaries of our Group: Safttower Energy since March 2023; Sichuan Saftower, Sichuan Liangdian and Guangyuan Shuneng since October 2023; NE Investment Ltd since December 2023; and Nature EE Investment Limited since January 2024.

2. Mr. Li Xia, an executive Director, has been appointed as a director of Nature EE Investment Limited since January 2024.

3. Ms. Hu Yi, an executive Director, has been appointed as a supervisor of each of the following subsidiaries of our Group since March 2024: Hainan Saftower Yichong Technology Co., Ltd* (海南蜀塔益充科技有限公司) and Hainan Tenengchong Technology Co., Ltd* (海南特能充科技有限公司).

Save as mentioned above, there is no other change of information of each Director that is required to be disclosed under Rule 17.50A of the GEM Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Executive Directors

Each of our executive Directors has entered into a service agreement with our Company for an initial fixed term of one year commencing from the date of appointment. The term of service shall be renewed and extended automatically on the expiry of such initial term and on the expiry of every successive period thereafter, unless terminated by either party thereto giving at least three months' written notice of non-renewal before the expiry of the then existing term. No Director has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Non-executive Director and independent non-executive Directors

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of one year commencing from the date of appointment. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least one month's written notice of non-renewal before the expiry of the then existing term.

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

As at 31 December 2024, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in the Shares

Name of Director/ chief executive	Capacity/ Nature of interest	Number of Ordinary Shares of the Company interested	Approximate percentage of interest
Mr. Dang Fei	Interest in controlled corporation *(Note 1)*	35,128,000	31.82%
Mr. Wang Xiaozhong	Interest in controlled corporation *(Note 2)*	9,976,000	9.04%
Ms. Luo Xi	Interest in controlled corporation *(Note 3)*	635,000	0.58%
	Beneficial owner	216,000	0.20%

Notes:

1. The Shares were held by Red Fly Investment Limited ("**Red Fly**"). Red Fly is wholly owned by Mr. Dang Fei. Under the SFO, Mr. Dang Fei is deemed to be interested in the same number of Shares held by Red Fly.

2. The Shares were held by Xseven Investment Limited ("**Xseven Investment**"). Xseven Investment is wholly owned by Mr. Wang Xiaozhong. Under the SFO, Mr. Wang Xiaozhong is deemed to be interested in the same number of Shares held by Xseven Investment.

3. The Shares were held by Lockxy Investment Limited ("**Lockxy Investment**"). Lockxy Investment is owned as to 68% by Ms. Luo Xi. By virtue of SFO, Ms. Luo Xi is deemed to be interested in the same number of Shares held by Lockxy Investment.

Save as disclosed herein, as at 31 December 2024, none of the Directors or chief executive of the Company had any interest or short position 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 would be required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO and the Model Code, to be entered in the register referred to therein, or which would be required pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying shares which fell to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares interested (Long position)	Approximate percentage of interest
Red Fly	Beneficial owner *(Note 1)*	35,128,000	31.82%
Ms. Li Li	Interest of spouse *(Note 2)*	35,128,000	31.82%
Mr. Fu Chuanrong	Beneficial owner	12,063,000	10.93%
Xseven Investment	Beneficial owner *(Note 3)*	9,976,000	9.04%
Ms. Gao Hong	Interest of spouse *(Note 4)*	9,976,000	9.04%

Notes:

1. The Shares were held by Red Fly. Red Fly is wholly owned by Mr. Dang Fei.

2. Ms. Li Li is the spouse of Mr. Dang Jun. Under the SFO, Ms. Li Li is deemed to be interested in the same number of Shares held by Mr. Dang Jun.

3. The Shares were held by Xseven Investment. Xseven Investment is wholly owned by Mr. Wang Xiaozhong.

4. Ms. Gao Hong is the spouse of Mr. Wang Xiaozhong. Under the SFO, Ms. Gao Hong is deemed to be interested in the same number of Shares owned by Mr. Wang Xiaozhong.

Save as disclosed above, as at the date of this report, the Company had not been notified by any parties (not being a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying shares, 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 required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Policy of Directors

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's remuneration policy of Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Group's remuneration policy of Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration is reviewed annually and are subject to shareholders' approval.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 11 to the consolidated financial statements.

COMPETING INTERESTS

The Directors were not aware of any business or interest of the controlling shareholders of the Company or that the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business, or had any other conflict of interest with the Group, during the year ended 31 December 2024.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 10 June 2020 (the "**Effective Date**"), which is valid for 10 years from the Effective Date and will continue to be valid for around 7 years as at the end of 2024. Under the Share Option Scheme, the Board may, at their absolute discretion, at any time within a period of ten years commencing from the Effective Date offer to grant to any eligible persons (as defined herein below), including employees, directors, consultants, suppliers, customers and shareholders of any member of the Group, options to subscribe for Shares.

The principal terms of the Share Option Scheme are summarised as follows:

1. The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the "**Invested Entity**").

2. Our Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any of the following classes:

   (i) any employee (whether full time or part time, including our Directors (including any non-executive Director and independent non-executive Director)) of our Company, any of our subsidiaries (within the meaning of the Companies Ordinance) or any Invested Entity (an "**Eligible Employee**");

   (ii) any supplier of goods or services to any member of our Group or any Invested Entity;

(iii) any customer of any member of our Group or any Invested Entity;

(iv) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(v) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(vi) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of our Directors has contributed or will contribute to the growth and development of our Group; and

(vii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group.

3. The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 80,000,000 Shares, representing 10% of the total number of Shares in issue on the Listing Date. As at the beginning and the end of the financial year ended 2024 as well as at the date of this report, the number of issued shares of the Company is 110,400,000 shares and the total number of shares to be issued under the Share Option Scheme is 8,000,000 shares, representing approximately 7.25% of the issued share capital of the Company as at the date of this report, if all the option under the Share Option Scheme have been granted to and duly exercised be Eligible Person. Unless approved by the Shareholders at a general meeting, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the Share Option Scheme and any other share option schemes of the Group to each Eligible Participant (including both exercised and outstanding options) in any 12-month period up to and including the date of such further grant must not exceed 1% of the Shares in issue for the time being.

4. An offer under the Share Option Scheme may remain open for acceptance by the eligible participants concerned (and by no other person) for a period of up to 21 days from the date, which must be a business day, on which the offer is made. Upon acceptance of the options, the Eligible Participant shall pay HK$1.00 to the Company as consideration for the grant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

5. The subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph(s) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

(i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of our Shares on the offer date;

(ii) the average closing price of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a Share.

6. Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank equally in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised.

7. If the grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

8. Subject to the provisions in the Share Option Scheme and the GEM Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.

9. Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provision of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

10. An option shall be personal to the grantee and shall not be transferable or assignable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any non-compliance with the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

EVENTS AFTER THE REPORTING PERIOD

PROPOSED RIGHTS ISSUE:

On 14 February 2025, the Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK$0.11 per Rights Share, to raise gross proceeds of up to approximately HK$6,072,000 by way of issuing up to 55,200,000 Rights Shares (assuming there is no change in the number of Shares in issue from the date of this announcement up to the Record Date) to the Qualifying Shareholders. The Rights Issue will not be extended to the Non-Qualifying Shareholders. For detail, please refer to the announcement dated 14 February 2025.

CHANGE IN BOARD LOT SIZE:

On 14 February 2025, the Board announces that the board lot size of the Shares for trading on the Stock Exchange will be changed from 10,000 Shares to 40,000 Shares with effect from 9:00 a.m. on Monday, 24 March 2025. The Company will arrange odd lot matching services in order to facilitate the trading of odd lots. For detail, please refer to the announcement dated 14 February 2025.

Saved as disclosed above, other significant events affecting the Group after the reporting period and up to the date of this report is set out in Note 44 to the consolidated financial statements.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the material related party transactions set out in Note 37 to the consolidated financial statements, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director (has the meaning given by section 486 of the Companies Ordinance of Hong Kong) had a material interest, whether directly or indirectly, subsisted at 31 December 2024 or at any time during the reporting period.

CONTROLLING SHAREHOLDERS' INTERESTS

Save as disclosed in this report, there were no contracts of significance between the Company or any of its subsidiaries and any controlling shareholder of the Company or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of material related party transactions are set out in Note 37 to the consolidated financial statements, which constituted connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules, but all of such transactions are fully exempted from shareholders' approval, annual review and all disclosure requirements under the GEM Listing Rules.

Save as disclosed above, there was no other connected transaction or continuing connected transaction during the year ended 31 December 2024. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules and the Company has complied with the disclosure requirements in the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the 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 existing shareholders.

PERMITTED INDEMNITY PROVISION

A directors' and officers' liability insurance is currently in place to protect the Directors against potential costs and liabilities arising from claims brought by third parties against them.

NON-COMPETITION UNDERTAKINGS

Each of the covenantors has provided to the Company a written confirmation in respect of the full compliance with the Non-competition Undertakings for the year ended 31 December 2024.

INTERESTS OF THE COMPLIANCE ADVISER

Save for the compliance adviser agreement and a financial adviser agreement entered into between the Company and Alliance Capital Partners Limited, none of Alliance Capital Partners Limited, its directors, employees or associates had any interest in relation to the Group as notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules during the year ended 31 December 2024 and up to the date of this report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors confirmation of independence pursuant to rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors are independent.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group had been entered into or existed during the year ended 31 December 2024.

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

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 31 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on page 78 and Note 32 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Pursuant to applicable statutory provisions of the Cayman Islands, the Company's reserves available for distribution to the shareholders of the Company as at 31 December 2024 amounted to approximately RMB29.9 million.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules during the year ended 31 December 2024 and up to the date of this report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on 30 June 2025 ("**2025 AGM**"). For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from 25 June 2025 to 30 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on 24 June 2025.

AUDITOR

The consolidated financial statements for the Relevant Period have been audited by CL Partners CPA Limited, who will retire and, being eligible, offer themselves for reappointment at the AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
China Saftower International Holding Group Limited

Dang Fei
Chairman
Hong Kong, 31 March 2025

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Dang Fei (黨飛先生), aged 46

Mr. Dang Fei is one of the founders of Sichuan Saftower, one of our Controlling Shareholders and the younger brother of Mr. Dang Jun, one of the senior management of our Group. Mr. Dang has over 15 years of experience in the manufacturing, processing and sale of wires and cables since the establishment of our Group. He was appointed as our Director on 9 October 2018 and was re-designated as our executive Director on 22 May 2019. He also serves as the chairman of our Board, chief executive officer of our Group, a director of ten of our subsidiaries, namely Bida Investment, Weichi Investment, Wechi Int'l, Saftower International, Guangyuan Saftower and Guangyuan Tongchuang, a director and the manager of our subsidiaries, namely, Saftower Management, Guangyuan Saftower Technology and Chengdu Feixiaozhu, the supervisor of our subsidiary, namely Saftower Energy and the manager of our subsidiaries, namely Sichuan Saftower and Sichuan Liangdian. He is responsible for overseeing the overall corporate development, strategic planning and day-to-day management of our Group's operation. He is the chairperson of our Nomination Committee.

Mr. Dang Fei graduated from Chengdu University of Technology (成都理工大學) in June 1999 with a diploma degree majoring in business management. He obtained the qualification of Senior Professional Manager (高級職業經理人) from the National Talent Flow Centre of the Ministry of Human Resource and Social Security of the PRC* (人事部全國人才流動中心) and the Research Centre for Professional Managers (職業經理研究中心) in September 2007. Mr. Dang Fei has also achieved various accomplishments and received a number of awards. He was awarded the Outstanding Member of the Chinese People's Political Consultative Conference Sichuan Pixian Committee* (政協郫縣委員會) (currently known as Chinese People's Political Consultative Conference Chengdu Pidu District Committee* (政協成都市郫都區委員會)) in "Four-one" event ("四個一"活動先進委員), Outstanding Entrepreneur in Sichuan Province (四川省優秀企業家) and Outstanding Young Entrepreneur in Guangyuan Economic and Technological Development Zone (廣元經濟技術開發區傑出青年企業家) in 2007, 2013 and 2018, respectively.

Mr. Dang Fei has been appointed as a member of the standing committee of the Chinese People's Political Consultative Conference Guangyuan Committee (中國政治協商會議廣元委員會) and serves as a vice-chairman of the industrial and commercial association of Guangyuan (廣元市工商聯).

Mr. Wang Xiaozhong (王小仲先生), aged 47

Mr. Wang Xiaozhong is the other co-founder of Sichuan Saftower. He was appointed as our Director on 9 October 2018 and was re-designated as our executive Director on 22 May 2019. He is responsible for overseeing the overall strategic planning, business development and day-to-day management of our Group's operation. Mr. Wang currently also serves as a director of our subsidiaries, namely Saftower Management, Guangyuan Saftower Technology, Sichuan Saftower, Sichuan Liangdian, Guangyuan Shuneng, NE Investment and Nature EE Investment Limited, a director and the manager of our subsidiary, namely Saftower Energy, and the supervisor of our subsidiaries, namely Yaan Baosheng and Guangyuan Saftower.

