金嗓子控股集團有限公司

GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED

(Incorporated under the laws of the Cayman Islands with limited liability of its members)

Stock code: 06896

2024 ANNUAL REPORT

OTC
金嗓子喉片
Golden
Golden Throat
Lozenge
江佩珍
金嗓子喉寶
（无蔗糖）都乐含片
复合益生菌
维生素C含片
3000亿 CFU/瓶
复合益生菌
纳豆红曲含片
3000亿 CFU/瓶
复合益生菌
百香果微泡含片
500亿 CFU/瓶
益生元（新一代）
REBIOTICS
HACCP ISO22000
品不能代替特殊医学用途配方食品、
儿配方食品、保健食品等特殊食品

CONTENTS

COMPANY PROFILE

Golden Throat Holdings Group Company Limited (the "Company", together with its subsidiaries, the "Group") is a leading manufacturer of lozenges in China. The Group's history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Guangxi Golden Throat Co., Ltd. (an indirect wholly owned subsidiary of the Company), was established. Currently, the Group has developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

The Company was incorporated in the Cayman Islands on 2 September 2014 as an exempted company with limited liability. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 July 2015 (the "Listing Date").

CORPORATE INFORMATION

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ms. JIANG Peizhen

EXECUTIVE DIRECTORS

Mr. ZENG Yong
Mr. HUANG Jianping
Mr. ZENG Kexiong
Mr. HE Jinqiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LI Hua
Mr. ZHU Jierong
Mr. CHENG Yiqun
Mr. QIN Jiesheng

AUDIT COMMITTEE

Mr. ZHU Jierong *(Chairman)*
Mr. LI Hua
Mr. CHENG Yiqun
Mr. QIN Jiesheng

REMUNERATION COMMITTEE

Mr. LI Hua *(Chairman)*
Mr. CHENG Yiqun
Mr. HE Jinqiang

NOMINATION COMMITTEE

Ms. JIANG Peizhen *(Chairman)*
Mr. ZHU Jierong
Mr. CHENG Yiqun

COMPANY SECRETARY

Ms. LEE Angel Pui Shan

AUTHORISED REPRESENTATIVES

Mr. HE Jinqiang
Ms. LEE Angel Pui Shan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 28 Fengxiang Road, Liuzhou
Guangxi Zhuang Autonomous Region
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

COMPANY'S WEBSITE

www.goldenthroat.com

STOCK CODE

06896

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central, Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

PRINCIPAL BANK

Agricultural Bank of China Limited
Liuzhou Lixin Sub-branch
No. 33, Lixin Road
Liuzhou
Guangxi Zhuang Autonomous Region
China

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024:

- The Group's revenue increased by approximately RMB223.6 million or 23.3% to approximately RMB1,185.0 million, as compared to the year ended 31 December 2023.

- The Group's gross profit increased by approximately RMB196.5 million or 28.2% to approximately RMB894.2 million, as compared to the year ended 31 December 2023.

- The Group's earnings before interest, taxes, depreciation and amortisation increased by approximately RMB78.3 million or 19.1% to approximately RMB489.1 million, as compared to the year ended 31 December 2023.

- Profit attributable to equity holders of the Company increased by approximately RMB68.4 million or 27.3% to approximately RMB318.6 million, as compared to the year ended 31 December 2023.

- The Board recommends the payment of a final dividend of HK$0.5 per share for the year ended 31 December 2024 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, is expected to be paid around 26 June 2025.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to take this opportunity to report the Group's performance for the year ended 31 December 2024, and at the same time provide a brief outlook for the Group's operations in 2025.

As a leading company in the field of throat health in the PRC, the Group has always been adhering to its corporate mission of "Safeguarding National Health". In the past 2024, we have made a series of breakthroughs in brand building, product research and development and production capacity layout by driving development with innovation.

In terms of brand building, in February 2024, the Group achieved a significant milestone with the successful inclusion of its "Dule" brand in the third batch of China Time-honored Brands list, marking that the century-old tradition of craftsmanship has received authoritative national recognition. In December 2024, our flagship product Golden Throat Lozenges (OTC) (金嗓子喉片 (OTC)) won a number of awards in the field of over-the-counter drugs: it was not only awarded the title of "Golden Single

Product" by the China Nonprescription Medicines Association, but also maintained its position as the champion in the Chinese traditional medicines (throat) for consecutive years with an overwhelming advantage, and it has continued to lead the industry.

In terms of product innovation, the Group has established a dual-wheel drive system of "Classical Heritage + Modern Innovation". On the basis of consolidating its advantages in traditional throat care, and in response to the evolving trends of the greater health industry, we are proactively positioning ourselves in three major innovation sectors: firstly, we launched a sugar-free solution, utilizing advanced probiotic technology to develop a series of multi-flavored sugar-free lozenges to fill the gap in the market of throat care for individuals with diabetes; secondly, we expanded into the field of intestinal micro-ecology by innovatively developing compound probiotic lozenges equipped with patented embedding technology, so as to ensure the viability of the bacterial cultures through a 360-degree thermal radiation freeze-drying process; thirdly, we simultaneously promoted the modernization research of classic famous prescriptions, and two key formulations have currently completed the pilot-scale production and are poised to enter the industrialization phase. Looking ahead to 2025, the Group will deepen the implementation of the "Dual Hundred Strategy" – to cultivate a century-old national pharmaceutical brand by building a 10-billion-level greater health industry cluster. We will focus on promoting three major initiatives: accelerating the transformation and commercialization of classic famous prescriptions, securing certifications required for entry into mainstream international markets, and constructing a sophisticated digital precision marketing system.

In terms of production capacity layout, the second phase construction of the Golden Throat R&D and Industrialization Base commenced full-scale construction in October 2023. As of 31 December 2024, the second phase construction has completed most of the above-ground building structure and is ready to proceed to the internal renovation stage. This base will establish an innovative ecosystem centered around a "one-core, three-pole (一核三極)": utilizing the academician workstation as the technological engine to set up three specialized research institutes for throat, gastrointestinal, heart and brain, aiming to create a hub for health industry innovation that integrates R&D and incubation, intelligent manufacturing, and academic exchanges.

Financial performance confirms the effectiveness of the strategy: in 2024, the Group achieved revenue of approximately RMB1.185 billion and a net profit of approximately RMB319 million, maintaining a healthy growth trend. In 2024, Golden Throat achieved a substantial expansion of its global footprint, with its product matrix covering over 60 countries and regions across six continents, establishing an international marketing network spanning the routes of "Belt and Road" Initiative and the RCEP economic circle. At the beginning of 2025, the Group officially landed in the South Korean market, precisely addressing the throat health needs of the South Korean citizens by launching a customized product portfolio. The news that the Group's products officially entered the South Korean market was reported by 123 local South Korean Internet media.

We firmly believe that, leveraging seven decades of specialized expertise and sustained innovation momentum, Golden Throat will surely forge a new pattern within the greater health industry. On this occasion of ringing out the old and ringing in the new, on behalf of the Board of Directors of the Group, we would like to express our sincere gratitude to all shareholders for their trust and support! Let us join hands to embark on a new journey of "making the world hear the voice of China's health brand"!

JIANG Peizhen
Chairman
28 March 2025

DEFINITIONS

Unless otherwise defined, capitalised terms in this report shall have the meanings ascribed to them below:

"ASEAN"	Association of Southeast Asian Nations
"Annual General Meeting" or "AGM"	the annual general meeting of the Company to be held on 3 June 2025
"Articles" or "Articles of Association"	the articles of association of the Company currently in force, and as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"Board Committees"	the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board
"Cayman Companies Act" or "Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised from time to time) of the Cayman Islands
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Changbao"	Guangxi Changbao Biological Technology Co., Ltd (廣西常寶生物技術有限公司), previously known as Guangxi Weikete Biological Technology Co., Ltd. (廣西維科特生物技術有限公司), a company with limited liability established in China
"Company", "we", "us" and "our"	Golden Throat Holdings Group Company Limited (金嗓子控股集團有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 2 September 2014
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. ZENG Yong, the Family Trust, Jin Jiang Global and Golden Throat International
"Director(s)"	the director(s) of the Company
"ED"	the executive Director of the Company

"Family Trust"	an irrevocable discretionary trust settled by Mr. ZENG Yong as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Jin Jiang Global
"Golden Throat Company" or "Guangxi Golden Throat"	廣西金嗓子有限責任公司 (Guangxi Golden Throat Co., Ltd.), a company with limited liability established in China and a subsidiary of the Company
"Golden Throat Health Food"	Guangxi Golden Throat Health Food Co., Ltd. (廣西金嗓子保健品有限公司), a company with limited liability incorporated in China and a subsidiary of the Company
"Golden Throat International"	Golden Throat International Holdings Limited, a company incorporated in the British Virgin Islands and beneficially and wholly owned by Jin Jiang Global, and one of the Controlling Shareholders
"Golden Throat Lozenges (OTC)"	Golden Throat Lozenge (金嗓子喉片), one of the Group's key products and approved as a type of over-the- counter medicine
"Golden Throat Lozenge Series Products"	Golden Throat Lozenge Series Products (金嗓子喉寶系列產品), one of the Group's key products and approved as food products
"Golden Throat Medical"	廣西金嗓子醫藥有限公司 (Guangxi Golden Throat Medical Co., Ltd.), a company with limited liability established in China and a subsidiary of the Company
"Golden Throat Pharmaceutical"	廣西金嗓子藥業股份有限公司 (Guangxi Golden Throat Pharmaceutical Corporation), a company with limited liability established in China and an indirect wholly- owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"INED"	independent non-executive Director of the Company

"IPO Proceeds"	the net proceeds from the listing of the Shares on the Stock Exchange
"Jin Jiang Global"	Jin Jiang Global Investment Company Limited, a company incorporated in the British Virgin Islands and its issued shares are held by Sovereign Trust International Limited as trustee for the benefit of Mr. ZENG Yong and his children and descendants, and one of the Controlling Shareholders
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NED"	non-executive Director of the Company
"NMPA"	China National Medical Products Administration (中國國家藥品監督管理局), formerly known as China Food and Drug Administration (中國國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"OTC"	relating to pharmaceutical products which may, upon receiving the NMPA's approval, be sold over the counter in China at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner
"Peizhen Investment"	Guangxi Peizhen Investment Consulting Co., Ltd. (廣西佩珍投資諮詢有限公司), a company with limited liability established in China and controlled by Ms. JIANG Peizhen
"PRC" or "China"	the People's Republic of China, for the purpose of this annual report only, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

"Prospectus"	the prospectus of the Company dated 30 June 2015 in respect of the global offering of the Shares
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	for the year ended 31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder(s)"	holder(s) of any Share(s)
"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of US$0.000025 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States"	the United States of America, its territories, its possessions and all its jurisdiction
"US$" or "USD"	United States dollars, the lawful currency of the United States
"Well-known Trademark"	the trademark of "Golden Throat Lozenge (金嗓子喉寶)" with the registration number 1969118

Unless otherwise specified, all numerical figures are rounded to one decimal place.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading manufacturer of lozenges in China. In December 2024, the Group's flagship product, Golden Throat Lozenges (OTC), was awarded the honor of Golden Single Product under the category of Chinese traditional medicines in the 2024 China Nonprescription Drug Evaluation by China Nonprescription Medicines Association, and in the 2024 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) stood out amongst many products and was awarded No. 1 amongst Chinese traditional medicines (throat) by China Nonprescription Medicines Association. In July 2024, the Group won two prestigious honors in the selection of 2024 China Financing Awards, namely the "Most Promising Listed Company Award (最具潛力上市公司獎)" and the "Annual Most Innovative Product Award (年度最具創新產品獎)", by virtue of its good performance as well as outstanding product innovation capabilities. In February 2024, "Dule" brand, the main product of the Group, was awarded one of the third batch of China time-honored brands. Currently, the Group has developed into a modern integrated group mainly engaging in the production and sale of lozenges, other pharmaceuticals and biotech foods.

Key Products

The Group reports its revenue by three product categories, which include Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

Golden Throat Lozenges (OTC) – over-the-counter medicine

The Group's flagship product is Golden Throat Lozenges (OTC), which was launched in 1994. It is a type of lozenge mainly designed to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. Golden Throat Lozenges (OTC) was approved as over-the-counter medicine by the NMPA, as such they can be purchased by the public in pharmacies without requiring the prescription of a qualified medical professional.

For the year ended 31 December 2024, the Group's revenue of Golden Throat Lozenges (OTC) accounted for approximately 92.4% of its total revenue.

Golden Throat Lozenge Series Products – Food

The Group's other key products are Golden Throat Lozenge Series Products, which include seven products comprising of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and five other sugar-free flavours of this series, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊), American ginseng (西洋參) and hawthorn (山楂). In 2018, the Group established Golden Throat Lozenge Series Products flagship store on online platform Taobao Tmall, with the addition of online exclusive Golden Throat Lozenge Series Products, which include six products comprising of Golden Throat Lozenge Dule Lozenges and five other flavours (including mint, chrysanthemum, red tangerine (桔紅), fructus momordicae and American ginseng) and various fruit candies.

A major difference between Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products is that the former is approved as over-the-counter medicine, whereas the latter is approved as food products. The sugar-free series of Golden Throat Lozenge Series Products was launched in 2013, which supplements the Group's original sales channel and provides consumers with more diversified choices in response to consumer differentiation.

For the year ended 31 December 2024, the Group's revenue of Golden Throat Lozenges Series Products accounted for approximately 7.3% of its total revenue.

Other Products

For the year ended 31 December 2024, the Group's revenue of other products accounted for approximately 0.3% of its total revenue. One of the Group's other products is Yinxingye Tablet (銀杏葉片). Yinxingye Tablet is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels and was approved as a prescription medicine by the NMPA.

Another one of the Group's other products is the Group's new product, Golden Throat Intestinal Series, which is an exclusive nutrition for probiotics, also known as prebiotics. It uses the targeting properties of prebiotics to deliver exclusive nutrition favored by probiotics to specific parts of the probiotic- rich intestine. This results in a significant increase in intestinal probiotics, especially the number and proportion of bifidobacteria. It also increases intestinal probiotics to promote intestinal health.

In March 2024, Golden Throat Intestinal Series (prebiotics) passed the test of relevant authorities in Hong Kong, and have entered into the Hong Kong market.

The Group launched a new product, Golden Throat Compound Probiotic Lozenges, a brand-new type of compound probiotic lozenge. Golden Throat Compound Probiotic Lozenges was developed by the Group and the scientific research team of "Food Microbial Function Development" of Beijing Agricultural College, specially targeted at probiotics that are lacking independent intellectual property rights in China. The new product is an active probiotic developed independently in China and has obtained six patents. It adopts the leading international technologies such as three-layer embedding technology and 360-degree thermal radiation freezedrying technology to ensure the active quality of probiotics, and is committed to using "Chinese bacteria" to improve the physique of Chinese people.

Research and Development

The Group's business has significantly benefited from its strong track record in research and development. Since 1994, the Group has successfully developed 32 new products for which it has obtained manufacturing permits, amongst which, 8 are pharmaceutical products (including Jinyin Sanqi Capsule (金銀三七膠囊)), 22 are food products, 1 is a health supplement and 1 is a medical apparatus product.

The Group's research and development activities are conducted both in-house and through collaborations with external research institutions, such as hospitals, institutes for drug research and other companies.

The Group has undertaken the development of a number of classic famous prescriptions, and two of them have entered the pilot stage of drug development.

Sales, Marketing and Distribution

Branding

The Group believes that strong brand recognition and customer loyalty are key to the recognition of the "Golden Throat (金嗓子)" brand. In February 2024, "Dule" brand, the main product of the Group, was awarded one of the third batch of China time-honored brands. In December 2024, the Group's flagship product, Golden Throat Lozenges (OTC), was awarded the honor of Golden Single Product under the category of Chinese traditional medicines in the 2024 China Nonprescription Drug Evaluation by China Nonprescription Medicines Association, and in the 2024 overall statistical ranking of China nonprescription medicines enterprises and product brands, Golden Throat Lozenges (OTC) stood out amongst many products and was awarded No. 1 amongst Chinese traditional medicines (throat) by China Nonprescription Medicines Association.

The Group started to employ its international communication strategy in 2023 by launching Golden Throat YouTube channel, inviting bloggers from Indonesia, Thailand, Singapore and other countries to cooperate on the overseas TikTok platform, and planning and producing a variety of short videos with different styles according to their respective characteristics, so as to promote Golden Throat to overseas users through a series of digital communication technologies. After completing the trial in the Southeast Asian market, Golden Throat strengthened its promotion in the European and American markets by making full use of the resources of overseas distributors to produce short videos of Golden Throat brand locally and focus on promotion on the YouTube platform. As of the date of this annual report, the total display volume of Golden Throat YouTube channel is nearly 100 million times, and the video viewing volume is over 4.5 million times. In 2024, the Group opened official accounts on overseas social platforms such as Facebook, X (formerly known as Twitter), and Instagram.

Golden Throat Lozenge Series Products have been exported to 23 countries and regions as of 31 December 2024, with India in early 2024. In 2025, South Korea was added as a new export country. The news that the Group's products officially entered the South Korea market was reported by 123 local South Korea Internet media.

Distribution Network

The Group has established an extensive and structured sales and distribution network throughout China for its (i) over-the-counter medicines, (ii) food products and (iii) prescription medicines. As of 31 December 2024, substantially all of the Group's revenue was generated from sales to distributors.

As at 31 December 2024, the Group's distribution network covers all provinces, autonomous regions and municipalities directly under the jurisdiction of the PRC. In 2024, the Group will continue to expand into new markets as it further strengthens its partnerships with its top distributors and pharmacy chains following the consolidation of its distributor channel. In addition, the Group has further streamlined the procurement process for distributors by supplying primary pharmacies and clinics through an online drug procurement platform.

The Group also has a presence in various overseas markets for its products, including the United States, Canada, Japan, the European Union, Australia, Southeast Asia, Middle East, Mexico and Africa, with exports covering a total of over 60 countries and regions across five continents of the world. The Group's Golden Throat Lozenge Series Products were further expanded to Luxembourg, Croatia and Estonia in 2023, and were exported to India in early 2024.

The Group has actively responded to China's top-level strategy – the national "Belt and Road" initiative, of which 10 ASEAN countries play a vital role in its strategy. As of the date of this annual report, the Company has successfully entered into agency agreements with all of the 10 ASEAN countries, and its products have exported to nine countries, except Laos.

In October 2018, the Group established Golden Throat Lozenge Series Products flagship store on online platform Taobao Tmall, with the addition of online exclusive Golden Throat Lozenge Series Products, which include six products comprising of Golden Throat Lozenge Dule Lozenges and five other flavours (including mint, chrysanthemum, red tangerine (桔紅), fructus momordicae and American ginseng) and various fruit candies.

Nowadays, the dual development of retail pharmacies and online sales has contributed to an efficient and comprehensive distribution system.

Promoters

As of 31 December 2024, the Group has entered into certain products promotion cooperation agreements with 11 promoters. The primary reasons for engaging the promoters in certain regions are: (i) their knowledge of local markets and substantial experience in promoting products; and (ii) their familiarity with local municipal level agents and that the Group can benefit from their facilitation and ongoing feedback of such local markets.

Market Review

In recent years, as the global pharmaceutical market grow steadily with the growth of global population and the increasing level of ageing population, the demand for and the types of medical services and medicines have been rising. Besides, the rising living standard gives rise to the increasing awareness of health management among the citizens, which has fostered the steady development of the global pharmaceutical market, while the attention of consumers to throat health issues has increased significantly.

Given that the particulate matter 2.5 (PM2.5) has been at an unhealthy level in most of the major cities in China for a long time in recent years, air pollution is one of the main causes of respiratory infections, especially pharyngitis. Although the popularity of wearing masks has reduced the spread of some respiratory diseases, on the other hand, throat discomfort caused by dry environment, respiratory viruses and excessive use of voice (such as broadcasters in live broadcasting industry, singers, actors and teachers in the professional groups) persists. Throat diseases are common and are frequently triggered, and the public's demand for upper respiratory tract health is also showing diverse and personalized characteristics. More and more consumers are more inclined to choose products with affordable price, strong convenience, and equal emphasis on efficacy and safety to solve throat problems.

Consumers are more concerned about protecting their throats, and the pharmaceutical and lozenge market in China is expected to grow continuously. Furthermore, young people these days also pay attention to throat products that can effectively remove oral odor that cool the throat and refresh the mind. The flagship products of the Group, Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products, cover a wide range of pharmacies and supermarkets to provide consumers with purchasing channels that are more convenient.

Recently, Golden Throat Compound Probiotic Lozenges jointly developed by Golden Throat Group and the scientific research team of "Food Microbial Function Development" of Beijing Agricultural College was launched to market. The new product is an active probiotic that has obtained six patents by using strains with independent intellectual property rights. It adopts the leading international technologies such as three-layer embedding technology and 360-degree thermal radiation freezedrying technology to ensure the active quality of probiotics.

PRC consumers' health awareness has been increasing year by year, which resulted in higher spending on health related products including, amongst others, health food and medicines. Consumers nowadays care more about life quality and health than before, and are getting more familiar with many brands of OTC medicines. In addition, the inconvenience and time needed for seeing doctors due to shortage of medical resources also drive consumers to treat themselves at home by purchasing OTC medicines when they encounter common ailments or chronic diseases.

In the post-COVID-19 era, the Group believes that two major health issues, namely immunity and gastrointestinal health, are receiving more attention from all age groups, which give rise to the health awareness in the probiotic and further enhanced the market's reception of probiotic products. At present, the probiotic industry has high technical barriers and domestic raw materials are mainly dominated by imported brands. The Group believes that it is only possible to create a competitive brand in the market by possessing core technologies and the Group will continue to conduct research and development of its products in future.

At the end of 2022, the Beijing Municipal Health Commission organized pharmaceutical, clinical and traditional Chinese medicine experts to formulate the Catalogue of Medicines for People Infected with COVID-19 (First Edition) (《新冠病毒感染者用藥目錄(第一版)》) with reference to the actual practice of medication treatment, in which our Golden Throat Lozenge (OTC) were specifically recommended for pharyngeal symptoms such as sore throat and dry throat.

Future Expansion and Upgrading Plan

In the future, the Group will remain committed to consumers' demand, continue to optimise and enrich its product portfolio, persistently strengthen its organisational capabilities, allocate resources to focus on customer-centric operation and digital marketing, thereby promoting the enhancement of its organisational capabilities and forming a new growth logic of the Group's products so as to realise positive and healthy development of the Group, continue to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food products markets.

Over the past few years, there has been a profound impact on economic development, industry patterns and lifestyles due to the impact of the COVID-19 pandemic. Despite the short-term turbulence, people have become more concerned about their physical and mental health, and the opportunities in the industry have increased, and the market is still full of momentum and hope. In view of this, the Group continued to strengthen its "single brand, multi-category, multi-channel" development strategy, focusing on product, channel and retail operation capabilities and supply chain management, continuing to attract consumers' attention through creative features, exclusive product sales and innovative diversified channel development to enrich the brand image and influence. Under the market trend of consumption upgrading, the Group will continue to innovate in promoting the development of new products such as genetic medicines, traditional Chinese medicine prescriptions and specialty health foods, and is committed to promoting the development of China's mass health industry.

