Shinelong Automotive Lightweight Application Limited

勛龍汽車輕量化應用有限公司

(Incorporated in Cayman Islands with limited liability)

Stock Code : 1930

2024
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lin Wan-Yi *(Chairman)*
Mr. Yung Chia-Pu
Mr. Cheng Ching-Long
Mr. Lu Jen-Chieh

Non-executive Director

Ms. Hsieh Pei-Chen

Independent Non-executive Directors

Mr. So George Siu Ming
Mr. Lin Lien-Hsing
Mr. Fan Chi Chiu

BOARD COMMITTEES

Audit Committee

Mr. So George Siu Ming *(Committee Chairman)*
Mr. Lin Lien-Hsing
Mr. Fan Chi Chiu

Remuneration Committee

Mr. Lin Lien-Hsing *(Committee Chairman)*
Mr. Lin Wan-Yi
Mr. Fan Chi Chiu

Nomination Committee

Mr. Lin Wan-Yi *(Committee Chairman)*
Mr. So George Siu Ming
Mr. Lin Lien-Hsing

Environmental, Social and Governance Committee

Mr. Cheng Ching-Long *(Committee Chairman)*
Mr. Fan Chi Chiu
Mr. Lu Jen-Chieh

COMPANY SECRETARY

Ms. Shen Xuejuan

AUTHORISED REPRESENTATIVES

Mr. Lin Wan-Yi
Ms. Shen Xuejuan

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

90 Yangongdai Lane
Zhangpu Town, Kunshan City
Jiangsu Province
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1916, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

INVESTOR RELATIONS

Ms. Shen Xuejuan
Email: sophia@shinlone.com.cn
Telephone: (+86) 512-57452666

WEBSITE

www.shinlone.com.cn

STOCK CODE

1930

Corporate Information

LISTING INFORMATION

Equity Securities

The ordinary shares of Shinelong Automotive Lightweight Application Limited (the "**Company**") (the "**Shares**") (stock code: 1930) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

Financial Calendar

2024 annual results announcement	:	Tuesday, 25 March 2025
2024 annual general meeting (the "**2024 AGM**")	:	Thursday, 12 June 2025

Closure of Register of Members and other Key Dates

The Company's register of members will be closed during the following periods:

— To determine the shareholders of the Company (the "**Shareholders**") who are entitled to attend and vote at the 2024 AGM

Latest time for lodging transfer documents of shares	:	4:30 p.m. on Friday, 6 June 2025
Period of closure of register of members	:	Monday, 9 June 2025 to Thursday, 12 June 2025 (both days inclusive)

— To determine the Shareholders' entitlement to the final dividend (the "**Final Dividend**")

Latest time for lodging transfer documents of shares	:	4:30 p.m. on Tuesday, 17 June 2025
Period of closure of register of members	:	Wednesday, 18 June 2025 to Thursday, 19 June 2025 (both days inclusive)
Record date	:	Thursday, 19 June 2025

To qualify for attending and voting at the 2024 AGM and entitlement to the Final Dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than the above latest time for lodging transfer documents of shares.

Subject to the approval by the Shareholders in the 2024 AGM, the proposed Final Dividend will be paid on Friday, 25 July 2025 to Shareholders whose names appear on the register of members of the Company on Thursday, 19 June 2025.

Corporate Information

ANNUAL GENERAL MEETING

The 2024 AGM will be held on Thursday, 12 June 2025. Notice of the 2024 AGM will be set out in the Company's circular dated Wednesday, 23 April 2025 and will be despatched together with this annual report to the Shareholders who requested the printed copy. Notice of the 2024 AGM and the proxy form will also be published on the Company's website (www.shinlone.com.cn) and the Hong Kong Stock Exchange's website (www.hkexnews.hk).

DESPATCH OF CORPORATE COMMUNICATIONS

This annual report (both Chinese and English versions) will be delivered to Shareholders who requested the printed copy. This annual report is also published on the Company's website (www.shinlone.com.cn) and the Hong Kong Stock Exchange's website (www.hkexnews.hk).

For environmental protection reasons, the Company encourages the Shareholders to view this annual report posted on the aforesaid websites where possible.

Financial Summary

SUMMARY OF THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December		
	2024	2023	Change
Revenue (RMB'000)	**237,646**	218,698	8.7%
Gross profit (RMB'000)	**47,410**	50,878	-6.8%
Gross profit margin	**19.9%**	23.3%	-3.4 percentage points
Net profit attributable to owners of the Company (RMB'000)	**16,035**	20,552	-22.0%
Net profit margin	**6.7%**	9.4%	-2.7 percentage points
Basic earnings per share (RMB cents)	**2.4**	3.1	-22.6%
Diluted earnings per share (RMB cents)	**2.4**	3.1	-22.6%

SUMMARY OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2024	2023	Change
Total assets (RMB'000)	**683,288**	619,063	10.4%
Cash and cash equivalents (RMB'000)	**31,034**	42,169	-26.4%
Total liabilities (RMB'000)	**326,799**	276,864	18.0%
Total equities (RMB'000)	**356,489**	342,199	4.2%
Return on equity	**4.5%**	6.0%	-1.5 percentage points
Return on total assets	**2.3%**	3.3%	-1.0 percentage points

Chairman's Statement

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I am pleased to present to the Shareholders the annual results of the Company together with its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**FY2024**").

The Group is a developer and major supplier of customised moulds in the People's Republic of China (the "**PRC**"), with a focus on moulds for the production of automotive parts which cater for the growing trend of automotive lightweight application, as well as electrical appliance parts and other parts. The Group seeks to offer comprehensive moulding services and solutions to the customers, covering product analysis, mould design and development; mould fabrication, assembling, testing and adjustment; trial production and after-sales services.

BUSINESS REVIEW

With frequent occurrences of geopolitical conflicts and international trade frictions, the momentum of global economic growth remains weak in 2024, and domestic consumer confidence continues to be insufficient. In the face of a complex situation characterized by increasing external pressures and mounting internal challenges, the Chinese government has proactively implemented a strategy to expand domestic demand and stimulate potential consumption, the national economy continues to recover and maintains an overall stable performance.

In 2024, due to the implementation of trade-in policies, subsidies in various regions, and promotional activities by enterprises, the production and sales of China's automobiles increased by 3.7% and 4.5% year-on-year, respectively. Among them, new energy vehicles continued to grow rapidly, sales of new energy vehicles accounted for 40.9% of the total sales of new vehicles. However, the competition in the automobile and automotive mould markets has intensified sharply, which puts ongoing pressure on profitability.

The household electrical appliance industry has entered a mature period, and the traditional categories have tended to be saturated. In 2024, under the dual pressures of the real estate downturn and sluggish domestic consumption, high-end household electrical appliances injected strong impetus for sales of household electrical appliances through technological innovation and policy support, and the house electrical appliance market achieved steady recovery. On the other hand, the household electrical appliance and household electrical appliance mould markets continue to endure intense competitive pressures.

In the face of intensifying market competition, the Group has actively explored the market and successfully established cooperative relationships with several new customers in 2024. On the other hand, the revenue generated from one of the Group's major customers decreased, whose gross profit margin was relatively higher than that of other customers of automotive moulds, and relocation cost was increased due to the relocation of the plant during the reporting period, which resulted in a decrease in gross profit margin of products.

Chairman's Statement

The revenue of the Group for FY2024 amounted to approximately RMB237.6 million, representing an increase of approximately RMB18.9 million or 8.7% as compared with that of RMB218.7 million for the year ended 31 December 2023 (the "**FY2023**"). Such increase was mainly due to an increase in amount of the final acceptance report of automotive moulds obtained in FY2024. The profit attributable to owners of the Company for FY2024 amounted to approximately RMB16.0 million, representing a decrease of 22.0% as compared with that of approximately RMB20.6 million for FY2023, such decrease was mainly attributable to the combined effects of (i) increase in relocation cost for equipment due to relocation of factory; (ii) increase in inventory provision for finished goods of automotive moulds; (iii) decrease in gross profit generated from sales of automotive moulds due to decrease in amount of the final acceptance report obtained from one of the Group's major customers with relatively higher gross profit margin as compared to other customers in automotive moulds; and (iv) increase in general and administrative expenses.

OUTLOOK

Looking ahead, the global economic situation remains complex and volatile, and faces numerous uncertainties. The adverse impacts stemming from the external environment are intensifying, domestic consumer confidence continues to be insufficient, and there are many difficulties and challenges. The Chinese government will persist in implementing strategies to expand domestic demand, stimulate market vitality, and consolidate and enhance the positive momentum of the domestic economic recovery.

In 2025, the continuous implementation of favorable policies such as trade-in and the preferential purchase tax for new energy vehicles in the automobile industry, as well as the continuous development of intelligence and technological innovation, will help further release the consumption potential of the automobile market and provide impetus for the development of the industry. It is expected that the domestic automobile market will maintain steady development overall in 2025. However, the economic operation of the automobile industry still faces numerous difficulties and challenges, and the industry competition is intensified. The automobile and automotive mould enterprises are facing both new opportunities and great survival pressures.

The household electrical appliance industry has entered a mature period, and the overall demand may still be relatively weak. In 2025, the trade-in policy of the household electrical appliance industry is expected to continue, and AI-driven technological innovation will promote the transformation of household electrical appliances to high-end, intelligent and green, which will further stimulate the consumption upgrade of the household electrical appliance market, and help household electrical appliances and household electrical appliance mould enterprises tap the market potential.

The construction of the Group's new plant, which is located in Kunshan City, Jiangsu province, was completed by the end of 2023, and its interior decoration work was completed in the first half of 2024. Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Limited* (勛龍智造精密應用材料(蘇州)股份有限公司) ("**Shinelong (Suzhou)**"), a principal wholly-owned subsidiary of the Company, has basically completed the relocation to the new plant. The Group will explore improvement opportunities in all aspects of its production operations, so as to enhance production efficiency, strive to reduce costs and increase efficiency and enhance the Group's competitive advantage.

Chairman's Statement

In 2025, the Group will actively confront the opportunities and challenges brought by changes in global political, economic and other external environment, pay close attention to the changes in the market and business environment, continue to further penetrate into the mould market, strengthen cooperation with existing customers to improve customer stickiness, further expand the domestic market in the PRC and other overseas markets, and actively seek potential business opportunities.

DIVIDEND

Taking into account the Group's business development needs, capital demand for the outstanding payment related to the new plant construction, the outstanding bank loans, and the Shareholder's investment returns, the Board proposed a Final Dividend of HK0.719 cents (equivalent to RMB0.663 cents) per share for FY2024.

APPRECIATION

On behalf of the Board, I would like to extend our gratitude to all of our employees and management team for their effort and contribution, and also thank our Shareholders and business partners for their trust and support. Going forward, the Group will strive to achieve a stable growth and create higher value for our Shareholders.

Lin Wan-Yi
Chairman and executive Director
Hong Kong, 25 March 2025

FINANCIAL REVIEW

Revenue

The revenue of the Group amounted to approximately RMB237.6 million for FY2024, representing an increase of approximately RMB18.9 million or 8.7% as compared with that of approximately RMB218.7 million for FY2023.

The following table sets forth a breakdown of the revenue of the Group by business segment:

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	RMB'000	%
Sales of moulds			
Automotive moulds	**182,452**	164,911	10.6
Electrical appliance moulds	**38,005**	38,368	-0.9
Other moulds	**2,199**	720	205.4
Sub-total	**222,656**	203,999	9.1
Parts processing services	**13,082**	10,863	20.4
Other	**1,908**	3,836	-50.3
Total	**237,646**	218,698	8.7

(i) Sales of moulds

The Group principally engages in the design, development, manufacture and sales of customised hot-pressing moulds, hydroforming moulds and injection moulds which are used in auto manufacturing. Apart from automotive moulds, the Group also engages in the design, development, manufacture and sales of customised plastic moulds for the production of electrical appliance and other parts. Sales of moulds accounted for 93.7% of the Group's revenue for FY2024.

The revenue generated from sales of automotive moulds for FY2024 amounted to approximately RMB182.5 million, representing an increase of approximately RMB17.6 million or 10.6% as compared with that of approximately RMB164.9 million for FY2023. Such increase was mainly due to the net effects of (i) the increase in amounts of the final acceptance reports received from three of the Group's major customers as compared with that for the previous year; (ii) the increase in revenue generated from a new customer of the Group during the reporting period; and (iii) the decrease in revenue generated from one of the Group's major customers.

The revenue generated from sales of electrical appliance moulds for FY2024 amounted to approximately RMB38.0 million, which was basically unchanged as compared with that of approximately RMB38.4 million for FY2023.

(ii) Parts processing services

Parts processing services principally include services provided to the customers for (i) modification of moulds the Group manufactured and sold; and (ii) processing machine parts that are used in automotive moulds and electrical appliance moulds. The revenue generated from parts processing services for FY2024 amounted to approximately RMB13.1 million, representing an increase of approximately RMB2.2 million or 20.4% as compared with that of approximately RMB10.9 million for FY2023. Such increase was due to the increase in revenue generated from automotive and electrical appliance moulds parts processing services of the Group.

Cost of sales

The Group's cost of sales primarily consists of direct materials, direct labour, manufacturing overhead and subcontracting expenses. The major raw materials used by the Group in the production of moulds include, among others, mould steel, mould parts, casting parts, hot runner and mould base.

The cost of sales of the Group for FY2024 amounted to approximately RMB190.2 million, representing an increase of approximately RMB22.4 million or 13.4% as compared with that of approximately RMB167.8 million for FY2023. Such increase was mainly due to (i) the increase in revenue generated from sales of automotive moulds during the reporting period; (ii) the increase in inventory provision for finished goods of automotive moulds; and (iii) the increase in relocation cost for equipment due to relocation of factory.

Gross profit and gross profit margin

The gross profit of the Group for FY2024 amounted to approximately RMB47.4 million, representing a decrease of approximately RMB3.5 million or 6.8% as compared with that of approximately RMB50.9 million for FY2023. The gross profit margin decreased from 23.3% for FY2023 to 19.9% for FY2024, which was mainly due to (i) the decrease in gross profit from sales of automotive moulds as revenue generated from one of the Group's major customers, whose gross profit margin is relatively higher than that of other customers of automotive moulds, decreased; (ii) the increase in inventory provision for finished goods of automotive moulds; and (iii) the increase in relocation cost for equipment due to relocation of factory.

Other income and gains

The other income and gains of the Group mainly consisted of government grants, interest income, gain on lease modification, gains on disposal of assets and foreign exchange differences. The amount increased from approximately RMB6.5 million for FY2023 to approximately RMB8.5 million for FY2024, which was mainly due to an increase in government grants of approximately RMB2.1 million in FY2024 as compared with that of the previous year.

Selling and distribution expenses

The selling and distribution expenses of the Group mainly consisted of staff costs for sales staff and provision for warranty. The selling and distribution expenses of the Group for FY2023 and FY2024 were approximately RMB6.8 million and approximately RMB6.5 million, respectively. Such decrease was mainly due to the net effects of (i) a decrease in staff costs for sales staff of approximately RMB0.5 million in FY2024 as compared with that for FY2023; and (ii) an increase in provision for warranty of approximately RMB0.3 million in FY2024 as compared with that for FY2023.

General and administrative expenses

The general and administrative expenses of the Group for FY2024 amounted to approximately RMB29.3 million, representing an increase of approximately RMB3.9 million or 15.2% as compared with that of approximately RMB25.4 million for FY2023. Such increase was mainly due to (i) an increase of approximately RMB1.0 million in the depreciation and amortisation of new plant and related assets; (ii) an increase of approximately RMB0.6 million in impairment losses for trade and notes receivables; (iii) an increase of approximately RMB0.7 million in staff cost; and (iv) an increase of approximately RMB0.3 million in office expenses and approximately RMB0.6 million in taxes.

Finance costs

The finance costs of the Group mainly consisted of interest expenses on lease liabilities, bank borrowings and discounted notes receivable. The amount increased from approximately RMB0.5 million for FY2023 to approximately RMB1.0 million for FY2024. Such increase was mainly due to the combined effects of the increase in interest expense on bank borrowings of approximately RMB0.8 million,which was transferred from capitalisation to expensing immediately with the completion of the new factory construction by the end of 2023, and the decrease in interest on lease liabilities of approximately RMB0.4 million as compared to FY2023.

Income tax expenses and effective tax rate

The income tax expenses of the Group decreased from approximately RMB3.5 million for FY2023 to approximately RMB3.3 million for FY2024. The effective tax rate, representing income tax expense divided by profit before taxation, were 14.2% and 17.3% for FY2023 and FY2024, respectively, the increase in the effective income tax rate is primarily due to an increase in income tax on interest income paid by the Company during the reporting period.

Net profit and net profit margin

The Group recorded net profit attributable to owners of the Company of approximately RMB20.6 million and RMB16.0 million for FY2023 and FY2024, with a net profit margin of 9.4% and 6.7%, respectively. The decrease was mainly due to the combined effects of (i) the increase in relocation cost for equipment due to relocation of plant; (ii) the increase in the inventory provision for finished goods of automotive moulds; (iii) the decrease in gross profit generated from the sales of automotive moulds resulting from the decrease in amount of the final acceptance reports obtained from one of the Group's major customers whose gross profit margin is relatively higher than that of other customers of automotive moulds; and (iv) the increase in general and administrative expense.

Capital expenditure and commitments

The Group's capital expenditure in FY2024 primarily comprised expenditure on acquisition of plant and equipment, intangible assets and right-of-use assets and amounted to a total of approximately RMB35.1 million (FY2023: approximately RMB64.2 million).

As at 31 December 2024, the Group had capital commitments of approximately RMB1.0 million (31 December 2023: approximately RMB12.8 million).

Liquidity and financial resources

The Group's operations were primarily financed through cash generated from its operating activities for FY2024. The Group derived its cash inflow from operating activities primarily through the receipt of payments from the customers in relation to the sales of moulds and parts processing services. The Group's cash outflows from operating activities primarily comprised payments for purchases of raw materials, direct labour costs, subcontracting fees to third-party contractors and operating expenses such as staff costs.

As at 31 December 2024, the Group's total current assets and current liabilities were approximately RMB482.3 million (31 December 2023: approximately RMB417.9 million) and approximately RMB313.5 million (31 December 2023: approximately RMB260.0 million), respectively, while the current ratio was approximately 1.5 times (31 December 2023: approximately 1.6 times). The increase in total current assets as at 31 December 2024 was mainly due to the net effects of (i) the increase in inventory of work-in-progress for products being manufactured in the production plants, trade and notes receivables; and (ii) the decrease in cash and cash equivalents. The increase in total current liabilities as at 31 December 2024 was mainly due to the net effects of (i) the increase in trade payables and contract liabilities; and (ii) the decrease in other payables and accruals.

