Volcano Spring International Holdings Limited
火 山 邑 動 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1715)

2024 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhao Jie *(Chairperson)*
(appointed as Chairperson with effect from 1 August 2024)
Madam Maeck Can Yue *(Chief Executive Officer)*
(resigned as Chairperson with effect from 1 August 2024)
Mr. Wu Huizhang

Non-executive Director

Dr. Zheng Jingwen
(appointed with effect from 2 September 2024)

Independent Non-executive Directors

Mr. Wang Shih-fang
Mr. Yan Chi Ming (resigned with effect from 31 May 2024)
Mr. Hooi Hing Lee (resigned with effect from 31 May 2024)
Mr. Li Wei
Mr. Shen Shujing (appointed with effect from 31 May 2024)
Mr. Lin Dongming (appointed with effect from 31 May 2024)

COMMITTEES OF THE BOARD

Audit Committee

Mr. Hooi Hing Lee *(Chairperson)*
(resigned with effect from 31 May 2024)
Mr. Shen Shujing *(Chairperson)* (appointed with effect from 31 May 2024)
Mr. Wang Shih-fang
Mr. Yan Chi Ming (resigned with effect from 31 May 2024)
Mr. Li Wei
Mr. Lin Dongming (appointed with effect from 31 May 2024)

Remuneration Committee

Mr. Yan Chi Ming *(Chairperson)*
(resigned with effect from 31 May 2024)
Mr. Lin Dongming *(Chairperson)*
(appointed with effect from 31 May 2024)
Mr. Wang Shih-fang
Mr. Hooi Hing Lee (resigned with effect from 31 May 2024)
Mr. Shen Shujing (appointed with effect from 31 May 2024)

Nomination Committee

Madam Maeck Can Yue *(Chairperson)* (resigned with effect from 1 August 2024)
Mr. Zhao Jie *(Chairperson)*
(appointed with effect from 1 August 2024)
Mr. Wang Shih-fang
Mr. Hooi Hing Lee (resigned with effect from 31 May 2024)
Mr. Shen Shujing (appointed with effect from 31 May 2024)

COMPANY SECRETARY

Ms. Ho Wing Yan *(ACG, HKACG (PE))*
(resigned with effect from 10 January 2025)
Ms. Tse Sau San (appointed with effect from 10 January 2025)

AUTHORISED REPRESENTATIVES

Madam Maeck Can Yue
Ms. Ho Wing Yan *(ACG, HKACG (PE))*
(resigned with effect from 10 January 2025)
Ms. Tse Sau San (appointed with effect from 10 January 2025)

AUDITOR

CL Partners CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
Unit 3203A–5, 32/F
Tower 2, Lippo Centre
89 Queensway, Admiralty
Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE IN THE PRC

West Building No. 2
3585 Sanlu Road
Pujiang Industrial Zone
Caohejing Hi-tech Park
Shanghai
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat E, 15/F.
Leahander Centre
28 Wang Wo Tsai Street
Tsuen Wan, New Territories
Hong Kong

PRINCIPAL BANKS

Bank of China
Bank of Shanghai
Shanghai Rural Commercial Bank
China Construction Bank Corporation
DBS Bank (Hong Kong) Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Hong Kong

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

Cayman Islands

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

STOCK NAME

VOLCANO SPRING

STOCK CODE

1715

WEBSITE

www.volcanospring.com

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**91,885**	84,369	88,186	143,873	189,380
Cost of sales	**(85,400)**	(63,152)	(49,699)	(78,603)	(94,394)
Gross profit	**6,485**	21,217	38,487	65,270	94,986
Loss before income tax	**(35,958)**	(49,283)	(43,206)	(43,720)	(19,671)
Net loss for the year	**(36,005)**	(49,318)	(43,550)	(43,894)	(19,950)
Attributable to:					
– Owners of the Company	**(35,850)**	(49,318)	(43,213)	(44,353)	(21,128)
– Non-controlling interests	**(155)**	–	(337)	459	1,178
	(36,005)	(49,318)	(43,550)	(43,894)	(19,950)

ASSETS AND LIABILITIES

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**137,470**	165,740	193,804	190,723	246,342
Total liabilities	**(95,077)**	(107,533)	(113,898)	(66,575)	(73,391)
	42,393	58,207	79,906	124,148	172,951
Equity attributable to owners of the Company	**42,058**	58,207	80,363	124,268	168,749
Non-controlling interests	**335**	–	(457)	(120)	4,202
	42,393	58,207	79,906	124,148	172,951

The summary above does not form part of the audited consolidated financial statements.

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Volcano Spring International Holdings Limited (the "**Company**"), I hereby present the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**") to the shareholders of the Company.

BUSINESS REVIEW

The PRC economy is experiencing economic challenges in 2024. According to the data released by the National Bureau of Statistics of China, PRC's GDP witnessed a year-on-year increase of 4.7% in the second quarter of 2024. This growth rate fell short of the anticipated 5.1% expansion. Further, retail sales for June 2024 also did not meet the projected estimates, registering a rise of 2% as opposed to the forecasted growth of 3.3%. The Group continues to suffer from declining PRC growth, as well as high inflation and interest rates. Despite the Group's revenue for the Reporting Period increased by 8.9% to RMB91.9 million from RMB84.4 million for the year ended 31 December 2023, the reduction in gross profit margin and the decrease in selling expense and finance costs, the Group recorded a net loss of RMB36.0 million for the Reporting Period.

Highlights of the audited results of the Group for the Reporting Period, as compared to 2023, are shown in the following table:

	Year ended 31 December	
	2024 (Audited)	2023 (Audited)
Revenue (RMB'000)	**91,885**	84,369
Net loss for the year (RMB'000)	**(36,005)**	(49,318)
		(Restated)
Loss per share		
– Basic (RMB)	**(0.37)**	(0.73)
– Diluted (RMB)	**(0.37)**	(0.73)

CHAIRPERSON'S STATEMENT

OUTLOOK AND STRATEGY

The Group established a joint venture with Shanghai Yougu Health Technology Co., Ltd. in December 2024 to formally expand into the big health industry. The joint venture will focus on the application of biopharmaceutical research and development and artificial intelligence technology in the field of personal health management services, and build an innovative health management platform by integrating the technical advantages and industry resources of both parties.

Looking ahead, the Group has implemented plans to improve its financial performance. The Group will continue to develop new products that suit the needs of the consumers. On the other hand, the Group will continue to adopt stringent cost control measures to reduce its expenses. The Group will also consider potential opportunities that can diversify its business segments and create value for the Group and its shareholders.

GRATITUDE

On behalf of the Company, I would like to express my sincere gratitude to our valued shareholders, customers, suppliers, banks and to our management and employees for their continuous trust and support to the Group. The coming year will be full of opportunities and challenges and we will strive our best to create greater value for our shareholders and investors.

By order of the Board
Mr. Zhao Jie
Chairperson

Hong Kong, 31 March 2025

During the Reporting Period, the Group puts its focus on the research and development, manufacturing and trading of kitchen appliances and selling of health-related products in the PRC. The Group distributes its products across the PRC through various sales channels comprising mainly of distributors, consignment sales, television platforms, online platforms and corporate clients.

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FINANCIAL REVIEW

Revenue

Revenue by product categories

The Group derives its revenue from the sales of (i) radiant hobs and stoves; (ii) induction hobs and stoves; (iii) pots and pans; (iv) other small kitchen appliances and kitchen cabinets; and (v) health-related products. During the Reporting Period, the Group rolled out health-related products to diversify its product portfolio. The Group's total revenue for the Reporting Period amounted to approximately RMB91.9 million.