Mr. Wang has over 15 years of experience in the manufacturing, processing and sale of wires and cables. Prior to the establishment of our Group in June 2004, Mr. Wang worked in the IT department of Huaxi Securities Co., Ltd.* (華西證券股份有限公司) from March 2001 to June 2002.

Mr. Wang graduated from Chengdu Institute of Meteorology (成都氣象學院) (currently known as Chengdu University of Information Technology (成都信息工程大學)) in June 2000 with a bachelor degree majoring in electronics, communication engineering.

Mr. Wang has also been a director of Chengdu Amazing Information Technology Company Limited* (成都安美勤信息技術股份有限公司), a company listed on the National Equities Exchange and Quotations ("**NEEQ**") (stock code: 831288), since 22 April 2014.

Ms. Luo Xi (羅茜女士), aged 37

Ms. Luo Xi was appointed as our executive Director on 22 May 2019. She is responsible for accounting operation and overall corporate finance of our Group. Ms. Luo currently also serves as a director of our subsidiaries, namely Saftower Management and Guangyuan Saftower Technology, and the supervisor of Sichuan Liangdian.

Ms. Luo joined our Group in August 2009 as a statistical officer and served as an accountant of our Group from February 2011 to February 2014. From March 2014 to March 2015, Ms. Luo worked as the financial manager in a company called Chengdu Red Pearl Agricultural Development Company Limited* (成都紅珍珠農業開發有限公司) ("**Chengdu Red Pearl**"), which is owned as to 60% by Mr. Dang Fei and 40% by Ms. Yu Xueling (于雪琳), the mother of Mr. Dang Fei and Mr. Dang Jun. Chengdu Red Pearl is principally engaged in the plantation and sale of agricultural products. In April 2015, Ms. Luo rejoined our Group as assistant finance manager and was then promoted to the head of finance department, overseeing the accounting operation and finance of our Group.

Ms. Luo graduated from Sichuan Normal University (四川師範大學) in December 2010 with a bachelor degree majoring in E-commerce after passing the self-taught higher education exam. She obtained the Certificate of Accounting Profession (會計從業資格) from the Finance Bureau of Chengdu Jinjiang District* (成都市錦江區財政局) in October 2011 and the secondary qualification in accountancy (會計中級) from Sichuan Provincial Human Resources and Social Security Department (四川省人力資源和社會保障廳) in December 2020.

Mr. Li Xia (李俠), aged 41

Mr. Li Xia was appointed as our executive Director on 19 January 2024. Mr. Li currently also serves as a director of our subsidiaries, namely, NE Investment and Nature EE Investment Limited. Mr. Li has been the chairman of Chengdu Jinyi Technology Development Co., Ltd.* (成都軍益科技有限公司) since April 2018. Prior to that, Mr. Li was an executive director and general manager of Chengdu Shanfutong Technology Co., Ltd.* (成都閃付通科技有限公司) from February 2014 to March 2018. Mr. Li graduated from Communication University of China (中國傳媒大學) in PRC in July 2022 majoring in administration* (行政管理).

Ms. Hu Yi (胡倚), aged 40

Ms. Hu Yi (胡倚), was appointed as our executive Director on 19 January 2024. Ms. Hu joined the Group since June 2015 and is currently working at the Company's asset management department, responsible for overall management of the Group's assets, corporate finance projects, internal control and internal audit work. Ms. Hu currently also serves as a director of our subsidiary, namely Guangyuan Tongchuang. Prior to that, Ms. Hu worked at the finance department of Sichuan Hengfeng Air Compressor Co., Ltd.* (四川恒豐空壓機有限公司) from March 2011 to December 2014, and she worked at the finance department of Miajiale (Beijing) Technology Co., Ltd.* (買家樂(北京)科技有限公司) from July 2007 to July 2009.

Ms. Hu passed the National Uniform CPA Examination of PRC in November 2023. Ms. Hu graduated from Southwestern University of Finance and Economics (西南財經大學) in PRC in December 2020 majoring in accounting.

Dr. Zuo Xinzhang (左新章博士), aged 41

Dr. Zuo Xinzhang was appointed as our independent non-executive Director on 10 June 2020. He is a member of our audit committee, remuneration committee and nomination committee. Dr. Zuo has over 14 years of experience in materials science. From July 2005 to May 2007, he worked as a technician at China Petroleum Seventh Construction Corporation* (中國石油天然氣第七建設有限公司). Dr. Zuo then joined Xi'an Xinyao Ceramic Composite Materials Company Limited* (西安鑫垚陶瓷複合材料有限公司) and worked as the project manager from July 2015 to November 2017, where he completed his postdoctoral research at Northwestern Polytechnical University (西北工業大學) in aerospace science and technology (航空宇航科學與技術) and obtained his postdoctoral certificate in April 2018. Dr. Zuo obtained a bachelor degree in metal material engineering from China University of Petroleum (中國石油大學) in June 2005, a master degree and a PhD degree in material science from Northwestern Polytechnical University (西北工業大學) in April 2010 and June 2015, respectively. Dr. Zuo obtained the qualification of engineer from Xi'an Municipal Human Resources and Social Security Bureau (西安市人力資源和社會保障局) in June 2015. He further obtained the qualification of senior engineer from Department of Human Resources and Social Security of Shaanxi Province (陝西省人力資源和社會保障廳) in November 2017.

Mr. Wang Yifan (王一帆), aged 30

Mr. Wang Yifan was appointed as our executive Director on 19 January 2024. Mr. Wang was the director of corporate investment department of Swenson Asset Management Limited from September 2022 to November 2022. Prior to that, Mr. Wang was a vice president of the Greater China business development department and a licensed representative under the Securities and Future Ordinance (Cap. 571) of CLC Securities Limited from July 2018 to December 2021, and he was the project investment director of Shenzhen Zhongzhi Capital Management Co., Ltd.* (深圳中置資本管理有限公司) from July 2016 to May 2022.

Mr. Wang obtained the Certification of Securities Profession* (證券從業資格證) granted by the Securities Association of China (中國證券業協會) in June 2015. Mr. Wang obtained a bachelor degree of business administration at Fort Hays State University in the United States in May 2016, and he graduated from Zhengzhou University (鄭州大學) in PRC in July 2016 majoring in finance.

Mr. Ma Kaibing (馬開兵), aged 35

Mr. Ma Kaibing was appointed as an independent non-executive Director on 29 December 2023. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Ma is the office manager of the board of directors* (董事會辦公室主任) and the deputy general manager of the marketing planning department* (市場規劃部副總經理) of Mingzhe Group Co., Ltd* (明喆集團股份有限公司) since February 2023. Mr. Ma was an assistant general manager of the strategic management centre* (戰略管理中心助理總經理) of Guangdong Longguang Group Property Co., Ltd* (廣東龍光集團物業管理有限公司) from November 2021 to July 2022, the general manager of brand and strategic investment centre* (品牌及戰略投資中心總經理) of New Hope Property Service Group Co., Ltd (新希望物業服務集團有限公司), a subsidiary of New Hope Service Holdings Limited (stock code: 3658), from December 2020 to July 2021, the vice president of Alliance Capital Partners Limited from April 2017 to December 2020, the corporate finance assistant manager of Messis Capital Limited from September 2015 to April 2017, the project manager business department of Hong Kong International Aviation Leasing Company Limited from March 2015 to August 2015, and employed by Deloitte Touche Tohmatsu from September 2012 to March 2015 with his last position as senior associate.

Mr. Ma is a fellow of the Association of Chartered Certified Accountants since April 2020. He obtained a bachelor degree of business administration at Chinese University of Hong Kong in November 2012.

Mr. Li Jian (李建), aged 63

Mr. Li Jian was appointed as an independent non-executive Director on 29 December 2023. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Li was employed by Chengdu Product Quality Supervision and Inspection Institute* (成都市產品質量監督檢驗研究院) from March 1983 to November 2021. Mr. Li is qualified as a senior engineer (高級工程師) by Chengdu Professional Title Reform Leading Group* (成都市職稱改革工作領導小組) since March 2008. Mr. Li graduated from Sichuan Radio and Television University* (四川廣播電視大學) (currently known as The Open University of Sichuan (四川開放大學) in July 1987 majoring in electrical engineering (電氣工程).

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHINA SAFTOWER INTERNATIONAL HOLDING GROUP LIMITED
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Saftower International Holding Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 75 to 147, 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 and other explanatory 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 the 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements which indicates that the Group incurred a net loss of RMB68,177,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group's net current liabilities amounted to RMB63,765,000. The Group's total borrowings amounted to RMB72,528,000, out of which RMB49,708,000, are repayable on demand or due for repayment within the next twelve months from the end of the reporting period, while its cash and cash equivalents amounted to RMB1,776,000 at 31 December 2024.

In addition, as at 31 December 2024, the Group was in default of borrowings with principal amount of RMB15,159,000 together with interest payable totally RMB6,715,000 due to the events of default of late or overdue repayment of loan principal and interest during the year ended or as at 31 December 2024.

These conditions, together with other matters described in note 3 to the consolidated financial statements, indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment assessment of trade receivables

As at 31 December 2024, the Group’s gross trade receivables amounted to RMB169,834,000, against which a loss allowance of RMB55,313,000 was recorded.

Management measures the loss allowance on trade receivables at an amount equal to lifetime expected credit loss (“**ECLs**”) based on expected loss rates for each category of trade receivables. The expected loss rates take into account the ageing with past due information of trade receivable balances, the repayment history of the Group’s customers of different risk characteristics, current market conditions, customer-specific conditions, and forward-looking information.

Such assessment involves significant management judgement and estimation. We identified the loss allowance on trade receivables as a key audit matter because determining the level of the loss allowance requires the exercise of significant management judgement which is inherently subjective.

Refer to summary of significant accounting policies in Note 4.8(ii), critical accounting judgements and key sources of estimation in Note 5(iv) and disclosures of trade receivables in Note 21 and Note 41(a) to the consolidated financial statements.

How our audit addressed the key audit matter:

Our audit procedures in relation to the impairment assessment of trade receivables included:

- reviewing and assessing the Group’s key controls and that the Group has implemented control to manage and monitor its credit risk;

- Inquiring management of the status of each of the material trade receivables past due as at year end and corroborating explanations from management, understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and

- Assessing the appropriateness of the ECL provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 HKFRS Accounting 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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, solely to you, as a body, in accordance with our agreed terms of 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 scepticism 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.

- 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, 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.

CL Partners CPA Limited
Certified Public Accountants

RUAN, Qianting
Practising Certificate no. P08288

Hong Kong, 31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	7	**256,610**	244,688
Cost of sales		**(255,564)**	(244,317)
Gross profit		**1,046**	371
Other income and gain	8	**20,168**	8,615
Selling and distribution expenses		**(3,218)**	(1,916)
Administrative and other expenses		**(26,568)**	(42,408)
Impairment losses on trade and other receivables, net		**(43,914)**	(5,760)
Impairment losses on property, plant and equipment		**(1,998)**	(7,838)
Impairment losses on goodwill		**–**	(597)
Finance costs	9	**(7,131)**	(7,308)
Loss before tax	10	**(61,615)**	(56,841)
Income tax expense	12	**(6,562)**	(3,744)
Loss for the year		**(68,177)**	(60,585)
Other comprehensive expense			
Item that will not be reclassified subsequently to profit or loss			
Exchange differences on translation from functional currency to presentation currency		**(65)**	(193)
Total comprehensive expense for the year		**(68,242)**	(60,778)
Loss for the year attributable to:			
Owners of the Company		**(58,836)**	(60,044)
Non-controlling interests	35	**(9,341)**	(541)
		(68,177)	(60,585)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(58,901)**	(60,237)
Non-controlling interests	35	**(9,341)**	(541)
		(68,242)	(60,778)
			(Restated)
Loss per share attributable to owners of the Company	14		
Basic and diluted *(RMB cents)*		**(59.47)**	(65.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*15*	**94,473**	82,771
Right-of-use assets	*19*	**14,158**	16,963
Goodwill	*17*	**—**	—
Intangible assets	*16*	**504**	461
Deferred tax assets	*18*	**2,061**	9,919
Deposits and prepayments	*22*	**646**	29,255
Total non-current assets		**111,842**	139,369
Current assets			
Inventories	*20*	**10,087**	5,247
Trade receivables	*21*	**114,521**	143,028
Prepayments, deposits and other receivables	*22*	**34,303**	69,206
Tax recoverables		**66**	66
Amount due from a shareholder	*23*	**—**	150
Restricted bank deposits	*24*	**204**	374
Bank balances and cash	*24*	**1,776**	1,409
Total current assets		**160,957**	219,480
Total assets		**272,799**	358,849
Current liabilities			
Contract liabilities	*25*	**632**	2,816
Trade and bills payables	*26*	**97,285**	95,635
Accruals and other payables	*27*	**68,939**	65,360
Amounts due to shareholders	*23*	**5,265**	28,623
Borrowings	*28*	**49,708**	68,518
Lease liabilities	*30*	**2,525**	2,366
Deferred income	*29*	**368**	368
Total current liabilities		**224,722**	263,686
Net current liabilities		**(63,765)**	(44,206)
Total assets less current liabilities		**48,077**	95,163