Nowadays, people mainly rely on online purchasing while E-commerce and new retails continue to develop. In October 2018, the Group established Golden Throat Lozenge Series Products flagship store on online platform Taobao Tmall. The Group's Golden Throat WeChat Mini Program Mall was launched in early 2020. We will continue to expand online sales channel in 2025, and we believe there would be breakthroughs in our online business in the future.

To further enhance the popularity of its products and awareness of its brand and image in China, the Group will continue to maintain and promote its "Golden Throat (金嗓子)" brand with the goal of establishing it as a well-known household brand recognised for effective, safe and curative lozenge products in China. The Group plans to expand and enhance its media marketing and promotion efforts, by increasingly advertising via internet media that has a broader coverage. The Group's dedicated marketing team will continue to work closely with its distributors to design and carry out effective and targeted marketing campaigns and promotional activities.

The Group also intends to increase its production capacity by constructing a new production base to meet the market demand for its Golden Throat Lozenges (OTC). Plants and office buildings of a new medicine production and research and development base of the Group located at Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region and the commissioning of product line and trial production were completed. The new production base covers a usable area of about 60,000 square meters, including research and development centers, production plants, warehouses and administrative office buildings. The fully automated production line in the production plant will improve the efficiency of the production process. A brand-new modern production enterprise will be formed with the new production and research and development base, new factories, new workflow and new production lines, which will completely upgrade the management platform and manufacturing platform of the factories, comprehensively improving the manufacturing quality and technology content of the products, enhancing the comprehensive competitiveness of the Company, and will lay a solid foundation for expanding and strengthening the Company.

In 2021, the Group selected a land of 48 mu (畝) located in the south of our new medicine production and research and development base as the new site for the second phase of our production base of Golden Throat, with the expected usable area of about 50,000 square meters when the construction is completed. According to our plan, a production plant for mass health industry and a research and development center for mass health industry will be built. Upon completion, a high-tech development and research team as well as smart production and smart sales will be deployed to develop more great health products. As of 31 December 2024, the Group's second phase construction has completed most of the above-ground building structure and is ready to proceed to the internal decoration stage.

The Golden Throat's second phase construction will help to establish the core leading position of the technical platform of Golden Throat Doctoral Workstation, Golden Throat Professorial Workstation, Golden Throat Research Institute, Golden Throat Gastrointestinal Research Institute and Golden Throat Heart and Brain Research Institute; develop new products such as genetic drugs, traditional Chinese medicine formulas, special medical devices, special nutritional food and special health food; and promote the implementation of the second phase of the Golden Throat base to create a continuous innovation to drive the development of the Golden Throat great health industry.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group's revenue increased by approximately RMB223.6 million or 23.3% to approximately RMB1,185.0 million, as compared to approximately RMB961.4 million for the year ended 31 December 2023, which was mainly due to the significant increase in the sales volume of Golden Throat Lozenges (OTC) in 2024.

For the year ended 31 December 2024, the Group's revenue generated from sales of Golden Throat Lozenges (OTC) was approximately RMB1,095.3 million, representing an increase of approximately RMB230.4 million or 26.6% as compared to approximately RMB864.9 million for the year ended 31 December 2023, which was mainly due to the Group's increased advertising and promotional activities in 2024, which contributed to a significant increase in full-year sales of Golden Throat Lozenges (OTC).

For the year ended 31 December 2024, the Group's revenue from the sales of the Golden Throat Lozenge Series Products amounted to approximately RMB86.7 million as compared to approximately RMB91.6 million for the year ended 31 December 2023, representing a decrease of approximately RMB4.9 million or 5.3%.

For the year ended 31 December 2024, the Group's revenue from sales of other products amounted to approximately RMB3.0 million, representing a decrease of approximately RMB1.9 million as compared to approximately RMB4.9 million for the year ended 31 December 2023.

The table below sets forth, for the periods indicated, the sales volume, revenue, cost, gross margin, unit price and unit cost of the Group's key products.

	Year ended 31 December 2024					
	Sales boxes'000	Revenue RMB'000	Cost RMB'000	Gross margin %	Unit price RMB'000	Unit cost RMB'000
Golden Throat Lozenges (OTC)	**145,560**	**1,095,266**	**256,839**	**76.6**	**7.5**	**1.8**
Golden Throat Lozenge Series Products	**15,040**	**86,685**	**30,900**	**64.4**	**5.8**	**2.1**

	Year ended 31 December 2023					
	Sales boxes'000	Revenue RMB'000	Cost RMB'000	Gross margin %	Unit price RMB'000	Unit cost RMB'000
Golden Throat Lozenges (OTC)	118,133	864,947	217,698	74.8	7.3	1.8
Golden Throat Lozenge Series Products	15,254	91,559	33,339	63.6	6.0	2.2

Cost of Sales

The Group's cost of sales consists primarily of cost of materials, labor costs, depreciation and other costs relating to Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

The Group's cost of sales increased from approximately RMB263.7 million for the year ended 31 December 2023 to approximately RMB290.8 million for the year ended 31 December 2024. The increase in cost of sales was mainly due to the increase in sales volume of Golden Throat Lozenges (OTC).

The table below sets forth, for the periods indicated, the components of the cost of inventories sold and each component as a percentage of total cost of inventories sold.

	Year ended 31 December 2024		Year ended 31 December 2023	
	RMB'000	**% of total**	RMB'000	% of total
Materials	**193,505**	**66.5%**	169,718	64.3%
Labor costs	**56,154**	**19.3%**	50,641	19.2%
Depreciation	**27,661**	**9.5%**	24,919	9.5%
Other costs	**13,500**	**4.7%**	18,380	7.0%
Total	**290,820**	**100%**	263,658	100.0%

Gross Profit

Gross profit represents the excess of revenue over cost of sales.

The Group's gross profit for the year ended 31 December 2024 was approximately RMB894.2 million, as compared to approximately RMB697.7 million for the year ended 31 December 2023, representing an increase of approximately RMB196.5 million or 28.2%. The increase in gross profit was mainly due to the increase in the Group's revenue. For the year ended 31 December 2024, the Group's gross profit margin was 75.5% as compared to 72.6% for the corresponding period in 2023.

Other Income and Gains

For the year ended 31 December 2024, the Group's other income and gains increased to approximately RMB40.2 million, as compared to approximately RMB39.3 million for the year ended 31 December 2023, representing an increase of approximately RMB0.9 million. The change in amount was not material as compared with the corresponding period of the previous year.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of (i) advertising expenses, (ii) marketing expenses, (iii) employee benefit expenses, and (iv) other miscellaneous expenses. For the year ended 31 December 2024, the Group's selling and distribution expenses amounted to approximately RMB355.9 million, as compared to approximately RMB266.4 million for the year ended 31 December 2023, representing an increase of approximately RMB89.5 million or 33.6%. The increase was mainly due to the increase in promotion expenses incurred by the Group to promote sales during the Reporting Period.

Administrative Expenses

The Group's administrative expenses primarily consisted of (i) salaries and staff welfare expenses for management and administrative personnel, (ii) travel and office expenses, (iii) research and development costs, (iv) depreciation and amortisation costs, (v) amortisation of right-of-use assets, (vi) professional services fees, and (vii) other miscellaneous expenses. For the year ended 31 December 2024, the Group's administrative expenses amounted to approximately RMB117.1 million, as compared to approximately RMB94.6 million for the year ended 31 December 2023, representing an increase of approximately RMB22.5 million or 23.8%. The increase was mainly due to the Group increased investment in research and development activities.

Other Expenses

Other expenses of the Group mainly consist of exchange losses. For the year ended 31 December 2024, the Group's other expenses amounted to approximately RMB8.7 million, as compared to approximately RMB4.3 million for the year ended 31 December 2023, representing an increase of approximately RMB4.4 million. The increase was mainly due to the increase in exchange losses as compared with the corresponding period of the previous year.

Finance Costs

For the year ended 31 December 2024, the Group's finance costs amounted to approximately RMB15.4 million, as compared to approximately RMB10.7 million for the year ended 31 December 2023, representing an increase of approximately RMB4.7 million or 43.9%. The increase was mainly due to the increase in interest on borrowings as compared with the corresponding period of the previous year.

Income Tax Expense

For the year ended 31 December 2024, the Group's income tax expense amounted to approximately RMB118.6 million, as compared to approximately RMB110.9 million for the year ended 31 December 2023, representing an increase of approximately RMB7.7 million or 6.9%.

Net Profit

For the year ended 31 December 2024, the Group's net profit amounted to approximately RMB318.6 million, as compared to approximately RMB250.2 million for the year ended 31 December 2023, representing an increase of approximately RMB68.4 million or 27.3%. The increase in the Group's net profit was mainly attributable to the increase in revenue. For the reasons of increase in the Group's revenue, please refer to the section headed "Revenue" above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Net Current Assets

As of 31 December 2024, the Group had net current assets of approximately RMB1,055.7 million, as compared to approximately RMB1,110.7 million as of 31 December 2023. The current ratio of the Group was 2.6 as at 31 December 2023 and 2.5 as at 31 December 2024.

Borrowings and the Pledge of Assets

As of 31 December 2024, the Group had an aggregate interest-bearing bank and other borrowings of approximately RMB426.9 million, of which RMB381.9 million is repayable within one year, while the remaining balance constitutes long-term bank borrowings scheduled for repayment in 2026. There is an increase of RMB14.6 million as compared with total interest-bearing bank and other borrowings of approximately RMB412.3 million as at 31 December 2023.

As of 31 December 2024, all of the Group's bank borrowings were at fixed interest rates. For details of such borrowings, please refer to Note 23 of the Group's consolidated financial statements.

The Group continues to manage its financial position and capital structure with a solid equity base, adequate working capital and credit facilities. The Group has various policies governing accounting control, as well as credit and foreign exchange risks and treasury management. The Group has also been paying close attention to asset and liability management, including liquidity risks and currency risks.

As at 31 December 2024, certain of the Group's bank loans are secured by:

(i) the pledge of certain of the Group's bills receivable amounting to RMB20,462,000 (2023: RMB8,821,000); and

(ii) the pledge of certain of the Group's deposits amounting to RMB43,012,000 (2023: RMB97,025,000).

Gearing Ratio

As at 31 December 2024, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to approximately 29.1% from approximately 26.6% as at 31 December 2023.

Contingent Liabilities

As at 31 December 2024, the Group did not have any significant contingent liabilities.

Foreign Exchange Risk

The Group's transactions are mainly denominated and settled in RMB. The Group had certain amounts of deposits in HKD and USD, amounting to approximately HK$23.8 million and US$11.2 million as of 31 December 2024, respectively. The Group has exposure to foreign exchange risk that arises from fluctuations in the exchange rates of HKD to RMB and USD to RMB. The management of the Group will monitor the foreign exchange risk on an ongoing basis, and the Board expects that fluctuations in HKD and USD will not have a significant impact on the Group.

As at 31 December 2024, the Group did not use any financial instruments to hedge its foreign exchange risk.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2024, the Group employed a total of 874 full-time employees, as compared to a total of 869 full-time employees as at 31 December 2023. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB90.2 million for the year ended 31 December 2024 as compared to approximately RMB82.5 million for the corresponding period in 2023. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end bonuses are offered to those staffs with outstanding performances to attract and retain capable employees of the Group.

The Group adheres to the concept of "benefiting mankind and repaying society", and currently employs more than 100 disabled employees. In August 2020, the Group provided employees with Baojun new energy electric vehicles produced by Liuzhou SGMW (柳州上汽通用五菱) for employees commuting to work. The Group ordered over 700 new energy electric vehicles from SGMW, which would not only solve the transportation problem of employees with long commuting distance, but also effectively stimulate domestic demand and help economic growth and recovery.

With respect to trainings, the Company proactively arranges its employees to study the newly-promulgated laws and regulations in the PRC so as to ensure that products produced by the Group are in compliance with the laws and regulations. The Group also organises various training programmes targeting employees from different business departments and functions. For example, there are training programmes in relation to knowledge of Chinese medicinal herbs and Chinese medicine decoction pieces as well as the trainings in relation to production quality standard of pharmaceutical products, equipment maintenance and repair and so forth. All of these are designed to provide support to the technological development and team building of the Group.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

As at 31 December 2024, the Group did not hold any significant investments or make any material acquisitions or disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2024, the Group has committed to a primary investment plan of approximately RMB53.2 million to build the Phase II of a new medicine production and research and development base located at Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region. Saved as disclosed above, the Group did not have any specific plan for material investments or acquisitions of capital assets.

SIGNIFICANT SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As of the date of this annual report, the Group does not have any significant subsequent events after the Reporting Period.

PROSPECTS

As a national brand, Golden Throat had experienced the challenge from the market and a vast range of consumers. At present, against the market trend of upgraded consumption, the original aspiration of the Group, to provide service for the health of a vast range of consumers will not be changed. Currently, the Company is committed to building a new base as the health industrial park of Golden Throat. In the coming ten years, the focus of the Golden Throat great health development plan will be on enhancing the core competitiveness of the Group.

The Group will continue to seek to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets in 2025. Moreover, the Group will aim to increase its production capacities, expand its product portfolio and strengthen its research and development capabilities. It will enhance its food and other pharmaceutical businesses and promote synergies across different product segments. The Group will aim to enhance its brand recognition through effective and targeted marketing efforts, and will continue to expand its distribution network, to refine associated infrastructure and to leverage on its existing distribution network to promote different products.

In 2025, the Group will continue to optimise and enrich its product portfolio based on consumer demand. It will also continue to strengthen its organisational capabilities, allocate resources based on customer-focused operations and digital marketing, promote organisational capability enhancement and establish a new logic for the Group's product growth, with a view to achieving sound and healthy development of the Group in future.

USE OF NET PROCEEDS FROM LISTING AND FURTHER CHANGE IN USE OF PROCEEDS

The IPO Proceeds (including those shares issued pursuant to the partial exercise of the over-allotment options), after deducting underwriting fees and related expenses, amounted to approximately HK$909.6 million. Details of the use of the IPO Proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

On 30 March 2022, the Board resolved to change part of the unutilized use of net IPO Proceeds originally intended to be used for conversion of headquarters into a food production plant and food research centre to construction of food production plant and food research center. For details of the change in the use of the IPO proceeds, please refer to the Company's announcement dated 30 March 2022.

From the Listing Date to 31 December 2024, the Group had utilized approximately HK$731.3 million, representing approximately 80.4% of the IPO Proceeds. On 28 March 2025, the Board resolved to further change the use of the unutilized net IPO Proceeds. Set out below is a summary of the utilization and unutilization and further revised use of IPO Proceeds:

Revised use of IPO Proceeds	Allocation of IPO Proceeds revised on 30 March 2022	Balance unutilised as at 1 January 2024	Amounts utilised during the year ended 31 December 2024	Balance unutilised as at 31 December 2024	Allocation of unutilised balance of IPO Proceeds revised on 28 March 2025
	HK'000	*HK'000*	*HK'000*	*HK'000*	*HK'000*
Construction in Luowei Industrial Concentration Area	208,982	–	–	–	–
Construction of food production plant and food research center	189,984	186,621	47,191	139,430	177,427
Market expansion	286,685	–	–	–	–
Product development	82,326	–	–	–	–
Establishment of Chinese herbs processing base	37,997	37,997	–	37,997	–
Refinement and upgrade of electronic code system	12,666	1,365	516	849	849
General working capital	90,960	–	–	–	–
Total	909,600	225,983	47,707	178,276	178,276

As of 31 December 2024, the Group's project for the construction of food production plant and food research center has completed most of the above-ground building structure and is ready to proceed to the internal decoration stage. In addition, approximately HK$37,997,000 (or approximately 4% of the IPO proceeds) was originally planned to be used for the establishment of a Chinese herbs processing base on the Company's current site in Laibin, Guangxi Zhuang Autonomous Region. In line with the Company's strategic development plan and the need for capacity optimization, after consideration and approval by the Board on 28 March 2025, the proceeds amounting to approximately HK$37,997,000 originally designated for the establishment of the Chinese herbs processing base project have been reallocated to the construction of food production plant and food research center. This adjustment is based on the following important considerations:

(i) The food production plant and food research center under construction will form surplus production capacity after completion. At the same time, the Group will also introduce advanced automated extraction equipment, which is expected to increase the production capacity of Chinese herbal medicine extraction through technological upgrading to fully meet the future business development needs and achieve centralized utilization of resources.

(ii) In addition, with consumers' current preference for natural medicines and the trend towards modernization and internationalization of Chinese herbal medicines, the Group will simultaneously increase its research and development department for Chinese medicines in the food production plant and food research center in order to develop Chinese medicine products that meet modern standards. This approach negates the need to allocate proceeds for setting up a separate Chinese herbs processing base, allowing the Group to optimize the use of resources while aligning with modern standards.

The Board has considered the impact of the proposed further change in the use of the IPO proceeds on the business of the Group and believes that in view of the Group's operation and business development, the aforementioned change will be conducive to the realization of the Group's plan for the construction of the food production plant and food research center and is in the interests of the Company and its shareholders as a whole. The Board will continue to evaluate the plan for the utilization of the net proceeds in order to cope with the changing market conditions and to strive for better performance of the Group.

The unutilised amount of IPO Proceeds is expected to be fully utilized by 2028.

AN OVERVIEW OF DIRECTORS AND SENIOR MANAGEMENT

As at the date of this report, the Board of Directors of the Company consists of nine Directors, comprising four executive Directors, one non-executive Director and four independent non-executive Directors.

The table below sets forth certain information in respect of the Directors and our senior management as at the date of this report.

Name	Age	Position	Date of appointment	Relationship with other Directors or senior management
DIRECTOR				
Ms. JIANG Peizhen (江佩珍)	79	Chairman and Non-executive Director	10 February 2015	Mother of Mr. ZENG Yong
Mr. ZENG Yong (曾勇)	51	Vice Chairman of the Board, Executive Director and General Manager	10 February 2015	Son of Ms. JIANG Peizhen
Mr. HUANG Jianping (黃建平)	62	Executive Director, Deputy General Manager and President of Labour Union	10 February 2015	None
Mr. ZENG Kexiong (曾克雄)	60	Executive Director and Deputy General Manager	10 February 2015	None
Mr. HE Jinqiang (何錦強)	55	Executive Director and Deputy General Manager	10 February 2015	None
Mr. LI Hua (李驊)	53	Independent Non-executive Director	10 February 2015	None
Mr. ZHU Jierong (朱頡榕)	76	Independent Non-executive Director	10 February 2015	None
Mr. CHENG Yiqun (程益群)	55	Independent Non-executive Director	10 February 2015	None
Mr. QIN Jiesheng (覃解生)	75	Independent Non-executive Director	5 June 2024	None
SENIOR MANAGEMENT				
Mr. CHENG Qiang (程強)	55	Assistant to General Manager	December 2018	None
Ms. LI Qing (李慶)	55	Assistant to General Manager	January 2014	None
Mr. WU Dong (吳東)	56	Assistant to General Manager	February 2015	None

DIRECTORS

Non-Executive Director

Ms. JIANG Peizhen (江佩珍), aged 79, is the Chairman of the Board and a non-executive Director. Ms. JIANG was appointed as a Director on 10 February 2015 and is primarily responsible for formulating the overall development strategies and business plan of the Group. Ms. JIANG is also a director of Guangxi Golden Throat and Golden Throat Medical. From 1956 to 1998, Ms. JIANG had been working as a staff worker, workshop director, vice president, president and party secretary of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠). Ms. JIANG obtained a Diploma degree in journalism from Beijing Humanities University (北京人文大學) in Beijing, China in May 1987 and a Pharmaceutical Diploma from Guangxi School of Chinese Medicine (廣西中醫學院) (now known as Guangxi University of Chinese Medicine (廣西中醫藥大學)) in Nanning, Guangxi Zhuang Autonomous Region, China, in January 2001. Ms. JIANG obtained the qualification certificate of senior economist conferred by the Bureau of Scientific and Technological Personnel, Guangxi Zhuang Autonomous Region (廣西壯族自治區科技幹部局) in 1992. Ms. JIANG is the mother of Mr. ZENG Yong.

Executive Directors

Mr. ZENG Yong (曾勇), aged 51, is the Vice Chairman of the Board and an executive Director and General Manager. Mr. ZENG was appointed as a Director on 10 February 2015 and is primarily responsible for overseeing the management and strategic development of the Group. Mr. ZENG is also a director of Guangxi Golden Throat and Golden Throat Pharmaceutical. Mr. ZENG joined Guangxi Golden Throat in March 1995 and has gained over 18 years of experience in sales management. Prior to joining the Group, Mr. ZENG worked at the International Affairs Department of the Bank of Communications Guangxi Liuzhou Branch (交通銀行廣西柳州分行) from August 1994 to September 1995. From October 1995 to September 1998, Mr. ZENG also worked at the Advertising Department of the Guangxi Liuzhou Cable TV Network (廣西柳州市有線電視台). Mr. ZENG obtained a Diploma's degree in English from Guangxi Teachers Education University (廣西師範學院) in Nanning, Guangxi Zhuang Autonomous Region, China in June 1994. Mr. ZENG is the son of Ms. JIANG Peizhen.

Mr. HUANG Jianping (黃建平), aged 62, is an executive Director, the Deputy General Manager and President of Labour Union. Mr. HUANG was appointed as a Director on 10 February 2015 and is primarily responsible for providing strategic advice and guidance on the employee union related matter of the Group. Mr. HUANG is also a director of Guangxi Golden Throat and Golden Throat Pharmaceutical. Mr. HUANG joined the Group in August 1985 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1985 to 1998, Mr. HUANG worked as a staff worker, communist party vice secretary and office chief of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat. He graduated from Guangxi Light Industry Technician College (廣西輕工學校) in sugar refinery in Nanning, Guangxi Zhuang Autonomous Region, China in July 1985. Mr. HUANG obtained the qualification certificate of assistant engineer issued by the Liuzhou Municipal Qualification Reform Office (柳州市職稱工作改革辦公室) in 1994.

Mr. ZENG Kexiong (曾克雄), aged 60, is an executive Director and Deputy General Manager. Mr. ZENG was appointed as a Director on 10 February 2015 and is primarily responsible for production, technology and quality inspection related matters of the Group. Mr. ZENG is also a director of Guangxi Golden Throat and Golden Throat Pharmaceutical. Mr. ZENG joined the Group in August 1984 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1984 to 1998, Mr. ZENG worked as a staff worker and department chief of Production and Technology Department of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat. He graduated from Guangxi Light Industry Technician College (廣西輕工學校) in sugar refinery in Nanning, Guangxi Zhuang Autonomous Region, China in July 1984. Mr. ZENG obtained the qualification certificate of engineer conferred by the Liuzhou Municipal Leading Group of Qualification Reform (柳州市職改領導小組) in 1996.