* For identification purpose only

Set out below is a breakdown of revenue by product categories for the Reporting Period:

	Year ended 31 December			
	2024		2023	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Hobs and stoves (Radiant)	**30,535**	**33.2**	51,424	61.0
Hobs and stoves (Induction)	**2,773**	**3.0**	3,073	3.6
Pots and pans	**10,298**	**11.2**	3,754	4.4
Health-related products	**45,064**	**49.1**	19,742	23.4
Others (Note)	**3,215**	**3.5**	6,376	7.6
Total	**91,885**	**100.0**	84,369	100.0

Note: Others include small kitchen appliances such as hoods, kettles, bakery ovens and kitchen cabinets.

Revenue by geographical regions

During the Reporting Period, substantially all of the Group's revenue was derived from external customers in the PRC.

Revenue by sales channels

The Group sells its products through various channels, mainly including its consignment stores, sales to corporate clients, sales from television platforms and online platforms and physical sales locations operated by the Group's distributors. Set out below is a breakdown of revenue by sales channels for the Reporting Period:

	Year ended 31 December			
	2024		2023	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Direct Sales				
Consignment stores	**14,415**	**15.7**	18,192	21.6
Corporate clients	**561**	**0.6**	2,719	3.2
Television platforms	**3,542**	**3.9**	14,699	17.4
Subtotal	**18,518**	**20.2**	35,610	42.2
Distributors				
Online platforms	**7,927**	**8.6**	22,456	26.6
Physical sales locations	**65,440**	**71.2**	26,303	31.2
Subtotal	**73,367**	**79.8**	48,759	57.8
Total	**91,885**	**100.0**	84,369	100.0

Consignment stores

During the Reporting Period, the Group's direct sales revenue from consignment stores decreased by 20.9% to RMB14.4 million from RMB18.2 million for the year ended 31 December 2023, primarily attributable to the decrease in consumer spending amid poor economic conditions.

Corporate clients

During the Reporting Period, the Group's sales revenue from corporate clients decreased by 77.8% to RMB0.6 million from RMB2.7 million for the year ended 31 December 2023, primarily attributable to the decrease in sales orders from PRC property developers.

Television platforms

During the Reporting Period, the Group's direct sales revenue from television platforms decreased by 76.2% to RMB3.5 million from RMB14.7 million for the year ended 31 December 2023, primarily attributable to the decrease in consumer spending through television platforms.

Online platforms

During the Reporting Period, the Group's sales revenue from online platforms operated by the Group's distributors decreased by 64.9% to RMB7.9 million from RMB22.5 million for the year ended 31 December 2023, primarily attributable to the decrease in consumer spending amid poor economic conditions.

Physical sales locations

During the Reporting Period, the Group's sales revenue from physical sales locations increased by 148.7% to RMB65.4 million from RMB26.3 million for the year ended 31 December 2023, primarily attributable to the roll-out of health-related products during the Reporting Period.

Gross profit and gross profit margin

The Group's gross profit margin decreased to 7.1% for the Reporting Period as compared with 25.1% for the year ended 31 December 2023, primarily attributable to the change in the mix of products sold during the Reporting Period; and the gross loss margin of health-related products, resulting from the recognition of impairment loss on inventories. Set out below is a breakdown of gross profit and gross profit margin by product categories for the Reporting Period:

	Year ended 31 December			
	2024		2023	
	Gross profit/ (loss) RMB'000	**Gross profit/ (loss) margin %**	Gross profit/ (loss) RMB'000	Gross profit/ (loss) margin %
Hobs and stoves (Radiant)	**6,398**	**21.0**	17,154	33.4
Hobs and stoves (Induction)	**846**	**30.5**	1,434	46.7
Pots and pans	**2,041**	**19.8**	1,275	34.0
Health-related products	**(4,033)**	**(8.9)**	(1,141)	(5.8)
Others (Note)	**1,233**	**38.4**	2,495	39.1
Total	**6,485**	**7.1**	21,217	25.1

Note: Others include small kitchen appliances such as hoods, kettles, bakery ovens and kitchen cabinets.

Other income

Other income mainly includes government grant, licensing income, management fee income, insurance claim recovered and sundry income. The Group's other income for the Reporting Period decreased by 5.0% to RMB3.8 million from RMB4.0 million for the year ended 31 December 2023. Such decrease was primarily attributable to the decrease in licensing income.

Other gains and losses, net

Other gains and losses, net mainly comprised net gain on disposals of investments and loss on damage of inventories. The Group recorded other net gains of RMB0.02 million for the Reporting Period as opposed to other net losses of RMB0.5 million for the year ended 31 December 2023. The Group had an increase in gain on disposal of investment in an associate during the Reporting Period, leading to the turnaround from other losses to other gains.

Selling and distribution expenses

Selling and distribution expenses mainly represent consignment fee for the Group's direct sales through consignment stores and television platforms, sundry expenses of consignment stores, employee benefits expenses of sales and marketing staff, business travelling and entertainment expenses, advertising and promotion expenses, rental expenses and transportation expenses for delivery of products to customers. Selling and distribution expenses for the Reporting Period decreased by 49.3% to RMB17.4 million as compared with RMB34.3 million for the year ended 31 December 2023. This was primarily attributable to the decrease in consignment fees along with the decreased proportion of sales through television platforms and consignment stores and also the decrease of promotion fee.

Administrative expenses

Administrative expenses mainly represent salaries and benefits of our administrative and management staff, general office expenses, rental expenses, legal and professional fees, depreciation of property, plant and equipment, depreciation of land use rights, amortisation of intangible assets and other miscellaneous administrative expenses. Administrative expenses for the Reporting Period decreased by 22.9% to RMB14.5 million as compared with RMB18.8 million for the year ended 31 December 2023, primarily attributable to cost control.

Research and development expenses

Research and development expenses for the Reporting Period decreased by 14.5% to RMB5.9 million as compared with RMB6.9 million for the year ended 31 December 2023, primarily attributable to cost control.

Finance income

For the Reporting Period, the Group's finance income decreased by 58.3% to RMB5,000 from RMB12,000 for the year ended 31 December 2023.

Finance costs

For the Reporting Period, the Group's finance costs decreased by 45.5% to RMB4.2 million from RMB7.7 million for the year ended 31 December 2023, mainly because the Group repaid a borrowing in July 2024.

Share of net loss of associates

For the Reporting Period, the Group's share of net loss of associates amounted to RMB0.3 million as compared with RMB0.6 million for the year ended 31 December 2023, primarily due to the reduced losses from associates.

Income tax expenses

The Group's income tax expenses for the Reporting Period amounted to RMB47,000 as compared with RMB35,000 for the year ended 31 December 2023.

Net loss

As a result of the above factors, the Group's net loss for the Reporting Period decreased to RMB36.0 million from RMB49.3 million for the year ended 31 December 2023.

Dividend

The Board does not recommend the payment of a final dividend for the Reporting Period (31 December 2023: nil).