As at 31 December 2024, the Group had cash and bank balances of approximately RMB32.4 million (31 December 2023: approximately RMB44.3 million), among which restricted bank deposits were approximately RMB1.4 million (31 December 2023: approximately RMB2.1 million).

As at 31 December 2024, the Group's balance of interest-bearing bank and other borrowings were approximately RMB21.8 million (31 December 2023: approximately RMB19.6 million). As a result of the adjustment of the loan prime rate ("**LPR**") during the reporting period, the Group's loan interest rate was adjusted twice during the reporting period. On 29 August 2024, the Group entered into a supplementary agreement for preferential loan interest rates, according to which the interest rate was lowered prospectively for outstanding borrowings from 3.90% to 3.50% and further lowered to 3.3% on 27 December 2024 according to another supplementary agreement. As at 31 December 2024, the Group's gearing ratio was 6.9% (31 December 2023: 6.1%), which was calculated based on interest-bearing liabilities (including the lease liabilities) divided by total equity.

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from operations and borrowings.

Reserves and capital structure

As at 31 December 2024, the Group's total equity was approximately RMB356.5 million (31 December 2023: approximately RMB342.2 million), which represented share capital of approximately RMB5.8 million (31 December 2023: approximately RMB5.8 million), reserves of approximately RMB349.3 million (31 December 2023: approximately RMB334.9 million), treasury shares of approximately RMB0.1 million (31 December 2023: approximately RMB0.1 million) and non-controlling interests of approximately RMB1.4 million (31 December 2023: approximately RMB1.6 million). The increase in total equity was primarily due to the net profit recorded for FY2024.

Property, plant and equipment

The Group's property, plant and equipment mainly comprised of buildings, machinery, furniture, fixtures and equipment, leasehold improvements and motor vehicles. As at 31 December 2024, the Group's property, plant and equipment amounted to approximately RMB184.7 million (31 December 2023: approximately RMB185.7 million).

Inventories

The Group's inventories comprised (i) raw materials and low-value consumables used in production, (ii) work-in-progress for products being manufactured in the production plants, and (iii) finished goods which comprised moulds that had only passed the customers' initial inspection for which the Group had not received their final acceptance reports. As at 31 December 2024, the Group's inventories amounted to approximately RMB329.8 million (31 December 2023: approximately RMB269.0 million). Such increase was mainly due to the increase in orders received for automotive moulds during the reporting period, which resulted in an increase in work-in-progress for products being manufactured in the production plants.

Trade and notes receivables

The Group's trade and notes receivables represented amounts receivable from the customers in relation to the sales of moulds and provision of parts processing services. The Group's notes receivable were issued by the customers with which the Group could receive the amount at a fixed future date, or could readily be discounted into cash at an expense of finance charge. As at 31 December 2024, the Group's trade and notes receivables amounted to approximately RMB111.5 million (31 December 2023: approximately RMB101.8 million). Such increase was mainly due to the increase in quality guarantee deposit resulting from the final acceptance of moulds during the reporting period.

Since the outbreak of COVID-19 in the first half of 2020, the Group has strengthened the internal control measures on its assessment of expected credit losses on trade receivables, reviewed the trade receivables ageing regularly and assessed the customers individually for provision for expected credit loss allowance which take into account the historical settlement pattern, communications with the customers, and evidence from external sources including the relevant public search results relating to the financial circumstances of the relevant customers.

Trade payables

The Group's trade payables primarily consisted of payable to the suppliers in relation to the purchase of the raw materials for the manufacture of moulds, and subcontracting fees payable to third-party contractors. As at 31 December 2024, the Group's trade payables amounted to approximately RMB84.0 million (31 December 2023: approximately RMB52.1 million). Such increase was mainly due to the increase in sales orders during the reporting period, with the increase in raw material purchases and subcontracting fees incurred by third-party contractors in the fourth quarter as compared with that of the fourth quarter of 2023.

Contract liabilities

The Group's contract liabilities consisted of the advances received to deliver moulds. Pursuant to the contract, the Group generally requires the customers to pay around 30% of the total fee when they place a purchase order and around 30% to 50% of the total fee when the moulds have been fabricated and are ready for delivery to the customers. Such payments from the customers were recorded as contract liabilities and the moulds related to these contract liabilities were recorded as work-in-progress for products being manufactured in production plants and finished goods in the Group's inventories.

After the moulds have passed the customers' final inspection and examination, the customers would issue final acceptance reports to the Group, at which time, the Group would recognise the sales and reverse the related contract liabilities and record the remaining balance of around 20% to 40% of the total fee as trade receivables.

As at 31 December 2024, the Group's contract liabilities amounted to approximately RMB173.9 million (31 December 2023: approximately RMB147.1 million), most of which represented payments from the customers for moulds that had passed their initial inspection but for which the Group had not received their final acceptance reports.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 362 employees (31 December 2023: 358 employees). To promote employees' knowledge and technical expertise, the Group offers training programmes to employees from time to time according to their job duties. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. In addition to basic remuneration, the Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing funds. The Company also maintains a share option scheme and a share award scheme, which aims to providing incentives to employees to contribute to the Group's development.

The total staff cost including remuneration, other employee benefits, equity-settled share reward expense and contributions to retirement schemes for the Directors and other staff of the Group for FY2024 amounted to approximately RMB51.1 million (FY2023: approximately RMB47.0 million). The increase in staff cost was mainly due to the increase in direct labor cost.

MATERIAL ACQUISITIONS AND DISPOSALS

During FY2024, the Group had no material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities (as at 31 December 2023: Nil).

PLEDGES OVER GROUP'S ASSETS

In October 2022, the Group entered into a ten-year general facility agreement with a maximum credit limit of RMB80.0 million with Jiangsu Kunshan Rural Commercial Bank Co., Ltd. Zhangpu Sub-branch. which was raised to approximately RMB89.6 million in January 2024. The general facility was secured by the mortgages over the Group's leasehold land with a net carrying value of approximately RMB6.5 million at the end of the reporting period (31 December 2023: approximately RMB6.7 million), together with the new plant on the leasehold land with a net carrying value of approximately RMB75.4 million at the end of the reporting period (31 December 2023: approximately RMB75.9 million). As at 31 December 2024, the Group had borrowings of approximately RMB17.4 million in aggregate under the general facility agreement, which born interest at a rate of 3.30% per annum ("**p.a.**") (2023: 3.90% p.a.) and repayable in June 2025, December 2025 and June 2026, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Shinelong (Suzhou), a principal wholly-owned subsidiary of the Company, was established in 2002, and began its operation in the plant which was located at 2 Middle Yangguang Road, Zhangpu Town, Kunshan City, Jiangsu Province, the PRC, since 2003. With the development of business, Shinelong (Suzhou) has successively leased several plants, which are located in Zhangpu Town, Kunshan city, for mould production from third parties. The operation sites are relatively scattered, which is not optimal for effective production management. It has been the Group's intention to expand and consolidate the Group's operation. In 2022, the Group commenced the construction works of a new plant on a newly acquired piece of land located in Zhangpu Town, Kunshan City, which included construction works of research and development workshop, assembly workshop, CNC workshop, research and development and office building, and hazardous waste warehouse etc.. The construction work was completed by the end of 2023. For further details, please refer to the announcement of the Company dated 11 July 2022 and the circular of the Company dated 10 August 2022, respectively.

The decoration of the office building and other related works had been completed in the first half of 2024, and the new plant has been put into use during the reporting period.

SIGNIFICANT INVESTMENTS HELD

The Group did not have any significant investments held as at 31 December 2024.

FOREIGN CURRENCY EXPOSURE

Since the Group generated most of the revenue and incurred most of the costs in Renminbi for FY2024, there was no significant exposure to foreign exchange rate and the Group did not maintain any hedging policy against foreign exchange risk. The management will consider hedging significant currency exposure should the need arise.

Management Discussion and Analysis

USE OF PROCEEDS

The net proceeds (the "**Net Proceeds**") from the global offering and the listing of the Company shares (the "**Listing**"), after deducting the underwriting fees and other related expenses in connection with the Listing, was approximately HKD95.6 million. The business objectives, future and planned use of proceeds as stated in the prospectus of the Company dated 17 June 2019 (the "**Prospectus**") were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the Net Proceeds were applied based on the actual development of the Group's business and the industry. The Directors regularly evaluate the Group's business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group.

During the reporting period, taking into account that the Group does not have plan to purchase softwares for product analysis and mould design, and there remains outstanding payments for purchase of equipment, the Board has resolved to change the intended use of the unutilised Net Proceeds. For further details, please refer to the announcement of the Company dated 27 August 2024.

The following table sets out the utilisation of the Net Proceeds as at 31 December 2024:

	Percentage of Net Proceeds	Net Proceeds from the Global offering HKD million	Revised allocation HKD million	Utilised up to 31 December 2024 HKD million	Unutilised as at 31 December 2024 HKD million	Expected timeline for full utilisation
Lease the premises for new factory	4.0%	3.8	–	3.8	–	N/A
General set up costs of the factory	3.2%	3.1	–	2.7	0.4	By the end of 2025
Purchase new production equipment	76.3%	72.9	0.9	73.8	–	N/A
Purchase softwares	6.5%	6.2	(0.9)	5.3	–	N/A
Supplement working capital	10.0%	9.6	–	9.6	–	N/A
	100.0%	95.6	–	95.2	0.4	

The Board considers that the change in intended use of Net Proceeds will allow the Company to deploy its financial resources more effectively and will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

As at 31 December 2024, the unutilised Net Proceeds of approximately HKD0.4 million have been placed as interest bearing deposits with a bank in the Mainland of China.

COMPARISON OF EXPANSION PLANS WITH ACTUAL PROGRESS

An analysis comparing the expansion plans of the Group as set out in the Prospectus with the Group's actual business progress as at 31 December 2024 is set out below:

Expansion plans	Implementation plans	Actual business progress
Setting up a new factory	— Lease and set up a new factory	— The Group has leased a factory with a gross floor area of approximately 1,800 sq.m. in Kunshan in September 2019.
		— The Group has leased a factory and office premises with a gross floor area of approximately 1,407 sq.m. in Kunshan in August and October 2020.
	— General set up costs of the factory	— The Group has utilised an aggregate of HKD2.7 million on the construction of the foundation for the automatic thermoforming press line and the electrical distribution works.
Expanding the production facilities and capabilities	— Purchase new production equipment	— The Group has utilised an aggregate of HKD73.8 million to acquire one coordinate measuring machine, eleven computerised numerical control machines, a set of automatic thermoforming press lines, a set of hydraulic press used for hot forming, die spotting and testing and a set of heating furnace, a set of hydraulic press (including automatic handling system, heating furnace and heating control system) used for mould production and debugging, a set of hydraulic press used for mould die spotting.
	— Purchase softwares	— The Group has utilised an aggregate of HKD5.3 million to acquire computer softwares for product analysis and mould design.

EXECUTIVE DIRECTORS

Mr. Lin Wan-Yi (林萬益), aged 64, is an executive Director, Chairman and chief executive officer of the Company, who founded the Group in January 2002. He is the chairman of the Nomination Committee and a member of the Remuneration Committee of the Board. Mr. Lin was appointed as a Director of the Company on 2 October 2018, and was re-designated as an executive Director, Chairman and chief executive officer of the Company since then. Mr. Lin is also a director of certain subsidiaries of the Company. He is primarily responsible for supervising the operations and planning the business and marketing strategies of the Group. Mr. Lin is the controlling Shareholder of the Company (within the meaning of Part XV of the Securities and Future Ordinance (the "**SFO**").

Mr. Lin has more than 34 years of experience in moulding industry. From November 1991 to December 2015, he served as a director of Shin Lone Industrial Company Limited (勳龍工業股份有限公司) ("**Shin Lone Taiwan**"). Shin Lone Taiwan was a mould manufacturer in Taiwan until it ceased to operate and was dissolved on 31 December 2015. Shin Lone Taiwan was solvent at the time it was dissolved on 31 December 2015.

Mr. Lin obtained a master degree in business administration from Fudan University in the PRC in January 2016.

Mr. Yung Chia-Pu (雍嘉樸), aged 63, is an executive Director of the Company, who joined the Group in January 2002. Mr. Yung was appointed as a Director of the Company on 15 February 2019, and was re-designated as an executive Director of the Company. Mr. Yung is also a director of a subsidiary of the Company. He is primarily responsible for overseeing the overall operation and development of the Group.

Mr. Yung has more than 28 years of experience in the moulding industry. From July 1981 to June 1988, Mr. Yung worked as a technician of the Arsenal of the Taiwan Combined Logistics Command (臺灣聯勤兵工廠). From October 1988 to October 1990, Mr. Yung worked as a technician of Jet-Shine Machinery Company Limited (振興機械股份有限公司). From October 1990 to October 1991, Mr. Yung worked as a technician of Shang Ming Machinery Industry Company Limited (上銘機械工業股份有限公司). From November 1991 to December 2015, Mr. Yung worked as a director of Shin Lone Taiwan.

Mr. Yung obtained an associate degree in mechanical engineering from Lee-Ming Institute of Technology (黎明技術學院) in Taiwan in June 1989.

Mr. Cheng Ching-Long (鄭景隆), aged 49, is an executive Director and vice president of operation of the Company, who joined the Group in February 2008. He is the chairman of the Environmental, Social and Governance Committee of the Board. Mr. Cheng was appointed as a Director of the Company on 15 February 2019, and was re-designated as an executive Director of the Company. Mr. Cheng is also a director of certain subsidiaries of the Company. He is primarily responsible for planning the overall operation and development of plastic mould center of the Group, and overseeing the daily operations of plastic mould center of the Group.

Mr. Cheng has more than 18 years of experience in moulding industry. From March 1997 to September 2002, Mr. Cheng worked as a fitter in Titan Mold Corporation (冠譽股份有限公司). From October 2002 to June 2007, Mr. Cheng worked as a factory director of Kunshan Jiateng Photoelectric Plastic Company Limited (昆山佳騰光電塑膠有限公司).

Mr. Cheng obtained a diploma in human resources management from Beijing Institute of Technology (北京理工大學) in the PRC in January 2018.

Biographies of Directors and Senior Management

Mr. Lu Jen-Chieh (盧仁傑), aged 53, is an executive Director of the Company, who joined the Group in June 2015. He is a member of the Environmental, Social and Governance Committee of the Board. Mr. Lu was appointed as a Director of the Company on 15 February 2019, and was re-designated as an executive Director of the Company. Mr. Lu is also a director of a subsidiary of the Company. At present, he is primarily responsible for overseeing the daily operations of the Group and management of a subsidiary.

Mr. Lu has more than 29 years of experience in moulding industry. From 1993 to 1996, Mr. Lu worked as a technician of Shin Lone Taiwan. From 1996 to 2001, Mr. Lu worked as an engineer of Yang Iron Works Company Limited (楊鐵工廠股份有限公司). From 2002 to 2015, Mr. Lu returned to Shin Lone Taiwan and worked as a technician. He was also responsible for management during that period.

Mr. Lu obtained a diploma in industrial engineering and management from China Institute of Technology (currently known as China University of Science and Technology) Affiliated Junior College of Continuing Education (中華技術學院附設專科進修學校) in Taiwan in June 2002.

NON-EXECUTIVE DIRECTOR

Ms. Hsieh Pei-Chen (謝佩真), aged 51, was appointed as a Director of the Company on 26 April 2019 and was re-designated as a non-executive Director of the Company. She is primarily responsible for advising on finance, accounting and corporate governance matters of the Group. Ms. Hsieh is a shareholder of Shine Art International Limited ("**Shine Art**") and is regarded as a controlling Shareholder of the Company.

Ms. Hsieh has more than 23 years of accounting experience with mould manufacturers. From October 1999 to November 2015, Ms. Hsieh worked as an accounting officer of Shin Lone Taiwan. Since December 2015, Ms. Hsieh has worked as an accounting officer of Hung Shuen Company (鴻順工業股份有限公司).

Ms. Hsieh obtained a diploma in industrial engineering and management (工業工程與管理) from Oriental Institute of Technology (亞東工業專科學校), currently known as Asia Eastern University of Science and Technology (亞東科技大學), in Taiwan in June 1994.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. So George Siu Ming (蘇少明), aged 66, was appointed as an independent non-executive Director of the Company on 6 June 2019. He is the chairman of the Audit Committee and a member of the Nomination Committee of the Board. He is primarily responsible for providing independent views on the management of the Group and does not participate in the day-to-day management of the business operations.

Mr. So has more than 37 years of experience in auditing, accounting and finance areas. From May 2007 to August 2010, Mr. So had worked as, among others, an executive director, chief operating officer, chief financial officer and company secretary in a company, which was delisted from the Main Board of Hong Kong Stock Exchange in January 2022. From December 2011 to July 2013, Mr. So had worked as an independent non-executive director, the chairman of the remuneration and nomination committee and a member of the audit committee in a company which was delisted from the GEM of the Hong Kong Stock Exchange in March 2022. From March 2007 to May 2011, Mr. So was employed at Asset Managers (Asia) Company Limited (亞盛(亞洲)有限公司), where he served as chief financial officer from March 2007 to May 2011 and chief operating officer from December 2008 to May 2011.

Mr. So obtained a bachelor degree in arts from the University of Toronto in Canada in June 1983 and a master degree in science from the Chinese University of Hong Kong in December 2005. Mr. So was admitted as a certified public accountant and a fellow of Hong Kong Institute of Certified Public Accountants in July 1993 and December 2005, respectively. Mr. So was also granted the designation of Chartered Professional Accountant by, and admitted as a member of, the Institute of Chartered Accountants of Ontario in November 2012 and April 2014, respectively.

Mr. Lin Lien-Hsing (林連興), aged 55, was appointed as an independent non-executive Director of the Company on 6 June 2019. He is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Board. He is primarily responsible for providing independent views on the management of the Group and does not participate in the day-to-day management of the business operations.

From August 1996 to September 1999, Mr. Lin was a member of the financial department at Yang Ming Marine Transport Corporation (陽明海運股份有限公司). From September 1999 to February 2008, Mr. Lin was a finance manager of Data Systems Consulting Company Limited (鼎新電腦股份有限公司), currently known as Data Systems Co.,Ltd. (鼎新數智股份有限公司). From April 2010 to March 2015, Mr. Lin was employed at Digiwin Software Company Limited (鼎捷軟件股份有限公司) (stock code: 300378), currently known as Digiwin Co., Ltd. (鼎捷數智股份有限公司), a company listed on the Shenzhen Stock Exchange, during which he served the respective roles of secretary of the board of directors, finance manager and director. Mr. Lin was a partner of Strait Capital Investment Group (海峽資本管理顧問股份有限公司) from April 2015 to July 2019 and has served as consultant from August 2019 to June 2021. Mr. Lin is currently an independent director of Aethertek Technology Co., Ltd (倚強科技股份有限公司) (stock code: 3219), a company listed on the Taiwan Stock Exchange Corporation. Mr. Lin is currently an independent director of L&K Engineering (Suzhou) Co., Ltd. (亞翔系統集成科技(蘇州)股份有限公司) (stock code: 603929), a company listed on the Shanghai Stock Exchange. Mr. Lin has resigned as an independent director of Shanghai Karon Eco-Valve Manufacturing Co., Ltd. (上海冠龍閥門節能設備股份有限公司) (stock code: 301151), a company listed on the Shenzhen Stock Exchange, from 21 May 2024.