Mr. HE Jinqiang (何錦強), aged 55, is an executive Director and Deputy General Manager. Mr. HE was appointed as a Director on 10 February 2015 and is primarily responsible for labour, personnel and warehouse related matters of the Group. Mr. HE is also a director of Guangxi Golden Throat, Golden Throat Health Food and Golden Throat Pharmaceutical. Mr. HE joined the Group in August 1991 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1991 to 1998, Mr. HE worked as a staff worker of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat. He obtained a Bachelor's degree in food science from Guangxi University (廣西大學) in Nanning, Guangxi Zhuang Autonomous Region, China in July 1991. Mr. HE obtained the qualification certificate of engineer conferred by the Liuzhou Municipal Leading Group of Qualification Reform (柳州市職改領導小組) in 1996.

Independent Non-Executive Directors

Mr. LI Hua (李驊), aged 53, is an independent non-executive Director. Mr. LI was appointed as a Director on 10 February 2015 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. LI has over 30 years of experience in the auditing and accounting in various industries. Since 2005, Mr. LI has been acting as the chairman of Guangxi Tianhua Certified Public Accountants Co., Ltd. (廣西天華會計師事務所有限責任公司). Prior to this, Mr. LI served as the chief account of Guangxi Zhengze Certified Public Accountants (廣西正則會計師事務所) from 1999 to 2004. Mr. LI concurrently serves as a standing director of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會), standing director of Guangxi Accounting Society (廣西會計學會), vice president of Liuzhou Accounting Society (柳州會計學會) and vice president and chairman of professional advisory committee of Guangxi Institute of Certified Public Accountants (廣西註冊會計師協會專業諮詢委員會). Mr. LI is a Chinese certified public accountant recognised by the Certified Accountants Examination Committee of the Ministry of Finance in May 1995, certified public valuer recognised by the Ministry of Finance in April 1997 and certified tax agent jointly recognised by the Ministry of Human Resources and Social Security of the PRC and the SAT in 1999. Mr. LI obtained a Bachelor's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in Shanghai, China in July 1993.

Mr. ZHU Jierong (朱頡榕), aged 76, is an independent non-executive Director. Mr. ZHU was appointed as a Director on 10 February 2015 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. ZHU has over 30 years of experience in engineering and management. From 2002 to 2012, Mr. ZHU has been acting as deputy general manager of Zhejiang Shibao Company Limited (浙江世寶股份有限公司) (Stock Code: 1057) and has been acting as a director thereof from June 2004 to June 2018. Prior to this, Mr. ZHU worked as deputy technical director, deputy chief engineer and the head of Technical Audit Department in automotive steering plant of Zhejiang Wanda Group Corporation (浙江萬達集團) and other entities from 1990 to 2002. Mr. ZHU is a fellow member of the Hong Kong Institute of Directors since October 2014, and obtained the certificates of independent director qualification of listed companies issued by the Shenzhen Stock Exchange in June 2017. Mr. ZHU graduated from Management Institute of Automotive Technology (汽車工業管理幹部學院) (now known as Hubei University of Automotive Technology (湖北汽車工業學院)) in Hubei Province, China in August 1987.

Mr. CHENG Yiqun (程益群), aged 55, is an independent non-executive Director. Mr. CHENG was appointed as a Director on 10 February 2015 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. CHENG has over 30 years of experience in providing legal services. Mr. CHENG joined Commerce & Finance Law Offices in April 2001 and has been a partner since 2009. Mr. CHENG was appointed as an Independent Non-executive Director of Tianli Education International Holdings Limited (天立教育國際控股有限公司) in August 2018. Mr. Cheng also serves as independent non-executive directors of Mingya Fund Management Company Limited, Wuhan Sino-Sci Ruihua Eco Tech Co., Ltd., Guangdong Faith Long Crystal Technology Co.,Ltd. and Shanghai Baoli Food Co., Ltd. Mr. CHENG is a PRC practising lawyer recognised by the Ministry of Justice of the PRC in August 2009. Mr. CHENG graduated from the law faculty of Wuhan University in July 1997.

Mr. QIN Jiesheng (覃解生), aged 75, is an independent non-executive Director. Mr. QIN was appointed as a Director on 5 June 2024 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. QIN has over 40 years of experience in providing legal services. Mr. QIN has been a professional lawyer of Liuzhou Law Firm since 1986, the director of Liuzhou Xinhe Law Firm (柳州市信和律師事務所) since 1993 and the deputy director of Guangxi Guanghe Law Firm (廣西廣合律師事務所) since 2005. Mr. QIN served as an independent director of Liuzhou Liangmianzhen Co., Ltd. (柳州兩面針股份有限公司, Shanghai Stock Exchange stock code:600249.SH) from December 2009 to June 2018, and as an independent director of Guangxi Bossco Environmental Protection Technology Co., Ltd. (廣西博世科環保科技股份有限公司)(currently known as Anhui Bossco Environmental Protection Technology Co., Ltd. (安徽博世科環保科技股份有限公司)), Shenzhen Stock Exchange stock code: 300422.SZ) from June 2013 to July 2019. Mr. QIN graduated from the Chinese Department of Guangxi Minzu University in 1977, and graduated from the School of International Economics and Law of Shanghai Institute of Foreign Trade in 1986.

SENIOR MANAGEMENT

Mr. CHENG Qiang (程強), aged 55, is the Assistant to General Manager and the Chief Financial Officer and minister of the Group. He was appointed as the Head of Finance and the Assistant to General Manager in June 2018 and December 2018, respectively, and is primarily responsible for the financial audit, accounting and financial management related matters of the Group. Mr. CHENG joined the Group in August 1990 and has gained over 30 years of experience in financial management. From 1990 to 2018, Mr. CHENG worked as financial management staff in Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat, as well as the Head of Information Center, the Minister of Security Department and the Head of Finance. He obtained a Professional Diploma's degree in corporate finance and accounting as well as Qualified Accounting certificate from Guangxi School of Finance and Economics (now known as Guangxi University of Finance and Economics (廣西財經學院)) in Guangxi Zhuang Autonomous Region, China in 1990.

Ms. LI Qing (李慶), aged 55, is the Assistant to General Manager and Deputy Head of our Manufacturing Technology Department of the Group. She was appointed as the Assistant to General Manager and Deputy Head of our Manufacturing Technology Department in January 2014 and April 2010, respectively, and is primarily responsible for the development and manufacturing related matters of the Group. Ms. LI joined the Group in August 1991 and has gained over 30 years of experience in pharmaceutical manufacturing. From 1991 to 1998, Ms. LI worked as a technology management staff in Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Guangxi Golden Throat. She obtained a Bachelor's degree in food science from Chengdu University of Science and Technology (成都科技大學) (now a part of Sichuan University (四川大學)) in Chengdu, Sichuan Province, China in 1991, and a professional part-time Diploma's degree in pharmacy from Guangxi School of Chinese Medicine (廣西中醫學院) (now known as Guangxi University of Chinese Medicine (廣西中醫藥大學)) in Nanning, Guangxi Zhuang Autonomous Region, China, in 2001. Ms. LI obtained the qualification certificate of engineer conferred by the Liuzhou Municipal Leading Group of Qualification Reform (柳州市職改領導小組) in 1996 and obtained the qualification certificate of licensed pharmacist conferred by the Ministry Of Health in 2002.

Mr. WU Dong (吳東), aged 56, is the Assistant to General Manager. He was appointed as the Assistant to the General Manager in February 2015 and is primarily responsible for promotion related matters of the Group. Mr. WU joined the Group in July 1990 and has gained over 30 years of experience in pharmaceutical manufacturing. From 1990 to 1998, Mr. WU worked as a staff worker of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and from 1998 to 2014, Mr. WU worked as the first deputy director of the General Manager Office of Guangxi Golden Throat. He obtained a Diploma's degree in administrative management from Guangxi School of Industry (廣西工學院) (now known as Guangxi University of Science and Technology (廣西科技大學)) in Liuzhou, Guangxi Zhuang Autonomous Region, China in 1990. Mr. WU obtained the qualification certificate of assistant professional for political work (助理政工師) conferred by the Office of the Leading Group of Qualification Conference of Political Work in Enterprises in Guangxi Zhuang Autonomous Region (廣西壯族自治區企業思想政治工作人員專業職務評定工作領導小組辦公室) in 1999.

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 2 September 2014 as an exempted company with limited liability under the Cayman Companies Act. The Company's Shares were listed on the Main Board of the Stock Exchange on 15 July 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the manufacture and sale of pharmaceutical, healthcare food and other products. There were no significant changes in the nature of the principal activities of the Group during the year ended 31 December 2024.

RESULTS

The Group's profit for the year ended 31 December 2024 and the Group's financial position at that date are set out in the financial statements on pages 98 to 101.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.5 per share for the year ended 31 December 2024 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, is expected to be paid around 26 June 2025 to the Shareholders whose names appear on the register of members of the Company on 18 June 2025.

For determining the entitlement to the final dividend, the register of members of the Company will be closed on 18 June 2025, during which day no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer of Shares accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 17 June 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from 29 May 2025 to 3 June 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 28 May 2025.

BUSINESS REVIEW

A review of the Group's business during the year ended 31 December 2024 and a discussion on the Group's future business development, particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2024, and possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 6 to 8 and Management Discussion and Analysis on pages 13 to 30 of this report.

The financial risk management objectives and policies of the Group are shown in note 33 to the Group's financial statements in this report.

An analysis of the Group's performance during the year ended 31 December 2024 using financial key performance indicators is provided in the Financial Highlights on page 5, Chairman's Statement on pages 6 to 8, and Management Discussion and Analysis on pages 13 to 30 of this report.

In addition, discussions on the Group's environmental policies, compliance with relevant laws and regulations which have a significant impact on the Group and key relationships with its employees, customers and suppliers are contained in the Corporate Governance Report on pages 59 to 75 of this report.

The other sections in this annual report referred to above form part of this directors' report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 184 of this report. That summary does not form part of the audited consolidated financial statements.

DIVIDEND POLICY

The Company adopts a dividend policy of providing shareholders with stable dividends. The distribution of relatively certain cash dividends is given priority consideration as the primary goal for profit distribution and generally does not fluctuate with fluctuations in capital requirements. The prospectus dividend growth, however, remains dependent upon the financial performance and future funding needs of the Company.

USE OF NET PROCEEDS FROM LISTING

As at 31 December 2024, the Group had utilised approximately HK$731.3 million, and approximately 80.4% of the IPO Proceeds. Details of the use of net proceeds from listing and further change in use of proceeds during the year ended 31 December 2024 are set out on pages 28 to 30 of this report.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue from sales to the Group's five largest customers accounted for approximately 29.0% of the Group's total revenue from sales for the year ended 31 December 2024 and revenue from sales to the Group's largest customer amounted to 12.5% of the Group's total revenue from sales for the year.

Purchases from the Group's five largest suppliers accounted for approximately 77.0% of the Group's total purchase for the year ended 31 December 2024 and purchases from the Group's largest supplier amounted to 33.3% of the Group's total purchase for the year.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any interest in the Group's five largest customers and suppliers.

TAX RELIEF

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

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 in this report.

SHARE CAPITAL

There were no movements in the Company's share capital during the Reporting Period.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2024 are set out in note 34 to the financial statements and the consolidated statement of changes in equity on pages 102 to 103 of this report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act, amounted to approximately RMB712.8 million (as at 31 December 2023: RMB711.5 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2024 are set out in note 23 to the financial statements in this report.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2024.

DONATION

The Group donated goods totaling approximately RMB16,600 for the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the article 164 of the Articles of Association and subject to the all applicable statues, rules and regulations, every Director 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 he/she may sustain or incur in or about the execution or holding of his/her office or otherwise in relation thereto, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

For details about insurance for the Directors, please refer to the Corporate Governance Report of this report.

DIRECTORS

The Directors for the year ended 31 December 2024 and up to the date of this report were:

Executive Directors:

Mr. ZENG Yong *(Vice Chairman and General Manager)*
Mr. HUANG Jianping
Mr. ZENG Kexiong
Mr. HE Jinqiang

Non-Executive Director:

Ms. JIANG Peizhen *(Chairman)*

Independent non-executive Directors:

Mr. LI Hua
Mr. ZHU Jierong
Mr. CHENG Yiqun
Mr. QIN Jiesheng

In accordance with article 84 of the Articles of Association, every Director shall be subject to retirement by rotation at an annual general meeting at least once every three years and shall be eligible for re-election.

Ms. JIANG Peizhen, Mr. ZENG Yong, Mr. HUANG Jianping, Mr. ZENG Kexiong, Mr. HE Jinqiang, Mr. LI Hua, Mr. ZHU Jierong and Mr. CHENG Yiqun will retire and, being eligible, will offer themselves for re-election as Directors at the annual general meeting to be held on 3 June 2025.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 31 to 35 of this report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive directors a written confirmation of their respective independence, and each of the independent non-executive Directors has confirmed his independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Director and independent non-executive Directors has renewed the appointment contract with the Company for an initial term of three years commencing from 7 February 2024 and may be terminated in accordance with the respective terms of the appointment letters.

None of the Directors has or is proposed to enter into any service contract that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

None of the Directors has or is proposed to enter into a service contract with the Group which is for a duration which may exceed three years or which requires the Company to, in order to terminate such contract, give a notice period in excess of one year or pay or make other payments equivalent to more than one year's emoluments.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" below, no Director nor any entity connected with the Director had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year of 2024 or at any time during the year ended 31 December 2024.

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 ended 31 December 2024.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 8 June 2017. During the year ended 31 December 2024, since the date of the adoption, no share option had been granted, exercised, cancelled or lapsed under the Share Option Scheme and there are no outstanding share options. Terms used in this section headed "Share Option Scheme" have the meanings prescribed to them in the circular of the Company dated 28 April 2017. Set out below is a summary of the principal terms of the Share Option Scheme:

1 PURPOSE

The purpose of the Share Option Scheme is to enable the Board to grant Options to selected Participants as incentives or rewards for their contribution or potential contribution to the development and growth of the Group.

2 WHO MAY JOIN AND BASIS OF ELIGIBILITY

The Board may offer to grant an Option to any Participant who has had contribution to the Group to subscribe for such number of Shares at the Option Price, subject always to any limits and restrictions specified in the Rules.

3 PAYMENT ON ACCEPTANCE OF OPTION OFFER

A Participant shall pay the Company HK$1.00 for the grant of an Option on acceptance of an Option offer within 21 days after the Offer Date.

4 TERMS OF OPTIONS

Options granted under the Share Option Scheme are subject to such terms and conditions as may be determined by the Board at its absolute discretion and specified in the offer of an Option, which terms and conditions may include, among others:

4.1 vesting conditions which must be satisfied before an Option-Holder's Option shall become vested and capable of being exercised; and

4.2 the Board may, in its absolute discretion, specify performance conditions that must be achieved before an Option can be exercised and/or the minimum period for which an Option must be held before it can be exercised.

These provisions will give the Board flexibility to impose conditions suitable for fulfilling the various purposes of the Share Option Scheme. Apart from this general discretion of the Board, the Rules do not contain specific provisions on the minimum period for which an Option must be held before exercise or on performance targets applicable to Options.

Under the Share Option Scheme, the Directors have discretion to set a minimum period for which an option must be held before the exercise of the subscription rights attaching thereto. This discretion allows the Directors to provide incentive to eligible Participants to remain as eligible Participants and thereby enable the Group to continue to benefit from the services and contributions of the eligible Participants. This discretion, coupled with the power of the Directors to impose any performance target or other restrictions as they consider appropriate before the option can be exercised, enable the Group to provide incentives to the Participants to use their best endeavours in assisting the growth and development of the Group. Although the Share Option Scheme does not provide for the granting of options with rights to subscribe for Shares at a discount to the trading prices of the Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the Directors in granting Options to the Participants and to impose minimum period for which the options can be exercised will place the Group in a better position to attract talents that are valuable to the growth and development of the Group as a whole.

5 OPTION PRICE

The Option Price will be determined by the Board at its absolute discretion and notified to an Option-holder. The minimum Option Price shall not be less than the highest of:

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

5.2 the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the Offer Date; and

5.3 the nominal value of the Shares.

6 MAXIMUM NUMBER OF SHARES SUBJECT TO THE SHARE OPTION SCHEME

6.1 The total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any options to be granted under any Other Schemes must not in aggregate exceed 10% (i.e. 73,930,200 Shares) of the aggregate of the Shares in issue as at the date of approval of the Share Option Scheme, representing 10% of the Shares in issue as at the date of this annual report.

Options lapsed in accordance with the terms of the Share Option Scheme and any Other Schemes will not be counted for the purpose of calculating the 10% limit in this paragraph 6.1.

6.2 With the approval of the Shareholders in general meeting, the Board may "refresh" the 10% limit under paragraph 6.1 (and may further refresh such limit in accordance with this paragraph), provided that the total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any Other Schemes under the limit as "refreshed" shall not exceed 10% of the Shares in issue as at the date on which the Shareholders approve the "refreshed" limit.

Options granted under the Share Option Scheme and options granted under any Other Schemes previously (including those outstanding, cancelled and lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

6.3 The Board may, with the approval of the Shareholders in general meeting, grant Options in excess of the 10% limit to Participants specifically identified. In such situation, the Company will send a circular to the Shareholders containing, amongst others, a generic description of the specified Participants who may be granted such Options, the number and terms of such Options to be granted and the purpose of granting such Options to the specified Participants with an explanation of how the terms of the Options will serve the purpose.

6.4 The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and all outstanding Options granted and yet to be exercised under any Other Schemes shall not exceed 30% of the Shares in issue from time to time. No Options may be granted under the Share Option Scheme and no options may be granted under any Other Schemes if this will result in the limit being exceeded.

7 MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The Board shall not grant any Options to any Participant which, if exercised, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all Options granted to him (including those options exercised or outstanding) in any 12-month period exceed 1% of the Shares in issue at such date.

The Board may grant Options to any Participant in excess of the individual limit of 1% in any 12-month period with the approval of the Shareholders in general meeting (with such Participant and his/her close associates (or his associates if the Participant is a connected person) abstaining from voting). In such situation, the Company will send a circular to the Shareholders and the circular must disclose, amongst others, the identity of the Participant, the number and terms of the options to be granted (and previously granted to such Participant).

8 TIME OF EXERCISE OF OPTIONS

An Option under the Share Option Scheme which is vested and has not lapsed may be exercised at any time during such period notified by the Board as not exceeding 10 years from the Offer Date. The exercise of Options may also be subject to any conditions imposed by the Board at the time of Offer. The Share Option Scheme has a life of 10 years since 8 June 2017.

EMOLUMENT POLICY

The Remuneration Committee was set up to develop the Company's emolument policy and structure for remuneration of the Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 8 and 9 to the financial statements in this report.

CHANGE IN DIRECTORS' INFORMATION

Save as disclosed in the section headed "Directors and Senior Management" in this report, there was no change in any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in the Shares, underlying Shares and debentures of the Company:

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares
Mr. ZENG Yong(4)	Founder of a discretionary trust	511,963,200	
	Beneficial owner	4,050,500	
		516,013,700	69.79%
Ms. JIANG Peizhen(5)	Interest through controlled corporation(4)	58,937,400	7.97%
Mr. HUANG Jianping(6)	Beneficiary of a trust	17,100,000	2.31%
Mr. ZENG Kexiong(7)	Beneficiary of a trust	17,100,000	2.31%
Mr. HE Jinqiang(8)	Beneficiary of a trust	17,100,000	2.31%

Notes:

(1) Unless the context otherwise requires, terms used in these notes have the meanings prescribed to them in the Prospectus.

(2) The calculation is based on the total number of 739,302,000 Shares in issue as at 31 December 2024.

(3) The Senior Management Trust and the Employees Trust were combined on 10 July 2017, and the Employees Trust has been replaced.

(4) The Family Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of Mr. ZENG Yong and his children and descendants with Sovereign Trust International Limited acting as the trustee, holds the entire issued share capital of Golden Throat International through Jin Jiang Global. As a result, Mr. ZENG Yong is deemed to be interested in 453,025,800 Shares held by Golden Throat International (which is 100% owned by Jin Jiang Global). Mr. ZENG is also the settlor of the Senior Management Trust which holds the 7.97% of the issued share capital of the Company immediately after the completion of the global offering and the partial exercise of the over-allotment option. Furthermore, for so long as Jin Chen Employee Holdings Limited holds or controls shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. Mr. ZENG Yong also holds 4,050,500 Shares, as a result, Mr. ZENG is deemed to be interested in all the 516,013,700 Shares in aggregate.

(5) Ms. JIANG Peizhen is the protector of the Senior Management Trust. For so long as Jin Chen Employee Holdings Limited holds or controls shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. As a result, Ms. JIANG Peizhen is deemed to be interested in 58,937,400 Shares of the Company.

(6) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. HUANG Jianping, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. HUANG Jianping is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

(7) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. ZENG Kexiong, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. ZENG Kexiong is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

(8) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Guangxi Golden Throat and their dependents including Mr. HE Jinqiang, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global. Accordingly, Mr. HE Jinqiang is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

Save as disclosed above, as at 31 December 2024, so far as is known to Directors of the Company, none of the Directors or the general manager of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted by the Company to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the year ended 31 December 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, to the knowledge of the Directors, the interests or short positions of the following persons (excluding the Directors or the chief executive of the Company, whose interests are disclosed on pages 46 to 47 above) in the Shares or underlying Shares of the Company, which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares
Family Trust[4]	Interest of controlled corporation	453,025,800	61.28%
Sovereign Trust International Limited[4]	Trustee of a discretionary trust	453,025,800	61.28%
Jin Jiang Global[4]	Interest of controlled corporation	453,025,800	61.28%
Golden Throat International	Beneficial owner	453,025,800	61.28%
Senior Management Trust[5]	Interest of controlled corporation	58,937,400	7.97%
Jin Chen Employee Holdings Limited[6]	Trustee of a discretionary trust	58,937,400	7.97%
Jin Chen Global	Beneficial owner	41,837,400	5.66%

Notes:

(1) Terms used in these notes have the meanings prescribed to them in the Prospectus.

(2) All interests stated are long positions.

(3) The calculation is based on the total number of 739,302,000 Shares in issue as at 31 December 2024.

(4) The Family Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of Mr. ZENG Yong and his children and descendants. Sovereign Trust International Limited is the trustee of the Family Trust and holds 100% issued share capital of Jin Jiang Global, which then holds 100% issued share capital of Golden Throat International, thus the Family Trust, Sovereign Trust International Limited and Jin Jiang Global are each deemed to be interested in the 453,025,800 Shares held by Golden Throat International, which represents 61.28% of the issued share capital of the Company.

(5) The Senior Management Trust and the Employees Trust were combined on 10 July 2017, and the Employees Trust has been replaced.