Other receivables, deposits and prepayments

	2024 **RMB'000**	2023 RMB'000
Non-current		
Deposits	**210**	210
Current		
Prepayments	**48,161**	8,410
Deposits paid to consignment stores	**5,525**	3,175
Value added tax recoverable	**1,182**	1,522
Other receivables	**5,136**	2,971
Less: Expected credit losses ("**ECL**") allowance of other receivables	**(208)**	(208)
	59,796	15,870

Prepayments mainly include prepayments to suppliers for the purchase of inventories and prepaid expenses. Prepayments increased by 4.7 times to RMB48.2 million as at 31 December 2024 from RMB8.4 million as at 31 December 2023. The increase in the prepayments as at 31 December 2024 was mainly due to the increase of prepayments to suppliers. As at 28 March 2025, 16.3% of the prepayments as at 31 December 2024 was subsequently refunded and utilised.

Trade receivables

Trade receivables increased by 33.7% to RMB24.6 million as at 31 December 2024 from RMB18.4 million as at 31 December 2023. The increase in the trade receivables as at 31 December 2024 was mainly due to the prolonged outstanding status of certain receivables. The Group has been regularly liaising with the respective customers to ensure the eventual recovery of these amounts. The Group's credit terms to trade receivables are generally 60 to 270 days. As at 28 March 2025, 64% of the trade receivables (net of individual identified allowance) as at 31 December 2024 was subsequently settled.

The Group applied the HKFRS 9 simplified approach to measure lifetime ECL allowance for all trade receivables.

Management of the Company estimated ECL of trade receivables that are individually significant by considering the ageing profiles of trade receivables, their knowledge about the customers and the market conditions. Management also grouped the trade receivables with similar credit risk characteristics and ageing profile for collective assessment. The estimated ECL rates were based on historical credit loss rates for different groups and adjusted to reflect the current and multiple forward-looking information on macro-economic factors that are considered relevant to determine the ability of customers to settle the receivables in the future. In assessing the sufficiency of the ECL estimation, management considered factors including the settlement pattern, credit profile and on-going trading relationships with the customers.

For the year ended 31 December 2024, the Group recognised provision for loss allowance of trade receivables of RMB4.0 million, representing a decrease of 27.3% from RMB5.5 million for the year ended 31 December 2023.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

On 8 February 2024, the Board proposed to implement the share consolidation on the basis that every twenty-five (25) issued and unissued shares of HK$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of HK$0.25 each (the "**Share Consolidation**").

Pursuant to an ordinary resolution passed on 27 March 2024, the Share Consolidation was approved by the Shareholders and became effective on 2 April 2024. Immediately after the Share Consolidation, the total number of issued shares of the Company was adjusted from 1,890,300,000 to 75,612,000.

For details of the Share Consolidation, please refer to the announcements of the Company dated 8 February 2024 and 28 March 2024, the circular of the Company dated 29 February 2024 and the poll results announcement of the extraordinary general meeting dated 27 March 2024.

On 8 February 2024, the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent, on a best effort basis, up to 18,903,000 placing shares to not less than six placees at the placing price of HK$1.13 per placing share under specific mandate. This placing was terminated on 10 May 2024. Details of which were disclosed in the Company's announcements dated 8 February 2024 and 10 May 2024 and the circular of the Company dated 29 February 2024.

On the same day, 10 May 2024, the Company entered into a new placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 42,310,000 placing shares at the placing price of HK$0.52 per placing share to not less than six placees, under specific mandate.

On 3 July 2024, a total of 42,310,000 placing shares of the Company at nominal value of HK$0.25 each were successfully placed by the placing agent to not less than six placees at the placing price of HK$0.52 per placing share pursuant to the terms and conditions of the placing agreement. Details of which were disclosed in the announcements of the Company dated 10 May 2024 and 3 July 2024 and the circular of the Company dated 31 May 2024. Upon completion of the placing, the total number of issued shares of the Company increased from 75,612,000 shares of HK$0.25 each to 117,922,000 shares of HK$0.25 each.

As at 31 December 2024, the Company's issued share capital was HK$29,480,500 divided into 117,922,000 shares of HK$0.25 each.

The Group funds its business and working capital requirements by using a balanced mix of internal resources and borrowings. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

As at 31 December 2024, the Group had net current assets of RMB29.3 million (31 December 2023: RMB32.9 million), cash and cash equivalents amounted to RMB2.3 million (31 December 2023: RMB34.0 million) and borrowings amounted to RMB60.5 million (31 December 2023: RMB69.5 million). The Group's cash and cash equivalents as at 31 December 2024 were mainly denominated in RMB and HKD. As at 31 December 2024, the Group's borrowings (denominated in RMB and HKD) amounting to RMB9.9 million and RMB50.6 million (31 December 2023: RMB13.9 million and RMB55.6 million) carried interest at floating rate and fixed rate respectively. The weighted average interest rates are 4.54% (2023: 9.76%) per annum.

As at 31 December 2024, the Group had a current ratio of 1.3 times (31 December 2023: 1.3 times) and gearing ratio of 1.4 (calculated by dividing total borrowings by total equity) (31 December 2023: 1.2).

As at 31 December 2024, the Group did not have any available unutilised banking facilities (31 December 2023: nil).

RESTRICTED BANK DEPOSIT

As at 31 December 2024, the Group did not have any restricted bank deposit (31 December 2023: nil).

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities or guarantees (31 December 2023: nil).

PLEDGE OF ASSETS

As at 31 December 2024, the Group pledged land use rights and buildings with carrying amount of RMB14.8 million to secure its borrowings of RMB27.5 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company entered into a joint venture agreement with Shanghai Yougu Health Technology Co., Ltd* (上海游固健康科技有限公司) for the establishment of a joint venture in the PRC to explore the field of big healthcare. Details of which were disclosed in the Company's announcement dated 12 December 2024.

Saved as disclosed herein, during the Reporting Period, the Group did not have any other material acquisitions and disposals of assets, subsidiaries, associates or joint ventures.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

Saved as disclosed in this report, during the Reporting Period, the Group did not make any significant investments.

* For identification purpose only

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed herein, as at 31 December 2024, the Group does not have any future plans for material investments and capital assets.

FOREIGN EXCHANGE RISKS

Our Group's foreign exchange risk mainly relates to fluctuations in exchange rates of RMB against our assets and liabilities in currencies other than RMB, and these may affect our operation results. Our Group does not have a hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES, REMUNERATION POLICY AND TRAINING

As at 31 December 2024, the Group had a total of 69 staff (31 December 2023: 205 employees), whose remunerations and benefits are determined based on market rates, government policies and individual performance. The Group provides comprehensive training and development opportunities to its employees on a regular basis. The trainings are arranged according to needs of employees, which were identified annually by individual departments.

The China employees of the Group are required to participate in a central pension scheme (the "**Defined Contribution Schemes**") operated by the local municipal government, which these subsidiaries are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Defined Contribution Schemes. The contributions by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 December 2023 and 31 December 2024, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2023 and 2024.

For each of the two years ended 31 December 2023 and 2024, the Group did not have any defined benefit plan.

USE OF PROCEEDS IN RELATION TO THE PLACING UNDER SPECIFIC MANDATE

On 10 May 2024, the Company entered into a placing agreement with a placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 42,310,000 placing shares at the placing price of HK$0.52 per placing share to not less than six placees (who are individual, institutional or professional investors), who and whose ultimate beneficial owners are independent third parties. The placing shares would be allotted and issued pursuant to the specific mandate. The net placing price per placing share will be approximately HK$0.50. The closing price of HK$0.61 per share as quoted on the Stock Exchange on the date of the placing agreement. This placing was completed on 3 July 2024. A total of 42,310,000 shares with the nominal value of HK$0.25 each have been successfully placed by the placing agent to not less than six placees at the placing price pursuant to the terms and conditions of the placing agreement.