As at 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Non-current liabilities			
Trade payable	*26*	**2,077**	—
Other payables	*27*	**1,550**	1,850
Borrowings	*28*	**22,820**	9,580
Amount due to a shareholder	*23*	**180**	—
Lease liabilities	*30*	**5,620**	8,145
Deferred tax liabilities	*18*	**2,749**	4,070
Deferred income	*29*	**613**	981
Total non-current liabilities		**35,609**	24,626
Total liabilities		**260,331**	288,312
Net assets		**12,468**	70,537
EQUITY			
Share capital	*31*	**9,913**	8,222
Reserves	*32*	**(10,042)**	40,377
Owners of the Company		**(129)**	48,599
Non-controlling interests	*35*	**12,597**	21,938
Total equity		**12,468**	70,537

The Company's statement of financial position was approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Dang Fei
Director

Wang Xiaozhong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Equity attributable to owners of the Company									
	Share capital RMB'000 *(Note 31)*	Share premium RMB'000 *(Note 32)*	Capital reserves RMB'000 *(Note 32)*	Statutory reserves RMB'000 *(Note 32)*	Foreign exchange reserves RMB'000 *(Note 32)*	Other reserve RMB'000 *(Note 32)*	Accumulated losses RMB'000 *(Note 32)*	Sub-total RMB'000	Non-controlling interests RMB'000 *(Note 35)*	Total RMB'000
At 1 January 2023	8,222	37,111	69,696	7,730	(428)	–	(10,519)	111,812	23,703	135,515
Loss for the year	–	–	–	–	–	–	(60,044)	(60,044)	(541)	(60,585)
Other comprehensive expense	–	–	–	–	(193)	–	–	(193)	–	(193)
Total comprehensive expense for the year	–	–	–	–	(193)	–	(60,044)	(60,237)	(541)	(60,778)
Deemed acquisition of interest in a subsidiary	–	–	–	–	–	(2,976)	–	(2,976)	(1,224)	(4,200)
At 31 December 2023 and 1 January 2024	8,222	37,111	69,696	7,730	(621)	(2,976)	(70,563)	48,599	21,938	70,537
Loss for the year	–	–	–	–	–	–	(58,836)	(58,836)	(9,341)	(68,177)
Other comprehensive expense	–	–	–	–	(65)	–	–	(65)	–	(65)
Total comprehensive expense for the year	–	–	–	–	(65)	–	(58,836)	(58,901)	(9,341)	(68,242)
Waiver of amount due to a shareholder *(Note 23(a))*	–	–	7,200	–	–	–	–	7,200	–	7,200
Issue of shares under subscription *(Note 31(b) and Note 32)*	1,691	1,691	–	–	–	–	–	3,382	–	3,382
Share issue expenses	–	(409)	–	–	–	–	–	(409)	–	(409)
At 31 December 2024	9,913	38,393	76,896	7,730	(686)	(2,976)	(129,399)	(129)	12,597	12,468

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Loss before tax		**(61,615)**	(56,841)
Adjustments for:			
Depreciation of property, plant and equipment	10	**5,714**	8,971
Depreciation of right-of-use assets	10	**2,805**	2,903
Loss on disposal of property, plant and equipment, net	10	**266**	15,839
Gain on derecognition of trade payable	8	**(14,533)**	(59)
Loss on disposal of intangible assets	10	**—**	57
Write-off of property, plant and equipment	10	**1,251**	1,148
Amortisation of intangible assets	10	**54**	45
Allowance for expected credit losses on trade receivables, net	10	**41,831**	5,237
Allowance for expected credit losses on other receivables, net	10	**1,272**	523
Bad debt written off on trade receivables	10	**811**	—
Impairment on property, plant and equipment		**1,998**	7,838
Impairment on goodwill		**—**	597
Release of deferred income	8	**(368)**	(368)
Finance costs	9	**7,131**	7,308
Interest income	8	**(27)**	(2,485)
Operating loss before working capital changes		**(13,410)**	(9,287)
(Increase) decrease in inventories		**(4,840)**	12,972
Increase in trade receivables		**(14,135)**	(28,912)
Decrease in prepayments, deposits and other receivables		**10,166**	24,111
Decrease in contract liabilities		**(2,184)**	(14,767)
Increase in trade and bills payables		**18,260**	41,794
Increase (decrease) in accruals and other payables		**9,777**	(5,160)
Cash from operations		**3,634**	20,751
Income tax paid		**(25)**	—
Net cash from operating activities		**3,609**	20,751

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Purchases of intangible assets		**(97)**	(120)
Purchases of property, plant and equipment		**(10,500)**	(41,463)
Net cash outflow from deemed acquisition of interest in a subsidiary	*36*	**—**	(4,200)
Advance to a shareholder		**—**	—
Repayment of loan receivables		**26,000**	3,461
Interest received		**—**	4,747
Proceeds from disposal of property, plant and equipment		**1,770**	27,112
Net cash from (used in) investing activities		**17,173**	(10,463)
Cash flows from financing activities			
Withdrawal (placement) of restricted bank deposits		**170**	(374)
Proceeds from borrowings	*38*	**—**	7,950
Repayments of borrowings	*38*	**(6,803)**	(46,329)
Interest paid on borrowings	*38*	**(4,574)**	(6,435)
Repayments of lease liabilities	*38*	**(2,962)**	(3,542)
(Decrease) increase in amounts due to shareholders	*38*	**(9,256)**	15,976
Decrease in amount due to non-controlling interest	*38*	**—**	(1,713)
Proceeds from issue of shares		**2,973**	—
Advance from other payables	*38*	**—**	25,000
Net cash used in financing activities		**(20,452)**	(9,467)
Net increase in cash and cash equivalents		**330**	821
Cash and cash equivalents at beginning of year		**1,409**	703
Effect of exchange rate changes on cash and cash equivalents		**37**	(115)
Cash and cash equivalents at end of year, represented by bank balances and cash		**1,776**	1,409

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 October 2018. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and its principal place of business in the People's Republic of China (the "**PRC**") is at No. 9 Huaide Road, Sichuan-Zhejiang Cooperation Industrial Park, Guangyuan Economic and Technological Development Zone, Guangyuan, Sichuan Province, the PRC.

The Company is an investment holding company. Principal activities of the Company and its subsidiaries (the "**Group**") are manufacturing and sales of wires and cables, and carbon nanotubes and auxiliary products of conductive agents (2023: manufacturing and sales of wires and cables, and aluminium products) in the PRC. Red Fly Investment Limited, which is wholly owned by Dang Fei, has 31.82% interest in the Company.

The shares of the Company have been listed on GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The consolidated financial statements for the year ended 31 December 2024 were approved and authorised for issue by the board of directors of the Company on 31 March 2025.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

2.1 Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") ACCOUNTING STANDARDS (CONTINUED)

2.2 New and amendments to HKFRS Accounting Standards in issue but are not yet effective

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

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

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of the above new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the HKFRS Accounting Standards) issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

(b) Going concern assessment

During the year ended 31 December 2024, the Group incurred a net loss of RMB68,177,000 and as at 31 December 2024, the Group had net current liabilities of RMB63,765,000. The Group's total borrowings amounted to RMB72,528,000, out of which RMB49,708,000, are repayable on demand or due for repayment within the next twelve months from the end of the reporting period, while its bank balances and cash amounted to RMB1,776,000 at 31 December 2024.

In addition, as at 31 December 2024, the Group was in default of borrowings with principal amount of RMB15,159,000 and interest payable totally RMB6,715,000 due to events of default of late or overdue payment of loan principal and interest during the year ended or as at 31 December 2024. These conditions significant doubt about the Group's ability to continue as a going concern. All of the above conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) The Group is actively negotiating with the lending banks and the other lenders for the renewal of banking facilities and other borrowings upon maturity amounted to RMB15,159,000 out of the current borrowings amounted to RMB49,708,000 as at 31 December 2024. The management of the Company is confident that it will be able to extend the borrowings to resolve the going concern issue. Certain funding arrangements were disclosed in Note 43;

(ii) The Group will also continue to seek other alternative financing to increase the Group's equity and liquidity when necessary; and

(iii) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation, management remuneration adjustments and capital expenditure control. This measure may reduce cash outflow and improve the cash flow of the Group.

3. BASIS OF PREPARATION (CONTINUED)

(b) Going concern assessment (Continued)

The directors of the Company have reviewed the Group's cash flow projections prepared by management of the Group, which cover a period of not less than twelve months from 31 December 2024. The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated statement of financial position. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The directors also performed a sensitivity analysis on a key parameter, i.e. revenue, by considering any possible negative impact on the effectiveness of its measures to improve profitability. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(c) Functional and presentation currencies

The Company's functional currency is Hong Kong dollar ("**HK$**"). As the Group's operations are principally conducted in the PRC, the consolidated financial statements have been presented in Chinese Renminbi ("**RMB**"). All financial information presented in RMB has been rounded to the nearest thousand ("**RMB'000**"), unless otherwise stated.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below.

4.1 Basis of consolidation

The consolidated financial statements incorporate 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 Basis of consolidation (Continued)

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

4.2 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: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) 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.

In the Company's statements 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 receivables.

4.3 Non-controlling interests

Non-controlling interests in a subsidiary relate to the equity in the subsidiary which is not attributable directly or indirectly to the owners of the parent. The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4 Goodwill

Goodwill arising on acquisition of a business is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired, by comparing its carrying amount with its recoverable amount (see note 4.15).

When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount of each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	Over the shorter of the term of lease, or 30 years
Plant and machinery	Over the shorter of the term of lease, or 10–30 years
Furniture and fixtures	3–5 years
Computer and office equipment	3–10 years
Motor vehicles	5–10 years

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5 Property, plant and equipment (Continued)

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.6 Leases

The Group as lessor

The leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as a lessee

<u>*Allocation of consideration to components of a contract*</u>

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Right-of-use asset

The right-of-use asset is 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-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.6 Leases (Continued)

Right-of-use asset (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group applies HKAS 36 to determine whether the right-of-use asset is impaired and accounts for any identified impairment loss.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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 incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed lease payments less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group. For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Intangible assets (other than goodwill)

(i) Intangible assets acquired separately

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation expense is recognised in profit or loss and included in administrative expenses. The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The amortisation expense is recognised on a straight-line basis over their useful lives as follows:

Computer software	10 years

The management of the Group considers the expected usage of the computer software by the Group, technological obsolescence and other factors to justify the useful lives of the computer software.

(ii) Internally generated intangible assets (research and development costs)

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

a. it is technically feasible to develop the product for it to be sold;

b. adequate resources are available to complete the development;

c. there is an intention to complete and sell the product;

d. the Group is able to sell the product; and

e. sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in cost of sales.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Intangible assets (other than goodwill) (Continued)

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(v) Impairment of intangible assets

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4.15).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

4.8 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 transaction costs that are directly attributable to its acquisition or issue. Trade receivables without a significant financing component are initially measured in accordance with HKFRS 15.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial instruments (Continued)

(i) Financial assets (Continued)

<u>Debt instruments</u>

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 is one measurement category 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.

Fair value through 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. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. 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 FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(ii) Impairment loss on financial assets

<u>*(a) Measurement and recognition of ECL*</u>

The Group recognises loss allowances for expected credit loss ("**ECL**") on trade receivables and financial assets measured at amortised cost. ECLs are measured on either of the following bases:

(1) 12-month 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 measures 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

(a) Measurement and recognition of ECL (continued)

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month 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 credit loss experience and informed credit assessment and including forward-looking information.

The Group rebutted the presumption of a financial asset has increased credit risk significantly if it is more than 30 days past due based on the customers' past payment history and current ability of making payments. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group rebutted the presumption of default under ECL model for a financial asset over 90 days past due based on the customers' past payment history and current ability of making payments. The Group considers that default has occurred when a financial asset is more than 1 year past due. 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.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and

- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

(b) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(1) significant financial difficulty of the issuer or the borrower;

(2) a breach of contract, such as a default or past due event;

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

(b) Credit-impaired financial assets (Continued)

(3) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(4) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(5) the disappearance of an active market for that financial asset because of financial difficulties; or

(6) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(c) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical credit loss experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a non-compliance with financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(d) Write-off-policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty 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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial instruments (Continued)

(iii) Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and bills payables, other payables, borrowings, amounts due to shareholders, amount due to non-controlling interest and lease liabilities 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.

(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. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial instruments (Continued)

(vi) Derecognition (Continued)

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.9 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 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.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Sales of wires and cables

Customers obtain control of the wires and cables when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the wires and cables. There is generally only one performance obligation. Invoices are normally payable within 90 days upon acceptance.

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.10 Revenue recognition (Continued)

(ii) Sales of aluminium products

Customers obtain control of the aluminium products when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the aluminium products. There is generally only one performance obligation. Invoices are normally payable within 5 days.