(6) Jin Chen Employee Holdings Limited is the trustee of the Senior Management Trust and holds 100% of issued share capital of Jin Chen Global, which holds 41,837,400 Shares of the Company, and Jin Qing Global, which holds 17,100,000 Shares of the Company, and thus holds in aggregate, 58,937,400 Shares of the Company. As a result, Jin Chen Employee Holdings Limited is deemed to be interested in 7.97% of the issued share capital of the Company.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other person (excluding the Directors or the chief executive of the Company, whose interests are disclosed on pages 46 to 47 above) who has interests or short positions in the Shares or underlying Shares of the Company, which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of any listed securities (including sale of treasury shares) of the Company by the Company or any of its subsidiaries for the year ended 31 December 2024.

As at 31 December 2024, the Company did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESS

A non-competition agreement dated 24 June 2015 (the "Non-competition Agreement") was entered into between the Company and the Controlling Shareholders.

Under the Non-competition Agreement, the Controlling Shareholders have undertaken to the Company that, they will not, and will procure any of their associates not to, engage or participate in whatever manner in any business that competes or may compete directly or indirectly with the Group's current or future core businesses subject to certain exceptions. Details of the Non-competition Agreement were contained in the Prospectus.

The Controlling Shareholders have confirmed to the Company their compliance with the Non-Competition Agreement during the year ended 31 December 2024 for disclosure in this report.

The independent non-executive Directors have reviewed the Non-Competition Agreement and assessed whether the Controlling Shareholders have abided by the Non-Competition Agreement. The independent non-executive Directors confirmed that the Controlling Shareholder have not been in breach of the Non-Competition Agreement during the year ended 31 December 2024.

During the year ended 31 December 2024, none of the Directors or their respective associates had engaged in or had any interest in any business, other than the Group, which competes or is likely to compete with the businesses of the Group and which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the transactions described below were entered into between the Company and its connected persons (as defined in the Listing Rules). Under the Listing Rules, the following persons and entities, amongst others, are regarded as connected persons of the Company:

Ms. JIANG Peizhen

Ms. JIANG Peizhen is a non-executive Director of the Company. Each of Ms. JIANG Peizhen and her associates therefore constitutes a connected person of the Company under the Listing Rules.

Guangxi Changbao Biological Technology Co., Ltd (previously named Guangxi Weikete Biological Technology Co., Ltd.)

Changbao is an associate of Ms. JIANG Peizhen. Ms. JIANG Peizhen holds 51.2% interest in Liuzhou Jinqing Equity Investment Centre (LLP) and 51.0% equity interest in Liuzhou Jingui Equity Investment Centre (LLP), which in turn in aggregate hold 95.6% equity interest in Changbao, and the remaining 4.4% equity interest in Changbao is held by Mr. ZENG Yong. Changbao therefore constitutes a connected person of the Company under the Listing Rules.

Guangxi Peizhen Investment Consulting Co., Ltd.

Peizhen Investment is an associate of Ms. JIANG Peizhen. Ms. JIANG Peizhen holds 70% and her daughter, Ms. ZENG Jun (曾軍), holds 30% equity interest in Peizhen Investment. Peizhen Investment therefore constitutes a connected person of the Company under the Listing Rules.

The Company makes the disclosures below in accordance with Rule 14A.71 of the Listing Rules.

Set out below is a summary of the continuing connected transactions between the Group and the connected persons of the Company and the actual transaction amount incurred in 2024:

Item	Transaction	Annual Cap for the year ended 31 December 2024 (RMB thousand)	Actual transaction amount for the year ended 31 December 2024 (RMB thousand)
A.	**Continuing Connected Transaction with Changbao**		
1	Procurement of raw materials and finished products from Changbao to the Group	39,000	4,063
B.	**Continuing Connected Transaction with Peizhen Investment**		
2	Licensing of trademarks from Peizhen Investment to the Group(Note)	N/A	N/A
C.	**Continuing Connected Transaction with Ms. JIANG Peizhen**		
3	Licensing of portrait rights from Ms. JIANG Peizhen to the Group(Note)	N/A	N/A

Note:

Nil consideration is payable under each of these transactions. Under Rule 14A.76 of the Listing Rules, as each of the percentage ratios (other than the profits ratio) for the year ended 31 December 2024 was less than 0.1%, the transaction is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS EXEMPTED FROM SHAREHOLDERS' APPROVAL

Procurement of raw materials from Changbao

Description of Transactions and Principal Terms

The Company and Changbao entered into a framework agreement dated 30 December 2020, under which Changbao agreed to provide raw materials, namely isomalt ("Isomalt"), isomaltulose syrup ("Syrup", together with Isomalt as "Sugar Substitute Raw Materials") to the Group (the "Original Agreement").

Pursuant to the Original Agreement, the Company and/or any of its subsidiaries and Changbao will enter into written agreements in relation to each of the individual connected transactions between each other in relation to the procurement of the Sugar Substitute Raw Materials.

The Original Agreement expired on 31 December 2023, and therefore on 10 January 2024, the Company and Changbao renewed the agreement on the procurement of raw materials for the period from 1 January 2024 to 31 December 2026 (the "2024 Procurement Framework Agreement").

The Directors believe that it is in the Group's interests to procure the raw materials and finished products from Changbao, on terms acceptable to it for the Group's product production and confirm that the transactions contemplated under the above written agreements will be conducted in the ordinary course of business and on normal commercial terms after arm's length negotiation.

Price Determination

Liquid Isomalt

Pursuant to the 2024 Procurement Framework Agreement, Changbao provides liquid Isomalt to the Company, which further benefits the production, processing and usage of the Company. The parties have agreed for the sale and purchase of liquid Isomalt at a lower unit price of not exceeding RMB20/kg or price paid to independent third parties by the Group from time to time. Such price has been determined by arm's length negotiation and comparing the price offered by Changbao with those offered by two independent third parties for the similar type of raw materials as follows:

(A) Germany BENEO supplies solid Isomalt at RMB29/kg; and

(B) Guangzhou Jingfu Bioengineering Co., Ltd.* (廣州晶富生物工程有限公司) supplies Isomalt of Cargill (美國嘉吉公司) at a reference price in 2023 of RMB29/kg.

Isomalt AG

The Company determined the price and fair value of Isomalt AG with reference to its production costs as incurred by Changbao and the price of Isomalt AG offered by Changbao to third party customers. Isomalt AG is manufactured by Changbao using its patented method. Due to its refined quality, the price of Isomalt AG is higher than the price of ordinary solid Isomalt, which is generally priced on the market in the range between RMB29/kg and RMB35/kg. Changbao has sold a small quantity of Isomalt AG to independent third parties at a price of RMB50/kg. As Changbao has to produce Isomalt AG in accordance with the requirements of the Company, there is no market comparable which is of the same quality of Isomalt AG. After taking into consideration the above, the Company has decided to continue to purchase Isomalt AG from Changbao. The Company considers that a unit price not exceeding RMB50/kg reflects the fair value of Isomalt AG under the 2024 Procurement Framework Agreement.

Solid Isomalt ST

Solid Isomalt ST is solid Isomalt. According to the 2024 Procurement Framework Agreement, the basis for Changbao to provide solid Isomalt to the Company is that where Changbao sometimes cannot produce and supply liquid Isomalt in time, the Company will give priority to purchasing Changbao's solid Isomalt ST as raw material for production. The parties have agreed that the lower unit price will not exceed RMB28/kg. Such price has been determined by arm's length negotiation and comparing the price offered by Changbao with those offered by the following two independent third parties for the same type of raw materials:

(A) Germany BENEO supplies solid Isomalt at RMB29/kg; and

(B) Guangzhou Jingfu Bioengineering Co., Ltd.* (廣州晶富生物工程有限公司) supplies Isomalt of Cargill (美國嘉吉公司) at a reference price in 2023 of RMB29/kg.

Syrup

The parties have agreed for the sale and purchase of syrup to be priced at cost, and is expected to be not exceeding RMB8/kg. Such cost is calculated based on the lower of the actual cost and reasonable cost for providing syrup (including but not limited to the cost of raw materials and any processing costs). As the ingredients of syrup provided by various suppliers in the wholesale market are different, the price of syrup is not comparable. Changbao has confirmed to the Group that it has adopted the same pricing approach in respect of its sales to other customers.

The above pricing policies, together with the undertakings provided by Changbao, ensure that the pricing terms offered by Changbao are fair and reasonable and no less favourable than those offered by or to independent third parties.

Term

The effective period of the 2024 Procurement Framework Agreement is for a term of three years, from 1 January 2024 to 31 December 2026. The 2024 Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company which are exempted from the independent shareholders' approval requirement, but are subject to the reporting, announcement and annual review requirements under the Listing Rules.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Trademarks Licensing Agreement

Description of Transactions and Principal Terms

Peizhen Investment, the Company and Guangxi Golden Throat entered into a trademark licensing agreement on 24 June 2015 (the "Trademark Licensing Agreement"). Peizhen Investment has agreed to license to the Group the right to use the Well-known Trademark and its related trademarks (the "Licensed Trademarks") on an exclusive basis for free.

The Group is entitled to transfer or sub-lease the Licensed Trademarks to any third party, provided that it provides 15 days' written notice to Peizhen Investment. The Group has undertaken to use the Licensed Trademarks within the scope specified.

Peizhen Investment has undertaken that:

(A) it will be responsible for the timely renewal and payment of fees for maintaining effective registration of the Licensed Trademarks;

(B) it will not use the Licensed Trademarks in any manner to engage or participate in any business which competes or will potentially compete with the business of the Group;

(C) it will not license any of the Licensed Trademarks to any third party;

(D) it will not transfer the rights to use the Licensed Trademarks to any third party without the Group's consent; and

(E) it will not create any charge against the rights to use the Licensed Trademarks for the purpose of securing any loan or providing any guarantee for the benefit of itself or any third party.

Furthermore, all parties have undertaken that they will not do anything that will affect the goodwill or reputation of the Licensed Trademarks or cause material adverse effect on the Group's business.

Consideration

Nil consideration is payable under the Trademark Licensing Agreement.

Term and Termination

The Trademark Licensing Agreement became effective upon signing, but the term of the Trademark Licensing Agreement is deemed to have commenced on 1 November 2014 and will remain effective for a term of 50 years (subject to the relevant Licensed Trademark's effective period of registration (including the effective period as extended by renewal of registration)). Every time upon expiry of the term, provided that the Group does not object to this, the term may be automatically renewed for a further period of 50 years on terms no less favourable than the current terms. No party can unilaterally terminate the Trademark Licensing Agreement without all parties' consent.

The Company considers that a term exceeding three years is required for the Trademark Licensing Agreement as the Licensed Trademarks form an intricate part of the Group's daily business and it is normal business practice for contracts of this type to be of such duration.

Ms. JIANG Peizhen's Portrait Licensing Agreement

Description of Transactions and Principal Terms

Ms. JIANG Peizhen, the Company and Guangxi Golden Throat entered into a portrait licensing agreement on 24 June 2015 (the "Portrait Licensing Agreement"), under which Ms. JIANG Peizhen has agreed to grant the Group the right to use Ms. JIANG Peizhen's portrait (the "Jiang's Portrait") on an exclusive basis for free on its products.

The Group is entitled to use the Jiang's Portrait at any time within the term of authorisation and for any business purpose (profit or non-profit) without the need to notify Ms. JIANG Peizhen or obtain Ms. JIANG Peizhen's consent. Moreover, the Company or any other member of the Group is entitled to register a trademark based on the Jiang's Portrait and all rights under such trademark belong to the Company or any other member of the Group.

Ms. JIANG Peizhen has agreed that she and her lawful heirs or successors cannot interfere with or prevent the use of the Jiang's Portrait by the Company or any other member of the Group and cannot at any time or by any means enforce any rights or demand any financial compensation from the Company or any other member of the Group under the Portrait Licensing Agreement.

Moreover, Ms. JIANG Peizhen has undertaken (i) not to use the Jiang's Portrait to conduct any business which is or will be in competition with the Group's business and (ii) not to authorise or transfer the right to use the Jiang's Portrait to any third party.

Consideration

Nil consideration is payable under the Portrait Licensing Agreement.

Term and Termination

The Portrait Licensing Agreement became effective upon signing, but the term of the Portrait Licensing Agreement is deemed to have commenced on 1 November 2014 and will remain effective for a term of 50 years. Every time upon expiry of the term, provided that the Group does not object to this, the term may be automatically renewed for a further period of 50 years on terms no less favourable than the current terms. No party (including their lawful heirs or successors) can unilaterally terminate the Portrait Licensing Agreement without all parties' consent.

The Company considers that a term exceeding three years is required for the Portrait Licensing Agreement as the Jiang's Portrait will form an intricate part of the Group's daily business and it is normal business practice for contracts of this type to be of such duration.

Other than Ms. JIANG Peizhen, who is also the indirect controlling shareholder of Changbao and Peizhen Investment, none of the Directors has a material interest in the aforementioned continuing connected transactions.

The Company's INEDs have reviewed the aforementioned continuing connected transactions and confirmed that these transactions have been entered into:

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

(2) on normal commercial terms or better; and

(3) in accordance with the terms of the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing their conclusion in respect of the continuing connected transactions disclosed by the Company on pages 51 to 54 of this report confirming the matters set out in Rule 14A.56 of the Listing Rules.

During the year, the Group entered into certain transactions with parties regarded as related parties under the applicable accounting standards. A summary of the related party transactions entered into by the Group during the year ended 31 December 2024, which also constitute continuing connected transactions or connected transactions under Chapter 14A of the Listing Rules, is contained in note 30(a) to the financial statements of this report. The transactions with Changbao constitutes continuing connected transactions. The Group confirms that the related party transactions have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management of the Company the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company and details of the compliance by the Company with the CG Code are set out in the Corporate Governance Report on pages 59 to 75 of this report.

SUFFICIENCY OF PUBLIC FLOAT

According to Rule 8.08(1) of the Listing Rules, it requires that at least 25% of an issuer's total number of issued shares must at all times be held by the public. Based on the information that is publicly available to the Company and to the knowledge of the Directors at the date of this report, there was a sufficient prescribed public float of the issued shares of the Company throughout the year ended 31 December 2024 and up to the date of this report.

AUDITOR

Ernst & Young has been appointed as auditor of the Company for the year ended 31 December 2024. There is no change of the auditor of the Company in the preceding three years.

Ernst & Young shall retire in the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

If any shareholder is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

On behalf of the Board
JIANG Peizhen
Chairman

Guangxi, the PRC
28 March 2025

CORPORATE CULTURE

The Group has always been adhering to the mission of "benefiting mankind" and the goal of "being a century-old enterprise and building a century-old brand", and to the corporate culture of with one heart and one mind, working hard to start a business, re-starting a business and re-creating brilliance, and is committed to developing a positive and progressive culture in terms of vision, mission and values of the Group.

The Board firmly believes that corporate culture provides an important support for the Group's long-term development and good corporate governance. The Group strictly complies with national laws and regulations, continuously improves the corporate governance structure, and makes efforts to enhance the level of corporate governance. We will continue to carry forward the corporate culture of integrity, take a high standard of business ethics as a criterion to follow for business development and actively shoulder and fulfill our responsibilities in environmental protection, striving to lay a good foundation for high-quality and sustainable development of our Group and continuously create value for shareholders, customers, employees and society.

For details on the Company's corporate culture, values and strategies, please refer to the Environmental, Social and Governance Report set out on pages 76 to 92 of this report.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Except as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code for the year ended 31 December 2024.

Under code provision C.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its Directors. According to the CG Code, where an issuer considers that the code provisions of the CG code can be dispensed while applying the principles of good corporate governance, the issuer may choose to deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions). The Company did not arrange the above-mentioned insurance cover. The Board believes that with regular and timely communications among the Directors and the management of the Group, potential claims and legal actions against the Directors can be handled effectively without the need for insurance to be maintained. The Board will regularly review the procedures in handling potential claims and legal actions and take into account the requirements of the Directors and will monitor the need for making such an arrangement.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors its business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Group has put in place relevant mechanisms to ensure that the Board is provided with independent views and opinions, including but not limited to the right of all Directors to engage independent professional advisors where necessary, encouraging all Directors to express their views at Board or committee meetings, and the number of independent non-executive Directors meeting the requirement of at least one-third of the Board under the Listing Rules, etc. The Group reviews the implementation and effectiveness of these mechanisms annually.

Board Composition

As at the end of the Reporting Period, the Board comprises nine members, consisting of four executive Directors, one non-executive Director and four independent non-executive Directors as set out below:

Executive Directors:

Mr. ZENG Yong *(Vice Chairman and General Manager)*
Mr. HUANG Jianping
Mr. ZENG Kexiong
Mr. HE Jinqiang

Non-executive Director:

Ms. JIANG Peizhen *(Chairman)*

Independent non-executive Directors:

Mr. LI Hua
Mr. ZHU Jierong
Mr. CHENG Yiqun
Mr. QIN Jiesheng

The biographies of the Directors as at the date of this report are set out under the section headed "Directors and Senior Management" of this report.

As of the date of this report, the Company has been in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications of accounting or related financial management expertise.

The Company also complied with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to the factors set out in Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Ms. JIANG Peizhen, a non-executive Director and chairman of the Board, is the mother of Mr. ZENG Yong, an executive Director, vice chairman of the Board and the general manager of the Company. Save as disclosed above, there are no financial, business, familial or other material relationships among other members of the Board.

With regards to the code provision of the CG Code requiring directors to disclose to the Company at the time of appointment and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments as well as their identities and the time involved (the “Commitments”), the Directors have disclosed their Commitments to the Company at the time of their appointments and agreed to disclose their Commitments to the Company in a timely manner.

Mr. QIN Jiesheng (who was appointed as a Director on 5 June 2024) confirmed that he (i) obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 16 May 2024, and (ii) understood his obligations as a Director under the Listing Rules.

Induction and Continuous Professional Development

The Directors were provided with the relevant training, such as Director online training courses. The courses include trainings on (i) Corporate Governance Code; (ii) Directors' duties; (iii) Listing Rules requirements under Chapter 14 of the Listing Rules; and (iv) Listing Rules requirements under Chapter 14A of the Listing Rules. The training of the relevant courses for Directors is to ensure that they have a proper understanding of the business and operations of the Company and that they are fully aware of their responsibilities and obligations as a Director of a listed company as well as the compliance practice under the Listing Rules.

For the year ended 31 December 2024, the attendance record of professional training received by the Directors is as follows:

Director	Date of attendance of directors' training
Ms. JIANG Peizhen	16 May 2024
Mr. ZENG Yong	16 May 2024
Mr. HUANG Jianping	16 May 2024
Mr. ZENG Kexiong	16 May 2024
Mr. HE Jinqiang	16 May 2024
Mr. LI Hua	16 May 2024
Mr. ZHU Jierong	16 May 2024
Mr. CHENG Yiqun	16 May 2024
Mr. QIN Jiesheng	16 May 2024

Through the Directors' training, each of the Directors has enhanced their knowledge on the Listing Rules, conduct of the Directors and the relevant business of listed companies.

Chairman and General Manager

As required by code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

The chairman of the Board and the general manager of the Company are currently two separate positions held by Ms. JIANG Peizhen and Mr. ZENG Yong respectively with distinct responsibilities. The chairman of the Board is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Company, to ensure that adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure that the issues raised at Board meetings are explained appropriately. The general manager of the Company is responsible for the management of the business of the Company and implementation of the policies, business objectives and plans set by the Board and is accountable to the Board for the overall operation of the Company.

Term of Appointment of Non-executive Directors

All the non-executive Directors are appointed for a specific term of three years.

Nomination, appointment, retirement and re-election

In accordance with article 84 of the Articles of Association, every Director shall be subject to retirement by rotation at an annual general meeting at least once every three years and shall be eligible for re-election. In accordance with article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the next following annual general meeting of the Company after his appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

The rules and procedures governing the appointment, retirement, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board structure, size and composition and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

Board Meetings

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and include matters to be discussed in the agenda for regular Board meetings.

For other Board and Board Committees meetings, reasonable notice will generally be given by the Company. The agenda and accompanying Board papers are dispatched to the Directors or Board Committees members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board Committees meetings are/will be recorded in sufficient detail to include the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors and Board Committees members. Draft minutes of each Board meeting and Board Committees meeting are/will be sent to the Directors and Board Committees members for comments within a reasonable time after the date on which the meeting is held.

The management also communicates informally with the Board on a regular basis, and solicits the advice of the Directors on matters falling within their special knowledge or experience. In addition, the Independent Non-Executive Directors meet regularly on formal and informal basis to facilitate the exercise of their independent judgment.

The Company held four Board meetings and one annual general meeting held on 5 June 2024 during the year ended 31 December 2024 and the attendance of the Directors at these meetings is set out in the table below:

Name of Director	Position	General Meeting Attended/ Eligible to Attend	Board Meeting Attended/ Eligible to Attend
Ms. JIANG Peizhen	NED and chairman of the Board	1/1	4/4
Mr. ZENG Yong	ED and general manager	1/1	4/4
Mr. HUANG Jianping	ED	1/1	4/4
Mr. ZENG Kexiong	ED	1/1	4/4
Mr. HE Jinqiang	ED	1/1	4/4
Mr. LI Hua	INED	1/1	4/4
Mr. ZHU Jierong	INED	1/1	4/4
Mr. CHENG Yiqun	INED	1/1	4/4
Mr. QIN Jiesheng (Appointed on 5 June 2024)	INED	0/0	2/2

In addition to the Board meetings listed above, the chairman of the Board also held a meeting with the independent non-executive Directors without other Directors present during the Reporting Period.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, the Company confirms that all Directors complied with the required standards set out in the Model Code during the year ended 31 December 2024.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management of the Company.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors which includes:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

As at the date of this report, the Board, through the Audit Committee, executed the corporate governance function and had reviewed this corporate governance report.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee comprises three members, namely Ms. JIANG Peizhen (NED), Mr. ZHU Jierong (INED) and Mr. CHENG Yiqun (INED), the majority of which are independent non-executive Directors. Ms. JIANG Peizhen has been appointed as the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include the following (without limitation):

– reviewing the structure, size and composition of the Board and making recommendations regarding any proposed changes;

– reviewing the board diversity policy of the Company (the "Board Diversity Policy") regularly (including any measurable objectives that the Board has set for implementing the Board Diversity Policy and the progress on achieving those objectives);

– identifying, nominating and recommending qualified candidates for appointment as Directors;

– assessing the independence of independent non-executive Directors;

– making recommendations to the Board on the appointment or re-appointment of and succession planning for Directors; and

– reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company.

The Nomination Committee undertakes that the selection of Director candidates shall be based on a range of diversity perspectives, with reference to the Company's business model and specific needs, including but not limited to gender, race, age, language, cultural background, educational background, industry experience and professional experience.