The net proceeds from this placing at the time of its completion were approximately HK$21.0 million, of which approximately HK$20.0 million would be applied towards the repayment of other borrowing of the Group; and approximately HK$1.0 million would be applied towards replenishment of the general working capital of the Group.

Further information of this placing can be found in the Company's announcements dated 10 May 2024 and 3 July 2024 and the circular of the Company dated 31 May 2024.

An analysis of the utilisation of the use of proceeds during the Reporting Period is set out as follows:

Intended use of net proceeds	**Original allocation of net proceeds** (HK$ million) (approximately)	**Utilised amount of net proceeds up to 31 December 2024** (HK$ million) (approximately)	**Unutilised amount of net proceeds up to 31 December 2024** (HK$ million) (approximately)	**Expected time period**
Repayment of other borrowing of the Group	20.0	20.0	–	N/A
Replenishment of the general working capital of the Group	1.0	1.0	–	N/A
Total	21.0	21.0	–	

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Zhao Jie ("**Mr. Zhao**"), aged 41, was appointed as an Executive Director, Chairperson and Chairperson of the Nomination Committee of the Company on 1 August 2024. He is responsible for the Group's overall corporate management and business development strategies.

He is an entrepreneur with over 10 years of extensive experience in financial management and capital market services. In 2006, Mr. Zhao co-founded Shenzhen Zero Latitude Digital Technology Co., Ltd.* (深圳市零緯度數位科技有限公司), which was principally engaged in the provision of comprehensive customer relationship management solutions and strategic marketing planning services to governments and real estate companies. In 2009, Mr. Zhao founded Shenzhen Tengwei Chuangzhan New Media Co. Ltd.* (深圳市騰為創展新媒體有限公司), which was principally engaged in the creation of exhibition content specifically for government and real estate companies. From 2014 to 2019, Mr. Zhao served as the Managing Director of Shenzhen Huayang Capital Holdings Co., Ltd.* (深圳華洋資本控股有限公司), responsible for project investment and financing and coordinating internal operations. From 2019 to 2020, he served as the Managing Director of Four Seas Changshi Joint Holdings Co., Ltd.* (四海長實聯合控股有限公司), providing professional financial advisory services. Since 2020, Mr. Zhao has been the founder and chairman of Shenzhen Jieshengsi Consulting Co., Ltd.* (深圳杰晟思顧問有限公司), which is principally engaged in the provision of mergers and acquisitions consulting, financial consulting, and capital market advisory services.

Madam Maeck Can Yue (alias Mäck GEB., Ji Can Yue and Ji Can Yue) ("**Madam Maeck**"), aged 58, is a Founder, and was appointed as an Executive Director, Chairperson, Chief Executive Officer and Chairperson of the Nomination Committee of the Company on 16 May 2017. She resigned as the Chairperson and the Chairperson of Nomination Committee of the Company with effect from 1 August 2024. She is responsible for the Group's overall corporate management and business development strategies. Madam Maeck has been appointed as a Director of all the subsidiaries of the Company.

Madam Maeck has over 20 years of experience in kitchenware industry. Prior to her establishment of Miji GmbH in June 2000 and Miji Electronics and Appliances (Shanghai) Ltd. in October 2001, Madam Maeck had worked for OBI GmbH & Co. Deutschland KG, a company principally engaged in the business of home improvement supplies retailing as a Director of marketing and development, where she was mainly responsible for marketing and development, from May 1998 to April 2000; and for Leica Microsystems Ltd., a company principally engaged in the business of manufacturing optical microscopes, equipment for the preparation of microscopic specimens and related products, from January 1996 to March 1998.

Madam Maeck obtained a Diploma of Enterprise Management in May 1996 from the Fachhochschule für Wirtschaft Berlin.

In 2001, Madam Maeck was recognised by the Shanghai Municipal Personnel Bureau, the Predecessor of Human Resources and Social Security (人力資源和社會保障局) as one of the scholars studied abroad who was eligible for preferential treatment for investment in Shanghai, China. She was conferred the title of Adjunct Professor on 1 September 2015 and appointed as Advisor for Master of International Business for the period from April 2017 to March 2020 by Shanghai University of International Business and Economics. She was also selected as one of the Leading Talents of Minhang District (閔行領軍人士), Shanghai, China by the Shanghai Minhang District Human Resource and Social Security Bureau (上海閔行區人力資源和社會保障局) in 2013. Madam Maeck also received several awards in recognition of her entrepreneurship, including the 5th Shanghai Science and Technology Entrepreneur (Women Entrepreneur) Innovation Award (第五屆上海科技企業家 (女企業家) 創新獎) in 2010, and Shanghai Business Outstanding Entrepreneur (上海商業優秀企業家) for 2016. In 2023, Madam Maeck was awarded the Magnolia Silver Award by the Shanghai Municipal People's Government in recognition of her contribution to the city's development.

* For identification purpose only

Mr. Wu Huizhang ("**Mr. Wu**"), aged 46, was appointed as an Executive Director on 25 January 2021. He graduated from Jimei University (集美大學) with a Diploma in Port Administration. Mr. Wu has over 20 years of experience in export trading and enterprise management. Mr. Wu has been working as the General Manager of Xiamen Hezhong Zhiyuan Enterprise Management Co., Ltd.* (廈門合眾致遠企業管理有限公司) (a company principally engaged in the provision of business consultancy services) since June 2017; and the Supervisor of Fuzhou Sihui Trading Co., Ltd.* (福州斯惠貿易有限公司) ("**Fuzhou Sihui**") (an export trading company) since May 2017. Mr. Wu also worked as the Deputy General Manager of Fuzhou Sihui from March 2010 to June 2016; and the Manager of Operation Department of Xiamen China Trade International Freight Forwarding Co., Ltd.* (廈門中貿國際貨運代理有限公司) from September 2000 to January 2010. Mr. Wu was responsible for operation, strategic planning, financial and risk management of the aforesaid companies.

NON-EXECUTIVE DIRECTOR

Dr. Zheng Jingwen ("**Dr. Zheng**"), aged 61, was appointed as a Non-Executive Director of the Company on 2 September 2024. She earned her Doctor of philosophy degree from the University of Southern California and is a postdoctoral fellow from the University of California, San Francisco. She has accumulated over 25 years of experience in drug development, including 10 years with the FDA and 17 years in the pharmaceutical industry. While working at the FDA, Dr. Zheng was responsible for evaluating Investigational New Drugs (IND) and New Drug Applications (NDA), where she actively participated in many different projects and had received many awards. In the pharmaceutical industry, Dr. Zheng held senior positions at Pfizer, Amgen, and Allergan, and was responsible to lead the clinical pharmacology and pharmacokinetics programs. Dr. Zheng has expertise in many therapeutic areas and has contributed significantly to model-informed drug development, regulatory submissions, and strategic drug development decisions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Shih-fang ("Mr. Wang"), aged 55, was appointed as an Independent Non-Executive Director, a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company on 23 June 2018. He has over 17 years of experience in the finance industry. Between July 2014 and December 2016, Mr. Wang was the Managing Director of Haitong International Securities Group Limited. He was also acted as a first Vice President in business planning and support department of Fubon Asset Management Co., Ltd (富邦證券投資信託股份有限公司) between March 2010 and February 2014. Prior to that, he was appointed as an Associate Director of SinoPac Securities (Asia) Limited between November 2008 to April 2010. From August 2006 to October 2008, he served Pinebridge Investments Management Taiwan Limited (柏瑞證券投資信託股份有限公司), formerly known as AIG Investment Management Corporation (Taiwan) Ltd. (友邦證券投資信託股份有限公司) as an Assistant Vice President and Head of Direct Sales. From October 2002 to July 2006, he served Eastspring Securities Investment Trust Co., Ltd (瀚亞證券投資信託股份有限公司), formerly known as PCA Securities Investment Trust Co., Ltd. (保誠證券投資信託股份有限公司) as a Manager of the Financial Business Department.