Mr. Lin obtained a bachelor degree in management from the National Taiwan University in Taiwan in 1992. Mr. Lin obtained a secretary to board of directors qualification from the Shenzhen Stock Exchange in 2018.

Biographies of Directors and Senior Management

Mr. Fan Chi Chiu (范智超), aged 39, was appointed as an independent non-executive Director of the Company on 6 June 2019. He is a member of the Audit Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Board. He is primarily responsible for providing independent views on the management of the Group and does not participate in the day-to-day management of the business operations.

Mr. Fan has more than 17 years of working experience in the auditing and financial management industry. From October 2007 to June 2011, he worked at PricewaterhouseCoopers, with his last position as a senior associate. From July 2011 to February 2014, he worked at Barclays Investment Bank, with his last position as analyst. From April 2014 to March 2015, Mr. Fan worked as a finance director at Vantasia Holdings (H.K.) Limited. Mr. Fan was the chief financial officer of the ELL Environmental Holdings Limited (stock code: 1395), a company listed on the Main Board of the Hong Kong Stock Exchange, from April 2015 to September 2021. Mr. Fan was an executive director of Grace Wine Holdings Limited (stock code: 8146), a company listed on the GEM of the Hong Kong Stock Exchange, from July 2017 to September 2021. He has been an independent non-executive director of Hevol Service Group Co. Limited (stock code: 6093), a company listed on the Main Board of the Hong Kong Stock Exchange, since June 2019 and an independent non-executive director of Weihai City Commercial Bank Co., Ltd. (stock code: 9677), a company listed on the Main Board of the Hong Kong Stock Exchange, since June 2020. Mr. Fan has also been the chief investment officer of AB Builders Group Limited (stock code: 1615), a company listed on the Main Board of the Hong Kong Stock Exchange, since November 2021.

Mr. Fan obtained a bachelor degree in professional accountancy from the Chinese University of Hong Kong in Hong Kong in December 2007. Mr. Fan is a member of the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Mr. Lin Wan-Yi (林萬益) is the chief executive officer of the Company. For the biographies of Mr. Lin, please see the sub-section "Biographies of Directors and Senior Management — Executive Directors" above.

Mr. Cheng Ching-Long (鄭景隆) is the vice president of operation of the Company. For the biographies of Mr. Cheng, please see the sub-section "Biographies of Directors and Senior Management — Executive Directors" above.

Mr. Lu Jen-Chieh (盧仁傑) is the deputy manager of a subsidiary of the Company. For the biographies of Mr. Lu, please see the sub-section "Biographies of Directors and Senior Management — Executive Directors" above.

Mr. Lin Sin-Liang (林信良), aged 38, was appointed as the chief technology officer of the Company in June 2023. Mr. Lin joined our Group in December 2017 and is primarily responsible for research and development center, process design.

Mr. Lin obtained a master degree from the Institute of Mechanical Engineering of Taiwan University (臺灣大學機械工程學研究所) in June 2010. Mr. Lin obtained a doctorate from the Institute of Mechanical Engineering of Taiwan University in June 2017.

Ms. Wang Jinxin (王進新), aged 40, joined the Group in April 2005 and successively served as the finance manager, the finance director of Shinelong (Suzhou), a principal subsidiary of the Company. Ms. Wang was appointed as the Chief Financial Officer of the Company since June 2020. Ms. Wang has more than 19 years of experience in accounting and financial management.

Ms. Wang obtained an undergraduate diploma in accounting from Nanjing University of Finance & Economics (南京財經大學) in July 2015. Ms. Wang obtained the qualification for primary level accounting approved and issued by Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) in May 2007. Ms. Wang obtained the qualification for medium level accounting approved and issued by the Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) and the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in September 2019. Ms. Wang obtained the qualification of Intermediate Management Accountant issued by China Association of Chief Financial Officers (中國總會計師協會) in March 2020.

COMPANY SECRETARY

Ms. Shen Xuejuan (沈雪娟), aged 46, is the company secretary of the Company, who joined the Group in March 2014. Ms. Shen was appointed as the joint company secretary of the Company in February 2019, and she was appointed as the sole company secretary of the Company in June 2022. Ms. Shen has more than 21 years of experience in operation and secretarial matters. Prior to joining the Group, from April 2004 to June 2006, Ms. Shen was a sales assistant of Kunshan New China Biotech Company Limited (昆山新華聯合生物科技有限公司). From December 2006 to May 2013, Ms. Shen was an operation officer of Solid-State (Kunshan) Precision Industries Company Limited (碩利特(昆山)精密工業有限公司). From June 2013 to January 2014, Ms. Shen was a clerk at Kunshan Henry Metal Technology Company Limited (昆山亨利金屬科技有限公司).

Ms. Shen obtained a diploma in public relation and secretary from Huainan Union University (淮南聯合大學) in the PRC in July 2001. Mr. Shen also obtained a bachelor's degree in law (online course) from Beijing Institute of Technology (北京理工大學) in the PRC in September 2021.

Corporate Governance Report

CORPORATE CULTURE

Mission:	To contribute to China to become an intelligent manufacturing power in the world
Vision:	To become a model of happy enterprise in China
Values:	To help customers and employees succeed

The Group focuses on long-term, stable and sustainable development strategies in business development. A healthy corporate culture across the Group is crucial for the Group to realize its vision, mission and long-term sustainable development. The Board leads the Group to shape a healthy corporate culture to guide the behaviours of its employees and by example, and ensures that the Group's vision, values and business strategies are aligned to it. The Group is committed to maintain high standards of business ethics and corporate governance across its operations, and continually reinforce the concept of acting lawfully, ethically and responsibly across all levels of the Group, and continue to improve corporate governance practices. The relevant norms are set out in various policies such as the Group's handbook, the whistleblowing policy, anti-fraud and anti-corruption policy of the Group, and trainings would be conducted from time to time.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that throughout the year ended 31 December 2024 and up to the date of this report, the Company has complied with all the code provisions as set out in the CG Code, except for code provision C.2.1 as set out below.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Group does not have a separate chairman and chief executive officer and Mr. Lin Wan-Yi currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Given that (i) all material decisions are approved by the Board, which currently comprises four executive Directors (including Mr. Lin Wan-Yi), one non-executive Director and three independent non-executive Directors; and (ii) the Directors proactively participate in all the board meetings and the relevant board committee meetings, and the chairman cum chief executive officer ensures all the Directors are duly informed of all the matters to be approved at the meetings, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board 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 Company has also put in place certain recommended best practices as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code for the year ended 31 December 2024 and up to the date of this report.

The Company has also adopted the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Model Code by the employees was noted by the Company for the year ended 31 December 2024 and up to the date of this report.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. The Directors take decisions objectively in the best interests of the Company.

The Board has established Board independence evaluation mechanisms to ensure independent views are available to the Board, and a summary of which is set out below:

(i) Composition

The Company shall always strive to maintain a balanced composition of executive and non-executive directors (including independent non-executive Directors) on the Board, and ensure the appointment of at least three independent non-executive Directors and maintain a ratio of at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time). Independent non-executive Directors will be appointed to other Board committees as far as practicable to ensure independent views are available.

(ii) Independence

The Nomination Committee must adhere to the director nomination policy of the Company and the independence assessment criteria as set out in the Listing Rules with regard to the nomination, appointment and re-appointment of independent non-executive Directors, and assess the independence of all independent non executive Directors on an annual basis to ensure that they can continue to exercise independent judgement.

(iii) Compensation

No equity-based remuneration (e.g. share options or grants) with performance-related elements will be granted to independent non-executive Directors so as to maintain their objectivity and independence within the Board.

(iv) **Board Decision Making**

The Company is committed to ensuring that all Directors (including independent non-executive Directors) will be given equal opportunity and channels to communicate and express their independent views and inputs to the Board and the Board committees.

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

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/her close associates has a material interest.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and annually reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. The Board reviewed the implementation and effectiveness of the Board independence evaluation mechanisms and the results were satisfactory.

Board Composition

The Board currently comprises the following Directors:

Executive Directors

Mr. Lin Wan-Yi *(Chairman and chief executive officer)*
Mr. Yung Chia-Pu
Mr. Cheng Ching-Long
Mr. Lu Jen-Chieh

Non-executive Director

Ms. Hsieh Pei-Chen

Independent Non-executive Directors

Mr. So George Siu Ming
Mr. Lin Lien-Hsing
Mr. Fan Chi Chiu

The biographical details of each Director are set out in the section headed "Biographies of Directors and Senior Management" on pages 18 to 22 of this annual report. The Directors have no financial, business, family or other material/relevant relationship with each other.

Board Meetings and Directors' Attendance Records

Pursuant to code provision C.5.1 of the CG Code, regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors. Four Board meetings were held for the year ended 31 December 2024.

Directors may participate in meetings either in person or through electronic means of communication. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The company secretary of the Company (the "**Company Secretary**") assists the chairman in preparing the agenda of regular Board meetings and circulates the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the Company Secretary after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

The minutes of the Board meetings and Board committees meetings are drafted and kept by the Company Secretary. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The Company Secretary will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after holding of the meetings.

Apart from regular Board meetings, the Chairman also held one meeting with the independent non-executive Directors without the presence of other Directors for the year ended 31 December 2024.

One general meeting of the Company was held in the year ended 31 December 2024. Independent non-executive Directors and non-executive Director have attended the general meeting to gain and develop a balanced understanding of the view of the Shareholders.

A summary of the attendance records of the Directors at the Board meetings and general meeting held is set out below:

Name of Directors	Attendance at Board meetings	Attendance at general meetings
Executive Directors		
Mr. Lin Wan-Yi	3/4	1/1
Mr. Yung Chia-Pu	4/4	1/1
Mr. Cheng Ching-Long	4/4	1/1
Mr. Lu Jen-Chieh	4/4	1/1
Non-executive Director		
Ms. Hsieh Pei-Chen	3/4	1/1
Independent Non-executive Directors		
Mr. So George Siu Ming	4/4	1/1
Mr. Lin Lien-Hsing	4/4	1/1
Mr. Fan Chi Chiu	4/4	1/1

Chairman and Chief Executive Officer

The chairman and chief executive officer of the Company are held by Mr. Lin Wan-Yi who is the founder of the Company and has extensive experience in the industry.

The chairman provides leadership for the Board and ensures the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The chairman is also responsible for formulating the overall strategies and policies of the Company and monitoring their implementation. Meanwhile, the chairman, acting as chief executive officer, shall be delegated the authority by the Board to lead the senior management of the Company for the daily operation and business management of the Group in accordance with the objectives, directions, and risk management and internal control policies laid down by the Board.

The Board believes that Mr. Lin Wan-Yi can provide the Company with strong and consistent leadership that allows for effective and efficient planning and implementation of business decisions and strategies and vesting the roles of chairman and chief executive officer in the same individual is beneficial to the business prospects and management.

Independent Non-executive Directors

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as financial accounting and financial management. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead in solution where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of executive Directors, non-executive Director and independent non-executive Directors in particular, to the Board and ensures constructive relationship among executive Directors, non-executive Director and independent non-executive Directors.

During the year ended 31 December 2024, the Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the executive Directors has entered into service agreements with the Company for a fixed term of three years commencing from the Listing, which has been renewed for a further term of one year from 28 June 2022, and will be automatically renewable for successive term of one year upon the expiry of each term. It is subject to termination in certain circumstances as stipulated in the relevant service agreements or by not less than three months' notice in writing sent by either party to the other.

Each of the non-executive Director and independent non-executive Directors has accepted her or his appointment with the Company with an initial term of three years commencing from the Listing, which has been renewed for a further term of one year from 25 August 2022, and will be automatically renewable for successive term of one year upon the expiry of each term. It is subject to termination in certain circumstances as stipulated in the relevant service contract or by not less than one month's notice in writing sent by either party to the other.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association and the nomination policy of the Company. The Nomination Committee is responsible for reviewing the Board composition, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

All Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, 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. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy or as an addition to the existing Board shall be subject to election by Shareholders at the first annual general meeting after appointment. The retiring Directors shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Directors have disclosed to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

All Directors have kept abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

All Directors have participated in appropriate continuous professional development to develop and refresh their knowledge and skills. During the year ended 31 December 2024, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studies.

The training records of the Directors for the year ended 31 December 2024 are summarised as follows:

Directors	Type of Training Note
Executive Directors	
Mr. Lin Wan-Yi	A and B
Mr. Yung Chia-Pu	B
Mr. Cheng Ching-Long	A and B
Mr. Lu Jen-Chieh	A and B
Non-executive Director	
Ms. Hsieh Pei-Chen	B
Independent Non-executive Directors	
Mr. So George Siu Ming	A
Mr. Lin Lien-Hsing	A and B
Mr. Fan Chi Chiu	A

Notes:

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, Remuneration Committee, Nomination Committee and Environmental, Social and Governance Committee (collectively, the "**Board Committees**"). All Board Committees are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. So George Siu Ming, Mr. Lin Lien-Hsing and Mr. Fan Chi Chiu. Mr. So George Siu Ming is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Audit Committee are to (i) make recommendations to the Board on the appointment, reappointment and dismissal of the external auditor; (ii) review the financial information of the Company; (iii) oversee the Company's financial reporting system, risk management and internal control system; and (iv) establish a whistleblowing policy and system for employees and those who deal with the Company or its subsidiaries to raise concerns.

For the year ended 31 December 2024, the Audit Committee held two meetings. A summary of work of the Audit Committee during the year is set out below:

— reviewed the annual financial results and report, interim financial results and report and significant issues on the financial reporting;

— reviewed the operational and compliance controls, and the effectiveness of the risk management and internal control systems;

— monitored the external auditor's independence and objectivity, and effectiveness of the audit process in accordance with applicable standard, and discussed with the independent auditor before the audit commenced, the nature and scope of the audit and the reporting obligation contained in them;

— provided recommendations to the Board for the proposal for re-appointment of the external auditor and approval of the remuneration and terms of engagement of the external auditor;

— reviewed the whistleblowing policy and anti-fraud and anti-corruption policy.

The Audit Committee also met the external auditor twice without the presence of the executive Directors during the year ended 31 December 2024 to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. The Board has not taken any different view from that of the Audit Committee regarding the re-appointment of the external auditor.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. So George Siu Ming *(Committee chairman)*	2/2
Mr. Lin Lien-Hsing	2/2
Mr. Fan Chi Chiu	2/2

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Lin Lien-Hsing, Mr. Lin Wan-Yi and Mr. Fan Chi Chiu. Mr. Lin Lien-Hsing is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Remuneration Committee are to (i) make recommendations to the Board on the overall remuneration policy and the structure for all Directors and senior management of the Group; (ii) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Group; (iii) review performance-based remuneration; (iv) ensure that no Directors or any of their associates are involved in deciding their own remuneration; and (v) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Company has adopted a share option scheme and a share award scheme as incentives to eligible persons, details of which are set out in the paragraphs "Share Option Scheme" and "Share Award Scheme" under the section "Report of the Directors" in this annual report.

In the year ended 31 December 2024, the Remuneration Committee held one meeting to consider the relevant matters regarding/to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management, to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, and to review and make recommendation to the Board on the change of the annual director's fee for Mr. Lin Wan-Yi, an executive director, chairman and chief executive officer of the Company.

The Group's remuneration policy is structured to attract and retain high quality staff and to enable smooth operation. The Group offered competitive remuneration packages which considered factors such as corporate result, individual capability and performance, salaries paid by comparable companies, time commitment, responsibilities and employment conditions. The remuneration packages are subject to review on a regular basis. Details of the remuneration of the senior management by band are set out in Note 8 to the Financial Statements for the year ended 31 December 2024.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Mr. Lin Lien-Hsing *(Committee chairman)*	1/1
Mr. Lin Wan-Yi	1/1
Mr. Fan Chi Chiu	1/1

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Lin Wan-Yi, Mr. So George Siu Ming and Mr. Lin Lien-Hsing. Mr. Lin Wan-Yi is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Nomination Committee are to (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy; (ii) identify individuals suitably qualified as potential Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of independent non-executive Directors; and (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular that of the chairman and the chief executive officer.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy as stated below. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy as stated below that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

In the year ended 31 December 2024, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to recommend the re-appointment of retiring directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Mr. Lin Wan-Yi *(Committee chairman)*	1/1
Mr. So George Siu Ming	1/1
Mr. Lin Lien-Hsing	1/1

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee of the Board is committed to diversity at all levels and will consider a number of aspects, including but not limited to knowledge, skills, professional experience, gender, age, cultural and educational background, ethnicity, length of service and any other factors that the Board may consider appropriate from time to time taking into account the Company's business model and specific needs.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

As at the date of this report, the Board comprises four executive Directors, one non-executive Director and three independent non-executive Directors, and the Directors have different experience, skills and knowledge. In the aspect of gender diversity, one of the Directors is female. The Company is conscious of gender diversity when considering potential successors to the Board to enhance the gender diversity among the Board members.

At present, the Nomination Committee considers that the Board is sufficiently diverse. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender	Age Group
Male: seven Directors Female: one Director	31–40: one Director 41–50: one Director 51–60: three Directors 61–70: three Directors

Designation	Business Experience
Executive Directors: four Directors Non-executive Directors: one Director Independent Non-executive Directors: three Directors	Accounting & Finance: four Directors Experience related to the Company's business: four Directors

Details on the gender ratio of the Group at workforce levels (including senior management) together with relevant data can be found in the Environmental, Social and Governance Report which will be published separately at the same time as the publication of this annual report.

Director Nomination Policy

The ultimate responsibility for selection and appointment of Directors rests with the Board.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- whether the individual's educational background and qualification, skills and experience are relevant to the Company's business model and specific needs;
- the individual's character and reputation for integrity;
- whether the individual would be able to devote sufficient time to the Board;
- (in respect of appointment and re-appointment of independent non-executive Directors) independence of the individual with reference to the independence criteria set out in Rule 3.13 of the Listing Rules;

- how the individual would be able to contribute to the diversity of the Board with reference to the factors set out in the Board Diversity Policy of the Company from time to time in force; and

- Board succession planning considerations.