The Nomination Committee will also ensure that the recruitment and selection of Director candidates are conducted in accordance with appropriate framework procedures so that candidates with diverse backgrounds can be engaged by the Company.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, the Nomination Committee convened one committee meeting. The Nomination Committee had assessed the independence of INEDs; reviewed the Board Diversity Policy; reviewed the Board composition and considered that the existing Board was appropriately structured. Attendance of each Nomination Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Ms. JIANG Peizhen *(Chairman)*	1/1
Mr. ZHU Jierong	1/1
Mr. CHENG Yiqun	1/1

Board Diversity Policy

The Company views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. To that end, the Company has adopted the Board Diversity Policy to set out the approach to achieve diversity on the Board taking into consideration factors such as diversity of skills, professional and industry experience, cultural and educational background, ethnicity, length of service, gender and age. Under the Board Diversity Policy, the Nomination Committee would monitor the implementation of the Board Diversity Policy and give adequate consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board. The Board will regularly review the Board Diversity Policy and make appropriate revisions to ensure the effectiveness of the Board Diversity Policy.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. at least one-third of the members of the Board shall be independent non–executive Directors;

2. at least one of the members of the Board shall have obtained accounting or other professional qualifications; and

3. at least one of the members of the Board shall be female.

Currently, the composition of the Board has achieved the measurable objectives in the Board Diversity Policy.

The Group also continues to adopt employee diversity measures to promote the diversity at all levels of its workforce. All eligible employees enjoy the equal opportunities for employment, training and career development without discrimination.

Currently, the male to female ratio in the workforce of the Group (including Senior Management) is approximately 3:2, which is in line with the distribution in the same industry and the Board considers that the gender diversity in workforce is currently achieved.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. LI Hua (INED), Mr. CHENG Yiqun (INED) and Mr. HE Jinqiang (ED), the majority of whom are independent non-executive Directors. Mr. LI Hua has been appointed as the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee include the following (without limitation):

– making recommendations to the Board for approval of the remuneration policy and structure and remuneration packages of the Directors and the senior management of the Company;

– determining the remuneration packages of the executive Directors and the senior management of the Company;

– making recommendations to the Board on the remuneration of non-executive Directors;

– ensuring that no Director or any of his/her associates will be involved in deciding his/her own remuneration; and

– reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, the Remuneration Committee convened two committee meetings to assess the performance of the Directors, reviewed the Company's remuneration policy and structure for all Directors and senior management, approving the terms of executive directors' service contracts, and reviewed and/or approved matters relating to share schemes under Chapter 17 of the Listing Rules. Attendance of each Remuneration Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. LI Hua *(Chairman)*	2/2
Mr. CHENG Yiqun	2/2
Mr. HE Jinqiang	2/2

Audit Committee

The Audit Committee comprises four members, namely Mr. ZHU Jierong (INED), Mr. LI Hua (INED), Mr. CHENG Yiqun (INED) and Mr. QIN Jiesheng (INED). Mr. ZHU Jierong has been appointed as the chairman of the Audit Committee, and is the INED with the appropriate professional qualifications.

The principal duties of the Audit Committee include the following (but without limitation):

– reviewing the financial information of the Company including financial statements and annual and interim reports and accounts before submission to the Board;

– making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;

– reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards and discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

– reviewing the Company's financial controls, risk management and internal control systems;

– reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, staff training programmes and their budget of the Company's accounting and financial reporting function;

– developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

– reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report;

– considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; and

– reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, the Audit Committee convened two committee meetings to review the annual results and financial statements of the Company and its subsidiaries for the year ended 31 December 2023, the interim results and financial statements of the Company and its subsidiaries for the six months ended 30 June 2024, the effectiveness of the Group's risk management and internal control systems, and the effectiveness of the Group's internal audit function. There are also proper arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control and other matters. On 27 March 2024, the Audit Committee also reviewed the annual results and the financial statements for the year ended 31 December 2023 and the re-appointment of the external auditor. The Audit Committee's reviews also covered all material controls, including financial, operational and compliance controls and risk management and internal control functions of the Group. The Group's internal audit department has produced a report on the Group's internal control, financial control and risk management systems, which was presented to and reviewed by the Audit Committee and the Board. Attendance of each Audit Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. ZHU Jierong *(Chairman)*	2/2
Mr. LI Hua	2/2
Mr. CHENG Yiqun	2/2
Mr. QIN Jiesheng (Appointed on 5 June 2024)	1/1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The Company's management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 96 to 97 of this report.

DIRECTORS' LIABILITY INSURANCE

The Company did not arrange any insurance cover in respect of legal action against its Directors. The Board believes that with regular and timely communications among the Directors and the management of the Group, potential claims and legal actions against the Directors can be handled effectively without the need for insurance to be maintained. The Board will regularly review the procedures in handling potential claims and legal actions and take into account the requirements of the Directors and will monitor the need for making such an arrangement.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board to maintain adequate risk management and internal control systems to safeguard Shareholders' investments and the Company's assets and review the effectiveness of such systems on an ongoing basis, at least annually.

The Group has established an internal audit department to review the financial condition, operational condition, risk management, compliance control and internal control of the Group. The Group's risk management and internal control systems are designed to ensure the achievement of business objectives in operations, financial reporting integrity and compliance with applicable laws and regulations. Such systems of risk management and internal control are designed to manage, rather than completely eliminate, risks impacting the Company's ability to achieve its business objectives. Accordingly, such systems can only provide reasonable but not absolute assurance that the financial statements do not contain a material misstatement or loss.

With the assistance of the Company's management team, the Board identifies, evaluates, and manages the significant risks faced by the Company (including material risks relating to environmental, social and governance ("ESG")). The Company implements the Board's policies and procedures to mitigate such risks by (i) identifying and assessing the risks the Group faces and (ii) designing, operating and monitoring the Group's risk management and internal control systems to mitigate and control such risks.

In addition, the disclosure policy which contains the procedures and internal controls for the handling and dissemination of inside information was in place. The policy contains the Company's disclosure obligations, procedures for the handling of inside information, and procedures for the specified disclosure requirements, to assist the Group in identifying the inside information and stating the steps to be taken according to the provisions of the Listing Rules or the SFO.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's risk management and internal control systems and considers such systems in place for the year ended 31 December 2024 and up to the date of this report, to be effective and adequate.

AUDITOR'S REMUNERATION

For the year ended 31 December 2024, an analysis of the remuneration paid or payable to the Company's auditor, Ernst & Young, is set out below:

Items of auditor's services	Amount (RMB'000)
Audit services	3,500
Non-audit services - tax advisory services	117
Total	3,617

The Audit Committee and the Board have agreed on the re-appointment of Ernst & Young as the external auditor of the Company for 2025 and the proposal will be submitted for approval at the forthcoming AGM of the Company.

COMPANY SECRETARY

Ms. LEE Angel Pui Shan ("Ms. LEE") was appointed as the company secretary of the Company on 9 March 2022. Ms. Lee is a corporate secretarial executive of SWCS Corporate Services Group (Hong Kong) Limited (a professional corporate service provider) and her primary contact person of the Company was Mr. HE Jinqiang, an executive Director of the Company. During the year ended 31 December 2024, Ms. LEE has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of Directors and the five highest paid employees required to be disclosed under Appendix D2 of the Listing Rules have been set out in Notes 8 and 9 to the financial statements.

For the year ended 31 December 2024, the remuneration paid to the 3 senior management, other than Directors, is listed as below by band:

Band of remuneration	No. of person
Nil to RMB1,000,000	3

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

To promote effective communication with its Shareholders and encourage their participation in general meetings, the Company has established a shareholders' communication policy. The Board has approved and adopted a shareholders' communication policy of the Company ("Shareholders Communication Policy"), which enable Shareholders to engage actively with the Company and exercise their rights as Shareholders in an informed manner such as corporate communications, general meetings, the Company's website and investors' engagement, and maintains a website at www.goldenthroat.com, where up-to-date information on the Company's business operations and developments is available.

The annual general meetings of the Company provide opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company will attend the annual general meetings of the Company to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meetings of the Company to answer questions from the Shareholders about the conduct of the audit, the preparation and contents of the auditor's report, the accounting policies and auditor independence.

The Company has reviewed the Shareholders Communication Policy and its implementation, and believes that during the year ended 31 December 2024, the policy and its implementation remained effective.

SHAREHOLDERS' RIGHTS

The Company intends to avoid bundling of resolutions at general meetings such that a separate resolution shall be proposed for each substantially separate issue at general meetings.

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 the Stock Exchange in a timely manner after each general meeting.

CONVENING OF EXTRAORDINARY GENERAL MEETINGS AND PUTTING FORWARD PROPOSALS

In accordance with the Articles of Association, one or more Shareholders of the Company may convene an extraordinary general meeting provided that they deposit a written requisition to the Board or the company secretary and such requisitioning Shareholders hold as at the date of deposit of such requisition not less than one-tenth of the paid up capital of the Company which carries voting rights at general meetings of the Company.

Shareholders may put forward proposals for consideration at a general meeting under the Companies Act and the Articles of Association. Any written requisitions and proposals should be sent to the principal place of business of the Company in the PRC at 28, Fengxiang Road, Liuzhou, Guangxi Zhuang Autonomous Region, China.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board should email their enquiries to the Company at gt6896@163.com.

CHANGE IN CONSTITUTIONAL DOCUMENTS

For the year ended 31 December 2024, there was no significant change in the Articles of Association of the Company.

ENVIRONMENTAL POLICIES

The Group is committed to protecting the environment. The Group implemented a comprehensive set of environmental protection measures to treat emissions generated during its production process to minimise impact on the environment and to prevent industrial pollution. These measures include having treatment and control systems for solid waste, waste water, waste gas and noise. The Group has dedicated staff members responsible for environmental protection measures. Furthermore, to minimise the impact on the environment, the Group has installed environmental protection equipment and facilities to treat and, where possible, recycle waste materials. The Group is also constantly seeking to improve its environmental protection measures, for example, by reducing its use of water and production of waste water and by not burning coal as fuel to reduce carbon emissions.

ESG REPORT

Details of the ESG of the Group for 2024 are set out in the ESG Report on pages 76 to 92 of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. During the year ended 31 December 2024, the Group has complied with the Cayman Companies Act, the Company Law of the PRC, the Tax Law of the People's Republic of China, the Drug Administration Law and the Food Safety Law. As far as the Company is aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company understands the importance of maintaining a good relationship with its employees, customers and suppliers. During the year ended 31 December 2024, there were no material and significant disputes between the Group and its employees, customers and suppliers.

Employees – The Group provides various internal and external training programmes to its employees with a view to improving staff knowledge. The Group also seeks to motivate and retain its employees by maintaining a merit-based compensation and promotion system. The Group has not experienced any major disputes with its employees and the Company believes that the Group maintains a good working relationship with its employees.

Customers – The Group's distributors are its direct customers. As of 31 December 2024, the Group's distribution network covered over 750 distributors (directly employed by the Group) covering all provinces, autonomous regions and municipalities in the PRC. The Company believes that its distribution network is not easily replicable because it is the accumulation of a process of over a decade of searching for, identifying, negotiating with and selecting qualified distributors in different regions across the country. Over the years, the Group has also developed pricing strategies, which ensure that the profit margins of its products remain attractive to its distributors. In addition, the Group's market leading position of its lozenge products helps retain its distributors. For further details, please refer the section headed "Distribution Network" in the Management Discussion and Analysis of this report.

Suppliers – The Group has established relationships with an average duration of more than three years with most of its major suppliers. The Group carefully selects its suppliers based on various factors, including their product quality, stability, timeliness of delivery, market reputation, creditworthiness and track record. The Group has not experienced significant difficulties in maintaining reliable sources of supplies, and it expects to be able to maintain adequate sources of quality supplies in the future.

GOING CONCERN

The Directors have a reasonable expectation that the Group will have adequate resources to continue in operation for the foreseeable future for a period that is not less than 12 months from the date of this report. The Group therefore continues to adopt the going concern basis in preparing the financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group places great emphasis on corporate culture and corporate philosophy. In recent years, the government, consumers, clients and investors have paid close attention to corporate governance, environmental protection and product safety. In 2024, the Group has further deepened its understanding that it should continuously strive for improvement on safety and environmental protection. Therefore, we strictly follow regulations and adhere to a sense of responsibility, and have made certain achievements by comprehensively implementing the accountability system for safety and environment management objectives, enriching the Company's safety management improvement projects, strengthening the detection and treatment of potential problems, developing a long-term risk management mechanism and taking other measures. Apart from stepping up its efforts to improve business performance, the Group also pays extra attention to protect employees' rights and the environment and continues to show our love and care to the society with concrete actions. The Company adheres to the strategic approach of "creating success through concerted efforts, persistent hard work and second-phase venturing strategy and achieving brilliance again" and lives up to our corporate goal to benefit the society at large by pragmatically producing safer, healthier and more effective products.

ABOUT THIS REPORT

Report Overview

This report aims to disclose to the stakeholders the latest progress of the work of the Group in respect of environmental, social and governance ("ESG") in 2024. This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reporting Period

From 1 January 2024 to 31 December 2024, some contents are retrospective to previous year as appropriate.

Scope of the Report

Unless otherwise stated, the scope of disclosure in this report is the same as that covered in the 2024 annual report. There was no change in reporting scope compared to the ESG report of previous year. The report focuses on our business in the production and retail of lozenges. During the Reporting Period, the Group's core business scope was expanded to include its headquarters and new production base in Liuzhou, Guangxi, China.

Access to the Report

This report is prepared and printed in both traditional Chinese and English, and is published in electronic version which can be downloaded from the Company's website at www.goldenthroat.com and the HKEXnews website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

BOARD STATEMENT

The Board attaches great importance to environmental, social and governance matters, and authorizes the ESG Management Committee and the execution teams to carry out ESG-related work. The Board also supervises overall ESG matters, and reviews the Group's ESG strategy, ESG objectives and related risk management. The Group has established the sustainable development vision and strategy to guide its environmental, social and governance work. The vision and strategy have been reviewed by the Board to ensure that they are consistent with the business characteristics of the Group and are consistent with the overall development strategy of the Group. The Board has participated in the assessment, prioritization and management of key ESG issues, and reviewed the identification, assessment process and analysis results of key ESG issues of the Group and response strategies developed. This report discloses the management practices of the Group in respect of the abovementioned work and other fields on ESG. This report was considered and approved by the Board on 28 March 2025.

Reporting principles

Materiality: The Group has identified, assessed and ranked material issues on ESG, and disclosed ESG matters based on the results of materiality assessment. After evaluation, the order of importance in descending order is: occupational safety, employment and labor standards, production management environment, anti-corruption, product responsibility, supply chain management, development and training, emission reduction, resource use, giving back the community, environment and natural resources.

Quantitative: This report adopts a quantitative method to measure applicable key performance indicators and set quantitative environmental targets. Data on the criteria, methodologies, assumptions and/or measurement tools used to quantify relevant emissions and energy consumption have been disclosed where appropriate.

Balance: The report provides an unbiased picture of the Group's performance through pursuing balance between qualitative and quantitative information in the Report and providing in-depth analysis of its ESG management during the Reporting Period from both positive and negative sides.

Consistency: In this report, apart from changes in the greenhouse gas emission data as compared to previous year, the compilation method, statistical method of other report data and the measurement criteria, methodologies, assumptions of the quantitative data and/or calculation tools, conversion factors used, are consistent with previous years.

I. ENVIRONMENTAL

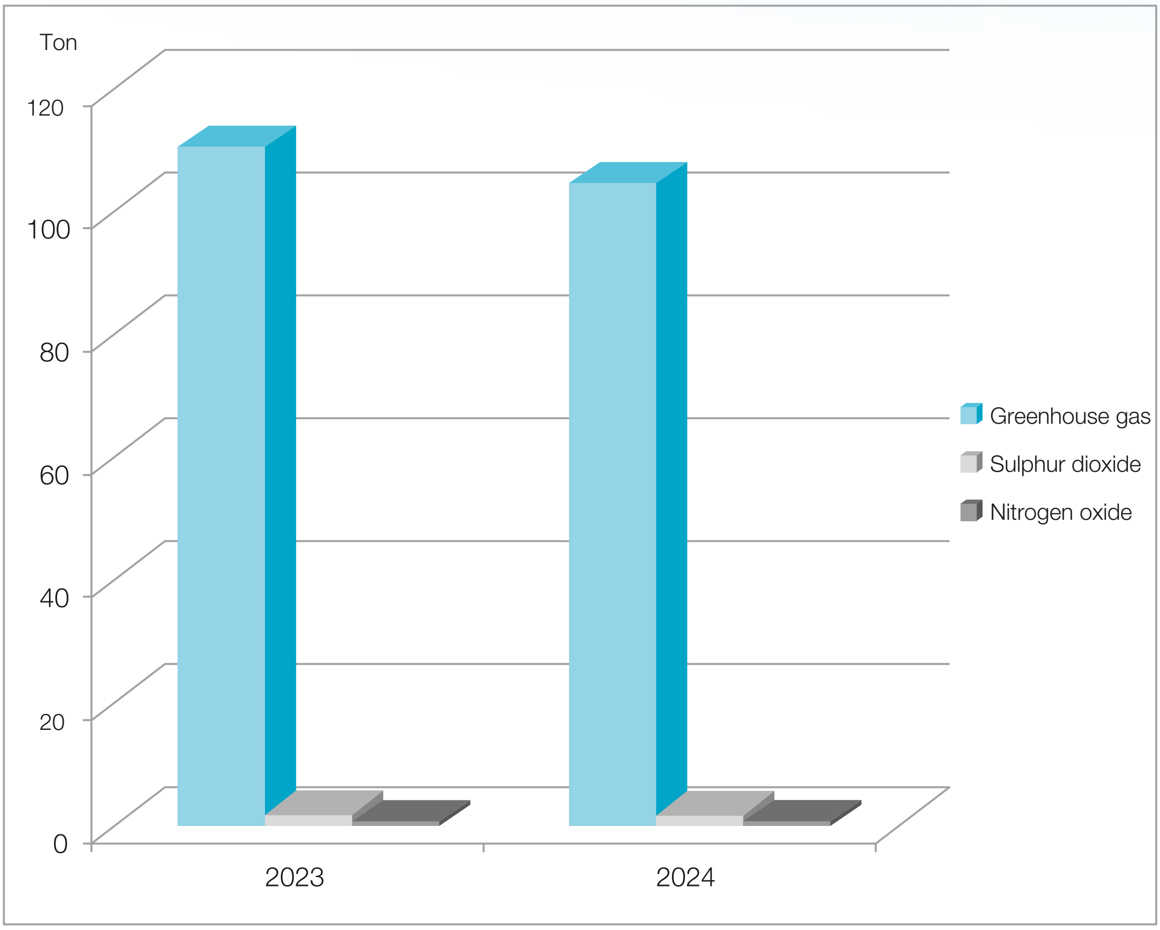
With increasing concerns over environmental protection around the world, environmental protection and energy conservation have become the key topics in sustainable development of enterprises. As a corporation that advocates green culture, the Group spares no efforts in emission reduction and energy conservation and endeavours to minimize the impact of its daily operation on the environment.

Emission Reduction

The Group advocates energy conservation and emission reduction in every business procedure and strictly abides by the requirements of laws and regulations including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》). The Group has taken effective measures from stages of production to emission of pollutants. For instance, the Group makes rational use of clean energy, improves energy use efficiency and implements policies in respect of energy conservation and emission reduction, such as processing flue gas and wastewater generated in the manufacturing processes with treatment equipment before they are emitted and discharged, so as to continuously reduce the environmental impact of wastewater, exhaust gas and non-hazardous solid wastes produced during the manufacturing and operation process of the Company. The Group's greenhouse gas and exhaust gas emissions are mainly flue gas emitted by natural gas oil-fired steam boilers.

In 2024, Greenhouse gas emission was approximately 104.71 tonnes and approximately 53,297.39 cubic meter, the emission per square meter of construction area is 0.0017 tonne/square meter. Exhaust gas emission of sulphur dioxide was approximately 1.68 tonnes and nitrogen oxide was approximately 0.75 tonnes. Greenhouse gas emission has decreased by approximately 5.79 tonnes, sulphur dioxide emission has decreased by 0.10 tonnes, and nitrogen oxide emission has decreased by 0.04 tonnes, respectively, as compared to 2023. In 2024, the greenhouse gas, sulphur dioxide and nitrogen oxide emission of the Group were approximately 225.18 kilograms, 3.61 kilogram and 1.61 kilograms, respectively, for every 1,000 boxes of products produced. All of the above have complied with the level-two requirements of GB13271-2001 "Emission Standard of Air Pollutants for Boilers" (《鍋爐大氣污染物排放標準》) and are emitted through emission devices in an organized manner in order to reduce the impact on the surrounding environment. For the flue gas generated in the manufacturing process, it is discharged after being processed by treatment equipment and reaching the standards to minimize the emission of flue gas pollutants.

EMISSION INDICATORS



The principal business of the Group involves the processing of raw materials into finished goods and the sale of finished goods. No hazardous waste is generated during the production process of the Group, while non-hazardous wastes, primarily activated carbon clay and dregs, are generated in its production and operation. After identification and inspection for hazardous waste, the activated carbon generated during the production process of the Group is general industrial solid waste. In 2024, a total of approximately 272 tonnes of non-hazardous wastes were generated in production, which has increased by approximately 11 tonnes as compared to the total wastes generated in 2023. In 2024, approximately 661.75 kilograms of non-hazardous wastes were generated for every 1,000 boxes of products produced (2023: approximately 672.68 kilograms of non-hazardous wastes were generated for every 1,000 boxes of products produced). All wastes were delivered to the Environmental Hygiene Department for centralized treatment. In 2024, the Group adopted refined management in its production process, with a view to reducing the generation of solid wastes from the source, thus achieving reduction in solid wastes. The solid waste disposal of the Group is in compliance with the principles of renewability, minimisation and detoxification as stipulated in the Solid Waste Pollution Prevention and Control Law (《固體廢物污染防治法》) of the PRC and the statutory requirements in respect of handling of solid wastes.

In order to reduce the frequency of the use of fuel vehicles by the employees of the Group and reduce greenhouse gas emissions and for employees commuting to work, the Group provided each employee, other than disabled employees, with a Baojun new energy electric vehicles produced by Liuzhou SGMW (柳州上汽通用五菱). The Group ordered a total of over 700 new energy electric vehicles from SGMW. Today, the majority of the employees of the Group commute to work by new energy vehicles, which has effectively and significantly reduced the carbon emission generated in the commuting of employees.

Use of Resources

In terms of energy conservation, the Group sets energy consumption standards according to the actual operational needs of various departments with reference to the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and the Water Law of the People's Republic of China (《中華人民共和國水法》), so as to enhance energy efficiency and avoid waste of resources.

The Group has completely relocated to the new medicine production and research and development base located in Luowei Industrial Concentration Area, Liuzhou, the PRC. The new base covers a usable area of about 60,000 square meters, including research and development centres, production plants, warehouses and administrative office buildings. The significant increase in the number of machinery and equipment and units in the new base compared with that of Golden Throat's headquarters at No. 28, Yuejin Road, Liuzhou, the PRC has resulted in certain increase in use of resources by the Group. Meanwhile, through cooperation with various environmental protection authorities, the Group organized various forms of training and educational activities, developed the concept of green office, and promoted paperless office to enhance employee's awareness of environmental protection, improve application and understanding of energy conservation, emission reduction and energy efficiency, and to establish a corporate culture of low-carbon office. The Group also encouraged employees to save office supplies, reduce paper printing, reduce the use of electricity, turn off unused computers or electrical appliances and equipment, use energy-efficient light-saving bulbs, and adjust office air-conditioning temperature to 25 degree Celsius in order to enhance employees' awareness on energy conservation and to save energy.