In April 2001, Mr. Wang was awarded the Certificate of Securities Investment Trust and Consulting by Securities Investment Trust and Consulting Association of the ROC in Taiwan. In 2002, Mr. Wang was awarded the Certificate of Broker License by Securities and Futures Institute in Taiwan. Mr. Wang was also a Licensed Representative under the Securities and Futures Ordinance from January 2009 to April 2010.

Mr. Wang graduated from Fu-Jen Catholic University in Taiwan with a Bachelor's Degree in Philosophy in June 1992 and a Master's Degree in Arts in June 1995. Mr. Wang also obtained his Master's Degree in Business Administration from the National Chengchi University in Taiwan in January 2012. Mr. Wang has also conducted Lectures at Fu-Jen Catholic University.

Mr. Yan Chi Ming ("**Mr. Yan**") resigned as an Independent Non-Executive Director, Chairperson of the Remuneration Committee and a member of the Audit Committee of the Company with effect from 31 May 2024. For further details of resignation of Mr. Yan, please refer to the Company's announcement dated 31 May 2024.

* For identification purpose only

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Hooi Hing Lee ("**Mr. Hooi**"), resigned as an Independent Non-Executive Director, Chairperson of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee of the Company with effect from 31 May 2024. For further details of resignation of Mr. Hooi, please refer to the Company's announcement dated 31 May 2024.

Mr. Li Wei ("**Mr. Li**"), aged 43, was appointed as the Independent Non-Executive Director, a member of the Audit Committee of the Company on 25 January 2021. He graduated from Jiujiang University (九江學院) with a Diploma in Marketing. Mr. Li has over 13 years of marketing and business management experience. Mr. Li has been working as a General Manager of Xiamen Xinyuanhuan Advertising Co., Ltd.* (廈門鑫源洹廣告有限公司) (an advertising company); and Xiamen Orange Elephant Information Technology Co., Ltd.* (廈門橙象資訊科技有限公司) (an information technology company) where he is responsible for the operations, strategic planning and management of these companies. From March 2016 to October 2019, Mr. Li also worked as a General Manager of Fujian Xinbaocan Investment Co., Ltd.* (福建省鑫寶燦投資有限公司) (an investment consultancy company) where he was responsible for the provision of investment consultancy services and business management.

Mr. Lin Dongming ("**Mr. Lin**"), aged 53, was appointed as an Independent Non-Executive Director, Chairperson of the Remuneration Committee and a member of the Audit Committee of the Company on 31 May 2024. He has extensive experience in corporate management and has been working in government departments of the People's Republic of China and sizable state-owned enterprise for 30 years. From 2004 to 2018, Mr. Lin served as the managing director of Sinotruk (Hong Kong) International Investment Limited (a subsidiary of Sinotruk (Hong Kong) Limited (stock code: 3808), which is a company listed on the Stock Exchange), responsible for its international business and investment and corporate finance activities. Mr. Lin obtained an executive master degree in business administration from Cheung Kong Graduate School of Business.

Mr. Lin currently also serves as Member of the Standing Committee of the 15th Jinan Political Consultative Conference and Member of the 13th Shandong Provincial Political Consultative Conference; the chairman of the Jinan Association of Hong Kong; the vice president of Association of Shandong in Hong Kong, China; the vice chairman of the supervisory board of the Shandong CPPCC Members Association in Hong Kong; the honorary chairman of the Hong Kong Shandong Chamber of Commerce and the natives general associations of Qingdao, Weihai, Yantai and Linyi; the vice president of overseas friendship associations of Jinan, Yantai and Zaozhuang; and the honorary president of Jinan Chamber of Commerce in Guangdong Province etc.

Mr. Lin is currently an independent non-executive director of Shi Shi Services Limited (stock code: 8181), which is a company listed on the GEM of the Stock Exchange. Mr. Lin was also an executive director and a non-executive director of Finet Group Limited (stock code: 8317) for the period from August 2020 to October 2021 and October 2021 to October 2022, respectively, the securities of this company are listed on the GEM of the Stock Exchange.

Mr. Shen Shujing ("**Mr. Shen**"), aged 40, was appointed as an Independent Non-Executive Director, Chairperson of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee of the Company on 31 May 2024. He obtained his Bachelor's degree in Accounting from Harbin Institute of Technology in September 2005 and his Master's degree in Applied Accounting and Finance from Hong Kong Baptist University in July 2012. Mr. Shen has over 18 years of experience in the fields of accounting, finance, business development and risk advisory. He has held the position of Finance Controller for the Asia Region at CIMC Wetrans Logistics Technology (Group) Co., Ltd., and Finance Controller at CIMC Goldwide Technology Logistics Group Co., Ltd. since February 2022. Mr. Shen's role involves overseeing the financial management of the two companies, contributing significantly to their business strategies, and managing their resource allocation and capital structure. Mr. Shen also establishes a robust internal control system for these two companies and conducts regular checks to ensure compliance and risk reduction. From January 2007 to February 2022, he worked for Sinotruk (Hong Kong) International Investment Limited (a subsidiary of Sinotruk (Hong Kong) Limited (stock code: 3808), which is a company listed on the Stock Exchange), where he served as the Head of Finance and assistant to General Manager. From July 2005 to December 2006, he worked as an accountant and tax accountant of China National Heavy Duty Truck Group Co., Ltd. (中國重型汽車集團有限公司). Mr. Shen is an associate member of The Association of International Accountants.

* For identification purpose only

SENIOR MANAGEMENT

Ms. Lin Liyan ("**Ms. Lin**") resigned as a Financial Controller of our Group with effect from 1 August 2024. For further details of resignation of Ms. Lin, please refer to the Company's announcement dated 1 August 2024.

Ms. He Meihua ("**Ms. He**"), aged 36, is a Financial Controller of our Group. She joined our Group on 1 August 2024 and is responsible for overseeing financial management of our Group. She graduated from Beijing Jiaotong University in 2015 with a bachelor's degree in economics and accounting. From 2011 to 2024, Ms. He founded Shenzhen Zhengjiu Investment Group and served as the managing director, providing corporate customers with one-stop services such as strategic planning, compliance internal control, and modern financial management system construction. Ms. He has accumulated more than ten years of experience in the fields of accounting, auditing and financial and taxation management, and has extensive experience in corporate and financial management.

CORPORATE GOVERNANCE REPORT

The Company is committed to the establishment of good corporate governance practices and procedures with a view to be a transparent and responsible organization which is open and accountable to the shareholders of the Company. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders of the Company to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for the shareholders of the Company. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return.

ADOPTION AND COMPLIANCE OF CORPORATE GOVERNANCE PRACTICES

The Board adopted a set of corporate governance practices which aligns with or is more restrictive than the requirements set out in the Corporate Governance Code (the "**CG Code**"), contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. Save for the deviation below, the Board is of the view that the Company has complied with the code provisions set out in the CG Code for the year ended 31 December 2024.