(iii) Warranties

The Group normally provides warranty services from 1 to 2 years to its customers regarding the sales of wires and cables. The customers do not have an option to purchase warranty separately. The Group accounts for warranty in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

(iv) Other income

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Dividend income is recognised when the right to receive the dividend is established.

Contract liabilities

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

A contract liability relating to a contract is accounted for and presented on a net basis.

4.11 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.11 Income taxes (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period and reflects any uncertainty related to income tax.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.11 Income taxes (Continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4.12 Cash and cash equivalents

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

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

4.13 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those prevailing when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate prevailing at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.14 Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees. Pursuant to the relevant labour rules and regulations in the mainland China, employees of the Group in the mainland China participated in the central pension scheme ("**Scheme**"), which is a defined contribution plan administered by the mainland China government, whereby the Group is required to make contributions to the Scheme based on certain percentages of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. Contributions made to the Scheme vest immediately.

4.15 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepayments;
- right-of-use assets;
- intangible assets;
- investments in a subsidiary; and
- Goodwill

If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.15 Impairment of assets (other than financial assets) (Continued)

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, 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 cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal 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 assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

4.16 Borrowing costs

All Borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.17 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other income, rather than reducing the related expense.

4.18 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Group, being the chief operating decision maker ("**CODM**") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components reported to the CODM are determined based on the Group's major products and service lines stated in Note 6.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRS Accounting Standards, except interest income, unallocated financial costs, and unallocated corporate expenses, which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Determination on lease term of contracts

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to offices and factories. The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Group and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by Group;
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty, that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) Estimated useful lives of property, plant and equipment and intangible assets

In determining the useful lives of property, plant and equipment and intangible assets, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Depreciation and amortisation charge are revised if the estimated useful lives of items of property, plant and equipment and intangible assets are different from the previous estimation. Estimated useful life is reviewed, at the end of the financial year, based on changes in circumstances.

(ii) Estimated impairment of property, plant and equipment, right-of-use assets and intangible asset

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2024, the carrying amounts of right-of-use assets, property, plant and equipment, and intangible assets subject to impairment assessment were RMB14,158,000, RMB94,473,000 and RMB504,000 (2023: RMB16,963,000, RMB82,771,000 and RMB461,000) respectively, after taking into account the impairment losses of Nil, RMB1,998,000 and Nil (2023: Nil, RMB7,838,000 and Nil) in respect of right-of-use assets, property, plant and equipment and intangible assets that have been recognised respectively. Details of the impairment of right-of-use assets, property, plant and equipment, and intangible assets are disclosed in note 15.

(iii) Assessment of the net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Management carries out an assessment to determine if there are inventories that have to be written down to net realisable value as at the end of the reporting period. Management estimates the net realisable value of inventories based on the latest market prices and current market conditions.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

(iv) Impairment of trade and other receivables

Management determines the provision for the trade receivables based on the ECLs which uses a lifetime expected loss allowance for all trade receivables. Management also determines the provision for the other receivables based on the ECLs which use either 12-month or lifetime ECLs depending whether the credit risk has increased significantly since initial recognition. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical credit loss rates appropriately adjusted in accordance with current economic conditions, customer-specific conditions and forward-looking information to estimate the ECLs for the impairment assessment.

(v) Deferred tax assets

As at 31 December 2024, a deferred tax asset of RMB2,061,000 (2023: RMB9,919,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB49,911,000 due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

6. SEGMENT INFORMATION

(a) Operating segments

During the year, the Group was principally engaged in manufacturing and sales of wires and cables, and carbon nanotubes and auxiliary products of conductive agents (2023: manufacturing and sales of wires and cables, and aluminium products) in the PRC. Information reported to the Group's CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. For management purpose, the Group has only one operating segment which is the manufacturing and sales of wires and cables, and carbon nanotubes and auxiliary products of conductive agents (2023: manufacturing and sales of wires and cables, and aluminium products). Accordingly, no operating segment information is presented.

(b) Geographic information

The Group's revenue was all derived from customers based in the PRC and all the Group's non-current assets are located in the PRC. Therefore, no geographical segment reporting is presented.

6. SEGMENT INFORMATION (CONTINUED)

(c) Information about major customers

Revenue from customers for the year contributing over 10% of the total revenue of the Group is as follows:

	2024 RMB'000	2023 RMB'000
Customer A	**157,742**	56,292
Customer B	**N/A[1]**	49,584
Customer C	**N/A[1]**	48,070

[1] The corresponding revenue did not contribute over 10% revenue of the Group.

7. REVENUE

Revenue represents the amount received and receivable from manufacturing and sales of wires and cables, and cables, and carbon nanotubes and auxiliary products of conductive agents (2023: manufacturing and sales of wires and cables, and aluminium products) during the year:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
Type of goods		
Manufacturing and sales of wires and cables, recognised at a point in time	**236,332**	190,702
Manufacturing and sales of aluminium products, recognised at a point in time	**–**	53,986
Manufacturing and sales of carbon nanotubes and auxiliary products of conductive agents, recognised at a point in time	**20,278**	–
	256,610	244,688

The Group applies the practical expedient of not disclosing the transaction price allocated to remaining performance obligations that is part of a contract that has original expected duration of one year or less.

8. OTHER INCOME AND GAIN

	Notes	**2024 RMB'000**	2023 RMB'000
Other income			
Interest income from other receivables		**–**	2,406
Interest income from bank deposits		**–**	58
Interest income from rental deposits		**27**	21
Government grants and subsidies	*(i)*	**3,356**	4,920
Service income	*(ii)*	**1,280**	576
Rental income		**972**	561
Others		**–**	14
		5,635	8,556
Gain			
Gain on derecognition of trade payables		**14,533**	59
		20,168	8,615

Notes:

(i) The Group received government grants and subsidies in relation to the support of the Group's operations, purchase of plant and machinery and the reward of the employment of disabled people in the PRC. There were no unfulfilled conditions in relation to the grants and subsidies. In 2017, the Group received a government subsidy of approximately RMB3,700,0000 towards the purchase of certain machinery. The amount has been treated as deferred income. The amount is transferred to income over the useful lives of the relevant assets. This policy has resulted in a credit to income in the current year of RMB368,000 (2023: RMB368,000). As at 31 December 2024, an amount of RMB981,000 (2023: RMB1,349,000) remains in deferred income to be amortised.

(ii) Service income was charged to the customers for the service of collection and payment on behalf of the customers.

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expenses on bank and other borrowings	**6,267**	6,468
Interest expenses on lease liabilities	**596**	616
Others	**268**	224
Finance expenses	**7,131**	7,308

10. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2024 RMB'000	2023 RMB'000
Cost of inventories recognised as cost of sales	**255,564**	244,317
Auditor's remuneration		
— Audit services	**811**	795
Research costs (other than amortisation costs)	**97**	—
Depreciation of property, plant and equipment	**5,714**	8,971
Depreciation of right-of-use assets	**2,805**	2,903
Loss on disposal of property, plant and equipment, net	**266**	15,869
Loss on disposal of intangible assets	**—**	57
Amortisation of intangible assets	**54**	45
Allowance for ECLs on trade receivables, net	**41,831**	5,237
Bad debt written off on trade receivables	**811**	—
Allowance for ECLs on other receivables, net	**1,272**	523
Write-off of property, plant and equipment	**1,251**	1,148
Employee costs (including directors' remuneration *(Note 11)*)		
— Wages, salaries and other benefits	**8,790**	7,843
— Contributions to defined contribution retirement plans	**1,504**	1,757
	10,294	9,600

For the year ended 31 December 2024

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement plans RMB'000	Total RMB'000
For the year ended 31 December 2024					
Executive directors:					
Mr. Dang Fei (Chairman and Chief Executive Director)	–	108	33	21	162
Mr. Wang Xiaozhong	–	127	33	19	179
Ms. Luo Xi	–	146	32	19	197
Mr. Luo Qiang *(Note (a))*	–	47	–	6	53
Mr. Li Xia *(Note (b))*	–	300	–	–	300
Ms. Hu Yi *(Note (b))*	–	146	32	19	197
Mr. Wang Yifan *(Note (b))*	332	–	–	–	332
Independent non-executive directors:					
Mr. Zuo Xinzhang	60	–	–	–	60
Mr. Ma Kaibing *(Note (c))*	111	–	–	–	111
Mr. Li Jian *(Note (c))*	30	–	–	–	30
	533	874	130	84	1,621
For the year ended 31 December 2023					
Executive directors:					
Mr. Dang Fei (Chairman and Chief Executive Director)	–	108	–	21	129
Mr. Wang Xiaozhong	–	127	–	18	145
Ms. Luo Xi	–	195	–	18	213
Mr. Luo Qiang *(Note (a))*	–	195	–	18	213
Non-executive director:					
Mr. Wang Haichen *(Note (d))*	200	–	–	–	200
Independent non-executive directors:					
Mr. Zuo Xinzhang	60	–	–	–	60
Mr. Chan Oi Fat *(Note (d))*	163	–	–	–	163
Mrs. Hu Xiaomin *(Note (d))*	90	–	–	–	90
	513	625	–	75	1,213

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' remuneration (Continued)

Notes:

(a) Resigned on 19 January 2024.

(b) Appointed on 19 January 2024.

(c) Appointed on 29 December 2023.

(d) Resigned on 29 December 2023.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company and the Group, if applicable. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During the year, none of the directors (2023: Nil) waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2023: three) were directors of the Company whose emoluments are included in the disclosures in note 11(a) above. The emolument of the remaining one (2023: two) individual was as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and other benefits	**173**	416
Contributions to defined contribution retirement plans	**19**	36
	192	452

The emolument paid or payables to each of the above individuals were within the following bands:

	2024 **No of individuals**	2023 No of individuals
Nil to HK$1,000,000	**1**	2

Emoluments paid or payable to members of senior management who are not directors were within the following band:

	Year ended 31 December	
	2024 **No of individuals**	2023 No of individuals
Nil to HK$1,000,000	**1**	2

12. INCOME TAX EXPENSE

The income tax expense in the consolidated statements of profit or loss and other comprehensive income during the year represents:

	2024 **RMB'000**	2023 RMB'000
Current tax	**–**	–
Under-provision in prior years	**25**	–
Deferred tax *(Note 18)*	**6,537**	3,744
Income tax expense	**6,562**	3,744

No Hong Kong profits tax was provided as the Group has no estimated assessable profit in Hong Kong during the years ended 31 December 2024 and 31 December 2023.

Provision for EIT in the PRC is calculated based on a statutory tax rate of 25% of the estimated assessable profits as determined in accordance with the income tax laws and regulations applicable to the operating subsidiaries in the PRC except certain subsidiaries are entitled to preferential tax rate of 15% in the PRC as mentioned below.

Guangyuan Tongchuang New Materials Company Limited, a subsidiary of the Company, is subject to 10% income tax concession due to the preferential tax policy of the development of the western region of the PRC fulfilled for the years ended 31 December 2023. According to "Announcement on Issues Concerning Continuation Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy" (《關於延續西部大開發企業所得稅政策的公告》) (Announcement No. 23 [2020] of the Ministry of Finance of the People's Republic of China) (財政部公告[2020]第23號), from 1 January 2021 to 31 December 2030, EIT imposed upon any enterprises established in western region of the PRC which are engaging in the encouraged industries shall be subject to a reduced rate at 15%. In 2024, Guangyuan Tongchuang New Materials Company Limited did not fulfill the requirement, and accordingly, it was subject to EIT tax rate of 25%.

12. INCOME TAX EXPENSE (CONTINUED)

The income tax expense for the year can be reconciled to the loss before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 **RMB'000**	2023 RMB'000
Loss before tax	**(61,615)**	(56,841)
Tax calculated at EIT of 25% in the PRC	**(15,404)**	(14,210)
Tax effect of income not taxable for tax purpose	**(1,799)**	—
Tax effect of expenses not deductible for tax purpose	**261**	4,080
Tax effect of deductible temporary differences not recognised	**10,635**	2,098
Tax effect of tax losses not recognised	**11,727**	11,606
Income tax at concessionaire rate	**—**	(237)
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	**—**	407
Under-provision in respect of prior years	**25**	—
Others	**1,117**	—
Income tax expense	**6,562**	3,744

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB8,957,000 (2023: RMB12,109,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

13. DIVIDENDS

No dividend has been paid or declared by the Company during the year of 2024, nor has any dividend been proposed since the end of the year ended 31 December 2024 (2023: Nil).

14. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The basic loss per share attributable to owners of the Company for the year is calculated based on the loss attributable to owners of the Company of approximately RMB58,836,000 (2023: RMB60,044,000), and the weighted average number of ordinary shares of 98,938,000 in issue (2023: 92,000,000 shares (Restated)). The Company did not have any potential dilutive shares for the years ended 31 December 2024 and 2023. Accordingly, the diluted loss per share are the same as the basic loss per share.

For the year ended 31 December 2024, the weighted average number of ordinary shares for the purpose of loss per share has been adjusted to take into effect of the share consolidation (Note 31) with effect from 10 July 2024 and as if it had been effective on 1 January 2023.