In 2024, the electricity consumption of the Group was 4,923,500 kWh, representing an increase of approximately 283,300 kWh as compared to 2023. In 2024, the water usage of the Group was 189,700 tonnes, representing an increase of approximately 600 tonnes as compared to 2023. In 2024, the electricity consumption and water usage were approximately 10,500 kWh and 407 tonnes, respectively, for every 1,000 boxes of products produced (2023: the electricity consumption and water usage were approximately 10,400 kWh and 423 tonnes, respectively, for every 1,000 boxes of products produced). The Group had no issue in sourcing water that is fit for purposes. The wastewater discharged were mainly sewage from production process. Our sewage treatment reaches the first-tier standard of GB8978-1996 "Integrated Wastewater Discharge Standard" (《污水綜合排放標準》). The Group has established a set of sewage treatment facilities which employs processing procedures of "gas flotation + anaerobic process + efficient water purifier + sand filtration" and has a processing capacity of 800 tonnes per day. The purified water can be used for removing dusty water in boilers, as well as planting trees in the factory areas. The use of resources policy of the Group aims to increase the wastewater reuse rate as much as possible to achieve the purpose of efficient use of resources. In 2024, the Group continuously improved the recycling and utilization policy of water resources, and enhanced the recycling of wastewater and the utilization rate of water resources. In respect of recycling water, the Group achieved a wastewater reuse rate of 70%. The management has formulated measures in relation to conservation of water resources and will monitor the implementation on a daily basis. The packaging material for finished goods used by the Group in 2024 amounted to an aggregate of approximately 3,327 tonnes, representing an increase of 392 tonnes as compared to 2023. In 2024, approximately 7.13 tonnes of packaging material were used for every 1,000 boxes of products produced (2023: approximately 6.57 tonnes of packaging material were used for every 1,000 boxes of products produced).

Environment and Natural Resources

The Group is committed to reducing the emission of pollutants by carrying out specific environmental management measures. Besides, the Group has obtained the ISO14001:2004 environmental management system certification. The Group strives to minimize the impact of its production business on the environment and steps up its efforts in monitoring and managing the environment, with a view to strictly manage the production process and identify the pollutants discharged and factors which may have potential impacts on the environment. The Group also utilizes energy resources effectively, which will help protecting resources and solving climate change issues. In 2024, the Group's business activities did not have any significant adverse impact on the environment and natural resources. The Group has relocated to a new R&D and production base for pharmaceutical products. The new R&D and production base will be powered by clean energy, i.e. natural gas-fired boilers, and are expected to effectively conserve non-renewable resources in the future.

The Group will popularize the knowledge of climate change and the concept of low-carbon development, vigorously carry out publicity and education on the concept of green operation, improve employees' awareness on energy conservation, and advocate a green lifestyle. In addition, the Group will strengthen the monitoring and alert of natural disasters and the construction of engineering defense capabilities, and improve the social mobilization mechanism for disaster prevention and reduction.

Climate change

To cope with the impact of climate change on the continuity and sustainability of the Group's operations, the Group has identified and sorted out major climate change risks and opportunities related to the Group through communication and research, combined with the development needs of the Group's business strategy, and formulated relevant response strategies.

Nowadays, consumers are concerning more about climate change issues and their awareness of environmental protection and low carbon has increased. Their consumption needs, consumption behaviors and consumption habits are leaning towards green, low-carbon and sustainable products. In the future, the Group will focus on the changing trends of consumers' consumption needs, habits and behaviors, and integrate green concept into the process of product design, manufacturing, packaging and transportation, so as to meet the consumer demand for green concept products in the end-consumer market.

The quality and cost of raw materials used in products may be affected due to the occurrence of extreme weather conditions and changing climatic conditions in certain regions. The Group will continue to pay attention to the climatic conditions of raw material origins and price fluctuations in the raw material market. If the quality of raw materials is affected or the price increases significantly, the Group will replace raw material suppliers in a timely manner, and develop and use other types of substitutes at the same time.

The occurrence of extreme weather conditions or natural disasters may have impact on the supply chain of raw materials, the continuity of factory production, and the logistics, transportation and warehousing of goods. For the impact of extreme weather conditions, including typhoons, blizzards and rainstorms, the Group will maintain communication with relevant functional departments to ensure the continuity of order production and transportation.

II. SOCIAL

Occupational Safety

According to the requirements of "Basic Rules for Standardization of Safety Production of Enterprises" (《企業安全生產標準化基本規則》) of the PRC, the Group has formulated various relevant regulations to specify different safety management responsibilities. The Group has also established a comprehensive occupational safety management system under the principles of "key responsible persons shall be held accountable" and the safety philosophy of "two roles in one post".

Moreover, the Group conducts regular safety reviews. In 2024, the Group's review team completed 12 occupational safety reviews. The encouraging results show that various relevant departments and production areas of the Company have achieved significant improvements in protective equipment, on-site environment, fire-fighting equipment, operating specifications, equipment management aspects.

Each year, the Group's internal control department, together with the security department, prepare an annual review plan. All departments are required to conduct internal review in accordance with different safety standards and operating specifications, submit a report listing out all items in violation of the safety standards, analyze the reasons behind such violation and propose rectification measures. The internal control department, together with the security department, will monitor the proposed rectification according to the scheduled due time to ensure such violation of safety production standards will be rectified as soon as possible.

In 2024, the Group's internal safety inspection on production safety found 6 safety-related issues that is subject to improvement and 5 hidden safety dangers, all of which had been rectified under the cooperation and joint efforts of various departments. Meanwhile, the Group's Human Resources Centre organizes fire drills in June every year, including fire emergency preparedness drills, drills in respect of the actual use of fire apparatus, fire evacuation drills and fire safety education programmes, which can enhance employees' skills in dealing with fire emergencies and their evacuation techniques. The Group also organises staff meeting regularly to provide guidelines for relevant occupational safety, which can raise employees' safety awareness and ensure all the Group's escape routes are free from obstructions. For the three years ended 31 December 2024, the Group had no fatal accidents in relation to safe production. For the year ended 31 December 2024, no employee applied for leave due to work-related injury.

Employment of Employees

Indicator		As of 31 December 2024
By gender	Male employees (person)	551
	Female employees (person)	323
By age	Employees under 30 years old (person)	294
	Employees between 30 years old (inclusive) and 50 years old (exclusive) (person)	460
	Employees over 50 years old (inclusive) (person)	120
By employment type	Full-time employees (person)	795
	Other employees (person)	79
By region	Employees in the PRC including Hong Kong, Macao and Taiwan (person)	874
	Foreign employees (person)	0

Employee Turnover Rate

Indicator		As of 31 December 2024
By gender	Male employees	1.14%
	Female employees	0.57%
By age	Employees under 30 years old	1.60%
	Employees over 30 years old	0.11%
By region	Employees in the PRC including Hong Kong, Macao and Taiwan	1.72%
	Foreign employees	0

Employment and Labour Standards: Working Environment and Culture

The Group values talent diversification and forbids discrimination based on factors such as gender, age, ethnicity, religion or marital status for candidates who meet the job requirements. Everyone who joins the Group shall be treated equally.

The Group safeguards the legitimate rights and interests of minors by strictly complying with the relevant laws and regulations, such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Regulations on Prohibiting Use of Child Labour (《禁止使用童工規定》). Newly recruited employees must be at least aged 18 and satisfy the recruitment conditions before being processed for onboarding. The Group also conducts overall review on its practices regarding employment from time to time to avoid child labour, forced labour or the occurrence of other potential non-compliance with the relevant laws and regulations. If employment of child labor or forced labor is found, the Group will promptly investigate relevant situation according to the requirements of the local labor bureau, including communicating with child labor guardians, understanding the willingness to work of the forced labor employees. Adjustment of work, dismissal, accountability and other measures will be adopted in accordance with the investigation results to eliminate violations as soon as possible. In 2024, the Group did not discover any instances of child labor or forced labor. The Group guarantees our employees reasonable working hours and rest periods in strict accordance with regulations to assist them with achieving work-life balance. Workers will be arranged to take day-off on statutory holidays in compliance with the relevant laws to enhance their sense of well-being.

As at 31 December 2024, the Group had 874 full-time employees. In view of the changes in the social culture and labour environment in the Mainland China, the Group has established a reasonable, legally compliant and effective human resources management system pursuant to government regulations to provide its employees with competitive remuneration and benefits. The Group provides good working environment for its employees, including a workplace that is free from discrimination and harassment. The Group has also formulated a performance assessment system and promotion system, through which all employees will be provided equal opportunities and competitive remuneration. The Group has formulated its remunerations and benefits in strict compliance with relevant regulations and rules. Outstanding performance of employees at various levels will be rewarded with remuneration, bonus, rewards and other benefits as a gratitude for their valuable contribution to the Group. The Group also provides marital leave, causal leave and compassionate leave in accordance with relevant regulations. In addition, all employees working in the same positions are entitled to the same level of benefits and compensation. Such policy applies to the employment ordinances and conditions of the Group, including recruitment, employment, placement, dismissal, layoff and deployment.

As a company producing food and pharmaceutical products, the Group holds the physical and mental health of employees in high regard. Employees are encouraged to participate in various activities, work hard and be serious at work, enjoy their life and stay happy every day. In 2024, the Company organized light volleyball competition and light volleyball elite competition for its employees, during which the Group rented venues for them to practise and hold the light volleyball competition. At the end of March 2025, the Group organized its some employees to participate in the 2025 Liuzhou Marathon.

In 2024, the trade union of the Group sent their festive greetings to all female employees, staff members and their children on “March 8 Women’s day”, “May 1 Labour day” and “June 1 Children’s day”, respectively. Besides, the Group extended its regards to the employees staying in hospitals, arranged gynecological examination for female employees and maintained mutual-support medical insurance for its employees in addition to the compulsory medical insurance required by the State.

In 2024, while we were committed to developing our business, we adhered to the concept of “benefiting mankind and repaying society”. As for employee benefits, the Group has completely relocated to the new medicine production and research and development base located in Luowei Industrial Concentration Area, Liuzhou, the PRC in the second half of 2021. In order to reduce the frequency of the use of fuel vehicles by the employees of the Group and reduce greenhouse gas emissions and for employees commuting to work, the Group also provided each employee, other than disabled employees, with a Baojun new energy electric vehicles produced by Liuzhou SGMW (柳州上汽通用五菱). The Group ordered over 700 new energy electric vehicles from SGMW, which not only solved the transportation problem of employees with long commuting distance, but also effectively stimulated local consumption demand in Liuzhou and help economic growth and recovery.

Development and Training

With respect to training, the Group proactively arranges its employees to participate in various internal and external training programmes. In 2024, the Group organized 30 different internal training sessions for employees from different systems and departments and of different functions, with a total of 870 participants. The training covered laws and regulations related to safe production, pharmaceutical products, food products and health food products, hygiene requirements for production staff, knowledge of microorganisms in clean areas, facilities and equipment related to production, and operating procedures for each position, and inspection and operating procedures for inspection staff, etc. After the training, participants were assessed by written examination, interviews, oral examination, on-site operations or other means to ensure that all of them can master the relevant knowledge, meet the expected goals of the training and be competent for their corresponding positions.

For external training, the Group assigned 9 key personnel from each department to attend training overseas during the year. The Group had signed a training agreement with www.chsfda.com, by which 176 employees participated in a total of 16 specialized training sessions on various topics including the scientific maintenance of Chinese medicinal herbs and Chinese medicine decoction pieces, the design, operation and maintenance of pharmaceutical purified water systems, verification management, the establishment and implementation of Marketing Authorization Holder (MAH) post-listing change of control system, risk control of production process, production site management and material management during the year. www.chsfda.com's team of professional lecturers had comprehensively enriched the frontline learning topics and the strong team of experts had helped our Group's Good Manufacturing Practice (GMP) training to reach new heights. In addition, the Group had arranged its licensed pharmacists to participate in the annual continuing education and training for practicing qualification of the nation to ensure the consolidation of knowledge and continuous improvement of the professional and technical personnel in pharmaceutical of the Group, which in turn provide an important guarantee of technical support to the Company.

The trainings aimed at enhancing the comprehensive quality and ability of employees, ensuring that our employees keep abreast of the new regulations and technologies to better complete the designated tasks and strengthen the talent building of the Company, which will enable the Group to remain at the forefront of the industry in terms of production and management standards.

Employee Training in 2024

Indicator		Percentage of employees trained (%)	Average training hours
By Gender	Male employees	100%	6.35
	Female employees	100%	6.42
By Category	Management employees	100%	7.10
	Non-management employees	100%	5.31

Giving Back to Community

"Benefiting mankind with Golden Throat Lozenges" is always the corporate mission upheld by the Company. In order to give back to society, the Group has contributed a total of over RMB60 million to support various community welfare projects since its establishment, of which RMB1 million was invested in the construction of two "Golden Throat" pedestrian footbridges on the east and west side of Wuyi Road in Liuzhou city; over RMB25.6 million was contributed for the establishment of Guangxi Golden Throat Football School; and RMB2 million was contributed to support the Guangxi sports delegation team to participate in the 9th National Games. In times of natural disasters over the years, the Group has donated money and materials of over RMB3.8 million. The Group has also sent greetings to teachers in Liuzhou on Teachers' Day for 37 consecutive years, and has provided financial aids to schools in poor mountainous regions on a long-term basis.

The Group has funded a number of schools from 1998 to 2024, including Guangxi Golden Throat Posuo Primary School (廣西金嗓子坡索小學) in the old revolutionary base area of Donglan County, Hechi Prefecture, Guangxi, Guangxi Golden Throat Beigeng Secondary School (廣西金嗓子北更中學) in Xincheng County, a national-level poverty region, Xiangfen Secondary School in Rongshui Miao Autonomous Region (融水苗族自治區香粉中學), Yaji Primary School (牙己小學) and Chaxi Primary School (茶溪小學) in Sanjiang Dong Autonomous County. Over these years, the Group has supported the building of two Project Hope primary schools, two school buildings, 6 washrooms and 2 libraries; donated over 2,000 classroom tables and chairs, over 20,000 warm winter outfits and sponsored over 200 girls under the Spring Buds Program. Ms. JIANG Peizhen, the Chairman of the Board of Directors of the Company, has also taken the lead to sponsor over 10 ethnic minority girls from Longmei Secondary School (龍美中學) in Guzhai Township, Liucheng County to receive 9-year compulsory education.

III. CORPORATE DEVELOPMENT AND MANAGEMENT

Supply Chain Management

The Company has always attached great importance to the coordination and balance of its stability and development. It is committed to maintaining an effective management and control plan, while continuing to cooperate with industry organisations, suppliers and external experts. In 2024, the Company exercised extensive management over suppliers pursuant to the regulatory requirements of Good Manufacturing Practice (GMP) standards for pharmaceutical products and carefully reviewed their qualifications. We have also conducted on-site review of major suppliers for rectification of problems on a continuous basis to ensure that the quality of raw material is up to standard.

The Company has reviewed 35 suppliers introduced in 2024, among which 31 of them officially became our suppliers and 1 of them were changed, while the introduction of 2 suppliers was terminated. The Company insists on the principle that suppliers should manage their own work while the Company should be responsible for supervision and review. The Company will file reports to the Food and Drug Administration timely in respect of the extracts suppliers that the Company has decided to introduce. The Company also adheres to the principle that daily management and emergency alert system should be integrated and reviews the operation risks of suppliers on a regular basis. Approximately 65% of the Group's suppliers are located within the Guangxi Zhuang Autonomous Region, and the remaining approximately 35% are located in Guangdong, Shanghai, Hunan, and other regions.

Production and Management Environment of the Company

The Company keeps its surrounding environment clean, maintains the roads smooth and fosters a satisfactory green environment. There is no pollution in the production areas and no obstruction in the sewers. Reliable liquid seal devices are installed in the floor drains in clean areas. Production staff members who have direct contact with our products receive medical examination every year. Health archives were established to ensure all production staff members are free from infectious diseases. In addition, the Company has laid down and has strictly enforced management requirements in respect of procurement as well as stock-in and stock-out of inventories. The Company has also set storage periods for its materials, where materials are re-inspected upon the expiry of their storage periods and only those passing the re-inspection will be used, otherwise they will be discarded. The stock-out of materials is carried out on a "first-in-first-out" basis. Complete record with signatures of both the issuers and recipients are maintained. The Company has constructed warehouses for raw materials, finished products, cold stuffs, as well as inner and outer packaging materials that are complementary to the production. These warehouses are equipped with lighting, ventilation, cooling, anti-pest and anti-rodent facilities based on the storage requirements of different materials and finished products. Materials and finished products are stored separately with clear labels. Store keepers monitor and take record of the temperature and humidity level of each warehouse. The workshop is equipped with advanced production equipment which is able to deliver reliable performance. Meanwhile, the Company has formulated various quality management systems, job operating procedure as well as quality standards and regulations for standard inspection procedures in respect of raw materials, packaging materials, intermediates, semi-finished products and finished products, and strictly monitors the implementation of such systems, standards and regulations.

The Company provides its employees with safe working environment by strictly complying with various national policies, including regulations on production safety and regulations on prevention and control of occupational diseases and hazards. The Group conducts a major inspection every year, organizes education and training on safety knowledge for its staff once every quarter. New staff will receive safety training before commencing work. The Group has also formulated detailed distribution system in respect of labour protection supplies, pursuant to which work uniforms, gloves, masks, etc. are distributed as planned. Our staff receives medical examination every year to prevent and control occupational diseases.

Product Responsibility

The Group is always committed to providing consumers and customers with safe, reliable and effective products that are in line with national standards. The standard of Golden Throat Lozenges, a product of the Company, was jointly proposed and reformulated by the Company and Guangxi Institute for Drug Control. It is the first lozenge medicine with the ingredient measurement indicator included in the national standard of lozenge medicine of proprietary Chinese medicine, and its quality indicators have been ahead of similar products in China. Meanwhile, the Company monitored the quality of its products based on an internal quality control standards higher than national standards. The manufacturing process of Dule Lozenges of Golden Throat Lozenge Series Products, a food product series of the Company, was monitored in accordance with the requirements of pharmaceutical manufacturing. The Company adopted an industry-exclusive internal quality control standard by introducing the inspection of certain pharmaceutical products on top of all national standards for food products.

The Company insists on placing comprehensive quality control as the core of corporate management, and established a three-tier quality management network with delineated quality assurance and quality control responsibilities. Production management and quality management departments are completely independent of each other. Quality management department is directly supervised by the General Manager with absolute veto on quality. Substandard raw materials would not be allowed to enter the factory and substandard products would not be allowed to leave the factory. In case of material quality issue, the person in charge of the relevant departments would be dismissed directly. Quality management department strengthens daily and sample inspection and the examination work. Inspection results and product quality would be linked to the income of employees. A special fund has been designated for the establishment of a quality fund reward, requiring 85% of the income of employees to be linked with the quality assessment. Full amount of fund will be disbursed only when all requirements of internal indicators are met.

The Group has formulated corresponding measures for receiving product and service complaints. The Group has set up three handling mechanisms, namely rapid response, graded investigation and timely feedback, whereby the relevant personnel are responsible for registering the contents of customer complaints in the "Customer Complaint/Return Registration Form", numbering the complaint information, and notifying the relevant departments. The relevant departments investigate the causes of the complaints, take corrective and preventive measures, and record them in the processing report. After that, they need to verify the effectiveness of the processing measures to ensure that the problem is resolved. In addition, the Quality Inspection Department is responsible for the complaints for drug quality and adverse reaction monitoring, and all complaints must be submitted to the Quality Inspection Department. The quality inspector fills in the "User Complaint Record" or "User Visit Registration Form", and handles the complaints in three categories: general complaints, important complaints and serious complaints. Returns and adverse reactions should be given to the Quality Inspection Department for confirmation before handling returns, or reporting them to the drug regulatory department in a timely manner.

The Group adheres to creating a sound service system for customers, and upholds the principle of "customer priority and professional services". It has formulated a communication system so as to establish good communication channels with customers.

Customer Data Protection

The Group attached great importance to the protection of customer data security, strictly abided by the provisions of laws and regulations, including the Personal Data Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) and Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》). It has established a sound information security management system, which effectively protects the Group and customers' privacy and data security through the application of high-tech means such as firewalls with high security level and the implementation of strict data flow monitoring measures.

Intellectual Property and Brand Protection

The Group strictly abides by the relevant laws and regulations such as the Trademark Law of the People's Republic of China 《(中華人民共和國商標法》), Patent Law of the People's Republic of China 《(中華人民共和國專利法》), Copyright Law of the People's Republic of China 《(中華人民共和國著作權法》), Advertisement Law of the People's Republic of China 《(中華人民共和國廣告法》), Law of the People's Republic of China Against Unfair Competition 《(中華人民共和國反不正當競爭法》) and Law of the People's Republic of China on Protection of the Rights and Interests of Consumers 《(中華人民共和國消費者權益保護法》). It continues to carry out standardized advertising and trademark management, implements protection measures, gradually improves the advertising and trademark management system to timely identify, sort out and prevent intellectual property risks in business, and further enhance the level of brand management and intellectual property management.

The Company attaches great importance to product quality, thus contributing to the excellent quality of Golden Throat with safety, stability, reliability and effectiveness. Products of the Company successively won multiple accolades including the National Key Brand of Reassurance, the National Excellent Product of the Food Industry, Autonomous Region Customer Satisfaction Product, the Guangxi Famous Product and the Guangxi Leading Enterprise. The companies of the Group were also granted approval for the Registered Hygiene Certificate for Exported Food (currently replaced by the Filing of Enterprises Producing Exported Food), the Halal Certification, the ISO 2200 Certification and other certifications. In 2024, all products of the companies of the Group have reached a passing rate of 100% in various sampling and quality inspections conducted by government regulators, and no issue of material non-compliance was found in the daily supervisory inspections and unannounced inspection conducted by regulators at autonomous region and municipal levels. In 2024, the Group have not recalled any product due to safety and health issues.

Anti-corruption

The Group has formulated the Anti-malpractice Operation Regulations (《反舞弊工作條例》) and the Reporting System (《舉報制度》) to prevent extortion, fraud and money laundering, and strictly complied with the relevant requirements. We have established a sound voluntary interest declaration mechanism and adopted diversified reporting channels such as mail, fax, telephone and email. Follow-up investigation will be carried out for all suspicious cases. In addition, the Group vigorously promotes enterprise education to promote the concept of anti-corruption through a variety of means such as seminars, and to build an honest and self-disciplined working environment. The Group's Audit Committee monitors and reviews the operation of the policies and makes recommendations for actions arising from the investigations. In 2024, we carried out anti-corruption training for all employees in various forms to enhance employees' anti-corruption awareness. Through plant pictorial and email tweets, we conveyed the Group's anti-corruption and compliance policies to employees, and carried out anti-corruption and anti-bribery system training of the Group to all directors, including compliance background, purpose and significance of anti-corruption and anti-bribery, content and implementation of anti-corruption and anti-bribery system, etc. In 2024, the employees of the Group have complied with the laws and have not violated the relevant anti-corruption legislation and no legal proceedings regarding corruption occurred.