The Nomination Committee of the Board will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee consists of three members, namely Mr. Cheng Ching-Long, Mr. Fan Chi Chiu and Mr. Lu Jen-Chieh. Mr. Cheng Ching-Long is the chairman of the Environmental, Social and Governance Committee.

The main duties of the Environmental, Social and Governance Committee are to (i) formulate the vision, goals and strategies of environmental, social and governance matters of the Group and make recommendations to the Board; (ii) monitor and review the process of implementation of environmental, social and governance related policies; (iii) identify environmental, social and governance risks and opportunities, and assess the efficiency and sufficiency of the framework of environmental, social and governance structure of the Group; and (iv) review the Environmental, Social and Governance Report of the Company pursuant to the requirements of the Listing Rules.

For the year ended to 31 December 2024, the Environmental, Social and Governance Committee held one meeting to consider and approve the Environmental, Social and Governance Report for the year ended 31 December 2023.

The attendance records of the members of the Environmental, Social and Governance Committee are as follows:

Name of Members of Environmental, Social and Governance Committee	Attendance
Mr. Cheng Ching-Long *(Committee chairman)*	1/1
Mr. Fan Chi Chiu	1/1
Mr. Lu Jen-Chieh	1/1

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee of the Board assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Group has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales, financial reporting, human resources and information technology.

The Group's risk management and internal control systems have been developed with the following principles, features and processes:

The Board will cautiously review any material risk related to significant business decisions before making or approving such decisions.

Department heads and senior management of the Group monitor daily operations and any associated operational risks of the Group. They are also responsible for identifying and assessing potential market risks related to changes in macroeconomic environment and movements in market variables and report irregularities in connection with operational and market risks to the executive Directors for formulating policies to mitigate these risks.

The financial management center will closely monitor and track the ageing of trade receivables, and regularly update the status of outstanding/unpaid payments due to the Group to ensure that timely and necessary measures are taken to recover outstanding receivables.

The Internal Audit Department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, through the Audit Committee, has continuously monitored and annually reviewed the adequacy and effectiveness of the Group's risk management and internal control systems.

The Group has appointed Ballas Capital Limited as adviser of the Company to provide general advice on the Listing Rules and appointed a PRC legal adviser to advise us on PRC laws and regulations related to the Group's business operations.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2024.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls and considered that such systems for the year ended 31 December 2024 are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Whistleblowing procedures are in place to facilitate employees of the Group and those who deal with the Group (e.g. customers, suppliers) to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business. The Group has adopted an anti-fraud and anti-corruption policy, and strictly prohibits all forms of fraud and corruption, the anti-fraud and anti-corruption policy has been prepared as a guide to all employees of the Group.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

— the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

— the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;

— the Group has strictly prohibited unauthorised use of confidential or inside information; and

— the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, the Company Secretary and investor relations officers are authorised to communicate with parties outside the Group.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 62 to 66.

AUDITOR'S REMUNERATION

The remuneration paid to the external auditor of the Company, Ernst & Young, in respect of audit services for the year ended 31 December 2024 amounted to RMB1.5 million. An analysis of the remuneration paid to the external auditor of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended 31 December 2024 is set out below:

Service Category	Amount (RMB'000)
Audit Services	1,512
Non-audit Services	–
Total	1,512

COMPANY SECRETARY

Ms. Shen Xuejuan ("**Ms. Shen**") has been appointed as the Company Secretary. The biographical details of Ms. Shen is set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters.

For the year ended 31 December 2024, Ms. Shen has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Pursuant to Article 58 of the Company's Articles of Association, any one or more members (including a recognised clearing house (or its nominees)) holding at the date of deposit of the requisition in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting for the transaction of any business or resolution specified in such requisition and add resolution to the agenda of the meeting so convened, by written requisition to the Board or the Secretary of the Company; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, 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.

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her proposal with his/her detailed contact information at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's Branch Share Registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the proposal in the agenda for the general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may also make enquiries to the Board at the general meeting of the Company. In addition, Shareholders can contact Tricor Investor Services Limited, the Branch Share Registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 90 Yangongdai Lane, Zhangpu Town, Kunshan City, Jiangsu Province, the PRC
(For the attention of the Company Secretary)

Telephone: (+86) 512-57452666

Email: sophia@shinlone.com.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Policies relating to Shareholders

The Company has in place a "Shareholder Communication Policy". The Company is committed to maintaining effective and timely dissemination of the Company's information to its Shareholders and the market.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Shareholders' meetings

(i) The annual general meetings and other general meetings of the Company are the primary forum for communication between the Company and its Shareholders;

(ii) The Company encourages and supports Shareholder participation in general meetings. Shareholders are encouraged to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend such meetings; and

(iii) Chairman of the Board, appropriate members of the Board committees and the external auditor of the Company will attend the annual general meetings to answer questions from the Shareholders.

(b) Company's website

(i) Corporate communications such as annual reports, interim reports and circulars are available on the Hong Kong Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.shinlone.com.cn);

(ii) The Company will place on its website the Company's announcements and other information in compliance with the applicable laws, rules and regulations; and

(iii) Other corporate information about the Company's business, corporate governance will also be available on the Company's website.

(c) Shareholders' Enquiries

(i) Shareholders should direct their questions about their shareholdings to the Company's share registrar;

(ii) Shareholders and the public may at any time make a request for the Company's information to the extent such information is publicly available. Shareholders may direct their queries to the Company Secretary; and

(iii) The Company will respond promptly to Shareholder queries and concerns.

The Board reviewed the implementation and effectiveness of the Shareholder Communication Policy and considered it to be effective.

The Company has adopted its dividend policy, the Company will not set any pre-determined dividend pay-out ratio. When proposing a dividend, the Company will take into account, among other things, the future operations and earnings, the business development, capital requirements and surplus, general financial conditions, contractual restrictions and such other factors as the Directors consider appropriate. There is no requirement or assurance that the Company will declare and pay any dividends. Any declaration and payment as well as the amount of dividends will be subject to the Articles of Association of the Company and the Cayman Companies Acts. Any declaration of final dividends will also require the approval of the Shareholders in general meeting. No dividend shall be declared or paid except out of distributable profit and lawfully available for distribution under the Cayman Companies Acts.

Report of the Directors

The Board presents their report together with the audited financial statements of the Group for the year ended 31 December 2024.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Cayman Companies Acts as an exempted company with limited liability on 2 October 2018. The principal place of business of the Company in the PRC is located at 90 Yangongdai Lane, Zhangpu Town, Kunshan City, Jiangsu Province, the PRC. The principal place of business of the Company in Hong Kong is located at Room 1916, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company's Shares were first listed on the Main Board of the Hong Kong Stock Exchange on 28 June 2019.

PRINCIPAL ACTIVITIES

The Group is a developer and major supplier of customised moulds in the PRC, with a focus on moulds for the production of automotive parts which cater for the growing trend of automotive lightweight application, as well as electrical appliance parts and other parts.

GEOGRAPHICAL ANALYSIS OF OPERATIONS

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 December 2024 is set out in Note 4 to the Financial Statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

BUSINESS REVIEW

The business review of the Group during the year and a discussion of the Group's future business development are set out in the section headed "Chairman's Statement" on pages 6 to 8 of this annual report. An analysis of the Group's performance during 2024 based on the financial key performance indicators is set out in the section headed "Management Discussion and Analysis" on pages 9 to 17 of this annual report, which forms part of this Report of Directors.

Major Risks and Uncertainties

There are certain risks and uncertainties involved in the Group's operations, some of which are beyond the Directors' control. In addition to these risks disclosed in Note 35 to the Financial Statements of this annual report, the major risks and uncertainties the Group faces during the year are set out below:

(i) the Group derives a significant portion of the revenue from its top five customers and any decrease or termination of the sales to any one of them may have a material adverse effect on the business and financial condition of the Group;

(ii) the Group does not enter into long-term purchase contracts with its customers, and any disruption of the business relationships with its customers or fluctuations in their demand for the Group's products may have material adverse effect on the business, results of operations, financial condition and prospects of the Group;

(iii) the financial performance may be affected by fluctuations in raw material prices, as the Group may not always be able to pass on the increase in raw material costs to its customers;

(iv) the long examination period of the moulds by the Group's customers may affect the revenue recognition, cash flow position, and results of the operation, and may cause material fluctuation in the revenue in the future;

(v) the Group is exposed to risks of obsolete and slow-moving inventory which may adversely impact the cash flow and liquidity;

(vi) the Group is exposed to credit risk of its customers;

(vii) any labour shortages, increased labour costs or other factors affecting labour supply for the production could adversely affect the business, financial condition, results of operations and prospects of the Group;

(viii) if the Group is unable to adequately protect its proprietary technology and intellectual property rights, the business may be materially and adversely affected;

(ix) if the Group fails to respond to technological changes in a timely manner, the Group may not be able to effectively compete with its competitors;

(x) unsatisfactory performance of, or defects in, the Group's products may give rise to liability claim and additional expenses, damage to the reputation and decline in the sales of the Group;

(xi) the Group may not be able to implement the business strategies and future plans successfully, which may have a material adverse effect on the profitability and prospects;

(xii) there is no assurance that the Group will be able to continue to enjoy certain preferential enterprise income tax rates when the current preferential tax qualifications expire; and

(xiii) the Group's business, operation and group structure may be affected by changes to regulatory requirements in the PRC.

To properly manage these risks, the Group has established the following risk management structures and measures:

— the Board is responsible and has the general power to manage the direction of the Company, and is in charge of the overall risk control of the Group. Any significant business decision involving material risks, such as decisions to expand into new businesses or geographic regions or construction of facilities are reviewed, analysed and approved by the Board to ensure a thorough examination of the associated risks at the Group's highest corporate governance body; and

— the Group maintains insurance coverage which is believed to be in line with the customary practice in the PRC moulding industry.

The above is not an exhaustive list. For further details of risk management and internal control of the Group, please refer to the section headed "Risk Management and Internal Control" on pages 37 to 38 in this annual report. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

ENVIRONMENTAL, HEALTH AND SAFETY AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business is subject to certain health, work safety, social and environmental laws and regulations in the PRC. The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the corporate. The Company will issue separately an Environmental, Social and Governance Report under the Environmental, Social and Governance Reporting Guide as specified in Appendix C2 of the Listing Rules.

During the year, the Group has not been subject to any material claim or penalty in relation to health, work safety, social and environmental protection and has not encountered any fatal accidents involving the Group's employees or products.

So far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group's businesses and operations in all material aspects. There was no material violation of or non-compliance with applicable laws and regulations by the Group during the year.

RELATIONSHIP WITH KEY STAKEHOLDERS

Employees

The Group believes that employees are valuable assets. Training and retaining good employees are always at top priorities. Besides on-the-job trainings and funding for continuous learning, the Group provides a competitive remuneration package to attract and motivate employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group is also passionately committed to developing staff and provides employees with rewarding career paths and a friendly working environment.

Customers

Keeping strong relationship with the customers is critical to maintain the competitiveness of the Group. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the Group's products and services so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner. In addition, the Group engages in market research and business development activities by attending product exhibitions and industry conferences from time to time to explore market trends and discover business opportunities with potential customers.

Suppliers

The Group maintains a list of approved suppliers and sub-contractors which are selected based on a number of factors including their product quality, price and ability to accommodate the production schedule. Some of the customers may require the Group to purchase particular raw materials that are only supplied by particular suppliers. In procuring raw materials, the Group usually obtains quotations from three approved suppliers and makes the decision on suppliers according to their product quality, price, delivery time, reputation and the customers' specifications. To ensure quality and timely delivery, the Group reinforces business partnerships with suppliers and sub-contractors by ongoing communication in a proactive and effective manner.

FINAL DIVIDEND

As compared with that for FY2023, the Group's revenue increased by approximately 8.7% and its net profit attributable to owners of the Company decreased by approximately 22.0% for FY2024. Given the uncertainty of the world economic conditions, as well as considering the capital requirements for the outstanding payment related to the plant construction, in order to maintain a stable financial condition and reserve working capital to tackle any unpredicted events, the Board recommends the payment of Final Dividend of HK0.719 cents (equivalent to RMB0.663 cents) per Share totalling approximately HKD4.7 million (equivalent to approximately RMB4.4 million) for the year ended 31 December 2024. The proposed Final Dividend is subject to the approval of the Shareholders at the 2024 AGM to be held on Thursday, 12 June 2025 and is expected to be paid by cash on Friday, 25 July 2025.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2024 AGM

The 2024 AGM will be held on Thursday, 12 June 2025 and for the purpose of determining the Shareholders' eligibility to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 9 June 2025 to Thursday, 12 June 2025, both days inclusive, during which period no transfer of the Shares will be registered. To qualify for attending and voting at the 2024 AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 6 June 2025. Shareholders whose names appear on the register of members of the Company on Thursday, 12 June 2025 will be entitled to attend and vote at the 2024 AGM.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF FINAL DIVIDEND

Upon obtaining approval of the Shareholders at the forthcoming 2024 AGM, for the purpose of determining the Shareholders' entitlement to the Final Dividend, the register of members of the Company will be closed from Wednesday, 18 June 2025 to Thursday, 19 June 2025, both days inclusive, during which period no transfer of the Shares will be registered. To qualify for the proposed Final Dividend, all properly completed share transfer forms together with the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 17 June 2025. Shareholders whose names appear on the register of members of the Company on Thursday, 19 June 2025 will be entitled to receive the Final Dividend (subject to the approval by the Shareholders at the 2024 AGM).

DONATION

Charitable and other donations made by the Group during the year amounted to RMB72,072 (2023: RMB30,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in Note 13 to the Financial Statements.

SHARE CAPITAL

There was no change to the share capital of the Company for the year ended 31 December 2024. Further details of the share capital of the Company are set out in Note 26 to the Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group and of the Company for the year ended 31 December 2024 are set out in the Consolidated Statement of Changes in Equity on pages 70 to 71 of this annual report and Note 27 and Note 37 to the Financial Statements.

As of 31 December 2024, the Company's aggregate amount of reserve available for distribution to Shareholders amounted to approximately RMB355.8 million.

EQUITY LINKED AGREEMENTS

Save as disclosed in the sections headed "Share Option Scheme" and "Share Award Scheme" below, no equity linked agreement was entered into or renewed by the Company during the year or subsisted as at 31 December 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or applicable laws of the Cayman Islands where the Company is incorporated.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the most recent five years is set out in the section headed "Five-Year Financial Summary" on page 146 of this annual report.

TAX RELIEF AND EXEMPTION OF HOLDER OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to Shareholders by reason of their holding of the Company's securities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during FY2024 and up to the date of this annual report.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme on 6 June 2019 (the "**Share Option Scheme**"). The following is a summary of the principal terms of the Share Option Scheme:

(i) Purpose of the scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

(ii) Who may join

(a) any employee of the Company, any of the subsidiaries or any entity ("**Invested Entity**") in which any member of the Group holds an equity interest;

(b) any non-executive Directors (including independent non-executive Directors) of the Company, any of the subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of any member of the Group or any Invested Entity;

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

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity;

(h) 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 the Group.

(iii) Maximum number of the Shares

(a) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time;

(b) The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue (i.e. not exceeding 66,000,000 Shares) on the date of the Listing, and which represents 10% of the issued Shares of the Company as at the date of the annual report.

(iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the number of Shares in issue for the time being.

(v) Grant of options to the Directors, chief executive or Substantial Shareholders of the Company or their respective associates

Any grant of options under the Share Option Scheme to a Director, chief executive or Substantial Shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding the independent non-executive Director who or whose associates is the proposed grantee of the options).

Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates must be approved by the Shareholders in general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless the Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription price for the Shares and consideration for the option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Hong Kong Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share. A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

(ix) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

The remaining life of the Share Option Scheme is approximately 4 years.

As of 1 January 2024 and 31 December 2024, the number of Share Options available to be granted under the Share Option Scheme were 60,750,000 Shares and 63,000,000 Shares, respectively.

As of the date of this report, the number of Share Options available to be granted under the Share Option Scheme is 63,000,000 shares, representing approximately 9.5% of the total number of issued Shares.

From 1 January 2023, the Company relies on the transitional arrangements provided for the share schemes and complies with the new Chapter 17 accordingly (effective from 1 January 2023).

Further information of the Share Options is set out in Note 28 to the Financial Statements and details of the movement of the Share Options during the year are set out in the table as follows:

				Number of share options					
Category of participants	Grant date	Exercise period	Exercise price (Note 1)	Outstanding as at 1 January 2024	Granted during FY2024	Exercised during FY2024	Canceled during FY2024	Lapsed during FY2024	Outstanding as at 31 December 2024
Directors of the Company									
Mr. Lin Wan-Yi (Note 2)	18 May 2021	18 May 2022–17 May 2026	HKD0.405	582,400	–	–	–	249,600	332,800
Mr. Cheng Ching-Long	18 May 2021	18 May 2022–17 May 2026	HKD0.405	492,800	–	–	–	211,200	281,600
Mr. Lu Jen-Chieh	18 May 2021	18 May 2022–17 May 2026	HKD0.405	240,800	–	–	–	103,200	137,600
Subtotal				1,316,000	–	–	–	564,000	752,000
Other employees of the Group	18 May 2021	18 May 2022–17 May 2026	HKD0.405	3,934,000	–	–	–	1,686,000	2,248,000
Total				5,250,000	–	–	–	2,250,000	3,000,000 (Note 3)

Notes:

1. The closing price of the Shares immediately before the date of grant (being 18 May 2021) was HKD0.41 per Share.

2. Mr. Lin is also the chief executive officer and a substantial shareholder of the Company.

3. Subject to the satisfaction of the vesting criteria and conditions, 3,000,000 Share Options will be vested to the grantees during the period commencing from 18 May 2024 and ending on 17 May 2025.

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the "**Share Award Scheme**") on 18 May 2021 (the "**Adoption Date**"). The following is a summary of the principal terms of the Share Award Scheme:

(i) Purpose of the scheme

(a) to recognise and reward the contributions of certain eligible persons and to give incentives to them in order to retain them for the continual operation and development of the Group; and

(b) to attract suitable personnel for further development of the Group.

(ii) Participants of the scheme

Director(s), senior management and/or employee(s), whether full-time or part-time, of the Group from time to time, excluding any Director(s), senior management and/or employee(s) of the Group who is resident in a place where the award of the awarded shares and/or the vesting and transfer of the awarded shares pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Share Award Administration Committee or the trustee appointed by the Company for serving the trust of the Share Award Scheme (the "**Trustee**") (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such director(s), senior management and/or employee(s).