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15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Construction in progress RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost							
At 1 January 2023	91,541	5,090	88,421	167	1,329	4,810	191,358
Additions	–	7,162	1,628	–	2	–	8,792
Written-off	(151)	(1,025)	–	–	(200)	(1,004)	(2,380)
Disposals	–	(9,885)	(51,941)	–	–	(361)	(62,187)
At 31 December 2023 and 1 January 2024	91,390	1,342	38,108	167	1,131	3,445	135,583
Additions	–	12,425	10,253	3	20	–	22,701
Written-off	–	(1,251)	(14)	–	–	–	(1,265)
Transfer	–	(12,499)	12,499	–	–	–	–
Disposals	–	–	(3,938)	–	–	–	(3,938)
At 31 December 2024	91,390	17	56,908	170	1,151	3,445	153,081
Accumulated depreciation and impairment							
At 1 January 2023	22,455	–	26,531	73	961	3,751	53,771
Depreciation	2,904	–	5,640	6	80	341	8,971
Impairment losses	–	–	7,836	2	–	–	7,838
Written-off	(121)	–	–	–	(157)	(954)	(1,232)
Disposals	–	–	(16,423)	–	–	(113)	(16,536)
At 31 December 2023 and 1 January 2024	25,238	–	23,584	81	884	3,025	52,812
Depreciation	2,902	–	2,486	5	28	293	5,714
Impairment losses	–	–	1,989	9	–	–	1,998
Written-off	–	–	(14)	–	–	–	(14)
Disposals	–	–	(1,902)	–	–	–	(1,902)
At 31 December 2024	28,140	–	26,143	95	912	3,318	58,608
Net book value							
At 31 December 2023	66,152	1,342	14,524	86	247	420	82,771
At 31 December 2024	63,250	17	30,765	75	239	127	94,473

Based on an outlook of the development progress in current year, for the purpose of impairment testing, there is 1 CGU (2023: 2 CGUs) subject to impairment assessment as at 31 December 2024.

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

四川蜀塔實業有限公司, 廣元同創新材料有限公司, 廣元蜀塔電纜有限公司及廣元蜀塔科技有限公司 (Sichuan Saftower Industry Company Limited)("Sichuan Saftower"), (Guangyuan Tongchuang New Materials Company Limited) ("Guangyuan Tongchuang"), (Guangyuan Saftower Cable Company Limited) ("Guangyuan Saftower") and (Guangyuan Saftower Technology Company Limited) ("Guangyuan Saftower Technology")

For this CGU, management carried out an impairment test on the property, plant and equipment, intangible asset and right-of-use asset as at 31 December 2024, with carrying amount of RMB79,806,000 (2023: RMB95,295,000).

The recoverable amount of the assets has been determined based on a value in use calculation. The calculation uses cash flow projection based on the approved business plan of Guangyuan Tongchuang, Guangyuan Saftower and Guangyuan Saftower Technology, which reflects cash flow less estimated costs, discounted at a pre-tax discount rate of 13% (2023: 14%). One of the key assumptions of the cash flow projection is the annual growth rate in revenue which is based on the potential orders negotiated before year. The discount rate used reflects specific risks relating to the business.

As a result of the above assessment, impairment loss was recognised for the property, plant and equipment, amounted to RMB1,998,000 (2023: RMB7,838,000) and no impairment loss was recognised for the intangible asset and right-of-use asset for the year ended 31 December 2024 (2023: Nil).

As at 31 December 2024, the Group's buildings with an aggregate net carrying amount of RMB40,373,000 (2023: RMB42,346,000) were pledged as securities for the bank and other borrowings as set out in Note 28.

As at 31 December 2024, the Group's plant and machinery with an aggregate net carrying amount of RMB2,523,000 (2023: RMB3,984,000) were pledged as securities for the bank and other borrowings as set out in Note 28.

* *English translated name is for identification purpose only*

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16. INTANGIBLE ASSETS

	Computer softwares RMB'000
Cost	
At 1 January 2023	594
Addition	120
Disposals	(57)
At 31 December 2023 and 1 January 2024	657
Addition	97
At 31 December 2024	**754**
Accumulated amortisation	
At 1 January 2023	151
Amortisation	45
At 31 December 2023 and 1 January 2024	196
Amortisation	54
At 31 December 2024	**250**
Net book value	
At 31 December 2023	461
At 31 December 2024	**504**

Detail of impairment assessment are set out in Note 15.

17. GOODWILL

	RMB'000
Cost	
At 1 January 2023, 31 December 2023 and 31 December 2024	**597**
Impairment	
At 1 January 2023	**–**
Impairment loss recognised for the year	**597**
At 31 December 2023, 1 January 2024 and 31 December 2024	**597**
Carrying amount	
At 31 December 2023 and 31 December 2024	**–**

For the purpose of impairment testing, goodwill is allocated to the CGU identified as follows:

- 雅安寶盛金屬材料有限公司 (Yaan Baosheng Metal Material Co., Ltd.)* ("**Yaan Baosheng**")

During the year ended 31 December 2023, Yaan Baosheng reduced the aluminium cast-rolled coil business in 2023 and disposed or written off RMB33,696,000 of machinery and equipment with cash consideration of RMB25,581,000, thus, the management of the Group determined there is no recoverable amount of CGU. Therefore, fully impairment on goodwill have been recognised. At 31 December 2024, the directors of the Company conducted a review of the carrying value of goodwill and determined that there is no change or reversal of the previously recognized impairment of RMB597,000 related to the CGU containing that goodwill. The recoverable amount of this CGU continues to be based on a value in use calculation. As the CGU has maintained its reduced operations in the aluminum cast-rolled coil business and no further disposals or recoveries of machinery and equipment from its aluminum cast-rolled coil production line have occurred, the management of the Group has determined that the recoverable amount of the CGU remains consistent with the prior year's assessment.

18. DEFERRED TAX

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**2,061**	9,919
Deferred tax liabilities	**2,749**	4,070

(i) Deferred tax assets

Details of the deferred tax assets of the Group recognised and movements during the year and the prior year are as follows:

	Tax losses RMB'000	**Lease liabilities RMB'000**	**Total RMB'000**
At 1 January 2023	10,707	138	10,845
(Charge) credit to profit or loss for the year	(3,444)	2,518	(926)
At 31 December 2023 and 1 January 2024	**7,263**	**2,656**	**9,919**
Charge to profit or loss for the year	**(7,263)**	**(595)**	**(7,858)**
At 31 December 2024	**—**	**2,061**	**2,061**

As at 1 January 2023, a deferred tax asset of RMB3,444,000 in relation to unused tax losses for Yaan Baosheng was recognised in the consolidated statement of financial position. Upon the disposal of all the machinery and equipment, Yaan Baosheng became a non-operating subsidiary. Deferred tax assets of RMB3,444,000 has been reversed during the year ended 31 December 2023.

As at 31 December 2023, a deferred tax asset of RMB1,650,000 in relation to unused tax losses for Sichuan Saftower has been recognised in the consolidated statement of financial position. Sichuan Saftower recognised underprovision of tax payable in respect of prior years. Deferred tax assets of RMB1,650,000 has been reversed during the year ended 31 December 2024.

As at 31 December 2023, a deferred tax asset of RMB5,613,000 in relation to unused tax losses for Guangyuan Tongchuang and Guangyuan Saftower have been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised in respect of the remaining approximately RMB5,613,000 due to the unpredictability of future profit streams. Deferred tax assets of RMB5,613,000 has been reversed during the year ended 31 December 2024.

18. DEFERRED TAX (CONTINUED)

(ii) Deferred tax liabilities

Details of the deferred tax liabilities of the Group recognised and movement, during the year and the prior year are as follows:

	Accelerated tax depreciation RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	1,120	132	1,252
(Credit) charge to profit or loss for the year	(162)	2,573	2,411
Effect of change in tax rate	407	—	407
At 31 December 2023 and 1 January 2024	**1,365**	**2,705**	**4,070**
Credit to profit or loss for the year	**(672)**	**(649)**	**(1,321)**
At 31 December 2024	**693**	**2,056**	**2,749**

The Group has not recognised deferred tax assets in respect of tax losses arising in the PRC of RMB79,555,000 (2023: RMB32,644,000), that will expire in one to five years, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At the end of the reporting period, the Group has unrecognised deductible temporary differences of RMB55,785,000 (2023: RMB13,244,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

19. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Leasehold building RMB'000	Moter vehicle RMB'000	Total RMB'000
Cost				
At 1 January 2023	8,659	2,548	112	11,319
Additions	—	12,984	—	12,984
Derecognised upon termination of lease	—	(2,548)	—	(2,548)
At 31 December 2023, 1 January 2024 and 31 December 2024	8,659	12,984	112	21,755
Accumulated depreciation				
At 1 January 2023	2,384	2,020	33	4,437
Depreciation	187	2,695	21	2,903
Derecognised upon termination of lease	—	(2,548)	—	(2,548)
At 31 December 2023 and 1 January 2024	2,571	2,167	54	4,792
Depreciation	187	2,597	21	2,805
At 31 December 2024	**2,758**	**4,764**	**75**	**7,597**
Net book value				
At 31 December 2023	6,088	10,817	58	16,963
At 31 December 2024	**5,901**	**8,220**	**37**	**14,158**

The right-of-use assets for the land use rights are under medium-term leases in the PRC and are depreciated over range from 40 to 48 years on a straight-line basis.

As at 31 December 2024, the Group's land use rights with an aggregate net carrying amount of approximately RMB5,901,000 (2023: RMB6,088,000) were pledged as securities for the bank and other borrowings as set out in Note 28.

Details of impairment assessment are set out in Note 15.

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**3,604**	3,108
Work-in-progress	**783**	1,542
Finished goods	**5,700**	597
	10,087	5,247

21. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**169,834**	156,510
Less: Allowance for ECLs on trade receivables	**(55,313)**	(13,482)
	114,521	143,028

The credit period granted to customers is ranging from 0 to 365 days (2023: 0 to 365 days) as at the end of the reporting period.

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
0 to 60 days	**14,491**	40,311
61 to 180 days	**22,661**	22,475
181 to 365 days	**3,166**	8,451
Over 365 days	**129,516**	85,273
	169,834	156,510

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	RMB'000
Non-current:		
Deposits *(Note (a))*	**634**	29,109
Prepayments	**12**	146
	646	29,255
Current:		
Prepayments	**485**	387
Prepayments to suppliers	**9,521**	14,660
Loan receivables *(Note (b))*	**–**	31,039
Deposits *(Note (a))*	**11,686**	59
VAT recoverable	**10,451**	4,614
Other receivables *(Note (c))*	**4,263**	19,278
Less: Allowance for ECLs on other receivables	**(2,103)**	(831)
	34,303	69,206
	34,949	98,461

(a) During the year ended 31 December 2023, the Group paid deposits amounting to RMB28,003,000 for building a production line for the production of carbon nanotubes and auxiliary products of conductive agents. During the year ended 31 December 2024, RMB16,338,000 of additions of property, plant and equipment was provided by suppliers. As at 31 December 2024, the supplier was not yet able to deliver the remaining RMB11,665,000 equipment to the Group, the Group reached an agreement with the supplier to refund the outstanding balance. RMB6,000,000 has been received by the Group as of the date of issuance of these consolidated financial statements.

(b) Pursuant to a loan agreement dated 5 March 2021 (the "**Guangyuan Shiyuanqu Loan Agreement**") entered into between one subsidiary of the Company, as lender, and Guangyuan Shiyuanqu Construction Investment Co., Ltd.* (廣元市園區建設投資有限公司) (the "**Guangyuan Shiyuanqu**"), a company established under the laws of PRC, as borrower, the subsidiary granted a loan in the principal amount of RMB34.0 million for a term of 28 months up to 4 July 2023 and with interest rate of 7.5% per annum (the "**Guangyuan Shiyuanqu Loan**"). Guangyuan Shiyuanqu is a state-owned enterprise established under the laws of PRC, the principal business of which is provision of municipal facilities as well as provision of construction and asset services. The terms of the Guangyuan Shiyuanqu Loan Agreement were arrived at by the subsidiary and Guangyuan Shiyuanqu after arm's length negotiations and are on normal commercial terms. Having considered (i) the potential strategic cooperation the parties may have, (ii) the interest income to be received by the subsidiary and (iii) the credential of the borrower along with its state-owned background, the Directors consider that the terms of the Guangyuan Shiyuanqu Loan Agreement are fair and reasonable and the granting of the Guangyuan Shiyuanqu Loan to Guangyuan Shiyuanqu is in the interest of the Company and the shareholders of the Company as a whole. As at 31 December 2024, the outstanding principal of this loan is nil (2023: RMB31,039,000). Such loan receivables together with the interest accrued were fully settled during the year ended 31 December 2024.

* *English translated names are for identification purpose only*

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

(c) As at the year ended 31 December 2023, proceeds receivables for disposal of property, plant and equipment amounting to RMB2,700,000 and overpayment made to suppliers which payment would be refunded in cash instead of goods or services would be delivered or rendered in the future amounting to RMB10,880,000 were included in other receivables, such receivables were fully settled during the year ended 31 December 2024.