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 December 2024, Madam Maeck was our chairperson and chief executive officer. With her extensive experience in the industry, the Directors believed that vesting the roles of both chairperson and chief executive officer in the same person provided the Company with strong and consistent leadership, allowing effective and efficient planning and implementation of business decisions and strategies, and was beneficial to the business prospects and management of the Group. Although Madam Maeck performed both the roles of chairperson and chief executive officer, the division of responsibilities between the chairperson and chief executive officer was clearly established. In general, the chairperson is responsible for supervising the functions and performance of the Board, while the chief executive officer is responsible for the management of the business of the Group. The two roles were performed by Madam Maeck distinctly. Further, this structure does not impair the balance of power and authority between the Board and management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors.

On 1 August 2024, the Company appointed Mr. Zhao Jie as the Executive Director and Chairperson of the Company. Upon which, Madam Maeck has resigned from the position as the Chairperson of the Company. Upon the effective date of such change (i.e. 1 August 2024), the CG Code Provision C.2.1 has been complied with.

Following the sustained development and growth of the Company, the Company will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies can meet the general rules and standards required by the Stock Exchange.

BOARD OF DIRECTORS

As at 31 December 2024, the Board comprises eight Directors, consisting of three executive Directors, namely Mr. Zhao Jie, Madam Maeck Can Yue and Mr. Wu Huizhang; one non-executive Director, namely Dr. Zheng Jingwen; and four independent non-executive Directors, namely Mr. Wang Shih-fang, Mr. Lin Dongming, Mr. Shen Shujing and Mr. Li Wei.

Biographical information of the Directors and the details of the composition of the Board are set out below and in the Corporate Information, Directors and Senior Management Profile and Directors' Report respectively of this annual report.

The Board delegates day-to-day operations of the Group to the management. Both the Board and the management have clearly defined authorities and responsibilities under various internal control and check-and-balance mechanisms.

The Board monitors the development and financial performance and sets strategic directions of the Group's business.

Matters including material investment decisions, approving financial statements, declaration of dividend, are reserved to the Board. The management implements the Board's decisions, makes business proposals and reports to the Board on the overall performance of the Group. Daily operations and administration of the business are delegated to the executive Directors and the management of the Company.

The Board will make arrangements for holding at least four regular Board Meetings during each financial year.

At least 14 days' notice of a regular Board meeting is given to all Directors to provide them with an opportunity to attend and all Directors are given an opportunity to include matters in the agenda for a regular meeting. Board papers are dispatched to the Directors at least three days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting.

The Chairperson conducts the proceedings of the Board at all Board meetings. He/she ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and that equal opportunities are given to the Directors to speak and express their views and share their concerns. All Directors have access to the company secretary of the Company (the "**Company Secretary**"), who is responsible for ensuring that the Board procedures are complied with and for advising the Board on compliance matters.

During the year ended 31 December 2024, 12 Board meetings were held. The respective attendances of the Directors at the above Board meetings are set out in the table below:

Name of Directors	Attendance Board Meetings
Executive Directors	
Mr. Zhao Jie (appointed with effect from 1 August 2024)	5/5
Madam Maeck Can Yue	12/12
Mr. Wu Huizhang	12/12
Non-executive Director	
Dr. Zheng Jingwen (appointed with effect from 2 September 2024)	2/2
Independent Non-executive Directors	
Mr. Wang Shih-fang	12/12
Mr. Yan Chi Ming (resigned with effect from 31 May 2024)	5/5
Mr. Hooi Hing Lee (resigned with effect from 31 May 2024)	5/5
Mr. Li Wei	12/12
Mr. Lin Dongming (appointed with effect from 31 May 2024)	6/6
Mr. Shen Shujing (appointed with effect from 31 May 2024)	6/6

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2024, 3 general meetings were held. The respective attendances of the Directors at the above Board meetings are set out in the table below:

Name of Directors	Attendance General Meeting
Executive Directors	
Mr. Zhao Jie (appointed with effect from 1 August 2024)	–/–
Madam Maeck Can Yue	3/3
Mr. Wu Huizhang	3/3
Non-executive Director	
Dr. Zheng Jingwen (appointed with effect from 2 September 2024)	–/–
Independent Non-executive Directors	
Mr. Wang Shih-fang	3/3
Mr. Yan Chi Ming (resigned with effect from 31 May 2024)	1/1
Mr. Hooi Hing Lee (resigned with effect from 31 May 2024)	1/1
Mr. Li Wei	3/3
Mr. Lin Dongming (appointed with effect from 31 May 2024)	2/2
Mr. Shen Shujing (appointed with effect from 31 May 2024)	2/2

The Company has received confirmations of independence from all independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. All of them meet the independence criteria set out in Rule 3.13 of the Listing Rules. Thus, the Board considers that they are independent.

The Company has also received confirmations from all Directors that they have given sufficient time and attention to the affairs of the Company for the Reporting Period. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organizations and other significant commitments, with the identity of the public companies or organizations and an indication of the time involved. Also, there is no financial, business, family or other material or relevant relationship between Board members.

Directors' Training

During the year ended 31 December 2024, the Directors participated in the following continuous professional development:

Name of Directors	Training organized by professional organization	Reading materials updating on new rules and regulations
Executive Directors		
Mr. Zhao Jie (appointed with effect from 1 August 2024)	✓	✓
Madam Maeck Can Yue	✓	✓
Mr. Wu Huizhang	✓	✓
Non-executive Director		
Dr. Zheng Jingwen (appointed with effect from 2 September 2024)	✓	✓
Independent Non-executive Directors		
Mr. Wang Shih-fang	✓	✓
Mr. Yan Chi Ming (resigned with effect from 1 May 2024)	✓	✓
Mr. Hooi Hing Lee (resigned with effect from 1 May 2024)	✓	✓
Mr. Li Wei	✓	✓
Mr. Lin Dongming (appointed with effect from 1 May 2024)	✓	✓
Mr. Shen Shujing (appointed with effect from 1 May 2024)	✓	✓

Note: The Company received from each of the Directors the confirmations on taking continuous professional training.

Non-executive Directors

The initial term of office of the non-executive Director (excluding independent non-executive Directors) is one year, subject to re-election at annual general meetings of the Company in accordance with the articles of association of the Company.

Independent Non-executive Directors

Four of the independent non-executive Directors, have entered into a service agreement with the Company pursuant to which each of them is appointed for service with the Company for a term of one year. Their terms of appointment shall be subject to the rotational retirement provision of the articles of association of the Company.

BOARD COMMITTEES

To assist the Board in the execution of its duties and to facilitate effective management, certain functions of the Board have been delegated by the Board to various Board committees, which review and make recommendations to the Board on specific areas. The Board has established a total of three Board committees, and details of which are set out below.

Each committee consists of Directors and has its terms of reference. The terms of reference of the Board committees setting out their roles and the authority delegated to them by the Board have been posted on the designated website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.volcanospring.com.

Audit Committee

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management over the financial reporting system and internal control systems of the Group. The Audit Committee comprises Mr. Shen Shujing (Chairperson), Mr. Wang Shih-fang, Mr. Lin Dongming and Mr. Li Wei all of whom are independent non-executive Directors. The Audit Committee has reviewed and discussed the annual report of the Group for the year ended 31 December 2024.