IV. LEGAL COMPLIANCE

The Group has complied with relevant laws and regulations that have a significant impact on the Group relating to (i) air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste; (ii) compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; (iii) providing a safe working environment and protecting employees from occupational hazards; (iv) preventing child or forced labour; (v) health and safety, advertising, labelling and privacy matters relating to products and services provided; and (vi) preventing bribery, extortion, fraud and money laundering.

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To the shareholders of Golden Throat Holdings Group Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Throat Holdings Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 98 to 183, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

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 each 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 these matters. 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
Recoverability of trade receivables	
As at 31 December 2024, the net carrying value of the Group's trade receivables amounted to RMB29,158,000, after netting off with an impairment provision of RMB3,160,000, which represented 1.30% of the Group's total assets. The collectability of trade receivables is a key element of the Group's working capital management and is managed on an ongoing basis by management. According to HKFRS 9, impairment of trade receivables is assessed based on the expected credit loss model which requires significant judgements and estimates from the management. In assessing the expected credit losses for the trade receivables, management considers various factors such as the ageing of the balance, existence of disputes, recent historical payment patterns and influence from macroeconomy. The assessment is highly judgmental. The Group's disclosures about trade receivables are included in notes 2.4, 3 and 17 to the financial statements, which also explain the accounting policies, management's accounting estimates and the related expected credit losses.	We evaluated management's assessment on the recoverability of the trade receivables and the forward-looking adjustments by evaluating the detailed analyses of the ageing of the receivables and testing, on a sample basis, payments received subsequent to the year end, historical payment patterns, and any disputes between the parties involved and market information about the credit status of the counterparties, where available. We also evaluated the expected credit loss provision methodology used by the Group and the estimates used to determine the expected credit losses by considering cash collection performance against historical trends.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis of the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's Statement, the Directors' Report, the Corporate Governance Report and the Environmental, Social and Governance Report, which are expected to be made available to us after that date.

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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Chairman's Statement, the Directors' Report, the Corporate Governance Report and the Environmental, Social and Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the 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 Hooi Wan Yee.

Ernst & Young
Certified Public Accountants
Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**1,185,004**	961,377
Cost of sales		**(290,820)**	(263,658)
Gross profit		**894,184**	697,719
Other income and gains	5	**40,170**	39,291
Selling and distribution expenses		**(355,933)**	(266,401)
Administrative expenses		**(117,105)**	(94,579)
Other expenses		**(8,675)**	(4,310)
Finance costs	7	**(15,363)**	(10,699)
PROFIT BEFORE TAX	6	**437,278**	361,021
Income tax expense	10	**(118,647)**	(110,859)
PROFIT FOR THE YEAR		**318,631**	250,162
Attributable to:			
Owners of the parent		**318,631**	250,162
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	**RMB43.10 cents**	RMB33.84 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	**318,631**	250,162
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(15,997)**	4,619
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into presentation currency	**16,733**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**736**	4,619
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**319,367**	254,781
Attributable to:		
Owners of the parent	**319,367**	254,781

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**429,483**	412,437
Investment properties	14	**12,627**	12,426
Advance payments for property, plant and equipment		**1,216**	1,555
Right-of-use assets	15(a)	**30,723**	33,833
Deferred tax assets	25	**20,939**	21,155
Total non-current assets		**494,988**	481,406
CURRENT ASSETS			
Inventories	16	**65,210**	63,209
Trade and bills receivables	17	**420,609**	419,662
Prepayments, other receivables and other assets	18	**86,191**	165,018
Due from related parties	30(c)	**528**	517
Financial assets at fair value through profit or loss	19	**10,000**	40,000
Pledged deposits	20	**43,012**	97,025
Cash and cash equivalents	20	**1,130,628**	1,032,200
Total current assets		**1,756,178**	1,817,631
CURRENT LIABILITIES			
Trade payables	21	**24,987**	17,527
Other payables and accruals	22	**243,919**	227,198
Interest-bearing bank and other borrowings	23	**381,936**	412,340
Due to a director	30(c)	**245**	240
Due to related parties	30(c)	**871**	869
Tax payable		**48,515**	48,641
Government grants	24	**–**	75
Total current liabilities		**700,473**	706,890
NET CURRENT ASSETS		**1,055,705**	1,110,741
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,550,693**	1,592,147

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,550,693**	1,592,147
NON-CURRENT LIABILITIES			
Other payables and accruals	22	**514**	609
Interest-bearing bank and other borrowings	23	**44,980**	–
Deferred tax liabilities	25	**38,898**	40,839
Total non-current liabilities		**84,392**	41,448
Net assets		**1,466,301**	1,550,699
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	**113**	113
Share premium	26	**675,410**	675,410
Reserves	27	**790,778**	875,176
Total equity		**1,466,301**	1,550,699

Jiang Peizhen
Director

Zeng Yong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent							
	Share capital RMB'000 (note 26)	Share premium RMB'000 (note 26)	Capital reserve* RMB'000 (note 27)	Statutory and other surplus reserves* RMB'000 (note 27)	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000 (note 27)	Retained profits* RMB'000	Total equity RMB'000
At 1 January 2023	113	675,410	8,952	261,246	(24)	60,095	533,319	1,539,111
Profit for the year	–	–	–	–	–	–	250,162	250,162
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	–	–	–	4,619	–	4,619
Total comprehensive income for the year	–	–	–	–	–	4,619	250,162	254,781
Final 2022 dividend declared	–	–	–	–	–	–	(243,193)	(243,193)
Transfer from retained profits	–	–	–	55,154	–	–	(55,154)	–
At 31 December 2023	113	675,410	8,952	316,400	(24)	64,714	485,134	1,550,699

	Attributable to owners of the parent							
	Share capital RMB'000 (note 26)	Share premium RMB'000 (note 26)	Capital reserve* RMB'000 (note 27)	Statutory and other surplus reserves* RMB'000 (note 27)	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000 (note 27)	Retained profits* RMB'000	Total equity RMB'000
At 1 January 2024	113	675,410	8,952	316,400	(24)	64,714	485,134	1,550,699
Profit for the year	–	–	–	–	–	–	318,631	318,631
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	–	–	–	736	–	736
Total comprehensive income for the year	–	–	–	–	–	736	318,631	319,367
Final 2023 dividend declared	–	–	–	–	–	–	(403,765)	(403,765)
Transfer from retained profits	–	–	–	48,409	–	–	(48,409)	–
At 31 December 2024	113	675,410	8,952	364,809	(24)	65,450	351,591	1,466,301

* These reserve accounts comprise the consolidated reserves of RMB790,778,000 (2023: RMB875,176,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**437,278**	361,021
Adjustments for:			
Depreciation of property, plant and equipment	13	**32,969**	35,381
Depreciation of investment properties	14	**445**	120
Depreciation of right-of-use assets		**3,013**	3,532
Recognition of government grants	24	**(75)**	(266)
(Gain)/loss on disposal of items of property, plant and equipment		**(27)**	12
Investment income from financial assets at fair value through profit or loss		**(1,536)**	(847)
Foreign exchange differences, net		**7,345**	3,339
Bank interest income		**(25,249)**	(24,126)
Finance costs	7	**15,363**	10,699
Impairment of trade receivables, net	17	**1,216**	1,103
Impairment of other receivables, net	18	**567**	(2)
(Reversal of)/write-down of inventories to net realisable value		**(64)**	2,914
		471,245	392,880
Increase in inventories		**(1,937)**	(19,825)
(Increase)/decrease in trade and bills receivables		**(2,163)**	197,933
Decrease/(increase) in prepayments, other receivables and other assets		**78,260**	(82,463)
Increase in amounts due from related parties		**(11)**	(7)
Increase/(decrease) in trade payables		**7,460**	(7,786)
Increase/(decrease) in other payables and accruals		**33,625**	(142,239)
Increase in an amount due to a director		**5**	4
Increase in amounts due to related parties		**2**	2
Cash generated from operations		**586,486**	338,499
Interest received		**25,249**	22,518
Interest paid		**(15,363)**	(10,699)
Income tax paid		**(120,498)**	(111,480)
Net cash flows from operating activities		**475,874**	238,838

	Note	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(67,225)**	(17,539)
Purchases of financial assets at fair value through profit or loss		**(260,000)**	(255,000)
Proceeds from disposal of financial assets at fair value through profit or loss		**291,536**	245,847
Proceeds from disposal of items of property, plant and equipment and leasehold land		**110**	1,130
Placement of time deposits with original maturity of over three months		**(51,738)**	(44,104)
Withdrawal of time deposits with original maturity of over three months		**45,712**	10,000
Net cash flows used in investing activities		**(41,605)**	(59,666)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**523,016**	422,340
Repayment of bank loans		**(508,440)**	(282,586)
Dividends paid to shareholders		**(403,765)**	(243,193)
Decrease in pledged deposits		**54,013**	24,056
Net cash flows used in financing activities		**(335,176)**	(79,383)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**99,093**	99,789
Effect of foreign exchange rate changes, net		**(6,691)**	1,184
Cash and cash equivalents at beginning of year		**986,488**	885,515
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,078,890**	986,488
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	20	**1,130,628**	1,032,200
Time deposits with original maturity of over three months when acquired		**(51,738)**	(45,712)
Cash and cash equivalents as stated in the statement of cash flows		**1,078,890**	986,488

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 2 September 2014. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was principally involved in the manufacture and sale of pharmaceutical, healthcare food and other products.

In the opinion of the directors, the holding company of the Company is Golden Throat International Holdings Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Golden Throat Industrial Holdings Limited 金嗓子實業集團有限公司	Hong Kong	Hong Kong dollar ("HK$") 1	100	–	Investment holding
Guangxi Golden Throat Investment Consulting Co., Ltd.* 廣西金嗓子投資諮詢有限公司	People's Republic of China ("PRC")/ Mainland China	United States dollars ("US$") 113,000,000	–	100	Investment holding
Guangxi Golden Throat Co., Ltd.** ("Golden Throat Company") 廣西金嗓子有限責任公司	PRC/Mainland China	RMB 250,265,000	–	100	Manufacture and sale of pharmaceutical, healthcare food and products
Guangxi Golden Throat Health Food Co., Ltd.** 廣西金嗓子保健品有限公司	PRC/Mainland China	RMB 3,200,000	–	100	Manufacture and sale of pharmaceutical, healthcare food and products
Guangxi Golden Throat Medical Co., Ltd.** ("Golden Throat Medical") 廣西金嗓子醫藥有限公司	PRC/Mainland China	RMB5,000,000	–	100	Trading of pharmaceutical, healthcare food and products

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangxi Golden Throat Pharmaceutical Corporation** ("Golden Throat Pharmaceutical") 廣西金嗓子藥業股份有限公司	PRC/Mainland China	RMB 30,000,000	–	100	Manufacture and sale of pharmaceutical, healthcare food and products
Guangxi Golden Throat Import & Export Trading Co., Ltd.** ("Golden Throat Import & Export") 廣西金嗓子進出口貿易有限公司	PRC/Mainland China	RMB 2,100,000	–	100	Import and export trading of goods
Guangxi Golden Throat Biological Technology Co., Ltd.** ("Biological Technology") 廣西金嗓子生物科技有限公司	PRC/Mainland China	RMB 2,000,000	–	100	Dormant
Guangxi Golden Throat Food Co., Ltd.** ("Golden Throat Food") 廣西金嗓子食品有限公司	PRC/Mainland China	RMB 2,000,000	–	100	Dormant
Guangxi Golden Throat Internet Technology Co., Ltd.** ("Golden Throat Internet Technology") 廣西金嗓子網絡科技有限公司	PRC/Mainland China	RMB 2,100,000	–	100	Dormant

* This entity is a wholly-foreign-owned enterprise established under PRC law.

** These entities are limited liability enterprises established under PRC law.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("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 (collectively referred to as the "Group") 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.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

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 fluctuation 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 HKFRS Accounting Standards for the first time for the current year's financial statements.

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

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

(a) Amendments to HKFRS 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 HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(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 HKAS 7 and HKFRS 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 HKFRS ACCOUNTING STANDARDS

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

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

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies*, *Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its unlisted investments and certain bills receivable at fair value 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.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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.

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, financial assets and investment properties), 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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

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 the statement of profit or loss in the period in which it arises.

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;

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

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

(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; and the sponsoring employers of the post-employment benefit plan;

(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.

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 the statement of 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:

Buildings	4.75%
Machinery and equipment	9.50%
Computer and office equipment	19.00%-31.67%
Motor vehicles	23.75%

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

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 the statement of 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.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

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

Industrial properties	4.75%
Leasehold land	2.00%

Intangible assets

Research and development costs

All research costs are charged to the statement of 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.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

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. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(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 terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Office premise	10 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.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(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 its 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.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of warehouses (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).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

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 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.

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.

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 HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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 method and are subject to impairment. Gains and losses are recognised in the statement of 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 the statement of 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 the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all 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.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

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).

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 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider 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.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL.

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

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

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

The Group's financial liabilities include trade and other payables, amounts due to a director and related parties and interest-bearing bank and other borrowings.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate 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 the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

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 a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the 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 any 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 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 highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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.

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.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

- when the deferred tax liability 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 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 the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

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.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(a) **Sale of products**

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Some contracts for the sale of products provide customers with volume rebates, giving rise to variable consideration.

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Other income

Rental income is recognised on a time proportion basis over the lease terms.

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).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Employee benefits

Pension scheme

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 the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currencies

The functional currency of the Company is the HK$. The Group's presentation currency is RMB because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the 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 the statement of 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 gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss 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.

The functional currencies of the Company and overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, 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 fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and non-PRC established subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and non-PRC established subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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 recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

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.

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 ageing for groupings of various customer segments that have similar loss patterns such as by customer type.

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 products) 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 note 17 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
Mainland China	**1,178,108**	951,639
Other countries/regions	**6,896**	9,738
Total revenue	**1,185,004**	961,377

The revenue information is based on the locations of the customers.

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
Mainland China	**471,067**	454,832
Hong Kong	**2,982**	5,419
Total non-current assets	**474,049**	460,251

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2024 RMB'000	2023 RMB'000
Customer A	**148,375**	128,285

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers	**1,185,004**	961,377

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	RMB'000
Types of goods or services		
Sale of products	**1,185,004**	961,377
Geographical markets		
Mainland China	**1,178,108**	951,639
Other countries/regions	**6,896**	9,738
Total	**1,185,004**	961,377
Timing of revenue recognition		
Goods transferred at a point in time	**1,185,004**	961,377

The following table shows the amount of revenue recognised during the year that was included in the contract liabilities at the beginning of the reporting period and recognised form performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	**16,537**	87,135

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers *(continued)*

(b) Performance obligations

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

Sale of products

The performance obligation is satisfied upon acceptance of the goods and payment is generally due within three months, extending up to six months for certain customers.

	2024 RMB'000	2023 RMB'000
Other income and gains		
Government grants*	**7,975**	12,755
Bank interest income	**25,249**	24,126
Gross rental income from investment properties operating leases:		
Lease payments, including fixed payments	**4,955**	1,450
Investment income from financial assets at fair value through profit or loss	**1,536**	847
Others	**455**	113
Total other income and gains	**40,170**	39,291

* The government grants mainly represent subsidies received from the local government for the purposes of compensation for value-added tax paid and capital expenditure incurred on certain projects.

6. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold*		**290,820**	263,658
Depreciation of property, plant and equipment	13	**32,969**	35,381
Depreciation of investment properties	14	**445**	120
Depreciation of right-of-use assets		**3,013**	3,532
Research and development costs		**32,418**	17,073
Lease payments not included in the measurement of lease liabilities	15(b)	**804**	952
Auditor's remuneration		**3,500**	3,565
Government grants		**(7,975)**	(12,755)
Bank interest income		**(25,249)**	(24,126)
Investment income from financial assets at fair value through profit or loss		**(1,536)**	(847)
Foreign exchange differences, net		**7,345**	3,339
(Gain)/loss on disposal of items of property, plant and equipment		**(27)**	12
(Reversal of)/write-down of inventories to net realisable value		**(64)**	2,914
Impairment of trade receivables, net	17	**1,216**	1,103
Impairment of other receivables, net	18	**567**	(2)
Employee benefit expense (excluding directors' remuneration (note 8)):			
Wages and salaries		**66,835**	66,492
Pension scheme contributions**		**10,344**	10,210
Staff welfare expenses		**20,596**	21,191
Total		**97,775**	97,893

* The cost of inventories sold includes the following expenses which are also included in the respective total amounts of the items disclosed above:

	2024 RMB'000	2023 RMB'000
Depreciation of property, plant and equipment	**27,661**	24,919
Employee benefit expense	**56,154**	50,641
(Reversal of)/write-down of inventories to net realisable value	**(64)**	2,914

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank loans	**11,912**	7,444
Interest on discounted bills receivable	**3,451**	3,255
Total	**15,363**	10,699

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, 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:

	Group	
	2024 RMB'000	2023 RMB'000
Fees	**441**	378
Other emoluments:		
Salaries, allowances and benefits in kind	**7,204**	7,204
Performance related bonuses	**15,759**	8,459
Pension scheme contributions	**420**	400
Subtotal	**23,383**	16,063
Total	**23,824**	16,441

8. DIRECTORS' REMUNERATION *(continued)*

(a) Independent non-executive directors

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

	2024 RMB'000	2023 RMB'000
Li Hua	**126**	126
Cheng Yiqun	**126**	126
Zhu Jierong	**126**	126
Qin Jiesheng	**63**	–
Total	**441**	378

In June 2024, Mr. Qin Jiesheng was appointed as an independent non-executive director of the Company.

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

(b) Executive directors and a non-executive director

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024				
Executive directors:				
Zeng Yong	**3,343**	**5,746**	**84**	**9,173**
Zeng Kexiong	**340**	**334**	**84**	**758**
Huang Jianping	**340**	**334**	**84**	**758**
He Jinqiang	**339**	**334**	**84**	**757**
Subtotal	**4,362**	**6,748**	**336**	**11,446**
Non-executive director:				
Jiang Peizhen	**2,842**	**9,011**	**84**	**11,937**
Total	**7,204**	**15,759**	**420**	**23,383**

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors and a non-executive director *(continued)*

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2023				
Executive directors:				
Zeng Yong	3,343	2,836	80	6,259
Zeng Kexiong	340	334	80	754
Huang Jianping	340	334	80	754
He Jinqiang	339	334	80	753
Subtotal	4,362	3,838	320	8,520
Non-executive director:				
Jiang Peizhen	2,842	4,621	80	7,543
Total	7,204	8,459	400	16,063

The Group did not appoint a chief executive and the duty of a chief executive was performed by the general manager.

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

No emoluments were paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five directors (2023: five directors), details of whose remuneration are set out in note 8 above.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

The Group's subsidiary incorporated in Hong Kong is not liable for profits tax as it did not have any assessable profits arising in Hong Kong during the year.

The provision for Mainland China income tax has been made at the applicable income tax rate of 25% on the assessable profits of certain PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law. Golden Throat Company and Golden Throat Pharmaceutical are qualified as companies under the development strategy of western region in Mainland China and were subject to tax at a preferential income tax rate of 15% for the year (2023: 15%). Golden Throat Import & Export and Golden Throat Internet Technology are small and micro enterprises and were entitled to a preferential income tax rate of 20%, with the first RMB3,000,000 of annual taxable income eligible for a 75% tax reduction.

The income tax expense of the Group during the year is analysed as follows:

	2024 **RMB'000**	2023 RMB'000
Current tax:		
Charge for the year	**73,372**	56,822
Deferred tax (note 25)	**45,275**	54,037
Total tax charge for the year	**118,647**	110,859

10. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	**437,278**	361,021
At the PRC's statutory income tax rate of 25%	**109,323**	90,258
Preferential tax rates enacted by local authority	**(36,501)**	(30,101)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**45,059**	47,069
Expenses not deductible for tax	**1,657**	3,091
Additional deductible allowance for the payroll of disabled employees	**(744)**	(775)
Deductible temporary differences not recognised	**120**	–
Tax losses not recognised	**2**	1,317
Tax losses utilised from previous periods	**(269)**	–
Tax charge at the Group's effective rate	**118,647**	110,859

11. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Proposed final – HK50 cents (2023: HK60 cents) per ordinary share	**342,312**	401,982

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 739,302,000 (2023: 739,302,000) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:						
Cost	478,398	112,630	6,924	28,558	3,765	630,275
Accumulated depreciation	(113,706)	(76,364)	(4,814)	(22,954)	–	(217,838)
Net carrying amount	364,692	36,266	2,110	5,604	3,765	412,437
At 1 January 2024, net of accumulated depreciation	364,692	36,266	2,110	5,604	3,765	412,437
Additions	118	3,626	445	243	46,312	50,744
Disposals	–	(65)	(2)	(16)	–	(83)
Depreciation provided during the year (note 6)	(22,451)	(6,023)	(787)	(3,708)	–	(32,969)
Transfer to investment properties	(646)	–	–	–	–	(646)
Transfers	–	5,752	52	–	(5,804)	–
At 31 December 2024, net of accumulated depreciation	341,713	39,556	1,818	2,123	44,273	429,483
At 31 December 2024:						
Cost	471,190	120,710	7,343	28,642	44,273	672,158
Accumulated depreciation	(129,477)	(81,154)	(5,525)	(26,519)	–	(242,675)
Net carrying amount	341,713	39,556	1,818	2,123	44,273	429,483

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023:						
Cost	475,249	113,673	6,718	28,572	2,837	627,049
Accumulated depreciation	(106,447)	(73,205)	(3,968)	(17,443)	–	(201,063)
Net carrying amount	368,802	40,468	2,750	11,129	2,837	425,986
At 1 January 2023, net of accumulated depreciation	368,802	40,468	2,750	11,129	2,837	425,986
Additions	323	2,376	320	540	19,063	22,622
Disposals	(259)	(171)	(19)	(38)	–	(487)
Depreciation provided during the year (note 6)	(21,701)	(6,442)	(1,211)	(6,027)	–	(35,381)
Transfer to investment properties	(303)	–	–	–	–	(303)
Transfers	17,830	35	270	–	(18,135)	–
At 31 December 2023, net of accumulated depreciation	364,692	36,266	2,110	5,604	3,765	412,437
At 31 December 2023:						
Cost	478,398	112,630	6,924	28,558	3,765	630,275
Accumulated depreciation	(113,706)	(76,364)	(4,814)	(22,954)	–	(217,838)
Net carrying amount	364,692	36,266	2,110	5,604	3,765	412,437

14. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
At beginning of year		
Cost	**30,317**	–
Accumulated depreciation	**(17,891)**	–
Net carrying amount	**12,426**	–
At beginning of year, net of accumulated depreciation	**12,426**	–
Transfer from owner-occupied property	**646**	12,546
Depreciation provided during the year (note 6)	**(445)**	(120)
At end of year, net of accumulated depreciation	**12,627**	12,426
At end of year		
Cost	**37,643**	30,317
Accumulated depreciation	**(25,016)**	(17,891)
Net carrying amount	**12,627**	12,426

The Group's investment properties consist of industrial properties and leasehold land in Mainland China.