23. AMOUNTS DUE FROM/(TO) SHAREHOLDERS

The amounts due from/(to) shareholders are unsecured, non-interest bearing, repayable on demand (except as separately stated below) and non-trade in nature.

			Maximum balance outstanding during the year	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Amount due from a shareholder				
Mr. Dang Jun	**–**	150	**–**	150

	2024 RMB'000	2023 RMB'000
Amounts due to shareholders		
Mr. Dang Fei *(Note (a))*	**4,853**	20,801
Mr. Wang Xiaozhong	**83**	594
Mr. Fu Chuanrong	**197**	228
Ms. Tan Bangyao *(Note (b))*	**312**	7,000
	5,445	28,623

(a) During the year ended 31 December 2024, RMB7,200,000 (2023: nil) was waived by Mr. Dang Fei.

(b) The balance is non-interest bearing, repayable according to the agreed-upon schedule and secured by:

(i) Property of close family member of director of the Company;

(ii) Property of the director of the Company;

(iii) Property of the independent third party;

(iv) Property of the Group's key management personnel; and

(v) Equity shares of the Company held by the director of the Company.

24. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

Restricted bank deposits amounting to approximately RMB204,000 as at 31 December 2024 (2023: RMB374,000). Amounting to approximately RMB204,000 as at 31 December 2024 (2023: RMB10,000) represent the bank balance being frozen by court. At the end of 31 December 2023, RMB364,000 represent the restriction of use for settlement of bills payables, and no such balance noted as at the end of 31 December 2024. The Group's restricted bank deposits carry interest at prevailing market rates which range from 0.1% to 0.42% per annum as at 31 March 2024 (2023: from 0.2% to 0.42% per annum).

Bank balances and cash

Bank balances and cash comprise cash on hand and at banks which are not restricted as to use. Cash at banks earns interest at floating rates based on daily bank deposit rates.

The cash on hand and at banks are denominated in the following currencies:

	2024 **RMB'000**	2023 RMB'000
RMB	**1,722**	1,393
United State dollar ("**US$**")	**3**	3
Hong Kong dollar ("**HK$**")	**51**	13
	1,776	1,409

25. CONTRACT LIABILITIES

	2024 **RMB'000**	2023 RMB'000
Contract liabilities arising from sales of goods	**632**	2,816

The Group's contract liabilities represent advance consideration received from customers as at the year end date.

Movements in the contract liabilities during the year are as follows:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**2,816**	17,583
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning of year	**(2,816)**	(17,583)
Increase in contract liabilities as a result of cash received, excluding amounts recognised during the year	**632**	2,816
At 31 December	**632**	2,816

26. TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Non current:		
Trade payable *(Note (a))*	**2,077**	–
Current:		
Trade payables	**97,285**	95,435
Bills payables	**–**	200
	97,285	95,635
	99,362	95,635

(a) During the year ended 31 December 2024, the Group entered into an agreement with a supplier to extend the payment terms of outstanding trade payables for a period of three years. As a result of this agreement, these trade payables have been classified as non-current liabilities at 31 December 2024.

The credit period on purchases from suppliers is generally ranging from 0 to 120 days from invoice date (2023: 0 to 120 days from invoice date) as at the end of the reporting period.

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
0 to 60 days	**46,632**	46,419
61 to 180 days	**26,504**	19,938
181 to 365 days	**5,386**	861
Over 365 days	**20,840**	28,217
	99,362	95,435

27. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Non-current:		
Other payables	**1,550**	1,850
Current:		
Accrued operating expenses	**11,757**	8,600
Accrued employee benefit expense	**2,582**	2,441
Payables for purchase of property, plant and equipment	**2,707**	3,589
Other taxes payable	**11,547**	8,373
Interest payable	**8,215**	6,254
Deposits received	**1,173**	1,190
Other payables *(Note (a))*	**30,958**	34,913
	68,939	65,360
	70,489	67,210

(a) During the year ended 31 December 2023, the Group entered into an agreement with 巴中振興發展一號產業投資基金 ("**Bazhong State-owned Fund**") to raise two tranches of financing, including in which first tranche amounted to RMB60,000,000 and the second tranche amounted to RMB20,000,000. The investor is entitled to a 10% guaranteed return from one of the subsidiaries of the Company upon the completion of first tranche financing. As at 31 December 2024, the Group received a prepayment amounting to RMB25,000,000 (2023: RMB25,000,000). Upon the completion of first tranche financing, the prepayment will be reclassified to borrowing.

28. BORROWINGS

	2024 RMB'000	2023 RMB'000
Current:		
Secured and guaranteed interest-bearing bank borrowings repayable within one year *(Note (i) & (ii))*	**37,465**	51,248
Secured and guaranteed interest-bearing other borrowings repayable within one year *(Note (i) & (ii))*	**11,790**	7,270
Unsecured and unguaranteed interest-bearing other borrowings repayable within one year *(Note (iii))*	**453**	10,000
	49,708	68,518
Non-current:		
Secured and guaranteed interest-bearing bank borrowings repayable after one year *(Note (i) & (ii))*	**9,550**	2,400
Secured and guaranteed interest-bearing other borrowings repayable after one year *(Note (i) & (ii))*	**13,270**	7,180
	22,820	9,580

28. BORROWINGS (CONTINUED)

Notes:

(i) The bank borrowings and other borrowings are secured by:

(a) Buildings with an aggregate net carrying amount of approximately RMB40,373,000 as at 31 December 2024 (2023: RMB42,346,000) as disclosed in Note 15;

(b) Land use rights with an aggregate net carrying amount of approximately RMB5,901,000 as at 31 December 2024 (2023: RMB6,088,000) as disclosed in Note 19;

(c) Property of close family members of directors of the Company;

(d) Properties of the directors of the Company;

(e) Properties of the independent third parties;

(f) Properties of the Group's key management personnel and their close family members;

(g) Plant and machinery with an aggregate net carrying amount of approximately RMB2,523,000 as at 31 December 2024 (2023: RMB3,984,000) as disclosed in Note 15;

(h) Inventories of a shareholder of Bigroad Investment Limited. Bigroad Investment Limited is one of the shareholders of the Company; and

(i) Trade receivables with maximum amount of nil (2023: RMB2,541,000).

(ii) The bank borrowings and other borrowings are guaranteed by:

(a) directors of the Company;

(b) shareholders of the Company;

(c) close family members of directors of the Company; and

(d) independent third parties.

(iii) The other borrowings are fixed interest at 3% and 12% per annum, unsecured and due to be settled on demand.

(iv) As at 31 December 2024, the Group was in default in respect of principal amount of borrowings totaling approximately RMB15,159,000 (2023: RMB50,999,000) due to the events of default of late or overdue payment of loan principal and interest during the year ended or as at 31 December 2024.

At the end of the reporting period, the Group's bank and other borrowings are scheduled to repay as follows:

	2024 **RMB'000**	2023 RMB'000
On demand or within one year	**49,708**	68,518
More than one year, but not exceeding two years	**7,660**	2,420
More than two years, but not exceeding five years	**10,400**	1,200
More than five years	**4,760**	5,960
	72,528	78,098

For the year ended 31 December 2024

29. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
At 1 January	**1,349**	1,717
Credit to profit or loss	**(368)**	(368)
At 31 December	**981**	1,349
Less: Current portion	**(368)**	(368)
Non-current portion	**613**	981

Deferred income of the Group represents a government grant in respect of the purchase of plant and machinery of the Group.

30. LEASES

The Group as a lessee

The Group leases lands and building for its production plant and office. The Group also leases certain items of plant and equipment. All the lease comprise only fixed payments over the lease terms.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property, the analysis of the net book value by class of underlying asset is as follows:

	2024 RMB'000	2023 RMB'000
Land use rights, carried at depreciated costs	**5,901**	6,088
Leasehold building, carried at depreciated costs	**8,220**	10,817
Motor vehicle, carried at depreciated costs	**37**	58

	2024 RMB'000	2023 RMB'000
Total cash outflow for leases	**(2,962)**	(3,542)
Additions to right-of-use assets	**–**	12,984

30. LEASES (CONTINUED)

The Group as a lessee (Continued)

Lease liabilities

	Leasehold building RMB'000	Motor vehicle RMB'000
At 1 January 2023	550	53
Commencement of lease	12,834	—
Interest expense	613	3
Lease payments	(3,502)	(40)
At 31 December 2023 and 1 January 2024	10,495	16
Interest expense	596	—
Lease payments	(2,946)	(16)
At 31 December 2024	8,145	—

Future lease payments are due as follows:

	Future lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2024			
Not later than one year	**2,946**	**(421)**	**2,525**
Later than one year and not later than two years	**2,946**	**(236)**	**2,710**
More than two years but less than five years	**2,945**	**(35)**	**2,910**
	8,837	**(692)**	**8,145**
As at 31 December 2023			
Not later than one year	2,963	(597)	2,366
Later than one year and not later than two years	2,946	(421)	2,525
More than two years but less than five years	5,891	(271)	5,620
	11,800	(1,289)	10,511

For the year ended 31 December 2024

30. LEASES (CONTINUED)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The present value of future lease payments are analysed as:

	2024 RMB'000	2023 RMB'000
Current liabilities	**2,525**	2,366
Non-current liabilities	**5,620**	8,145
	8,145	10,511

At 31 December 2024, the weighted average incremental borrowing rate applied to lease liability is 7.16% (2023: 7.16%–12.53%) per annum.

31. SHARE CAPITAL

	Number	Amount RMB'000
Authorised:		
At 1 January 2023, 31 December 2023 and 1 January 2024	4,000,000,000	35,994
Share consolidation *(Note (a))*	(3,600,000,000)	—
At 31 December 2024	400,000,000	35,994
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 1 January 2024	920,000,000	8,222
Share consolidation *(Note (a))*	(828,000,000)	—
Issue of shares upon subscription *(Note (b))*	18,400,000	1,691
At 31 December 2024	110,400,000	9,913

Notes:

(a) On 10 July 2024, share consolidation of every ten (10) issued and unissued shares of par value of HK$0.01 each in the share capital of the Company be consolidated into one (1) share of par value of HK$0.1 each.

(b) On 16 August 2024, the Company issued 18,400,000 ordinary shares of HK$0.1 each at a price of HK$0.2 per share pursuant to the subscription agreement dated 22 May 2024.

32. RESERVES

Details of the movement of the Group's reserves are as set out in the consolidated statement of changes in equity.

Movement of the Company's reserves are as follows:

	Share premium RMB'000	Foreign exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	37,111	(428)	(3,867)	32,816
Loss and total comprehensive expense for the year	—	—	(4,264)	(4,264)
Exchange difference on translation from functional currency to presentation currency	—	1,258	—	1,258
At 31 December 2023 and 1 January 2024	37,111	830	(8,131)	29,810
Loss and total comprehensive expense for the year	—	—	(32,320)	(32,320)
Exchange difference on translation from functional currency to presentation currency	—	1,142	—	1,142
Issue of shares upon subscription *(Note 31(b))*	1,691	—	—	1,691
Share issue expenses	(409)	—	—	(409)
At 31 December 2024	38,393	1,972	(40,451)	(86)

32. RESERVES (CONTINUED)

The following describes the nature and purpose of each reserve within owners' equity.

Reserves	Description and purpose
Share premium	Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.
Capital reserves	The aggregate paid-up capital of the subsidiaries comprising the Group, and the waiver of the amount due to a shareholder.
Statutory reserves	In accordance with the Company Law of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve funds is 10%. The amount to be transferred to discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both statutory surplus reserve fund and discretionary reserves fund can be capitalised as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered capital.
Foreign exchange reserves	Gains (losses) arising on retranslating the net assets of foreign operation into presentation currency.
Other reserve	The other reserve arose from the equity transaction with the non-controlling interest of Yaan Baosheng in 2023.
Accumulated losses	Cumulative net gains and losses recognised in profit or loss.

33. THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	Note	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in a subsidiary		**—***	—*
Amounts due from subsidiaries		**11,742**	41,439
		11,742	41,439
Current asset			
Amount due from a shareholder		**1,503**	—
Bank balances and cash		**51**	13
		1,554	13
Current liabilities			
Accruals and other payables		**3,272**	3,019
Amounts due to shareholders		**197**	401
		3,469	3,420
Net current liabilities		**(1,915)**	(3,407)
Net assets		**9,827**	38,032
EQUITY			
Share capital	*31*	**9,913**	8,222
Reserves	*32*	**(86)**	29,810
Total equity		**9,827**	38,032

* Represents the amount less than RMB1,000

The Company's statement of financial position was approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Dang Fei	**Wang Xiaozhong**
Director	*Director*

34. INTERESTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name	Country and date of incorporation and form of business structure	Place of incorporation/ operation and principal activity	Registered capital/issued and fully paid up share capital	Percentage of ownership interests	
				2024	2023
Bida Investment Limited ("**Bida Investment**")	British Virgin Islands ("**BVI**"), 5 November 2018, limited liability	Investment holding in the BVI	US$1	**100%**	100%
China Saftower International Limited ("**Saftower International**")	Hong Kong, 5 December 2018, limited liability	Investment holding in Hong Kong	HK$1	**100%(1)**	100%(1)
Weichi Investment Limited ("**Weichi Investment**")	BVI, 15 November 2018, Limited liability company	Investment holding in the BVI	US$1	**100%(1)**	100%(1)
Wechi Int'l Investment Limited ("**Wechi Int'l**")	Hong Kong, 27 December 2018, limited liability company	Investment holding in Hong Kong	HK$1	**100%(1)**	100%(1)
NE Investment Ltd ("**NE Investment**")	BVI, 29 December 2023, Limited liability company	Investment holding in the BVI	US$10,000	**100%(1)**	100%(1)
蜀塔企業管理(廣元)有限公司 (Saftower Management (Guangyuan) Limited)* ("**Saftower Management**")	The PRC, 14 May 2019, limited liability company	Investment holding in the PRC	RMB26,292,114	**100%(1)**	100%(1)
廣元蜀塔科技有限公司(Guangyuan Saftower Technology Company Limited)* ("**Guangyuan Saftower Technology**")	The PRC, 14 September 2018, limited liability company	Investment holding in the PRC	RMB18,400,000	**100%(1)**	100%(1)
四川蜀塔實業有限公司(Sichuan Saftower Industry Company Limited)* ("**Sichuan Saftower**")	The PRC, 24 June 2004, limited liability company	Trading of wires and cables and sale of aluminium products in the PRC	RMB91,800,000	**100%(1)**	100%(1)
廣元蜀塔電纜有限公司 (Guangyuan Saftower Cable Company Limited)* ("**Guangyuan Saftower**")	The PRC, 16 February 2015, limited liability company	Manufacturing, processing and sale of semi-finished wires and trading of aluminium products in the PRC	RMB25,200,000	**100%(1)**	100%(1)
四川量電電纜科技有限公司 (Sichuan Liangdian Cable Technology Company Limited)* ("**Sichuan Liangdian**")	The PRC, 19 March 2015, limited liability company	Sales of wires and cables in the PRC	RMB100,000	**100%(1)**	100%(1)
Yaan Baosheng(2)	The PRC, 1 September 2020, limited liability company	Processing of aluminium cast-rolled coil and aluminium plate manufacturing of foil in the PRC	RMB14,000,000	**100%(1)**	100%(1)

* *English translated names are for identification purpose only*

34. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Country and date of incorporation and form of business structure	Place of incorporation/ operation and principal activity	Registered capital/issued and fully paid up share capital	Percentage of ownership interests	
				2024	2023
廣元蜀能合金材料有限公司 (Guangyuan Shuneng Alloy Materials Company Limited)* ("**Guangyuan Shuneng**")	The PRC, 24 January 2018, limited liability company	Production of aluminium rod materials in the PRC	RMB6,800,000	**100%**(1)	100%(1)
Guangyuan Tongchuang	The PRC, 14 July 2017, limited liability company	Manufacturing, processing and sale of aluminium wires and cables and trading of aluminium products in the PRC	RMB60,000,000	**56.67%**(1)	56.67%(1)
成都飛小蛛鏈網科技股份有限公司 (Chengdu Feixiaozhu Lianwang Technology Company Limited)* ("**Chengdu Feixiaozhu**")	The PRC, 20 July 2022, limited liability company	IT service, brand management and advertising in PRC	RMB1,000	**N/A**	60%(1)
四川蜀塔能源有限責任公司 (Sichuan Saftower Energy Company Limited)* ("**Saftower Energy**")	The PRC, 16 March 2023, limited liability company	Manufacturing of carbon nanotubes and auxiliary products of conductive agents in PRC	RMB60,000,000	**100%**(1)	100%(1)
海南蜀塔益充科技有限公司 (Hainan Saftower Yichong Technology Co., Ltd.) ("**Hainan Saftower**")	The PRC, 1 March 2024, limited liability company	Investment holding in the PRC	RMB5,100,000	**100%**(1)	N/A
海南特能充科技有限公司 (Hainan Tenengchong Technology Co., Ltd.) ("**Hainan Tenengchong**")	The PRC, 15 March 2024, limited liability company	Development and operation of charging facilities for Non-motorised Vehicles in the PRC	RMB10,000,000	**51%**(1)	N/A
福州大宋物聯網科技有限公司 (Fuzhou Dasong Internet of Things Technology Co., Ltd.) ("**Fuzhou Dasong**")	The PRC, 15 August 2024, limited liability company	Software development, technical services, and the operation of non-motor vehicle charging facilities in the PRC	RMB1,000,000	**51%**(1)	N/A
四川若爾蓋蜀塔電纜有限責任公司 (Sichuan Ruoergai Shuta Cable Co., Ltd.) ("**Sichuan Ruoergai**")	The PRC, 25 September 2024, limited liability company	Dormant in the PRC	RMB200,000	**100%**(1)	N/A

Notes:

(1) Held indirectly

(2) During the year ended 31 December 2023, the Group acquired an additional 30% equity interest of Yaan Baosheng from non-controlling shareholder.

* *English translated names are for identification purpose only*

35. NON-CONTROLLING INTERESTS

The following summarises the financial information the Group's subsidiaries with material non-controlling interests ("**NCI**"), based on the subsidiaries' financial statements prepared in accordance with HKFRS Accounting Standards.

	Guangyuan Tongchuang	
	2024	2023
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	**236,116**	111,704
Expenses	**(257,674)**	(112,952)
Loss for the year	**(21,558)**	(1,248)
Total comprehensive expense	**(21,558)**	(1,248)
Loss allocated to NCI	**(9,341)**	(541)
Dividends paid to NCI	**–**	–
For the year ended 31 December		
Cash flows from operating activities	**25,382**	8,811
Cash flows used in investing activities	**(26,915)**	(1,592)
Cash flows from (used in) financing activities	**1,880**	(7,124)
Net cash inflows	**347**	95
As at 31 December		
Current assets	**80,497**	74,974
Non-current assets	**19,884**	23,554
Current liabilities	**(60,960)**	(37,207)
Non-current liabilities	**(5,116)**	(5,458)
Net assets	**34,305**	55,863
Accumulated NCI	**12,597**	21,938

36. EQUITY TRANSACTION WITH NON-CONTROLLING INTEREST

During the year ended 31 December 2023, the Group has the following equity transaction with non-controlling interests of a subsidiary that do not result in a gain of control.

Change in ownership interest in a subsidiary

During the year ended 31 December 2023, the Group acquired of additional 30% of equity interest in Yaan Baosheng from the non-controlling shareholder, increasing its continuing interest increased from 70% to 100%. The cash consideration on the deemed acquisition of RMB4,200,000 was fully settled during the year ended 31 December 2023. An amount of RMB1,224,000 (being the proportionate share of the carrying amount of the net assets of RMB4,081,000) was reduced from non-controlling interests. The difference of RMB2,976,000 between the decrease in the non-controlling interests and the cash consideration paid was debited to other reserve.

37. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions with related parties:

(a) Compensation to key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in Note 11(a) and certain highest paid employees as disclosed in Note 11(b), is as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowance and other benefits	**1,161**	1,565
Contributions to defined contribution retirement plans	**145**	146
	1,306	1,711

(b) As at 31 December 2024, HK$6,730,000 of borrowings was advanced from Ms. Tam Bangyao, a shareholder of the Company. The balance is bearing fixed interest rate at 12% per annum, repayable according to the agreed-upon schedule and secured by:

(i) Property of close family member of director of the Company;

(ii) Property of the director of the Company;

(iii) Property of the independent third party;

(iv) Property of the Group's key management personnel; and

(v) Equity shares of the Company held by the director of the Company.

For the year ended 31 December 2024

38. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH LOWS

(a) Major non-cash transactions

(i) During the year ended 31 December 2024, additions to property, plant, and equipment amounting to RMB16,338,000 were settled through the utilization of a deposit paid in the prior year. This amount represents the reclassification of the deposit to property, plant, and equipment upon completion of the acquisition. Further details are set out in notes 15 and 22;

(ii) During the year ended 31 December 2024, the Group recognised the deemed contribution on waiver of amount due to a shareholder of approximately RMB7,200,000 as capital reserve in equity. Further details are set out in note 23; and

(iii) During the year ended 31 December 2024, the Group entered into an agreement with counterparties to offset trade receivable of RMB9,547,000 against an outstanding borrowing of the same amount. This mutual offset arrangement reduced both the trade receivable and borrowing balances without any cash exchange.

38. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH LOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Borrowings RMB'000 *(Note 28)*	Interest payable RMB'000 *(Note 27)*	Financing liability included in other payables RMB'000 *(Note 27)*	Lease liabilities RMB'000 *(Note 30)*	Amounts due to shareholders RMB'000 *(Note 23)*	Amount due to non-controlling interest RMB'000 *(Note 23)*
At 1 January 2023	116,477	5,997	–	603	12,643	1,713
Proceeds from borrowings/a shareholder	7,950	–	–	–	15,976	–
Repayments of borrowings	(46,329)	–	–	–	–	–
Repayment to non-controlling interest	–	–	–	–	–	(1,713)
Payments of lease liabilities	–	–	–	(3,542)	–	–
Interest paid on borrowings	–	(6,435)	–	–	–	–
Advance from other payables	–	–	25,000	–	–	–
Total changes from cash flows	(38,379)	(6,435)	25,000	(3,542)	15,976	(1,713)
Non-cash changes:						
Commencement of lease	–	–	–	12,834	–	–
Interest expense – Lease liabilities	–	–	–	616	–	–
Interest expense – Borrowings	–	6,692	–	–	–	–
Exchange realignment	–	–	–	–	4	–
Total other changes	–	6,692	–	13,450	4	–
At 31 December 2023 and 1 January 2024	78,098	6,254	25,000	10,511	28,623	–
Repayments of borrowings	**(6,803)**	**–**	**–**	**–**	**–**	**–**
Repayments to shareholders	**–**	**–**	**–**	**–**	**(9,256)**	**–**
Payments of lease liabilities	**–**	**–**	**–**	**(2,962)**	**–**	**–**
Interest paid on borrowings	**–**	**(4,574)**	**–**	**–**	**–**	**–**
Total changes from cash flows	**(6,803)**	**(4,574)**	**–**	**(2,962)**	**(9,256)**	**–**
Non-cash changes:						
Transfer	**6,730**	**–**	**–**	**–**	**(6,730)**	**–**
Transfer from other payable	**4,050**	**–**	**–**	**–**	**–**	**–**
Offset with trade receivables	**(9,547)**	**–**	**–**	**–**	**–**	**–**
Waiver of amount due to a shareholder	**–**	**–**	**–**	**–**	**(7,200)**	**–**
Interest expense – Lease liabilities	**–**	**–**	**–**	**596**	**–**	**–**
Interest expense – Borrowings	**–**	**6,535**	**–**	**–**	**–**	**–**
Exchange realignment	**–**	**–**	**–**	**–**	**8**	**–**
Total other changes	**1,233**	**6,535**	**–**	**596**	**(13,922)**	**–**
At 31 December 2024	**72,528**	**8,215**	**25,000**	**8,145**	**5,445**	**–**

39. CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Contracted but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment *(Note 22(b))*	–	25,498
Commitment to contribute capital to subsidiaries *(Note (a))*	10,810	–
	10,810	25,498

Note:

(a) In August 2024, the Group established Hainan Saftower, a company engaged in investment holding, in which the Group will make a capital contribution of RMB5,100,000 and hold 100% of its total interests. It is required to pay up its respective committed registered capital on or before 31 December 2028 pursuant to the Memorandum and Articles of Association.

In March 2024, the Group and an individual third party established Hainan Tenengchong, a company engaged in development and operation of charging facilities for non-motorised vehicles, in which the Group will make a capital contribution of RMB5,100,000 and hold 51% of its total interests. Each of the members is required to pay up its respective committed registered capital on or before 12 March 2029 pursuant to the Memorandum and Articles of Association.

In August 2024, the Group and an individual third party established Fuzhou Dasong, a company engaged in software development, technical services, and the operation of nonmotor vehicle charging facilities, in which the Group will make a capital contribution of RMB510,000 and hold 51% of its total interests. It is required to pay up its respective committed registered capital on or before 14 August 2029 pursuant to the Memorandum and Articles of Association. During the year ended 31 December 2024, the Group contributed an amount of RMB100,000 to Fuzhou Dasong.

In September 2024, the Group established Sichuan Ruoergai, a company engaged in manufacturing, processing and sale of mechanical and electrical equipment, in which the Group will make a capital contribution of RMB200,000 and hold 100% of its total interests. It is required to pay up its respective committed registered capital on or before 4 September 2029 pursuant to the Memorandum and Articles of Association.