During the year ended 31 December 2024, the Audit Committee had held three meetings. The respective attendances of the members of audit committee are presented as follows:

Members	**Attendance**
Mr. Hooi Hing Lee *(Chairperson)* (resigned with effect from 31 May 2024)	1/1
Mr. Shen Shujing *(Chairperson)* (appointed with effect from 31 May 2024)	2/2
Mr. Wang Shih-fang	3/3
Mr. Yan Chi Ming (resigned with effect from 31 May 2024)	1/1
Mr. Lin Dongming (appointed with effect from 31 May 2024)	2/2
Mr. Li Wei	3/3

During the year ended 31 December 2024, the Audit Committee had performed the following duties:

- reviewed and commented on the interim results and report of the Group for the six months ended 30 June 2024;
- reviewed and commented on the annual results and report of the Group for the year ended 31 December 2023;
- reviewed the financial matters of the Group, the effectiveness of the Group's risk management and internal control systems;
- reviewed the independent internal control reviewer's findings and recommendations;
- reviewed and recommended the reappointment of the external auditor; and
- reviewed the arrangement for employees of the Group to raise concerns about possible impropriety in financial reporting, internal control and other matters.

Nomination Committee

The Company established a nomination committee (the "**Nomination Committee**") with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors.

A member of the Nomination Committee shall abstain from voting and shall not be counted in the quorum of a meeting in respect of the resolution where he or any of his associates has any material interest, including the recommendation on nomination for appointment of such person as a Director. The Nomination Committee comprises the executive Director, Mr. Zhao Jie (Chairperson) and the independent non-executive Directors, Mr. Wang Shih-fang and Mr. Shen Shujing.

The Nomination Committee will make arrangements for holding at least one meeting during each financial year. During the year ended 31 December 2024, the Nomination Committee has held three meetings. The respective attendances of the members of nomination committee are presented as follows:

Members	**Attendance**
Madam Maeck Can Yue *(Chairperson)* (resigned with effect from 1 August 2024)	1/1
Mr. Zhao Jie *(Chairperson)* (appointed with effect from 1 August 2024)	1/1
Mr. Wang Shih-fang	3/3
Mr. Hooi Hing Lee (resigned with effect from 31 May 2024)	–/–
Mr. Shen Shujing (appointed with effect from 31 May 2024)	2/2

During the year ended 31 December 2024, the Nomination Committee had performed the following duties:

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board and the board diversity policy, and made recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- assessed the independence of independent non-executive Directors; and
- reviewed and made recommendation to the Board on re-election of retiring Directors.

Nomination Policy

The Board has adopted the nomination policy (the "**Nomination Policy**") on 24 August 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

(1) identifying potential candidates, including recommendations from the Board members, professional search firms and the shareholders of the Company;

(2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;

(3) reviewing the profiles of the shortlisted candidates and interview them; and

(4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

CORPORATE GOVERNANCE FUNCTION

The Board is entrusted with the overall responsibility of developing and maintaining sound and effective corporate governance within the Group and is committed to ensuring that an effective governance structure is put in place to continuously review and improve the corporate governance practices within the Group in light of the evolving operating environment and regularity requirements.

The Board has undertaken the day-to-day responsibility for all corporate governance function of the Group. All members of the Board are responsible for performing the corporate governance duties set out in the written terms of reference adopted by the Board on 24 June 2018 and are as follows:

1. to develop and review the Company's policies and practices on corporate governance and make recommendation to the Board;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and

5. to review the Company's compliance with the CG code and disclosure in the Corporate Governance Report.

ACKNOWLEDGEMENT OF RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Group. In preparing the consolidated financial statements for the Reporting Period, the Directors have:

– based on a going concern basis;

– selected suitable accounting policies and applied them consistently; and

– made judgements and estimates that were prudent, fair and reasonable.

The report of the auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report from pages 67 to 68 of this report.

COMPANY SECRETARY

The Company has engaged in a service contract with an external service provider, Ms. Ho Wing Yan ("**Ms. Ho**"), who was appointed as the Company Secretary. Ms. Lin Liyan, the financial controller of the Company is the primary corporate contact person of the Company with Ms. Ho. Ms. Ho resigned as the Company Secretary with effect from 10 January 2025. Following Ms. Ho's resignation, Ms. Tse Sau San ("**Ms. Tse**") has been appointed as the Company Secretary with effect from 10 January 2025. Ms. Tse is not a full time employee of the Company, the primary person at the Company whom Ms. Tse shall be contacted in respect of company secretarial matters is Mr. Zhao Jie, the executive Director.

Being the Company Secretary, Ms. Tse plays an important role in supporting the Board by ensuring good information flow within the Board and that the Board policies and procedures are followed. Ms. Tse is responsible for advising the Board on corporate governance matters and should also facilitate induction and professional development of Directors. During the Reporting Period, the Company Secretary has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

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

Specific enquiry has been made to all Directors and all Directors have confirmed that they had fully complied with the required standard set out in the Model Code for the year ended 31 December 2024.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than those in the Model Code.

No incident of non-compliance with these guidelines by the relevant employees was noted by the Company for the year ended 31 December 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board emphasizes on the importance of risk management and internal controls on the Group's business operations and development and acknowledges its overall responsibility for the risk management and internal control systems and the review of their effectiveness.

The Board evaluates and determines the nature and extent of risks it is willing to accept, while achieving the Group's strategic business objectives. The Board also ensures implementation and maintenance of effective risk management and internal control systems; and oversees management in the design, implementation and monitoring of the risk management and internal control systems.

The Board has delegated the responsibility to physically implement and maintain the risk management and internal control systems to the management of the Company. The management, under the supervision of the Board, has implemented and maintained appropriate and effective risk management and internal control system, which aims to manage and reduce (i) risks associated with the Group's daily operations; (ii) risks of failing to achieve business objectives; (iii) risks of asset misappropriation; and (iv) risks of making potential material misstatements or losses. However, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatements or losses.

The Group does not have an internal audit function. Taking into account the size, nature and complexity of the Group's business, the Board have sufficient capacity to oversee the design and implementation of the risk management and internal control system and to assess its effectiveness, and accordingly there is no immediate need to set up an internal audit function within the Group.

The process to identify, evaluate and manage risks are carried out on a regular and on-going basis. These processes are summarised as follows:

Risk identification

- Identify risks that may potentially affect the Group's business and operations.

Risk assessment

- Assess the impact and consequence of the identified risks on the business and the likelihood of their occurrence.

Response to findings of risk assessment

- Prioritise the risks by comparing the results of the risk assessment; and
- Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk monitoring and reporting

- Perform ongoing and regular monitoring of the risk and ensure that appropriate internal control processes are in place;
- Enhance the risk management strategies and internal control processes in case of any significant change of situation; and
- Report the results and effectiveness of risk management and internal control to the Board regularly.

In relation to the handling and dissemination of inside information, the Group has implemented in information disclosure policy to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules. The policy is summarised as follows:

- Designated reporting channels from different operations informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

During the Reporting Period, the Group engaged an independent consulting firm to review the effectiveness of its risk management and internal control system. The scope of review was determined by the Board. The independent consulting firm submitted a report of findings and areas for improvement to the management. The management presented these findings and areas for improvements to the Board and Audit Committee. Having considered (i) the existence of the risk management and internal control system; (ii) the findings of the independent consulting firm; and (iii) the management will take into account the areas for improvement suggested by the independent consulting firm and further enhance the risk management and internal control system, the Board and Audit Committee were of the view that the Group had no material internal control deficiencies and its risk management and internal control systems were effective and adequate.