(iii) Scheme limits

The total number of Shares to be purchased and/or subscribed by the Trustee for the purpose of the Share Award Scheme shall not exceed 10% of the total number of issued Shares of the Company (i.e. not exceeding 66,000,000 Shares) as at the Adoption Date, and which represents 10% of the issued Shares of the Company as at the date of the annual report. The total number of Shares available for grant under the Share Award Scheme as at the date of the annual report was 57,775,200 Shares, which represents approximately 8.75% of the total issued Shares of the Company as at the date of the annual report.

(iv) Maximum entitlement of each participant

The maximum number of awarded shares which may be granted to each selected participant under the Share Award Scheme shall not exceed 1% of the total number of issued Shares of the Company as at the Adoption Date.

(v) Duration and termination

The Share Award Scheme shall be valid and effective for 10 years from the Adoption Date unless early terminated by the Board in accordance with the scheme rules. The Board may by resolution terminate earlier the operation of the Share Award Scheme provided that such termination shall not affect any subsisting rights of any selected participant in respect of any award made to him/her prior to such termination.

The remaining life of the Share Award Scheme is approximately 6 years.

(vi) Vesting of awarded shares

The Share Award Administration Committee may, as its sole and absolute discretion, determine any vesting conditions (including without limitation, vesting period and/or performance targets, payment of a certain purchase price to the Company and other criteria, if any, to be satisfied by the Selected Participants) as it deems appropriate. Where any grant of awards is proposed to be made to any selected participant who is a Director and/or senior management, such grant must first be approved by the Remuneration Committee.

(vii) Determining the purchase price of awarded Shares

The purchase price of the awarded Shares may be determined by the Share Award Administration Committee of the Company at a discount to the prevailing average closing market prices of the Shares in the period prior to the award.

Pursuant to the Share Award Scheme, the Selected Participants (as defined in the Share Award Scheme) shall accept the grant of the awards within 5 business days from the date of the grant and no consideration is required to be paid for such acceptance.

Since the Adoption Date and up to the end of the reporting period, the number of Shares that the Trustee purchased was 8,360,000 Shares, among which 8,224,800 awarded shares have been vested. The number of Shares that the Trustee may further purchase from the open market or subscribe for the purpose of the Share Award Scheme as at 31 December 2024 was 57,640,000 Shares, representing approximately 8.73% of the issued Shares as at 31 December 2024.

From 1 January 2023, the Company relies on the transitional arrangements provided for the share schemes and complies with the new Chapter 17 accordingly (effective from 1 January 2023).

No share awards were granted, vested, cancelled or lapsed during FY2024, and there were no unvested share awards under the Share Award Scheme as at 1 January 2024 and 31 December 2024. Further information of the Share Award Scheme is set out in Note 28 to the Financial Statements.

The number of awards available for grant under the scheme mandate as at 1 January 2024 and 31 December 2024 are 57,775,200 respectively. Service provider sublimit is not applicable under the Share Award Scheme as the eligible participants of the Share Award Scheme do not include service providers.

Report of the Directors

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors

Mr. Lin Wan-Yi *(Chairman)*
Mr. Yung Chia-Pu
Mr. Cheng Ching-Long
Mr. Lu Jen-Chieh

Non-executive Director

Ms. Hsieh Pei-Chen

Independent Non-executive Directors

Mr. So George Siu Ming
Mr. Lin Lien-Hsing
Mr. Fan Chi Chiu

In accordance with the Company's Articles of Association, Mr. Lin Lien-Hsing, Mr. Lu Jen-Chieh and Ms. Hsieh Pei-Chen will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Biographical details of Directors and senior management are set out on pages 18 to 22 of this annual report.

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into service agreements with the Company for a fixed term of three years commencing from the Listing, which has been renewed for a further term of one year from 28 June 2022 and thereafter will be renewable automatically for successive terms of one year upon expiry of each term. It is subject to termination in certain circumstances as stipulated in the relevant service agreements or by not less than three months' notice in writing sent by either party to the other.

Each of the non-executive Director and independent non-executive Directors has accepted her or his appointment with the Company with an initial term of three years commencing from the Listing, which has been renewed for a further term of one year from 25 August 2022 and thereafter will be renewable automatically for successive terms of one year upon expiry of each term until terminated by not less than one month's notice in writing thereof by either party to the other or terminated in certain circumstances as stipulated in the relevant service contract.

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save for the service contracts entered into between the Company and the Directors, none of the Directors or any entity connected with any of the Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 31 December 2024 or at any time during the year ended 31 December 2024.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, so far as the Directors are aware, none of the Directors and controlling Shareholders, neither themselves nor their respective close associates, had held any position or had interests in any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

DEED OF NON-COMPETITION

Each of the controlling Shareholders of the Company, namely Shine Art, Mr. Lin Wan-Yi, Mr. Yung Chia-Pu, Mr. Cheng Ching-Long, Mr. Liu Ying-Han, Mr. Leng Chi-Ching, Mr. Lu Jen-Chieh, Ms. Hsieh Pei-Chen has declared to the Company that neither it/he/she nor its/his/her respective close associates had owned, invested in, participated in, developed, operated or engaged in any business or company which directly or indirectly competes with the business of the Group for the year ended 31 December 2024 and up to the date of this report. For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Controlling Shareholders — Corporate Governance Measures" in the Prospectus.

The independent non-executive Directors have also reviewed and were satisfied that each of the controlling Shareholders had complied with the terms of the Deed of Non-Competition for the year ended 31 December 2024 and up to the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 31 December 2024, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO, which (i) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be recorded in the register therein; or (iii) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the Company

Name of Director	Nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding
Mr. Lin Wan-Yi ("**Mr. Lin**")	Interest in a controlled corporation (Note 2)	324,225,000 (L)	49.125%
Mr. Lin	Beneficial owner (Note 3)	2,154,800 (L)	0.33%
Mr. Cheng Ching-Long	Beneficial owner (Note 4)	985,600 (L)	0.15%
Mr. Lu Jen-Chieh	Beneficial owner (Note 5)	481,600 (L)	0.07%

Notes:

1. The letter "L" denotes the person's long position in the shares.

2. The Company was directly owned as to 49.125% by Shine Art which was directly held as to 58.312% by Mr. Lin. Accordingly, by virtue of the SFO, Mr. Lin is deemed to be interested in the same number of shares of the Company held by Shine Art.

3. Included 1,822,000 Shares which were directly held by Mr. Lin and 332,800 share options. Details of the share options and awarded shares are set out in the section headed "SHARE OPTION SCHEME" and "SHARE AWARD SCHEME" of this annual report, respectively.

4. Included 704,000 Shares which were directly held by Mr. Cheng Ching-Long and 281,600 share options. Details of the share options and awarded shares are set out in the section headed "SHARE OPTION SCHEME" and "SHARE AWARD SCHEME" of this annual report, respectively.

5. Included 344,000 Shares which were directly held by Mr. Lu Jen-Chieh and 137,600 share options. Details of the share options and awarded shares are set out in the section headed "SHARE OPTION SCHEME" and "SHARE AWARD SCHEME" of this annual report, respectively.

(ii) Interests in the associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the associated corporation	Approximate percentage of shareholding in the Company
Mr. Lin	Shine Art	Beneficial Owner	29,156	58.312%	28.646%
Mr. Yung Chia-Pu	Shine Art	Beneficial Owner	7,712	15.424%	7.577%
Mr. Cheng Ching-Long	Shine Art	Beneficial Owner	7,468	14.936%	7.337%
Mr. Lu Jen-Chieh	Shine Art	Beneficial Owner	467	0.934%	0.459%
Ms. Hsieh Pei-Chen	Shine Art	Beneficial Owner	454	0.908%	0.446%

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at 31 December 2024, according to the register of interests maintained by the Company pursuant to section 336 of the SFO, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding
Shine Art	Beneficial owner	324,225,000 (L)	49.125%
Friendly Holdings (HK) Co., Limited ("**Friendly Holdings**")	Beneficial owner	91,080,000 (L)	13.80%
Mr. Liu Fang Jung ("**Mr. Liu**")	Interest in a controlled corporation (Note 2)	91,080,000 (L)	13.80%
Ms. Su Su-Mei ("**Ms. Su**")	Interest of spouse (Note 3)	326,379,800 (L)	49.45%

Notes:

1. The letter "L" denotes the person's long position in the shares.

2. The Company was directly owned as to 13.80% by Friendly Holdings which was directly held as to 100% by Mr. Liu. Accordingly, by virtue of the SFO, Mr. Liu is deemed to be interested in the same number of shares of the Company held by Friendly Holdings.

3. Ms. Su is the spouse of Mr. Lin. Under the SFO, Ms. Su is deemed to be interested in the same number of shares of the Company in which Mr. Lin is interested.

Save as disclosed above, as at 31 December 2024, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no other person or corporation who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the year ended 31 December 2024 and up to the date of this report have the Directors and the chief executive of the Company and their respective close associates (as defined under the Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above and in the sections "Share Option Scheme" and "Share Award Scheme" of this annual report, at no time during the year ended 31 December 2024 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

UPDATES ON DIRECTORS' INFORMATION

As required under Rule 13.51B(1) of the Listing Rules, the change in Directors' biographical details since the date of 2024 interim report and up to the date of this report are set out below:

Mr. Lu Jen-Chieh, an executive Director of the Company, he is primarily responsible for overseeing the daily operations of the Group and management of a subsidiary since 2025.

Save as those disclosed above, there is no other information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the percentage of (i) revenue attributable to the Group's major customers; and (ii) purchases from the Group's major suppliers are set out below:

	Approximate percentage of the Group's	
	Revenue	Cost of service
The largest customer	17.08%	–
Five largest customers in aggregate	52.58%	–
The largest supplier	–	6.75%
Five largest suppliers in aggregate	–	22.77%

None of the Directors or any of their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in the Group's five largest customers and suppliers as mentioned above.

RETIREMENT BENEFITS PLAN

Details of retirement benefits plan of the Group for the year ended 31 December 2024 are set out in Note 2.4 to the Financial Statements.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the Directors' remuneration and the five highest paid individuals for the year ended 31 December 2024 are set out in Notes 8 and 9 to the Financial Statements.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2024, the Group had not entered into any connected transactions or continuing connected transactions.

DISCLOSURE UNDER RULE 14A.72 OF THE LISTING RULES

For the year ended 31 December 2024, the Group did not have any transaction with related parties, nor any transactions, which constitute connected transactions or continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this annual report, the Directors confirm that the Company maintained sufficient public float as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of these financial statements, apart from the events mentioned elsewhere in these financial statements, there was no other significant event subsequent to 31 December 2024.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, the Directors and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

The Company has arranged appropriate insurance covering the potential legal actions against its Directors and senior management arising out of corporate activities.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Ernst & Young who retire and, being eligible, offer themselves for re-appointment at the 2024 AGM. A resolution will be proposed at the 2024 AGM to re-appoint Ernst & Young as auditor of the Company.

There has been no change of auditor of the Company since the Listing.

On behalf of the Board
Lin Wan-Yi
Chairman and executive Director

Hong Kong, 25 March 2025

Independent Auditor's Report

Independent auditor's report
To the shareholders of Shinelong Automotive Lightweight Application Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Shinelong Automotive Lightweight Application Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 67 to 145, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") 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 Hong Kong Institute of Certified Public Accountants ("**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.

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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of the sale of moulds	
For the year ended 31 December 2024, revenue from the sale of moulds amounted to approximately RMB222,656,000 and accounted for 94% of the total revenue of the Group. The Group produces moulds that are highly customised for particular customers with no alternative use to others and the moulds preliminarily accepted by the customers are subject to examination and testing before final acceptance, which creates complexity in determining the timing of satisfaction of performance obligations. This matter was identified as a key audit matter as the determination of the timing of satisfaction of performance obligations requires judgement, which may have significant impacts on the consolidated financial statements of the Group. The Group's disclosures about revenue recognition of the sale of moulds are included in notes 2.4, 3 and 4 to the consolidated financial statements.	The following procedures were performed, among others, to address the identified key audit matter: • Evaluating the design, implementation, and operating effectiveness of the key internal controls over the revenue recognition of the sale of moulds; • Discussing with management and, on a sampling basis, obtaining and reviewing major revenue contracts which were effective during the year ended 31 December 2024 and assessing whether the Group's accounting policy adopted to recognise revenue from the sale of moulds was in accordance with IFRS 15 *Revenue from Contracts with Customers*; • Inspecting, on a sampling basis, the supporting documents (including, but not limited to, contracts, acceptance reports, shipment documents and invoices) for the sale of moulds recognised during the year ended 31 December 2024 and assessing whether the related revenue had been recognised in accordance with the Group's revenue recognition accounting policy; and • Inspecting the supporting documents (including, but not limited to, contracts, acceptance reports, shipment documents and invoices) for the sale of moulds recognised during a certain period of time before and after 31 December 2024 and assessing whether the related revenue had been recognised in the correct periods.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 THE DIRECTORS 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 IFRS Accounting Standards issued by the IASB 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, 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 consolidated financial statements. We are responsible for the direction, supervision review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Lau Kwok Wa Lawrence.

Certified Public Accountants
Hong Kong

25 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
REVENUE	4	**237,646**	218,698
Cost of sales		**(190,236)**	(167,820)
Gross profit		**47,410**	50,878
Other income and gains, net	5	**8,523**	6,486
Selling and distribution expenses		**(6,483)**	(6,767)
General and administrative expenses		**(29,261)**	(25,391)
Finance costs	6	**(975)**	(512)
PROFIT BEFORE TAX	7	**19,214**	24,694
Income tax expense	10	**(3,317)**	(3,505)
PROFIT FOR THE YEAR		**15,897**	21,189
Attributable to:			
Owners of the Company		**16,035**	20,552
Non-controlling interests		**(138)**	637
		15,897	21,189
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent years:			
Changes in fair value of debt investments at fair value through other comprehensive income/(loss), net of tax		**118**	(143)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent years:			
Currency translation differences of the Company		**(280)**	166
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(162)**	23
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**15,735**	21,212
Attributable to:			
Owners of the Company		**15,873**	20,575
Non-controlling interests		**(138)**	637
		15,735	21,212
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY (in Renminbi ("**RMB**") cents per share)			
Basic, for profit for the year	12	**2.4**	3.1
Diluted, for profit for the year	12	**2.4**	3.1

Consolidated Statement of Financial Position

31 December 2024

	Notes	As at 31 December **2024** RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**184,732**	185,724
Right-of-use assets	15	**8,838**	9,443
Intangible assets	14	**1,347**	1,046
Prepayments, other receivables and other assets	19	**–**	1,996
Deferred tax assets	16	**3,947**	1,601
Net investments in subleases	15	**714**	–
Restricted bank deposits	20	**1,390**	1,390
Total non-current assets		**200,968**	201,200
CURRENT ASSETS			
Inventories	17	**329,761**	268,961
Trade and notes receivables	18	**111,453**	101,846
Prepayments, other receivables and other assets	19	**9,605**	3,956
Net investments in subleases	15	**467**	236
Restricted bank deposits	20	**–**	695
Cash and cash equivalents	20	**31,034**	42,169
Total current assets		**482,320**	417,863
CURRENT LIABILITIES			
Trade payables	21	**84,002**	52,124
Other payables and accruals	22	**36,060**	50,405
Government grants	24	**964**	1,573
Contract liabilities	23	**173,934**	147,050
Interest-bearing bank and other borrowings	25	**14,395**	6,645
Income tax payable		**2,571**	898
Lease liabilities	15	**1,548**	1,266
Total current liabilities		**313,474**	259,961
NET CURRENT ASSETS		**168,846**	157,902
TOTAL ASSETS LESS CURRENT LIABILITIES		**369,814**	359,102

Consolidated Statement of Financial Position *(Continued)*

31 December 2024

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Government grants	24	**4,009**	3,622
Interest-bearing bank borrowings	25	**7,362**	12,905
Deferred tax liabilities	16	**487**	161
Lease liabilities	15	**1,467**	215
Total non-current liabilities		**13,325**	16,903
Net assets		**356,489**	342,199
EQUITY			
Equity attributable to the owners of the Company			
Share capital	26	**5,806**	5,806
Treasury shares	29	**(43)**	(43)
Reserves	27	**349,312**	334,884
		355,075	340,647
Non-controlling interests		**1,414**	1,552
Total equity		**356,489**	342,199

Lin Wan-Yi
Director

Cheng Ching-Long
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to the owners of the Company											
	Share capital RMB'000	Treasury shares RMB'000	Share-based compensation reserve* RMB'000	Share premium* RMB'000	Merger reserve* RMB'000	Statutory reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2022	5,806	(101)	347	101,242	52,302	21,740	(165)	320	140,104	321,595	915	322,510
Profit for the year	–	–	–	–	–	–	–	–	20,552	20,552	637	21,189
Other comprehensive (loss)/income for the year:												
Changes in fair value of debt investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	(143)	–	–	(143)	–	(143)
Currency translation differences	–	–	–	–	–	–	–	166	–	166	–	166
Total comprehensive (loss)/income for the year	–	–	–	–	–	–	(143)	166	20,552	20,575	637	21,212
Final 2022 dividend (Note 11)	–	–	–	–	–	–	–	–	(1,386)	(1,386)	–	(1,386)
Equity-settled share reward expense (Note 28)	–	–	184	–	–	–	–	–	–	184	–	184
Repurchase of shares for equity-settled share reward (Note 29)	–	(863)	–	–	–	–	–	–	–	(863)	–	(863)
Vesting of awarded shares (Note 28)	–	921	(531)	152	–	–	–	–	–	542	–	542
Profit appropriation to statutory reserve	–	–	–	–	–	2,322	–	–	(2,322)	–	–	–
As at 31 December 2023	5,806	(43)	–	101,394	52,302	24,062	(308)	486	156,948	340,647	1,552	342,199

Consolidated Statement of Changes in Equity *(Continued)*

Year ended 31 December 2024

	Attributable to the owners of the Company										
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Merger reserve* RMB'000	Statutory reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2023	5,806	(43)	101,394	52,302	24,062	(308)	486	156,948	340,647	1,552	342,199
Profit for the year	–	–	–	–	–	–	–	16,035	16,035	(138)	15,897
Other comprehensive income/(loss) for the year:	–	–	–	–	–	–	–	–	–	–	–
Changes in fair value of debt investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	118	–	–	118	–	118
Currency translation differences	–	–	–	–	–	–	(280)	–	(280)	–	(280)
Total comprehensive income/(loss) for the year	–	–	–	–	–	118	(280)	16,035	15,873	(138)	15,735
Final 2023 dividend (Note 11)	–	–	–	–	–	–	–	(1,445)	(1,445)	–	(1,445)
Profit appropriation to statutory reserve	–	–	–	–	1,957	–	–	(1,957)	–	–	–
As at 31 December 2024	5,806	(43)	101,394	52,302	26,019	(190)	206	169,581	355,075	1,414	356,489