The investment properties are measured at cost. The fair value of the investment properties was RMB47,059,000 as at 31 December 2024 (2023: RMB47,046,000) based on valuation performed by Guangxi Kezheng Real Estate & Land Assets Appraisal and Consulting Co., Ltd., an independent professionally qualified valuer.

The investment properties are leased to a third party under operating leases, further summary details of which are included in note 15 to the financial statements.

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties for disclosure only:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Industrial properties and leasehold land	**–**	**–**	**47,059**	**47,059**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Industrial properties and leasehold land	–	–	47,046	47,046

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

31 December 2024

Type	Valuation techniques	Significant unobservable inputs
Industrial properties	Cost approach	Replacement value Newness rate
Leasehold land	Cost approach	Base land price Coefficient of correction

31 December 2023

Type	Valuation techniques	Significant unobservable inputs
Industrial properties	Cost approach	Replacement value Newness rate
Leasehold land	Cost approach	Base land price Coefficient of correction

Replacement value is estimated based on the local construction quota standard, project cost data and the market conditions of local building materials market. Base land price is estimated based on the published land price.

15. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land and office premise. Lump sum payments were made upfront to acquire the leasehold land from the government with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premise generally have lease terms of 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Leasehold land RMB'000	**Office premise** RMB'000	**Total** RMB'000
As at 1 January 2023	42,360	7,807	50,167
Transfer to investment properties	(12,243)	–	(12,243)
Disposal	(655)	–	(655)
Depreciation charge	(1,047)	(2,485)	(3,532)
Exchange realignment	–	96	96
As at 31 December 2023 and 1 January 2024	28,415	5,418	33,833
Depreciation charge	(673)	(2,519)	(3,192)
Exchange realignment	–	82	82
As at 31 December 2024	27,742	2,981	30,723

15. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets	**3,013**	3,532
Expense relating to short-term leases (included in selling and distribution expenses)	**804**	952
Total amount recognised in profit or loss	**3,817**	4,484

(c) The total cash outflow for leases is disclosed in note 28(b) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of certain industrial properties and leasehold land in Mainland China under an operating lease arrangement. The terms of the lease generally require the tenant to pay security deposits. Rental income recognised by the Group during the year was RMB4,955,000 (2023: RMB1,450,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenant are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	**5,000**	1,667
After one year but within two years	**5,000**	5,000
After two years but within three years	**5,000**	5,000
After three years but within four years	**5,083**	5,000
After four years but within five years	**5,083**	5,083
After five years	**30,442**	35,525
Total	**55,608**	57,275

16. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**22,572**	17,798
Work in progress	**3,273**	3,296
Finished goods	**39,365**	42,115
Total	**65,210**	63,209

17. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**32,318**	55,721
Bills receivable	**391,451**	366,623
	423,769	422,344
Impairment	**(3,160)**	(2,682)
Net carrying amount	**420,609**	419,662

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months, extending up to six months for certain customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

17. TRADE AND BILLS RECEIVABLES *(continued)*

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	**20,715**	47,419
3 to 6 months	**2,642**	2,387
6 to 12 months	**4,620**	2,376
1 to 2 years	**1,124**	729
Over 2 years	**57**	128
Total	**29,158**	53,039

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**2,682**	1,640
Impairment losses, net (note 6)	**1,216**	1,103
Amount written off as uncollectible	**(738)**	(61)
At end of year	**3,160**	2,682

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The 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.

17. TRADE AND BILLS RECEIVABLES *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Gross carrying amount RMB'000	Expected credit loss rate %	Expected credit loss RMB'000
Less than 1 year	**28,380**	**1.42**	**403**
1 to 2 years	**2,323**	**51.64**	**1,199**
2 to 3 years	**203**	**71.85**	**146**
Over 3 years	**1,412**	**100.00**	**1,412**
Total	**32,318**	**9.78**	**3,160**

As at 31 December 2023

	Gross carrying amount RMB'000	Expected credit loss rate %	Expected credit loss RMB'000
Less than 1 year	52,460	0.53	278
1 to 2 years	1,103	33.91	374
2 to 3 years	231	44.64	103
Over 3 years	1,927	100.00	1,927
Total	55,721	4.81	2,682

The Group's bills receivable age within six months and are neither past due nor impaired.

17. TRADE AND BILLS RECEIVABLES *(continued)*

As at 31 December 2024, the Group has bills receivable amounting to RMB20,462,000 (2023: RMB8,821,000) to secure bank loans (note 23).

Bills receivable of RMB169,248,000 (2023: RMB366,623,000) whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant.

At 31 December 2024, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB54,377,000 (2023: RMB53,499,000) (the "Endorsement"). In addition, the Group discounted certain bills receivable accepted by banks in Mainland China (the "Discounted Bills") with a carrying amount in aggregate of RMB297,310,000 (2023: RMB84,280,000) (the "Discount"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills and the Discounted Bills may exercise the right of recourse against the Group if the banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain Endorsed Bills and Discounted Bills accepted by large and reputable banks with amounts of RMB20,410,000 (2023: RMB22,389,000) and RMB218,069,000 (2023: RMB40,840,000), respectively (the "Derecognised Bills"). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Bills and the associated trade payables settled by the Endorsed Bills.

The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

At 31 December 2024, the Group continued to recognise the full carrying amounts of the remaining Endorsed Bills and the associated trade payables settled with an amount of RMB33,967,000 (2023: RMB31,110,000) and to recognise the proceeds received from the discount of the remaining Discounted Bills with an amount of RMB79,241,000 (2023: RMB43,440,000) as short-term loans because the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Bills and Discounted Bills.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement and the Discount have been made evenly during the year.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Other receivables	**21,120**	19,776
Prepayments	**3,028**	3,442
Prepaid expenses	**67,843**	150,057
	91,991	173,275
Impairment allowance	**(5,800)**	(8,257)
Total	**86,191**	165,018

An impairment analysis is performed at each reporting date by considering the probability of default. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

Included in the Group's prepayments, other receivables and other assets are prepayments of nil (2023: RMB701,000) to a related party controlled by a director of the Company.

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in the loss allowance for impairment of other receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**8,257**	8,259
Impairment losses, net (note 6)	**567**	(2)
Amount written off as uncollectible	**(3,024)**	–
At end of year	**5,800**	8,257

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted investments, at fair value	**10,000**	40,000

The above unlisted investments were financial products issued by commercial banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Note	2024 RMB'000	2023 RMB'000
Cash and bank balances		**1,078,890**	986,488
Time deposits		**94,750**	142,737
Subtotal		**1,173,640**	1,129,225
Less: Pledged time deposits:			
Pledged for bank loans	23	**(43,012)**	(97,025)
Cash and cash equivalents		**1,130,628**	1,032,200
Denominated in RMB		**1,027,804**	949,175
Denominated in US$		**80,744**	79,952
Denominated in HK$		**22,080**	3,073
Total		**1,130,628**	1,032,200

The 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 authorised to conduct foreign exchange 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 one year depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Less than 3 months	**21,422**	14,446
3 to 6 months	**17**	774
6 to 12 months	**1,189**	566
1 to 2 years	**618**	545
Over 2 years	**1,741**	1,196
Total	**24,987**	17,527

Included in the Group's trade payables are payables of RMB17,000 (2023: Nil) due to a related party controlled by a director of the Company, which are repayable within 15 days, which represents credit terms similar to those offered by the related party to their major customers.

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

22. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Other payables	(a)	**57,109**	67,965
Refund liabilities		**73,661**	84,377
Accrued expenses		**24,060**	16,022
Contract liabilities	(b)	**45,508**	19,934
Payroll payables		**23,945**	16,502
Taxes payable other than income tax		**20,150**	23,007
Subtotal		**244,433**	227,807
Less: Accrued employee benefits, non-current portion		**(514)**	(609)
Total		**243,919**	227,198

Notes:

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

(b) Details of contract liabilities are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Short-term advances received from customers			
Sale of products	**45,508**	19,934	87,135

Contract liabilities represent short-term advances received to deliver products. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances received from customers in relation to the sale of products at the end of the year.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

		31 December 2024		31 December 2023	
	Maturity	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Current					
Bank loans – secured	Within 1 year	**1.23-3.70**	**60,033**	1.65-3.65	98,900
Bank loans – unsecured	Within 1 year	**2.88-3.60**	**187,762**	1.30-4.10	270,000
Current portion of long term bank loans – unsecured	Within 1 year	**1.10-3.20**	**54,900**	–	–
Discounted bills receivable	Within 1 year	**1.00-1.20**	**79,241**	1.25-2.30	43,440
Total – current			**381,936**		412,340
Non-current					
Bank loans – unsecured	2026	**1.10-3.10**	**44,980**	–	–
Total			**426,916**		412,340
Analysed into:					
Bank loans repayable:					
Within one year or on demand			**381,936**		412,340
In the second year			**44,980**		–
Total			**426,916**		412,340

Note:

Certain of the Group's bank loans are secured by:

(i) the pledge of certain of the Group's bills receivable amounting to RMB20,462,000 (2023: RMB8,821,000) (note 17); and

(ii) the pledge of certain of the Group's deposits amounting to RMB43,012,000 (2023: RMB97,025,000) (note 20).

24. GOVERNMENT GRANTS

	2024 RMB'000	2023 RMB'000
At beginning of year	**75**	341
Recognised as income during the year	**(75)**	(266)
At end of year	**–**	75
Current	**–**	75
Non-current	**–**	–
Total	**–**	75

The grants are related to the subsidies received from the government for the purpose of rewarding the Group for its capital expenditure incurred on certain projects.

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

	Deferred tax assets								Deferred tax liabilities		
	Advertising expenses	Impairment of receivables	Impairment of inventories	Accrued expenses	Accrued employee benefits	Unrealised profit attributable to the intra-group transactions	Government grants	Total deferred tax assets	Withholding taxes	Total deferred tax liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	–	1,498	154	26,375	94	(24)	26	28,123	(24,770)	(24,770)	3,353
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	901	124	1,046	(9,193)	127	42	(15)	(6,968)	(47,069)	(47,069)	(54,037)
Deferred tax realised during the year	–	–	–	–	–	–	–	–	31,000	31,000	31,000
At 31 December 2023 and 1 January 2024	901	1,622	1,200	17,182	221	18	11	21,155	(40,839)	(40,839)	(19,684)
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	(901)	(152)	(1,023)	1,870	9	(8)	(11)	(216)	(45,059)	(45,059)	(45,275)
Deferred tax realised during the year	–	–	–	–	–	–	–	–	47,000	47,000	47,000
At 31 December 2024	–	1,470	177	19,052	230	10	–	20,939	(38,898)	(38,898)	(17,959)

25. DEFERRED TAX *(continued)*

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

At 31 December 2024, deferred tax of RMB38,898,000 (2023: RMB40,839,000) has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled nil at 31 December 2024 (2023: RMB83,208,000).

The Group has tax losses arising in Mainland China of RMB15,848,000 (2023: RMB35,065,000) that are available in one to five years for offsetting against future taxable profits of the subsidiaries. The Group has deductible temporary differences in Mainland China of RMB1,251,000 (2023: RMB771,000).

Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have loss-making and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. SHARE CAPITAL AND SHARE PREMIUM

Shares

	2024	2023
Authorised:		
2,000,000,000 (2023: 2,000,000,000)		
ordinary shares of US$0.000025 each		
US$	**50,000**	50,000
Issued and fully paid:		
739,302,000 (2023: 739,302,000)		
ordinary shares of US$0.000025 each		
US$	**18,483**	18,483
RMB	**113,000**	113,000

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** RMB'000	**Share premium account** RMB'000	**Total** RMB'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	739,302,000	113	675,410	675,523

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Statutory and other surplus reserves

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Other surplus reserve was appropriated from net profit in accordance with a prescribed percentage approved in a general meeting of the shareholders. Other surplus reserve may be used to offset accumulated losses or increase capital. Where an enterprise satisfies the stipulated conditions, other surplus reserve can also be used to the distribution of cash dividends.

Capital reserve

Capital reserve represents the paid-up capital of the subsidiaries comprising the Group prior to the incorporation of the Company.

Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2024

	Bank and other loans RMB'000
At 1 January 2024	**412,340**
Changes from financing cash flows	**14,576**
At 31 December 2024	**426,916**

2023

	Bank and other loans RMB'000
At 1 January 2023	272,586
Changes from financing cash flows	139,754
At 31 December 2023	412,340

(b) Total cash outflow for leases

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

	2024 RMB'000	2023 RMB'000
Within operating activities	**804**	952

29. COMMITMENTS

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

	2024 RMB'000	2023 RMB'000
Buildings	**53,049**	94,321
Machinery and equipment	**126**	–
Total	**53,175**	94,321

30. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the year:

	Note	2024 RMB'000	2023 RMB'000
An entity ultimately controlled by a director:			
Guangxi Changbao Biological Technology Co., Ltd. ("Changbao")			
Purchases of products	(i)	**3,596**	4,393

Note:

(i) The purchase prices were determined by arm's length negotiation between the Group and the related party.

30. RELATED PARTY TRANSACTIONS *(continued)*

(b) Other transactions with related parties:

The Group's subsidiary, Golden Throat Company, has guaranteed certain bank loans made to an entity ultimately controlled by a director of RMB9,950,000 (2023: RMB9,950,000) as at the end of the reporting period.

In the opinion of the directors, the fair value of this financial guarantee contract is insignificant at initial recognition as at 31 December 2024 and 2023. Accordingly, no value has been recognised at the inception of the financial guarantee contract in the consolidated statement of financial position as at 31 December 2024 and 2023. The directors consider that the loss rate of this guarantee is low.

(c) Outstanding balances with related parties:

(i) The Group had an outstanding balance due from a shareholder of the Company and entities controlled by a shareholder of RMB528,000 (2023: RMB517,000) as at the end of the reporting period. The outstanding balance is unsecured, interest-free and repayable on demand.

(ii) The Group had an outstanding balance due to entities controlled by a shareholder of RMB871,000 (2023: RMB869,000) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

(iii) The Group had an outstanding balance due to a director of RMB245,000 (2023: RMB240,000) as at the end of the reporting period. The balance is unsecured, interest-free and repayable on demand.

(iv) Details of the Group's trade balances with its related party as at the end of the reporting period are disclosed in notes 18 and 21 to the financial statements.

30. RELATED PARTY TRANSACTIONS *(continued)*

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

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	**24,317**	16,967
Pension scheme contributions	**672**	637
Total compensation paid to key management personnel	**24,989**	17,604

Further details of directors' remuneration are included in note 8 to the financial statements.

The related party transactions in respect of purchases of products from Changbao above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

31. 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

2024

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such RMB'000	Debt investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	169,248	251,361	420,609
Financial assets included in prepayments, other receivables and other assets	–	–	15,320	15,320
Due from related parties	–	–	528	528
Financial assets at fair value through profit or loss	10,000	–	–	10,000
Pledged deposits	–	–	43,012	43,012
Cash and cash equivalents	–	–	1,130,628	1,130,628
Total	10,000	169,248	1,440,849	1,620,097

31. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial assets *(continued)*

2023

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such RMB'000	Debt investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	366,623	53,039	419,662
Financial assets included in prepayments, other receivables and other assets	–	–	11,519	11,519
Due from related parties	–	–	517	517
Financial assets at fair value through profit or loss	40,000	–	–	40,000
Pledged deposits	–	–	97,025	97,025
Cash and cash equivalents	–	–	1,032,200	1,032,200
Total	40,000	366,623	1,194,300	1,600,923

Financial liabilities

	Financial liabilities at amortised cost	
	2024 RMB'000	2023 RMB'000
Trade payables	**24,987**	17,527
Financial liabilities included in other payables and accruals	**81,169**	168,364
Interest-bearing bank and other borrowings	**426,916**	412,340
Due to a director	**245**	240
Due to related parties	**871**	869
Total	**534,188**	599,340

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, amounts due from/to a director and related parties, trade payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fixed interest rates of these instruments or the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the finance manager. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for annual financial reporting.

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 Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk were assessed to be insignificant.

The fair values of the bills receivable classified as financial assets at fair value through other comprehensive income have been calculated by discounting the expected future cash flows, which are the par values of the bills receivable. In addition, the bills receivable will mature within one year, and thus their fair values approximate to their carrying values.

32. 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 prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	**–**	**10,000**	**–**	**10,000**
Bills receivable	**–**	**169,248**	**–**	**169,248**
Total	**–**	**179,248**	**–**	**179,248**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	40,000	–	40,000
Bills receivable	–	366,623	–	366,623
Total	–	406,623	–	406,623

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank borrowings and other borrowings	–	99,880	–	99,880

The Group did not have any financial liabilities measured at fair value as at 31 December 2023.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, trade payables and other payables, which arise directly from its operations.

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

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (arising from HK$ and US$ denominated financial instruments) and the Group's equity (due to exchange differences on translation of foreign operations).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Foreign currency risk *(continued)*

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2024			
If the RMB weakens against the HK$	**5**	**(1,690)**	**2,378**
If the RMB strengthens against the HK$	**(5)**	**1,690**	**(2,378)**
If the RMB weakens against the US$	**5**	**2,587**	**1,940**
If the RMB strengthens against the US$	**(5)**	**(2,587)**	**(1,940)**
2023			
If the RMB weakens against the HK$	5	(2,184)	1,884
If the RMB strengthens against the HK$	(5)	2,184	(1,884)
If the RMB weakens against the US$	5	2,541	1,906
If the RMB strengthens against the US$	(5)	(2,541)	(1,906)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk

The Group trades mainly 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.

Maximum exposure and year-end staging

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. 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*	–	–	–	32,318	32,318
Bills receivable	391,451	–	–	–	391,451
Financial assets included in prepayments, other receivables and other assets					
– Normal**	15,611	–	–	–	15,611
– Doubtful**	–	–	5,509	–	5,509
Due from related parties					
– Normal**	528	–	–	–	528
Pledged deposits					
– Not yet past due	43,012	–	–	–	43,012
Financial guarantee	9,950	–	–	–	9,950
Cash and cash equivalents					
– Not yet past due	1,130,628	–	–	–	1,130,628
Total	1,591,180	–	5,509	32,318	1,629,007

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

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*	–	–	–	55,721	55,721
Bills receivable	366,623	–	–	–	366,623
Financial assets included in prepayments, other receivables and other assets					
– Normal**	11,717	–	–	–	11,717
– Doubtful**	–	–	8,059	–	8,059
Due from related parties					
– Normal**	517	–	–	–	517
Pledged deposits					
– Not yet past due	97,025	–	–	–	97,025
Cash and cash equivalents					
– Not yet past due	1,032,200	–	–	–	1,032,200
Total	1,508,082	–	8,059	55,721	1,571,862

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets and amounts due from related parties is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 17 and 18 to the financial statements.

Since the Group trades mainly with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings.

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:

2024

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	51,502	332,157	50,162	–	433,821
Trade payables	3,565	21,422	–	–	–	24,987
Financial liabilities included in other payables and accruals	23,142	43,023	15,004	–	–	81,169
Due to a director	245	–	–	–	–	245
Due to related parties	871	–	–	–	–	871
Guarantee given to bank in connection with loan granted to an entity ultimately controlled by a director	–	–	9,950	–	–	9,950
Total	27,823	115,947	357,111	50,162	–	551,043

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

2023

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	55,009	367,115	–	–	422,124
Trade payables	3,081	14,446	–	–	–	17,527
Financial liabilities included in other payables and accruals	37,055	111,329	19,980	–	–	168,364
Due to a director	240	–	–	–	–	240
Due to related parties	869	–	–	–	–	869
Guarantee given to bank in connection with loan granted to an entity ultimately controlled by a director	–	–	9,950	–	–	9,950
Total	41,245	180,784	397,045	–	–	619,074

33. 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 and the risk characteristics of the underlying assets. 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 years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. The gearing ratios as at the end of the reporting periods were as follows:

	2024 **RMB'000**	2023 RMB'000
Interest-bearing bank and other borrowings	**426,916**	412,340
Total equity	**1,466,301**	1,550,699
Gearing ratio	**29.1%**	26.6%

34. 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:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	–*	–*
Right-of-use assets	2,981	5,418
Total non-current assets	2,981	5,418
CURRENT ASSETS		
Prepayments, other receivables and other assets	11	11
Due from a subsidiary	768,488	745,518
Due from related parties	514	503
Cash and cash equivalents	61,877	64,516
Total current assets	830,890	810,548
CURRENT LIABILITIES		
Other payables and accruals	1	145
Due to the holding company	91	89
Total current liabilities	92	234
NET CURRENT ASSETS	830,798	810,314
TOTAL ASSETS LESS CURRENT LIABILITIES	833,779	815,732
Net assets	833,779	815,732
EQUITY		
Share capital	113	113
Share premium (note)	675,410	675,410
Reserves (note)	158,256	140,209
Total equity	833,779	815,732

* Amounts less than RMB1,000

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2023	675,410	89,251	(15,378)	749,283
Profit for the year	–	–	294,688	294,688
Other comprehensive income for the year:				
Exchange differences related to foreign operations	–	14,841	–	14,841
Total comprehensive income for the year	–	14,841	294,688	309,529
Final 2022 dividend declared	–	–	(243,193)	(243,193)
At 31 December 2023 and 1 January 2024	**675,410**	**104,092**	**36,117**	**815,619**
Profit for the year	**–**	**–**	**405,079**	**405,079**
Other comprehensive income for the year:				
Exchange differences related to foreign operations	**–**	**16,733**	**–**	**16,733**
Total comprehensive income for the year	**–**	**16,733**	**405,079**	**421,812**
Final 2023 dividend declared	**–**	**–**	**(403,765)**	**(403,765)**
At 31 December 2024	**675,410**	**120,825**	**37,431**	**833,666**

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**1,185,004**	961,377	992,014	820,543	646,941
Cost of sales	**(290,820)**	(263,658)	(271,094)	(242,807)	(171,298)
Gross profit	**894,184**	697,719	720,920	577,736	475,643
PROFIT BEFORE TAX	**437,278**	361,021	375,993	236,847	189,886
Income tax expense	**(118,647)**	(110,859)	(94,775)	(49,204)	(35,834)
PROFIT FOR THE YEAR	**318,631**	250,162	281,218	187,643	154,052
Attributable to:					
Owners of the parent	**318,631**	250,162	218,218	187,643	154,052

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	**2,251,166**	2,299,037	2,299,290	1,953,179	1,685,088
TOTAL LIABILITIES	**(784,865)**	(748,338)	(760,179)	(588,036)	(464,746)
TOTAL EQUITY	**1,466,301**	1,550,699	1,539,111	1,365,143	1,220,342