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amount of each of the categories of the Group's financial instruments as at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets		
At amortised cost		
Trade receivables	**114,521**	143,028
Deposits and other receivables	**21,897**	78,653
Amount due from a shareholder	**—**	150
Restricted bank deposits	**204**	374
Bank balances and cash	**1,776**	1,409
	138,398	223,614
Financial liabilities		
At amortised cost		
Trade and bills payables	**99,362**	95,635
Accruals and other payables	**57,769**	57,647
Amounts due to shareholders	**5,445**	28,623
Borrowings	**72,528**	78,098
Lease liabilities	**8,145**	10,511
	243,249	270,514

41. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to credit risk, market risks (including foreign currency risk and interest rates risk) and liquidity risk arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The directors of the Company are responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the board of directors.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

(a) Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables, amount due from a shareholder, restricted bank deposits and bank balances and cash. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables arising from contracts with customers

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers.

For remaining trade receivables, ECL is calculated using a provision matrix. Expected loss rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which may impact the customers' ability to repay the outstanding balances in order to estimate the ECLs for the impairment assessment.

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables according to their past due dates:

	Gross carrying amount RMB'000	Lifetime ECLs RMB'000	Net carrying amount RMB'000	Expected loss rate %
At 31 December 2024				
Current (not past due)	**18,488**	**(202)**	**18,286**	**1.09%**
Past due 1 to 60 days	**17,211**	**(1,875)**	**15,336**	**10.89%**
Past due 61 to 180 days	**4,171**	**(135)**	**4,036**	**3.24%**
Past due 181 to 365 days	**57,150**	**(6,858)**	**50,292**	**12.00%**
Past due over 365 days	**72,814**	**(46,243)**	**26,571**	**63.51%**
	169,834	**(55,313)**	**114,521**	**32.57%**
At 31 December 2023				
Current (not past due)	71,214	(733)	70,481	1.03%
Past due 1 to 60 days	24,075	(843)	23,232	3.50%
Past due 61 to 180 days	890	(98)	792	11.01%
Past due 181 to 365 days	32,083	(1,131)	30,952	3.53%
Past due over 365 days	28,248	(10,677)	17,571	37.80%
	156,510	(13,482)	143,028	8.61%

Movement in the loss allowance account in respect of trade and other receivables, not including bad debt written off (note 10), during the year is as follows:

	Trade receivables		Other receivables		Total	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
At 1 January	**13,482**	8,245	**831**	308	**14,313**	8,553
Impairment losses recognised during the year *(Note 10)*	**41,831**	5,237	**1,272**	523	**43,103**	5,760
At 31 December	**55,313**	13,482	**2,103**	831	**57,416**	14,313

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or customers having similar characteristics. At the end of reporting period, 93.78% (2023: 92.92%) of the total trade receivables were due from the Group's five largest customers, and 42.31% (2023: 43.11%) of total trade receivables were due from the Group's largest customer respectively.

Deposits and other receivables

As at 31 December 2024 and 31 December 2023, the management of the Group takes into account the historical default experience and forward-looking information, as appropriate, for example, except for certain individual debtors identified as credit-impaired, the Group considers the consistently low historical default rates of counterparties and concludes that credit risk inherent in the Group's remaining outstanding deposits and other receivables is insignificant.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

External credit rating	Internal credit rating	12m or lifetime ECL	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
N/A	*(Note (a))*	12m ECL	**20,200**	78,653
N/A	*(Note (a))*	Credit-impaired	**1,697**	—
			21,897	78,653

(a) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

At 31 December 2024

Past due RMB'000	Not past due/no fixed repayment terms RMB'000	Total RMB'000
1,697	**20,200**	**21,897**

At 31 December 2023

Past due RMB'000	Not past due/no fixed repayment terms RMB'000	Total RMB'000
—	78,653	78,653

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk and impairment assessment (Continued)

Deposits and other receivables (Continued)

(a) (Continued)

The following tables show reconciliation of loss allowances that have been recognised for deposits and other receivables.

	12m ECL	Lifetime ECL (credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023 and 31 December 2023	831	—	831
Transfer to credit-impaired	(748)	748	—
Impairment loss recognised	323	949	1,272
At 31 December 2024	406	1,697	2,103

The rates of ECLs for deposits and other receivables of 12-month ECL assessment range from 1.09% to 2.76% as at 31 December 2024 (2023: 1.03% to 2.92%).

Amount due from a shareholder

The management of the Group assessed the ECL for amount due from a shareholder was insignificant and thus no loss allowance was recognised during the year ended 31 December 2024 (2023: Nil).

Restricted bank deposits/bank balances and cash

The management of the Group considers the probability of default is negligible as the deposits are placed in banks having good reputation and no loss allowance was recognised during the year ended 31 December 2024 (2023: Nil).

Guarantees

The Group's policy is to provide financial guarantees only to liabilities arising from wholly-owned subsidiaries.

The maximum exposure of the Group in respect of the intra-group financial guarantee as at 31 December 2024 is representing the total banking facility attributable from drawdown by the relevant subsidiaries of RMB93.21 million (2023: RMB86.45 million). At the reporting date, the Group does not consider it probable that a claim will be made against the group entity under the intra-group financial guarantees.

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Foreign currency risk

The Group has no significant foreign currency risk as its business transactions, majority of its recognised assets and liabilities are principally denominated in RMB, its functional currency. Accordingly, sensitivity analysis has not been disclosed. The Group currently does not have any hedge instruments to hedge against other foreign currency transactions.

(c) Interest rate risk

The Group's interest-rate risk mainly arises from borrowings and lease liabilities as disclosed in Notes 28 and 30. Borrowings were issued at floating rate and at fixed rates which expose the Group to cash flow interest risk and fair value interest-rate risk respectively. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The following table details the interest rate profile of the Group's borrowings and lease liabilities at the end of the reporting period.

	2024		2023	
	Effective interest rate	**Carrying amount RMB'000**	Effective interest rate	Carrying amount RMB'000
Fixed rate liabilities:				
Borrowing	**3%–12%**	**51,652**	4.5%–13%	52,888
Lease liabilities	**7.16%**	**8,145**	7.16%–12.53%	10,511
Variable rate liabilities:				
Borrowings	**3.30%–5.50%**	**20,876**	3.65%–5.70%	25,210

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings and bank deposits. The analysis is prepared assuming that the amount of liabilities outstanding at the end of reporting period were outstanding for the whole year. 100 basis points increase or decrease represent management's assessment of the reasonably possible change in interest rates of borrowings and bank deposits.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposures at the end of reporting period do not reflect the exposures during the year.

If interest rates on borrowings and bank deposits had been 100 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax loss for the years are as follows:

	2024 RMB'000	2023 RMB'000
Increase (decrease) in loss for the year		
— as a result of increase in interest rate	**142**	176
— as a result of decrease in interest rate	**(142)**	(176)

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants in order to maintain sufficient reserve of cash and adequate committed lines of funding from major banks, if necessary, to meet its liquidity requirements in the short and long term.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities at the end of reporting period. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

For bank borrowings and lease liabilities which contain a repayment on demand clause which can be exercised at the banks' sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the year.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
At 31 December 2024						
Trade and bills payables	**99,362**	**99,362**	**97,285**	**1,200**	**877**	**–**
Accruals and other payables	**57,769**	**57,769**	**56,219**	**1,550**	**–**	**–**
Amounts due to shareholders	**5,445**	**5,445**	**5,265**	**132**	**48**	**–**
Borrowings	**72,528**	**81,570**	**53,059**	**9,523**	**13,230**	**5,758**
Lease liabilities	**8,145**	**8,839**	**2,947**	**2,946**	**2,946**	**–**
	243,249	**252,985**	**216,325**	**13,801**	**17,101**	**5,758**
At 31 December 2023						
Trade and bills payables	95,635	95,635	95,635	–	–	–
Accruals and other payables	57,647	57,647	55,797	1,850	–	–
Amounts due to shareholders	28,623	28,623	28,623	–	–	–
Borrowings	78,098	84,875	70,141	3,402	3,658	7,674
Lease liabilities	10,511	11,800	2,963	2,946	5,891	–
	270,514	278,580	253,159	8,198	9,549	7,674

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement

There are no financial assets and financial liabilities that are measured subsequent to initial recognition at fair value as at 31 December 2024 and 2023.

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

42. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

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 sell assets to reduce debts.

The capital structure of the Group consists of debts, which includes amounts due to shareholders, borrowings and lease liabilities, cash and cash equivalents and total equity, comprising share capital and reserves. The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The net debt to equity ratio at the end of the reporting period is as follows:

	2024 **RMB'000**	2023 RMB'000
Borrowings	**72,528**	78,098
Lease liabilities	**8,145**	10,511
Amounts due to shareholders	**5,445**	28,623
Less: Restricted bank deposits	**(204)**	(374)
Less: Bank balances and cash	**(1,776)**	(1,409)
Net debt	**84,138**	115,449
Total equity	**12,468**	70,537
Net debt to equity ratio	**675%**	164%

43. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) On 10 January 2025, the Group reached an agreement with a bank to extend a loan with principal amount of RMB4,000,000, which was originally repayable on 19 January 2025. The loan is repayable on 19 January 2026 and bears interest at 1-year Loan Prime Rate (LPR) +0.2%. No adjustments have been made to the consolidated financial statements as a result of this extension and therefore the loan is presented as a current liability as at 31 December 2024.

(b) On 27 February 2025, the Group entered into a reconciliation agreement with a bank to extend two loans with principal amounts of RMB3,000,000 and RMB2,910,000, which were originally in default as at 31 December 2024. The loans are repayable on a monthly schedule from March 2025 to December 2027 and bear interests at 6.15% per annum and 5.63% per annum, respectively. The repayment schedule is established with RMB500,000 due during the year ended 31 December 2025, RMB1,800,000 due during the year ending 31 December 2026, and RMB3,610,000 due during the year ending 31 December 2027. No adjustments have been made to the consolidated financial statements as a result of this extension and therefore the loan is presented as a current liability as at 31 December 2024.

(c) On 14 February 2025, the Company announced a proposed rights issue of new shares to raise additional capital. The rights issue is structured on the basis of one rights share for every two existing shares held by shareholders of the Company, at a subscription price of HK$0.11 per rights share, to raise gross proceeds of up to approximately HK$6,072,000 by way of issuing up to 55,200,000 rights shares to shareholders. The net proceeds from the rights issue are intended to strengthen the Group's financial position and support its ongoing operational and strategic initiatives. The effective date of the rights issue is expected to be on or around 28 April 2025.

44. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the directors on 31 March 2025.

* *English translated names are for identification purpose only*

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out below:

	2024 RMB'000	2023 RMB'000	2022 RMB'000 (restated)	2021 RMB'000	2020 RMB'000
Revenue	**256,610**	244,688	757,901	544,389	518,159
Cost of sales	**(255,564)**	(244,317)	(773,478)	(538,333)	(481,703)
Gross profit (loss)	**1,046**	371	(15,577)	6,056	36,456
Other income and gains	**20,168**	8,615	24,819	15,033	8,222
Selling and distribution expenses	**(3,218)**	(1,916)	(5,617)	(4,498)	(6,006)
Administrative and other expenses	**(26,568)**	(42,408)	(21,996)	(29,749)	(18,591)
Impairment losses on trade and other receivables, net	**(43,914)**	(5,760)	(2,934)	(3,123)	(246)
Impairment losses on property, plant and machinery	**(1,998)**	7,838	—	(2,637)	—
Impairment losses on goodwill	**—**	(597)	—	—	—
Listing expenses	**—**	—	—	—	(7,795)
Finance costs	**(7,131)**	(7,308)	(10,695)	(11,729)	(9,374)
(Loss) profit before tax	**(61,615)**	(56,841)	(32,000)	(30,647)	2,666
Income tax (expense) credit	**(6,562)**	(3,744)	6,357	4,124	124
(Loss) profit for the year	**(68,177)**	(60,585)	(25,643)	(26,523)	2,790
Other comprehensive (expense) income:					
Item that will not be reclassified subsequently to profit or loss					
Exchange differences on translation from functional currency to presentation currency	**(65)**	(193)	46	61	(535)
Total comprehensive (expense) income for the year	**(68,242)**	(60,778)	(25,597)	(26,462)	2,255
(Loss) profit for the year attributable to:					
Owners of the Company	**(58,836)**	(60,044)	(21,542)	(25,224)	1,895
Non-controlling interests	**(9,341)**	(541)	(4,101)	(1,299)	895
	(68,177)	(60,585)	(25,643)	(26,523)	2,790
Total comprehensive (expense) income for the year attributable to:					
Owners of the Company	**(58,901)**	(60,237)	(21,496)	(25,163)	1,360
Non-controlling interests	**(9,341)**	(541)	(4,101)	(1,299)	895
	(68,242)	(60,778)	(25,597)	(26,462)	2,255
Assets and liabilities					
Current assets	**160,957**	219,480	229,093	310,760	214,756
Non-current assets	**111,842**	139,369	163,517	159,051	134,318
Current liabilities	**224,722**	263,686	251,703	303,345	165,536
Non-current liabilities	**35,609**	24,626	5,392	5,375	7,394