* These reserve accounts comprise the reserves of approximately RMB349,312,000 (2023: RMB334,884,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**19,214**	24,694
Adjustments for:			
Depreciation of property, plant and equipment	13	**17,539**	11,548
Amortisation of intangible assets	14	**580**	648
(Reversal of write-down)/write-down of inventories to net realisable value	7	**(2,006)**	924
Accrual of impairment losses on trade and notes receivables, net	18	**893**	202
Depreciation of right-of-use assets	15	**2,996**	5,431
Net foreign exchange differences	5	**(145)**	(40)
Equity-settled share reward expense	28	**–**	184
(Gain)/loss on subleases classified as finance leases, net	15	**(203)**	95
Gain on lease modifications	15	**–**	(405)
Government grants	24	**(2,488)**	(2,151)
Interest income	5	**(499)**	(1,153)
Finance costs	6	**975**	512
Gain on disposal of items of property, plant and equipment	5	**(877)**	(99)
		35,979	40,390
Increase in inventories		**(58,794)**	(23,452)
(Increase)/decrease in trade and notes receivables		**(11,114)**	1,430
(Increase)/decrease in prepayments, other receivables and other assets		**(5,367)**	840
Increase/(decrease) in trade payables		**31,878**	(10,477)
Increase/(decrease) in other payables and accruals		**1,340**	(1,065)
Increase in contract liabilities		**26,884**	30,420
Cash generated from operations		**20,806**	38,086
Income tax paid		**(3,664)**	(1,646)
Net cash flows generated from operating activities		**17,142**	36,440

Consolidated Statement of Cash Flows *(Continued)*

Year ended 31 December 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(33,422)**	(59,579)
Purchases of items of intangible assets		**(279)**	(656)
Payment for acquisition of leasehold land	15	**–**	(19)
Proceeds from disposal of items of property, plant and equipment		**3,463**	735
Receipt of government grants for property, plant and equipment	24	**1,500**	2,172
Receipt of the principal portion of finance lease payments arising from the subleases		**485**	430
Interest received		**217**	547
Withdrawal of restricted bank deposits	20	**695**	66
Net cash flows used in investing activities		**(27,341)**	(56,304)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	25	**4,457**	16,905
Repayment of bank borrowings		**(6,000)**	(4,000)
Payment of interest on bank borrowings		**(818)**	(480)
Proceeds from discounted notes receivable with recourse	25	**4,395**	645
Payment of interest on discounted notes receivable		**(13)**	(1)
Principal portion of lease payments		**(1,318)**	(3,557)
Interest portion of lease payments		**(59)**	(427)
Net proceeds from vesting of awarded shares		**–**	542
Payment for shares repurchased		**–**	(863)
Dividends paid		**(1,445)**	(1,386)
Net cash flows (used in)/generated from financing activities		**(801)**	7,378
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(11,000)**	(12,486)
Cash on hand and at banks at 1 January		**42,169**	54,449
Effect of foreign exchange rate changes, net		**(135)**	206
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**31,034**	42,169

1. GENERAL INFORMATION

Shinelong Automotive Lightweight Application Limited (the "**Company**") is an exempted company with limited liability incorporated in the Cayman Islands on 2 October 2018. The registered address of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively the "**Group**") are involved in the provision of comprehensive moulding services and solutions, covering product analysis, mould design and development, mould fabrication, assembling, testing and adjustment, trial production and after-sales services.

The Company and its subsidiaries now comprising the Group underwent a reorganisation (the "**Reorganization**") in preparation for an initial public offering ("**IPO**") through the incorporation of the Company, the acquisition of Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Limited ("**Shinelong (Suzhou)**") and Kunshan Longjun Management Consulting Company Limited ("**Kunshan Longjun**") by the Company, further allotment of ordinary shares and capitalisation issue. The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**" or "**HKEX**") since 28 June 2019 (the "**Listing**").

In the opinion of the directors of the Company (the "**Directors**"), the holding company of the Company is Shine Art International Limited ("**Shine Art**"), a company incorporated in the British Virgin Islands, and the ultimate controlling shareholder of the Company is Mr. Lin Wan-Yi.

1. GENERAL INFORMATION *(Continued)*

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shinelong (Suzhou) (Note (a))	People's Republic of China ("**PRC**")/ Mainland China	RMB170,000,000	99.9	0.1	Design, manufacture and sale of moulds
Qingdao Xunzhan Molding Technology Company Limited ("**Xunzhan**") (Note (b))	PRC/Mainland China	RMB6,000,000	–	100	Design, manufacture and sale of moulds
Kunshan Longjun (Note (b))	PRC/Mainland China	United States Dollar ("**USD**") 50,000	100	–	Inactive
Xunhou Laser Technology (Suzhou) Company Limited ("**Xunhou**") (Note (c))	PRC/Mainland China	RMB10,000,000	–	70	Design, manufacture and sale of laser devices

(a) Shinelong (Suzhou) was established on 8 January 2002 under the name of Shinelong Precision Moulds (Kunshan) Company Limited as a limited liability company under the law of the PRC, which was converted into a company limited by shares on 29 March 2016 and renamed as Shinlone Intellectual Manufacture Precision Applied Materials (Suzhou) Company Limited ("**Shinlone (Suzhou)**"). It was further renamed as Shinelong (Suzhou) on 28 December 2018. Shinelong (Suzhou) is a wholly-owned subsidiary of the Company.

(b) Registered as limited liability companies under PRC law.

(c) Xunhou was established on 7 April 2020 with registered share capital of RMB10,000,000 as a limited liability company under the law of the PRC, which is a 70%-owned subsidiary of Shinelong (Suzhou). As at 31 December 2024, Xunhou received capital contributions of RMB3,500,000 from Shinelong (Suzhou) and RMB750,000 from the non-controlling shareholder, Yinwei Laser Technology (Kunshan) Company Limited. Xunhou changed its registered share capital from RMB10,000,000 to RMB4,250,000 on 2 January 2025.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for notes receivable measured at fair value through other comprehensive income. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

While the adoption of some of the revised IFRS Accounting Standards may result in changes in accounting policies, none of these IFRS Accounting Standards is expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its notes receivable at fair value through other comprehensive income at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Type	Depreciation rate
Buildings	3.20%–10.00%
Machinery	9.00%–18.00%
Furniture, fixtures and equipment	6.00%–18.00%
Leasehold improvements	Over the shorter of the lease terms and 20.00%
Motor vehicles	18.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets of the Group represent software which is amortised over an estimated useful life of 5 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Factories and venues	2 to 10 years
Parking lots	10 years
Leasehold land	30 years
Vehicle	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the statement of financial position.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(c) Lease modifications

The Group accounts for a lease modification as a separate lease if:

(i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(ii) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(d) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessor *(Continued)*

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies for revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement *(Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest ("**EIR**") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach *(Continued)*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 180 days past due.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

The Group's financial liabilities are classified, at initial recognition, as loans and borrowings, or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings or payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

After initial recognition, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and lease liabilities are subsequently measured at amortised cost using EIR method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

The Group provides for warranty in relation to the sale of moulds to certain customers for general repairs of defects occurring during the warranty period. Provisions for the assurance-type warranty granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue from contracts with customers

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.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with 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 amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer 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 IFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

(a) Sale of industrial products

Revenue from the sale of moulds is recognised at the point in time when control of the asset is transferred to the customer, generally when the customers have issued the final acceptance report.

(b) Rendering of services

The Group provides parts processing services, the control of which is transferred at the point in time when the processed parts are accepted by the customers.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Defined contribution plans

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Under the plans, the Group has no further obligation beyond the contributions made. No forfeited contributions may be used by the employer to reduce the existing level of contributions.

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of each year.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs of the Group are expensed in the period in which they are incurred.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in Note 11 to the financial statements.

Share-based payments

The Company operates equity-settled share-based payment schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 28 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Foreign currencies

These financial statements are presented in RMB, which is different from the Company's functional currency, the Hong Kong dollar ("**HKD**"). As the major revenues and assets of the Group are derived from operations in the PRC, RMB is chosen as the presentation currency to present the financial statements. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gains or losses arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gains or losses on change in fair value of the item (i.e., translation difference on the item whose fair value gains or losses is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

As at the end of the reporting period, for entities whose functional currencies are different from the Group's presentation currency, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of these entities, the cumulative amount in the reserve relating to that particular entity is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts to be recognised in the financial statements:

Revenue recognition — the timing of satisfaction of performance obligations

Sales of moulds

Revenue from domestic sales of moulds is recognised at the point in time when control over the moulds is transferred to the customers. Judgement is required to assess whether control is transferred over time or at a point in time. The Group creates moulds that are highly customised for particular customers with no alternative use to others but has no enforceable right to payment for its performance up to date. Judgement is also required to assess whether control is transferred when the customers preliminarily have accepted the moulds or when the customers have issued the final acceptance report after the moulds are examined and tested. The customers will only obtain the legal title of the completed moulds after they have issued the final acceptance report, of which the Group has the present right to the payment and the collection of the consideration is probable. Therefore, the Group concluded that the control over the domestic sales of moulds is transferred at the point in time, instead of over time, when the customers issue the final acceptance report.

For overseas sales of moulds, revenue is recognised at the point in time when the control over the moulds is transferred to the customers, that is when the customers obtain the physical possession or the legal title of the completed moulds based on respective shipping terms and the Group has the present right to payment and the collection of the consideration is probable.

Rendering of services

Revenue from the rendering of parts processing services is recognised when control over the processing services is transferred to the customers. Judgement is required to assess whether control is transferred over time or at a point in time. The customers cannot simultaneously receive and consume the benefits provided by the Group's parts processing services as the Group performs. The Group also has no enforceable right to payment for the processing services performed to date. The Group concluded that the control over the processing services is transferred to the customers at the point in time when the processed parts are accepted by the customers.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Net realisable value of inventories

Net realisable value of inventories is estimated based on the best available facts and circumstances, including but not limited to the inventory own physical conditions, their market selling prices and estimated costs to be incurred for their sales. The assessment is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 17 to the financial statements.

Useful lives of property, plant and equipment

The Group's property, plant and equipment are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these property, plant and equipment to be between 5 and 28 years. Changes in the expected level of usage and technological developments could impact the estimated useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of these property, plant and equipment at the end of the reporting period is disclosed in Note 13 to the financial statements.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Provision for expected credit losses on trade receivables *(Continued)*

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note18 to the financial statements.

4. REVENUE

4.1 Disaggregated revenue information

An analysis of revenue is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Sales of moulds		
Automotive moulds	**182,452**	164,911
Electrical appliance moulds	**38,005**	38,368
Other moulds	**2,199**	720
Subtotal	**222,656**	203,999
Parts processing services	**13,082**	10,863
Others	**1,908**	3,836
Total	**237,646**	218,698
Represented by:		
Goods and services transferred at a point in time	**237,646**	218,698
Represented by:		
Geographic markets		
Mainland China	**215,447**	209,253
Overseas	**22,199**	9,445
Total	**237,646**	218,698

4. REVENUE *(Continued)*

4.1 Disaggregated revenue information *(Continued)*

Set out below are the amounts of revenue recognised in the current reporting period that were included in contract liabilities at the beginning of the reporting period:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Sales of moulds		
Automotive moulds	**84,423**	66,481
Electrical appliance moulds	**7,311**	5,251
Other moulds	**205**	153
Parts processing services	**162**	248
Total	**92,101**	72,133

Revenue from major customers which accounted for 10% or more of the Group's revenue during the reporting period is set out below:

	Year ended 31 December 2024 RMB'000
Customer 1	**40,582**
Customer 2	**31,222**
	71,804

	Year ended 31 December 2023 RMB'000
Customer 1	65,861
Customer 3	31,094
Customer 2	28,611
	125,566

4. REVENUE (Continued)

4.2 Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of moulds

The performance obligation is satisfied upon the customers' issue of the final acceptance report. Generally, customers are required to pay approximately 30% of the total fee as a deposit upon the signing of the agreements and approximately 40% to 50% of the total fee when the moulds have been fabricated and are ready for delivery to the customers. The remaining balance is generally due within 20 to 180 days from the issue of the final acceptance report.

Parts processing services

The performance obligation is satisfied at the point in time when the processed parts are accepted by the customers and payment is generally due within 20 to 180 days from the acceptance of processed parts, except for certain customers, where payment in advance is required.

There was only one performance obligation in each of the Group's contracts and all revenues were recognised at a point in time during the reporting period. The transaction prices related to the performance obligations in the existing contracts that were unsatisfied as at the end of the reporting period are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**301,327**	210,735
After one year	**268,439**	230,885
Total	**569,766**	441,620

The amounts of transaction prices related to the performance obligations which are expected to be recognised after one year mainly relate to the sales of automotive moulds due to the long inspection and examination period before the customers' final acceptance. All other amounts of transaction prices related to the performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. OTHER INCOME AND GAINS, NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Other income, net		
Government grants (Note)	**7,023**	4,924
Interest income	**499**	1,153
Others	**(224)**	(40)
Total other income, net	**7,298**	6,037
Gains, net		
Foreign exchange differences, net	**145**	40
Gain on disposal of items of property, plant and equipment	**877**	99
Gain on lease modifications (Note 15)	**–**	405
Gain/(loss) on subleases classified as finance leases, net (Note 15)	**203**	(95)
Total gains, net	**1,225**	449
Total other income and gains, net	**8,523**	6,486

Note: Government grants consist of: (a) unconditional grants received from the local government from time to time at the discretion of relevant government authorities. Such grants mainly represent cash subsidies granted by the local government to encourage the development of certain enterprises that are established in local special economic regions or to support general operations of those entities; and (b) government grants received for purchases of certain items of property, plant and equipment, which are recognised initially as a liability in the consolidated statement of financial position and subsequently recognised as other income when the associated costs, for which the grants are intended to compensate, are incurred. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest expenses on:		
Interest-bearing bank borrowings	**816**	55
Discounted notes receivable	**100**	30
Lease liabilities (Note 15)	**59**	427
Total	**975**	512

7. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Raw materials consumed	**75,779**	74,099
Direct labour cost	**30,689**	27,164
Subcontracting expenses	**46,462**	36,248
Depreciation of property, plant and equipment (Note 13)	**17,539**	11,548
Depreciation of right-of-use assets (Note 15)	**2,996**	5,431
Amortisation of intangible assets (Note 14)	**580**	648
Research and development costs	**8,378**	8,165
Lease payments not included in the measurement of lease liabilities (Note 15)	**114**	98
Interest on lease liabilities (Note 15)	**59**	427
Auditor's remuneration	**1,512**	1,479
Employee benefit expenses (including directors' and chief executive's remuneration (Note 8)):		
Salaries and bonuses	**18,038**	17,869
Equity-settled share reward expense (Note 28)	**–**	184
Pension scheme contributions	**2,325**	1,828
	20,363	19,881
Accrual of impairment losses on trade and notes receivables, net (Note 18)	**893**	202
Provision for warranty (Note 22)	**2,020**	1,525
(Reversal of write-down)/write-down of inventories to net realisable value	**(2,006)**	924
Foreign exchange differences, net (Note 5)	**(145)**	(40)

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and chief executives' remuneration for the reporting period, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fees	**1,019**	890
Other emoluments:		
Salaries, allowances, and benefits in kind	**2,130**	2,041
Performance related bonuses	**362**	268
Equity-settled share reward expense	**–**	68
Pension scheme contributions	**101**	64
Subtotal	**2,593**	2,441
Total	**3,612**	3,331

During the reporting period, no awarded shares or share options were granted to directors or chief executives in respect of their services to the Group and no related expenses were recognised. During the prior year, expenses related to awarded shares and share options were included in the above directors' and chief executives' remuneration as disclosed in the financial statements.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the reporting period were as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Lin Lien-Hsing	**219**	216
So George Siu Ming	**219**	216
Fan Chi Chiu	**219**	216
Total	**657**	648

There were no other emoluments payable to the independent non-executive directors during the reporting period (2023: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION *(Continued)*

(b) Executive directors, a non-executive director and chief executives

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2024					
Executive directors:					
Lin Wan-Yi	182	848	130	–	1,160
Cheng Ching-Long	48	386	132	25	591
Yung Chia-Pu	48	–	–	–	48
Lu Jen-Chieh	24	286	24	15	349
Subtotal	302	1,520	286	40	2,148
Non-executive director:					
Hsieh Pei-Chen	36	–	–	–	36
Chief executives:					
Lin Xinliang	24	370	50	24	468
Wang Jinxin	–	240	26	37	303
Subtotal	24	610	76	61	771
Total	362	2,130	362	101	2,955

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION *(Continued)*

(b) Executive directors, a non-executive director and chief executives *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share reward expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2023						
Executive directors:						
Lin Wan-Yi	72	671	130	20	–	893
Cheng Ching-Long	48	373	25	17	13	476
Yung Chia-Pu	48	–	–	–	–	48
Lu Jen-Chieh	24	376	28	9	13	450
Subtotal	192	1,420	183	46	26	1,867
Non-executive director:						
Hsieh Pei-Chen	36	–	–	–	–	36
Chief executives:						
Lin Xinliang	14	391	60	9	13	487
Wang Jinxin	–	230	25	13	25	293
Subtotal	14	621	85	22	38	780
Total	242	2,041	268	68	64	2,683

There was no arrangement under which a director waived or agreed to waive any remuneration during the reporting period.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the reporting period included two directors (2023: two directors and one chief executive), details of whose remuneration are set out in Note 8 above. Details of the remuneration for the reporting period of the remaining three (2023: two) highest paid employees who are not a director or a chief executive of the Group are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,324**	480
Equity-settled share reward expense	**–**	22
Performance related bonuses	**263**	601
Pension scheme contributions	**213**	50
Total	**1,800**	1,153

The number of non-director and non-chief executive highest paid employees during the reporting period whose remuneration fell within the following band is as follows:

	Year ended 31 December	
	2024	2023
Nil to HKD1,000,000	**3**	2

During the reporting period, no awarded shares or share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group and no related expenses were recognised. During the prior year, expenses related to awarded shares and share options were included in the above non-director and non-chief executive highest paid employees as disclosed in the financial statements.

10. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands. Tax on profits assessable in the PRC has been calculated at the applicable PRC corporate income tax ("**CIT**") rate of 25%. Shinelong (Suzhou) was qualified as a high and new technology enterprise and enjoyed a preferential income tax rate of 15%. Xunzhan, Xunhou and Kunshan Longjun were qualified as small and micro-sized enterprises ("**SME**") and enjoyed a 75% reduction in taxable income and the preferential income tax rate of 20% as their taxable incomes are below RMB1 million individually.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current — PRC	**5,176**	3,445
Deferred — PRC	**(1,859)**	60
Total tax charge for the year	**3,317**	3,505

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdictions in which the Company and its major operating subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit before tax	**19,214**	24,694
Statutory tax rate	**25%**	25%
Tax at the statutory tax rate	**4,804**	6,174
Lower tax rates enacted by local authority	**(2,189)**	(2,815)
Change of higher tax rates enacted by local authority	**–**	(86)
Expenses not deductible for income tax purposes	**122**	94
Adjustments in respect of current tax of previous periods	**(358)**	153
Additional deductible allowance for research and development expenses	**(691)**	(740)
Withholding tax on earnings distributed and anticipated to be remitted by the Group's PRC subsidiaries	**996**	161
Tax losses not recognised	**633**	564
Total tax charge for the year	**3,317**	3,505

11. DIVIDENDS

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Proposed final dividend		
— RMB0.663 cents (2023: RMB0.219 cents) per ordinary share	**4,375**	1,445

On 25 March 2025, the directors proposed a final dividend of HK0.719 cents (equivalent to RMB0.663 cents) per ordinary share totalling approximately HKD4,745,000 (equivalent to RMB4,375,000) for the year ended 31 December 2024, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The proposed final dividend for the year ended 31 December 2023 was paid by the Company to its shareholders on 26 July 2024.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year ended 31 December 2024 attributable to ordinary equity holders of the Company of approximately RMB16,035,000 (2023: RMB20,552,000), and the weighted average number of ordinary shares of 657,450,724 (2023: 657,210,065) outstanding during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:	**16,035**	20,552

	Number of shares Year ended 31 December	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**657,450,724**	657,210,065
Effect of dilution — weighted average number of ordinary shares:		
Awarded shares	**–**	1,145,122
Total	**657,450,724**	658,355,187

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 1 January 2023	1,503	130,487	6,377	2,908	2,112	42,329	185,716
Additions	–	9,884	1,167	790	333	69,780	81,954
Transfers	81,557	9,655	234	–	–	(91,446)	–
Disposals	–	(1,085)	(578)	(1,855)	–	–	(3,518)
At 31 December 2023	83,060	148,941	7,200	1,843	2,445	20,663	264,152
Additions	–	1,071	995	–	345	16,722	19,133
Transfers	10,842	24,324	2,219	–	–	(37,385)	–
Disposals	–	(9,420)	(379)	(292)	–	–	(10,091)
At 31 December 2024	93,902	164,916	10,035	1,551	2,790	–	273,194
Accumulated depreciation							
At 1 January 2023	548	60,775	4,099	2,897	1,443	–	69,762
Depreciation charge for the year	127	10,444	594	265	118	–	11,548
Disposals	–	(507)	(520)	(1,855)	–	–	(2,882)
At 31 December 2023	675	70,712	4,173	1,307	1,561	–	78,428
Depreciation charge for the year	3,641	12,530	877	263	228	–	17,539
Disposals	–	(6,876)	(338)	(291)	–	–	(7,505)
At 31 December 2024	4,316	76,366	4,712	1,279	1,789	–	88,462
Net carrying amount							
As at 31 December 2023	82,385	78,229	3,027	536	884	20,663	185,724
As at 31 December 2024	89,586	88,550	5,323	272	1,001	–	184,732

As at 31 December 2024, the gross carrying amount of the fully depreciated property, plant and equipment of the Group that were still in use was approximately RMB34,802,000 (2023: RMB31,242,000).

As at 31 December 2024, the Group's buildings with a net carrying amount of approximately RMB75,358,000 (2023: RMB75,939,000) were mortgaged to secure the general bank facility granted to the Group (Note 25).

14. INTANGIBLE ASSETS

	Software RMB'000
Cost	
At 1 January 2023	9,857
Additions	54
At 31 December 2023	9,911
Additions	881
At 31 December 2024	10,792
Accumulated amortisation	
At 1 January 2023	8,217
Amortisation charge for the year	648
At 31 December 2023	8,865
Amortisation charge for the year	580
At 31 December 2024	9,445
Net carrying amount	
At 31 December 2023	1,046
At 31 December 2024	1,347

15. LEASES

The Group as a lessee

As at 31 December 2024, the Group had lease contracts for factories and venues and a piece of state-owned industrial construction leasehold land for its operations. Leases of factories and venues generally have lease terms of 3 years. The lease of the land has a lease term of 30 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the reporting period are as follows:

	Factories and venues RMB'000	Parking lots RMB'000	Leasehold land RMB'000	Vehicle RMB'000	Total RMB'000
As at 31 December 2022 and 1 January 2023	12,049	227	6,925	156	19,357
Additions	1,306	–	19	–	1,325
Modifications	(5,466)	(179)	–	–	(5,645)
Sublease	(163)	–	–	–	(163)
Depreciation charges	(4,989)	(48)	(238)	(156)	(5,431)
As at 31 December 2023 and 1 January 2024	2,737	–	6,706	–	9,443
Additions	2,852	–	–	–	2,852
Modifications (Note i)	766	–	–	–	766
Sublease (Note ii)	(1,227)	–	–	–	(1,227)
Depreciation charges	(2,757)	–	(239)	–	(2,996)
As at 31 December 2024	2,371	–	6,467	–	8,838

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(a) Right-of-use assets *(Continued)*

Notes:

(i) On 27 August 2021, the Group entered into an asset transfer agreement (the "**Asset Transfer Agreement**") with Kunshan Zhangpu Township Construction Management Office ("**Zhangpu Construction Office**"; formerly known as Zhangpu Construction Bureau of Kunshan Municipality), pursuant to which, the Group agreed to transfer one of its existing plants, including buildings and a leasehold land (the "**Plant**") in Kunshan, Jiangsu Province, the PRC and certain machinery and equipment (collectively the "**Disposal Assets**") to Zhangpu Construction Office (the "**Transfer**"). It was also agreed that the Group can continue to use the Plant free of charge, after the Transfer, until the Group has relocated its plant and assets to a new location. The arrangement constitutes a sale and leaseback transaction, in which the transfer of an asset is a sale. A right-of-use asset of factories and venues of approximately RMB3,187,000 and a government grant of approximately RMB3,187,000 were recognised in 2021 based on the average market rental of similar plants in the area where the Plant was located and amortised over the estimated period when the relocation of the Plant was completed, which was originally estimated to be by the end of 2023.

However, due to the delay of the relocation, as agreed with the Zhangpu Construction Office, the rent-free period of the factories and venues was first extended to 30 June 2024 in 2023 and further extended to 31 December 2024 during the year, which constituted lease modifications. A right-of-use asset of factories and venues of approximately RMB1,020,000 and RMB766,000 and a government grant of approximately RMB1,020,000 and RMB766,000 were recognised in October 2023 and June 2024, respectively, and amortised till the respective estimated relocation completion dates. The Transfer was completed in December 2024.

(ii) In December 2024, the Group subleased part of a leased building in Qingdao to certain third parties. Based on the assessment, the subleases were classified as finance leases with reference to the right-of-use asset arising from the head lease. Accordingly, as an intermediate lessor, the Group recognised net investments in subleases amounting to RMB1,465,000 and derecognised the corresponding right-of-use asset of the lease amounting to RMB1,242,000, resulting in a gain of RMB223,000 recognised in profit or loss at the sublease commencement date. A net investment in sublease of RMB35,000 was derecognised and a right-of-use asset of RMB15,000 was recognised in May 2024 as a result of the early termination of the sublease classified as finance lease, resulting in a loss of RMB20,000 recognised in profit or loss.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**1,481**	10,802
Additions	**2,852**	1,306
Accretion of interest recognised during the year	**59**	427
Modifications	**–**	(7,070)
Payments	**(1,377)**	(3,984)
Carrying amount at 31 December	**3,015**	1,481
Analysed into:		
Current portion	**1,548**	1,266
Non-current portion	**1,467**	215

The maturity analysis of lease liabilities is disclosed in Note 35 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases during the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**59**	427
Depreciation charges of right-of-use assets	**2,996**	5,431
Expense relating to leases of low-value assets (mainly included in general and administrative expenses and cost of sales)	**114**	98
(Gain)/loss on subleases classified as finance leases, net	**(203)**	95
Loss on lease modifications	**–**	(405)
Total amount recognised in profit or loss	**2,966**	5,646

(d) The total cash outflow for leases is disclosed in Note 30(c) to the financial statements and future cash outflows relating to leases that have not yet commenced are nil.

15. LEASES *(Continued)*

The Group as an intermediate lessor

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable leases are as follows:

	Undiscounted lease receivables 2024 RMB'000	Present value of lease receivables 2024 RMB'000
Amounts receivable:		
Within one year	**501**	**467**
In the second year	**516**	**497**
In the third year	**220**	**217**
Future finance income	**56**	
Total net investments in subleases	**1,181**	
Portion classified as current assets	**467**	
Portion classified as non-current assets	**714**	

	Undiscounted lease receivables 2023 RMB'000	Present value of lease receivables 2023 RMB'000
Amounts receivable:		
Within one year	240	236
Future finance income	4	
Total net investments in subleases	236	
Portion classified as current assets	236	
Portion classified as non-current assets	–	

16. DEFERRED TAX

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, are as follows:

Deferred tax assets

	Write-down of inventories to net realisable value RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Asset-related government grants RMB'000	Provision for warranty RMB'000	Lease liabilities RMB'000	Expected credit losses of financial assets RMB'000	Unrecognised revenue for delivered goods RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2024	1,328	306	663	221	227	261	–	208	3,214
Deferred tax credited/(charged) to profit or loss during the year (Note 10)	(300)	73	81	27	40	134	2,361	(22)	2,394
At 31 December 2024	1,028	379	744	248	267	395	2,361	186	5,608

	Write-down of inventories to net realisable value RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Asset-related government grants RMB'000	Provision for warranty RMB'000	Lease liabilities RMB'000	Expected credit losses of financial assets RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2023	1,684	208	430	305	1,502	229	109	4,467
Deferred tax credited/(charged) to profit or loss during the year (Note 10)	(356)	98	233	(84)	(1,275)	32	99	(1,253)
At 31 December 2023	1,328	306	663	221	227	261	208	3,214

16. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	Rights-of-use assets RMB'000	Net investments in subleases RMB'000	Effect of withholding tax at 10% on earnings anticipated to be remitted by the Group's PRC subsidiaries RMB'000	Property, plant and equipment RMB'000	Total RMB'000
At 1 January 2024	**(193)**	**(12)**	**(161)**	**(1,408)**	**(1,774)**
Deferred tax (charged)/ credited to profit or loss during the year (Note 10)	**(51)**	**(46)**	**(487)**	**49**	**(535)**
Payment of withholding tax	**–**	**–**	**161**	**–**	**161**
At 31 December 2024	**(244)**	**(58)**	**(487)**	**(1,359)**	**(2,148)**

	Rights-of-use assets RMB'000	Net investments in subleases RMB'000	Effect of withholding tax at 10% on earnings anticipated to be remitted by the Group's PRC subsidiaries RMB'000	Property, plant and equipment RMB'000	Total RMB'000
At 1 January 2023	(1,501)	(9)	(155)	(1,457)	(3,122)
Deferred tax (charged)/ credited to profit or loss during the year (Note 10)	1,308	(3)	(161)	49	1,193
Payment of withholding tax	–	–	155	–	155
At 31 December 2023	(193)	(12)	(161)	(1,408)	(1,774)

16. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

For the year ended 31 December 2024, the Group recognised deferred tax liabilities of approximately RMB487,000 (2023: RMB161,000) on earnings anticipated to be remitted by certain PRC subsidiaries in the foreseeable future. No withholding tax had been provided for the retained profits of the PRC subsidiaries of approximately RMB14,603,000 (2023: RMB21,360,000), which will not be remitted in the foreseeable future based on several factors, including the Company's dividend policy and management's estimation of overseas funding requirements. The aggregate amount of temporary differences associated with these retained profits for which deferred tax liabilities have not been recognised was approximately RMB217,189,000 (2023: RMB202,586,000) as at 31 December 2024.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**3,947**	1,601
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(487)**	(161)
	3,460	1,440

The Group has tax losses arising in Mainland China of approximately RMB16,000 (2023: RMB32,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses 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.

Deferred tax assets have not been recognised in respect of the following item:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Tax losses	**16**	32

17. INVENTORIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Finished goods	**210,123**	201,156
Work in progress	**118,602**	66,901
Raw materials and low value consumables	**1,036**	904
Total	**329,761**	268,961

18. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables	**72,145**	62,857
Notes receivable	**41,928**	40,716
Impairment	**(2,620)**	(1,727)
Net carrying amount	**111,453**	101,846

The Group generally grants a credit period of 20 to 180 days to customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and notes receivables are non-interest-bearing.

Details of the concentration of credit risk arising from the customers are set out in Note 35 to the financial statements.

18. TRADE AND NOTES RECEIVABLES *(Continued)*

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of the final acceptance report and net of loss allowance for impairment, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 30 days	**18,994**	16,044
31–60 days	**8,477**	6,272
61–90 days	**4,062**	6,410
91–180 days	**11,453**	5,746
181–365 days	**20,735**	15,284
Over 365 days	**5,804**	11,374
Total	**69,525**	61,130

Set out below is the movements in loss allowance for impairment of trade and notes receivables:

	2024	2023
	RMB'000	RMB'000
At the beginning of year	**1,727**	1,525
Accrual of impairment losses, net	**893**	202
At the end of year	**2,620**	1,727

The Group has applied the simplified approach to providing for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days of ageing. If there is objective evidence of impairment existing individually for financial assets that are individually significant, an impairment loss is recognised in profit or loss. The Group performs a collective assessment for all other trade receivables that are not individually significant or for which impairment has not yet been identified by including the asset in a group of financial assets with similar credit risk characteristics for impairment. The collective provision calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group has taken its expectations of economic impacts into consideration when making the forward-looking assumption underpinning the collective provision calculation.

18. TRADE AND NOTES RECEIVABLES *(Continued)*

Generally, trade receivables are written off when there is no reasonable expectation of recovering additional cash. Indicators include, among others, the bankruptcy of the customer and a failure to make contractual payments for a period of greater than 36 months.

The gross carrying amount of trade receivables individually measured is RMB204,000 (2023: RMB204,000) and the loss allowance for these trade receivables is RMB204,000 (2023: RMB204,000). Set out below is the information about the credit risk exposure on the Group's trade receivables using the collective provision calculation matrix:

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
31 December 2024					
Gross carrying amount	**64,407**	**3,981**	**2,827**	**726**	**71,941**
Expected credit loss rate	**0.30%–1.04%**	**3.00%–8.76%**	**3.00%–23.82%**	**100%**	**3.36%**
Expected credit losses	**668**	**349**	**673**	**726**	**2,416**
31 December 2023					
Gross carrying amount	50,111	10,665	1,638	239	62,653
Expected credit loss rate	0.30%–0.71%	3.00%–6.45%	3.00%–14.89%	100%	2.43%
Expected credit losses	355	687	242	239	1,523

The Group's notes receivables are recognised as debt investments at fair value through other comprehensive income and the Group applies the low credit risk simplification for the assessment of ECLs of notes receivable. At the end of the reporting period, the Group evaluated that the notes receivables are considered to have low credit risk.

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current		
Prepayments for acquisitions of property, plant and equipment	**–**	1,394
Prepayment for acquisition of intangible asset	**–**	602
Total	**–**	1,996
Current		
Deposits and other receivables	**6,582**	1,377
Prepayments	**1,765**	1,115
Interest receivables	**1,114**	832
Input value added tax ("**VAT**") to be deducted	**144**	632
Total	**9,605**	3,956

Note: None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The Group applies the general approach to provide for expected credit losses of the financial assets measured at amortised cost, for which the Group assesses the impairment individually based on the internal credit rating of these debtors. Based on the assessment, there has been no significant increase in credit risk since initial recognition. No impairment loss has been recognised under the 12-month ECLs based on the information about the exposure to credit risk for these financial assets which are assessed individually as at 31 December 2024.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cash and bank balances	**32,424**	44,254
Less: Restricted bank deposits (Note)	**(1,390)**	(2,085)
Cash and cash equivalents	**31,034**	42,169

Note: As at 31 December 2024, the Group has placed a restricted deposit in a bank with an aggregate amount of approximately RMB1,390,000 (2023: RMB2,085,000), relating to certain performance guarantees issued by the bank to Zhangpu Town People's Government of Kunshan Municipality for the acquisition of a piece of leasehold land.

At 31 December 2024, the Group's cash and bank balances denominated in RMB amounted to approximately RMB28,409,000 (2023: RMB37,406,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchanges business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables	**84,002**	52,124

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 30 days	**34,808**	20,548
31–60 days	**18,173**	13,240
61–90 days	**14,736**	8,061
91–120 days	**8,920**	9,226
Over 120 days	**7,365**	1,049
Total	**84,002**	52,124

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 120 days.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Payables for construction of buildings and acquisitions of property, plant and equipment	**16,476**	32,159
Staff cost and welfare accruals	**9,919**	9,520
Other tax payables	**4,825**	3,685
Provision for warranty (Note)	**1,654**	1,474
Professional service fee payables	**1,133**	1,217
Other payables	**2,053**	2,350
Total	**36,060**	50,405

Other payables are non-interest-bearing and are repayable on demand.

Note:

Provision for warranty

	2024	2023
	RMB'000	RMB'000
At the beginning of year	**1,474**	2,033
Provision	**2,020**	1,525
Payment	**(1,840)**	(2,084)
At the end of year	**1,654**	1,474

23. CONTRACT LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Contract liabilities	**173,934**	147,050

Contract liabilities include advances received to deliver moulds.

24. GOVERNMENT GRANTS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
At the beginning of year	**5,195**	4,154
Received during the year (Note)	**1,500**	2,172
Addition from the sale and leaseback transaction (Note 15)	**766**	1,020
Released to profit or loss	**(2,488)**	(2,151)
At the end of year	**4,973**	5,195
Current portion	**(964)**	(1,573)
Non-current portion	**4,009**	3,622

Note: Government grants were received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December					
	2024			2023		
	Effective Interest Rate (%)	**Maturity**	**RMB'000**	Effective Interest Rate (%)	Maturity	RMB'000
Current						
Other borrowings (Note (a))	**0.84**	**2025**	**4,395**	1.30	2024	645
Current portion of long-term bank borrowings — secured (Note (b))	**3.35**	**2025**	**10,000**	3.97	2024	6,000
Total — current			**14,395**			6,645
Non-current						
Long-term bank borrowings — secured (Note (b))	**3.35**	**2026**	**7,362**	3.97	2025	10,000
			–	3.97	2026	2,905
Total — non-current			**7,362**			12,905
Total			**21,757**			19,550

25. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Analysed into:		
Other borrowings repayable:		
Within one year	**4,395**	645
Long-term bank borrowings repayable:		
Within one year	**10,000**	6,000
In the second year	**7,362**	10,000
In the third year	**–**	2,905
Subtotal	**17,362**	18,905
Total	**21,757**	19,550

Notes:

(a) The Group entered into notes receivable financing arrangements with China CITIC Bank Corporation Limited ("**CITIC Bank**") in 2024. Under these arrangements, the Group was granted loan facilities from 99.57% to 99.79% of the notes receivable being presented to CITIC Bank. As the Group retained substantial risks and rewards, including the default risk relating to the notes receivable, the Group continued to recognise the discounted notes receivable with the amounts granted by CITIC Bank. The notes receivable discounted were settled subsequently in 2025.

(b) In October 2022, the Group entered into a ten-year general facility agreement with a maximum credit limit of RMB80,000,000 with Jiangsu Kunshan Rural Commercial Bank Co., Ltd. Zhangpu Sub-branch ("**Rural Commercial Bank**"), which was subsequently raised to RMB89,581,000 in January 2024. The general facility was secured by the mortgages over the Group's leasehold land with a net carrying value at 31 December 2024 of approximately RMB6,467,000 (2023: RMB6,706,000), together with the plant on the leasehold land with a net carrying value of approximately RMB75,358,000 at 31 December 2024 (2023: RMB75,939,000). During 2024, the Company entered into supplementary agreements with Rural Commercial Bank under which, the interest rate of the borrowings was lowered prospectively from 3.90% per annum ("**p.a.**") to 3.30% p.a. As at 31 December 2024, the Group had borrowings of RMB17,362,000 in aggregate under the general facility agreement, which born interest at a rate of 3.30% p.a. (2023: 3.90% p.a.) and repayable in June 2025, December 2025 and June 2026, respectively.

(c) All borrowings are denominated in RMB.

26. SHARE CAPITAL

	31 December 2023 and 2024	
	HKD'000	RMB'000
Issued and fully paid/credited as fully paid:		
660,000,000 ordinary shares of HKD0.01 each	6,600	5,806

There was no change to the share capital of the Company for the year ended 31 December 2024.

27. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.

Share premium

The share premium of the Group represents the reserve arisen pursuant to the Reorganisation and the reserve arisen pursuant to Shinelong (Suzhou)'s conversion as a limited liability company in March 2016, and the amount resulting from the vesting and transfer of awarded shares in November 2021, 2022 and 2023, as further detailed in Note 28 to the financial statements.

Share-based compensation reserve

The share-based compensation reserve comprises the fair value of share options and awarded shares granted which are yet to be exercised. The amount will either be transferred to the share premium when the related share options are exercised or the related awarded shares are vested and transferred, or be transferred to retained earnings should the related share options or awarded shares expire or be forfeited.

Merger reserve

There was no change in the merger reserve of the Group, which represents the reserve arisen pursuant to the Reorganisation and the reserve arisen pursuant to Shinelong (Suzhou)'s conversion as a limited liability company in March 2016.

Statutory reserve

The statutory reserve of the Group represents all the appropriation of net profits (after offsetting accumulated losses from prior years) made by the Group's subsidiaries in the PRC. The percentage of appropriation to statutory reserve is 10%. When the balances of the statutory reserve reach 50% of the registered capital, such transfer needs not to be made.

27. RESERVES *(Continued)*

Fair value reserve

The fair value reserve of the Group represents the fair value changes of debt investments measured at fair value through other comprehensive income, which will be reclassified subsequently to profit or loss upon disposal.

Exchange reserve

The exchange reserve of the Group represents all relevant exchange differences arising from the translation of the financial statements of an entity whose functional currency is different from the Group's presentation currency.

28. SHARE-BASED PAYMENTS

Share option scheme

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 6 June 2019, the purpose of which is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

On 18 May 2021, under the Share Option Scheme, the Company granted options to its employees, including executive directors, to subscribe for up to a total of 9,248,000 ordinary shares with the nominal value of HKD0.01 per share. The share options have a term of 5 years from the date of grant and their exercise price is HKD0.405. The exercise of the share options is subject to grantee's continued service to the Group through the applicable vesting dates, the financial performance of the Group over certain periods and the grantees' achievement of their respective performance targets as determined by the Company (the "**Performance Conditions**"). The fair value of the share options determined using a binomial option-pricing model was approximately HKD0.221.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Share Option Scheme as an equity-settled plan.

The following share options were outstanding under the Share Option Scheme during the year:

	2024		2023	
	Weighted average exercise price HKD per share	**Number of share options '000**	Weighted average exercise price HKD per share	Number of share options '000
At 1 January	**0.405**	**5,250**	0.405	8,168
Forfeited during the year	**–**	**–**	0.405	(668)
Expired during the year	**0.405**	**(2,250)**	0.405	(2,250)
At 31 December	**0.405**	**3,000**	0.405	5,250

No share options were exercised for the years ended 31 December 2024 and 2023.

28. SHARE-BASED PAYMENTS *(Continued)*

Share option scheme *(Continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024

Number of options '000	Exercise price HKD per share	Exercise period
3,000	**0.405**	**18-5-24 to 17-5-26**

2023

Number of options '000	Exercise price HKD per share	Exercise period
2,250	0.405	18-5-23 to 17-5-26
3,000	0.405	18-5-24 to 17-5-26
5,250	0.405	

No share-based compensation expense has been recognised under the Share Option Scheme during the year as the Performance Conditions are not expected to be satisfied (2023: Nil).

At the end of the reporting period, the Company had 3,000,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 3,000,000 additional ordinary shares of the Company and additional share capital of HKD30,000 (before issue expenses).

28. SHARE-BASED PAYMENTS *(Continued)*

Share award scheme

The Company has adopted a share award scheme on 18 May 2021 (the "**Share Award Scheme**"), pursuant to which the Company may grant awarded shares to the selected participants, including directors, senior management and/or employee(s). The Share Award Scheme shall be valid and effective for ten years from 18 May 2021 unless early terminated by the Directors in accordance with the scheme rules.

On 18 May 2021, under the Share Award Scheme, the Company granted an aggregate of 9,248,000 awarded shares to 24 selected participants. The relevant awardees shall contribute HKD0.20 per awarded share. Subject to the awardee's continued service to the Group through the applicable vesting dates, the awarded shares shall become vested with respect to 30%, 30% and 40% of the awarded shares on 18 November 2021, 2022 and 2023 respectively.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these awarded shares. The Group accounts for the Share Award Scheme as an equity-settled plan.

The following awarded shares were outstanding under the Share Award Scheme during the year:

	2024 Number of awarded shares '000	2023 Number of awarded shares '000
At 1 January	**–**	3,268
Vested during the year	**–**	(3,000)
Forfeited during the year	**–**	(268)
At 31 December	**–**	–

The fair value of each awarded share was calculated based on the market price of the Company's shares at the grant date.

For the year ended 31 December 2024, no share-based compensation expense has been recognised under the Share Award Scheme in the statement of profit or loss and other comprehensive income because all the awarded shares granted in previous periods have been vested or forfeited by 31 December 2023 (2023: RMB184,000).

29. TREASURY SHARES

	2024		2023	
	Number of shares ‘000	**Amount RMB’000**	Number of shares ’000	Amount RMB’000
At 1 January	**136**	**43**	376	101
Shares repurchased	**–**	**–**	2,760	863
Vesting of awarded shares	**–**	**–**	(3,000)	(921)
At 31 December	**136**	**43**	136	43

Pursuant to a resolution passed by the board of directors of the Company on 18 May 2021, the Company has entered into a trust deed with an independent trustee (the "**Trustee**"). The Trustee shall act as the administrator of the Company's Share Award Scheme.

A structured entity (the "**Trust**"), namely SALA T Limited, was set up on 13 May 2021, which is solely for the purpose of administering and holding the Company's shares for the Share Award Scheme. The Company has the power to direct the relevant activities of the Trust and it has the ability to use its power over the Trust to affect its exposure to returns. Therefore, the assets and liabilities of the Trust are included in the Group's consolidated statement of financial position and the ordinary shares held for the Company's Share Award Scheme were regarded as treasury shares and presented as a deduction in equity.

During the year ended 31 December 2023, the Company purchased 2,760,000 shares on the HKEX through the Trust pursuant to the Share Award Scheme at an average price of approximately HKD0.3409 per share with total consideration of HKD941,000 (equivalent to approximately RMB863,000).

No shares were purchased for the Share Award Scheme during the year ended 31 December 2024.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the reporting period, the Group's major non-cash transactions are as follows:

- Non-cash additions to right-of-use assets and lease liabilities of RMB2,852,000 (2023: RMB1,306,000) and RMB2,852,000 (2023: RMB1,306,000) in relation to lease arrangements (Note 15).

- Non-cash additions to right-of-use assets and government grants of RMB766,000 (2023: RMB1,020,000) and RMB766,000 (2023: RMB1,020,000) in relation to the sale and leaseback transaction (Note 15).

- Other borrowings and notes receivable of approximately RMB645,000 in relation to notes receivable discounted with recourse which were derecognised when cash was collected by the bank.

Other than the items described above, there are no other major non-cash transactions for the year ended 31 December 2024.

(b) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities during the reporting period are as follows:

2024

	As at 1 January 2024 RMB'000	Changes from financing cash flows RMB'000	Interest expense RMB'000	Dividend declared RMB'000	Non-cash Transaction (Note 30 (a)) RMB'000	As at 31 December 2024 RMB'000
Interest-bearing bank and other borrowings	19,550	2,852	–	–	(645)	21,757
Interest payable	20	(818)	816	–	–	18
Dividends payable	–	(1,445)	–	1,445	–	–
Lease liabilities	1,481	(1,377)	59	–	2,852	3,015
Total	21,051	(788)	875	1,445	2,207	24,790

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities *(Continued)*

Changes in liabilities arising from financing activities during the reporting period are as follows: (Continued)

2023

	As at 1 January 2023 RMB'000	Changes from financing cash flows RMB'000	Interest expense RMB'000	Dividend declared RMB'000	Non-cash transaction (Note 30 (a)) RMB'000	As at 31 December 2023 RMB'000
Interest-bearing bank and other borrowings	12,938	13,550	–	–	(6,938)	19,550
Interest payable	7	(480)	493	–	–	20
Dividends payable	–	(1,386)	–	1,386	–	–
Lease liabilities	10,802	(3,984)	427	–	(5,764)	1,481
	23,747	7,700	920	1,386	(12,702)	21,051

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Within operating activities	**(114)**	(98)
Within financing activities	**(1,377)**	(3,984)
Total	**(1,491)**	(4,082)

31. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Plant construction	**974**	9,075
Machinery	**43**	3,740
Total	**1,017**	12,815

32. RELATED PARTY TRANSACTIONS

(a) The Group's related parties and its relationships with them:

Name	Relationship
Shine Art	Controlling Shareholder
Friendly Holdings (HK) Co., Limited	Shareholder
High Chance Limited	Shareholder
Lin Wan-Yi	Ultimate controlling shareholder, Chairman, executive director and chief executive officer

(b) There were no transactions with related parties during the reporting period.

(c) Compensation of key management personnel of the Group:

The key management personnel of the Group included four directors and two chief executives of the Group (2023: four directors and two chief executives) whose emoluments were disclosed in Note 8 to the financial statements.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Debt investments — notes receivable	**41,928**	40,716
FINANCIAL ASSETS AT AMORTISED COST		
Trade receivables	**69,525**	61,130
Cash and cash equivalents	**31,034**	42,169
Net investments in subleases	**1,181**	236
Financial assets included in prepayments, other receivables and other assets	**7,366**	1,939
Restricted bank deposits	**1,390**	2,085
Total	**110,496**	107,559

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
FINANCIAL LIABILITIES AT AMORTISED COST		
FINANCIAL LIABILITIES		
Trade payables	**84,002**	52,124
Interest-bearing bank and other borrowings	**21,757**	19,550
Lease liabilities	**3,015**	1,481
Financial liabilities included in other payables and accruals	**19,662**	35,726
Total	**128,436**	108,881

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2024 RMB'000	31 December 2023 RMB'000	**31 December 2024 RMB'000**	31 December 2023 RMB'000
FINANCIAL ASSETS				
Notes receivable	**41,928**	40,716	**41,928**	40,716

The Group's financial assets and liabilities primarily consist of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals. Management has assessed that their fair values approximate to their carrying amounts in general due to the short-term maturities of these instruments. The carrying amounts of the Group's non-current bank borrowing approximates to its fair value as the interest rate it bears reflects the current market yield for comparable borrowings.

The Group's finance management centre is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance management centre analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of notes receivable have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the Directors to make estimates about the expected future cash flows of the notes receivable. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in the consolidated statement of other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Notes receivable	**–**	**41,928**	**–**	**41,928**

As at 31 December 2023

	Fair value measurement using			
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Notes receivable	–	40,716	–	40,716

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the reporting period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in foreign currency rate	Increase/(decrease) in profit before tax As at 31 December	
		2024	2023
	%	**RMB'000**	RMB'000
If RMB weakens against USD	5	**223**	290
If RMB strengthens against USD	(5)	**(223)**	(290)
If RMB weakens against HKD	5	**(42)**	(177)
If RMB strengthens against HKD	(5)	**42**	177

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables and deposits, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty. The Group had certain concentrations of credit risk as the trade and notes receivable in terms of the following percentages were due from the five largest customers out of the Group's total trade and notes receivable:

	As at 31 December	
	2024	2023
	%	%
Due from the Group's five largest customers	**46**	54

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024 and 2023. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	**–**	**–**	**–**	**69,525**	**69,525**
Notes receivable	**41,928**	**–**	**–**	**–**	**41,928**
Cash and cash equivalents	**31,034**	**–**	**–**	**–**	**31,034**
Restricted bank deposits	**1,390**	**–**	**–**	**–**	**1,390**
Net investments in subleases	**1,181**	**–**	**–**	**–**	**1,181**
Financial assets included in prepayments, other receivables and other assets	**7,366**	**–**	**–**	**–**	**7,366**
Total	**82,899**	**–**	**–**	**69,525**	**152,424**

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	61,130	61,130
Notes receivable	40,716	–	–	–	40,716
Cash and cash equivalents	42,169	–	–	–	42,169
Restricted bank deposits	2,085	–	–	–	2,085
Net investments in subleases	236	–	–	–	236
Financial assets included in prepayments, other receivables and other assets	1,939	–	–	–	1,939
Total	87,145	–	–	61,130	148,275

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and notes receivables are disclosed in Note 18 to the financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand or no later than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2024				
Trade payables	**84,002**	**–**	**–**	**84,002**
Interest-bearing bank and other borrowings	**14,395**	**7,362**	**–**	**21,757**
Lease liabilities	**1,623**	**1,511**	**–**	**3,134**
Financial liabilities included in other payables and accruals	**19,661**	**–**	**–**	**19,661**
Total	**119,681**	**8,873**	**–**	**128,554**
As at 31 December 2023				
Trade payables	52,124	–	–	52,124
Interest-bearing bank and other borrowings	6,645	12,905	–	19,550
Lease liabilities	1,343	1,508	–	2,851
Financial liabilities included in other payables and accruals	35,726	–	–	35,726
Total	95,838	14,413	–	110,251

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

36. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of these financial statements, apart from the events mentioned elsewhere in these financial statements, there was no other significant event subsequent to 31 December 2024.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
ASSETS		
NON-CURRENT ASSETS		
Investments in subsidiaries	**295,543**	288,946
Due from a subsidiary	**65,013**	65,947
Total non-current assets	**360,556**	354,893
CURRENT ASSETS		
Prepayments, other receivables and other assets	**220**	164
Cash and cash equivalents	**2,030**	4,409
Total current assets	**2,250**	4,573
CURRENT LIABILITIES		
Other payables and accruals	**1,262**	1,291
Total current liabilities	**1,262**	1,291
NET CURRENT ASSETS	**988**	3,282
TOTAL ASSETS LESS CURRENT LIABILITIES	**361,544**	358,175
Net assets	**361,544**	358,175
EQUITY		
Share capital	**5,806**	5,806
Treasury shares	**(43)**	(43)
Reserves (Note)	**355,781**	352,412
Total equity	**361,544**	358,175

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital reserve RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2023	101,242	136,507	347	12,125	100,366	350,587
Loss for the year	–	–	–	–	(868)	(868)
Other comprehensive income for the year:						
Currency translation differences	–	–	–	4,274	–	4,274
Total comprehensive income/(loss) for the year	–	–	–	4,274	(868)	3,406
Final 2022 dividend declared	–	–	–	–	(1,386)	(1,386)
Equity-settled share reward expense	–	–	184	–	–	184
Vesting of awarded shares	152	–	(531)	–	–	(379)
As at 31 December 2023 and 1 January 2024	101,394	136,507	–	16,399	98,112	352,412
Loss for the year	–	–	–	–	(1,502)	(1,502)
Other comprehensive income for the year:						
Currency translation differences	–	–	–	6,316	–	6,316
Total comprehensive income/(loss) for the year	–	–	–	6,316	(1,502)	4,814
Final 2023 dividend declared	–	–	–	–	(1,445)	(1,445)
As at 31 December 2024	101,394	136,507	–	22,715	95,165	355,781

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2025.

Five-Year Financial Summary

RESULTS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**237,646**	218,698	198,543	222,209	203,445
Gross profit	**47,410**	50,878	44,558	48,613	71,225
Profit before tax	**19,214**	24,694	18,609	25,633	34,087
Profit for the year	**15,897**	21,189	17,610	21,083	28,326
Attributable to:					
Owners of the Company	**16,035**	20,552	17,312	21,195	28,347
Non-controlling interests	**(138)**	637	298	(112)	(21)
Basic earnings per share (RMB cents)	**2.4**	3.1	2.6	3.2	4.3
Diluted earnings per share (RMB cents)	**2.4**	3.1	2.6	3.2	4.3

PROFITABILITY ANALYSIS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Gross profit margin	**19.9%**	23.3%	22.4%	21.9%	35.0%
Net profit margin	**6.7%**	9.7%	8.9%	9.5%	13.9%
Net profit margin attributable to owners of the Company	**6.7%**	9.4%	8.7%	9.5%	13.9%

ASSETS AND LIABILITIES

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**683,288**	619,063	566,799	491,607	475,687
Cash and cash equivalents	**31,034**	42,169	54,449	98,071	95,918
Total liabilities	**326,799**	276,864	244,289	189,548	191,229
Borrowings	**21,757**	19,550	12,938	–	922
Total equity	**356,489**	342,199	322,510	302,059	284,458