AUDITOR'S REMUNERATION

The remunerations in respect of services fees for audit services provided by the Company's auditors for the year ended 31 December 2024 are as follows and also included in Note 9 to the consolidated financial statements.

	RMB'000
Audit services	980
Non-audit services (related to Environment, Social and Governance Report)	60

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of maintaining effective communication with the shareholders of the Company. The Company establishes various communication tools to ensure the shareholders of the Company are kept well informed of timely information of the Company. These include the annual general meeting, extraordinary general meetings, the annual and interim reports, announcements, circulars and notices. Such documents are accessible on the Company's website at www.volcanospring.com.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "**Board Diversity Policy**") on 25 February 2022.

Below is the summary of the Board Diversity Policy:

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria.

Selection of candidates will be based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

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

In respect of the gender diversity of the Board, as at the date of the Annual Report, two of the eight Directors of the Company is female, representing 25% of the Board. The Company has achieved on a diverse Board during the period and will continue implementing the board gender diversity policy in the future to enhance the overall performance of the Board and the effectiveness of decision-making. It is expected that the ratio of female Directors will remain at 25% in the following years. The Company will continue its nomination policy to select suitable candidates with no gender limitation to be newly appointed Directors in the next few years.

Moreover, the current gender ratio of the Company workforce (including senior management) is 33 males per 100 females, as compared with 53 males per 100 females as of last year. Hence, the Company has already achieved gender diversity and will continue focusing on the area because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the Company, which include market insight, creativity and innovation, and improved problem-solving. Men's and women's different experiences may provide insights into the different needs of male and female customers. Further, men and women may have different cognitive abilities, such as men's proficiency in mathematics and women's proficiency in verbal and interpersonal skills. Therefore, a mix of cognitive abilities in a gender diverse team may enhance the team's overall creativity and innovation as proved by research. Moreover, a gender diverse team produces high quality decisions. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labor and female workers are more often seen during psychological consultation), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competences in the future.

MECHANISMS TO ENSURE INDEPENDENT VIEWS

The Company makes certain that the Board has access to independent views and input through the mechanisms listed below:

1. The Nomination Committee should review the Board composition and the independence of the independent non-executive Directors annually, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive Director who has served for more than nine years.

2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive Directors to be independent.

3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also Directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions on the transactions with the controlling shareholders and/or its associates.

4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.

5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

The mechanisms to ensure independent views are reviewed by the Nomination Committee for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "**Remuneration Committee**") with written terms of reference in compliance with the CG Code.

The Remuneration Committee makes recommendations on the remuneration package of Directors and senior management of the Group.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration policies and structure of the remuneration for the Directors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies. A member of the Remuneration Committee shall abstain from voting in respect of the resolution regarding the remuneration payable to him. The Remuneration Committee comprises Mr. Lin Dongming (Chairperson), Mr. Wang Shih-fang and Mr. Shen Shujing, all of whom are independent non-executive Directors.

The Remuneration Committee will make arrangements for holding at least one meeting during each financial year. During the year ended 31 December 2024, the Remuneration Committee has held one meeting. The respective attendances of the members of remuneration committee are presented as follows:

Members	Attendance
Mr. Yan Chi Ming *(Chairperson)* (resigned with effect from 31 May 2024)	–/–
Mr. Lin Dongming *(Chairperson)* (appointed with effect from 31 May 2024)	1/1
Mr. Wang Shih-fang	1/1
Mr. Hooi Hing Lee (resigned with effect from 31 May 2024)	–/–
Mr. Shen Shujing (appointed with effect from 31 May 2024)	1/1

During the year ended 31 December 2024, the Remuneration Committee had performed the following duties:

- reviewed and made recommendation on policy and structure for Directors' and senior management's remuneration;
- reviewed and approved the management's remuneration proposals with reference to the corporate goals and objectives of the Board;
- reviewed and determined on the remuneration packages of individual executive Directors and senior management; and
- reviewed and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

For the year ended 31 December 2024, the annual salary of the senior management (exclude Directors) of the Company falls within the following bands.

Remuneration bands	Number of senior management
Nil to RMB250,000	2
RMB250,001 to RMB500,000	–

DIRECTORS' REMUNERATION POLICY

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

SHAREHOLDERS' RIGHTS

(a) Procedures for convening of an extraordinary general meeting and putting forward proposals at shareholders' meeting

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to the articles of association of the Company, one or more shareholders who hold in aggregate not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to the articles of association of the Company, an annual general meeting of the Company and an extraordinary general meeting of the Company called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting of the Company shall be called by not less than 14 days' notice in writing. Pursuant to the CG Code, written notice of an annual general meeting of the Company and written notice of an extraordinary general meeting of the Company shall be sent by the Company to all Shareholders at least 20 clear business days and 10 clear business days respectively before the meeting. Business day under the Listing Rules means any day on which the Stock Exchange is open for business of dealing in securities.

(b) Procedures for members to propose a person for election as a director of the Company

The procedures for the shareholders of the Company to propose a person for election as a director of the Company are available and accessible on the Company's website at www.volcanospring.com.

(c) Procedures for directing enquires to the Company

To direct enquiries to the Board, the shareholders of the Company should submit his/her/its enquires in writing with contact details (including, your registered name, address and telephone number, etc.) to the Company Secretary at the following:

By post to the principal place of business in Hong Kong at Flat E, 15/F., Leahander Centre, 28 Wang Wo Tsai Street, Tsuen Wan, New Territories, Hong Kong.
Fax: (852) 3188 6690

(d) Matters relating to share registration

For share registration related matters, such as share transfer and registration, change of name and address of shareholders of the Company, loss of share certificates or dividend warrants, the shareholders of the Company can contact the Hong Kong branch share registrar and transfer office at the following:

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

SHAREHOLDERS' COMMUNICATION POLICY

Purpose

The Company recognises the importance of providing current and relevant information to its shareholders (the "**Shareholders**"). This shareholders' communication policy (the "**Policy**") aims to set out the provisions with the objective to ensure that the Shareholders and potential investors are provided with equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company.

General Policy

The board of directors of the Company (the "**Board**") shall maintain an on-going dialogue with Shareholders and will regularly review the Policy to ensure its effectiveness.

Information is communicated to the Shareholders as well as the stakeholders through periodic disclosure through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to The Stock Exchange of Hong Kong Limited ("**HKEx**") and other corporate publications on the HKEx's website and corporate communications on the HKEx website (www.hkex.com.hk) and the Company's website (http://www.volcanospring.com).

Effective and timely dissemination of information to Shareholders shall be ensured at all times. Any questions, requests and comments can be addressed to the Company by mail to Flat E, 15/F., Leahander Centre, 28 Wang Wo Tsai Street, Tsuen Wan, New Territories, Hong Kong or through the Company's share registrar, Tricor Investor Services Limited.

The Company believes that communication with Shareholders by electronic means, particularly through its website, is an efficient way to distribute information in a timely and convenient manner. Shareholders are encouraged to access to the corporate communications posted on the Company's website to help reduce the quantity of printed copies and hence reduce the impact on the environment.

The Company's website will be updated with material posted to the HKEx website immediately thereafter. Such material includes but not limited to financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents.

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

Shareholders shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

The Company has reviewed that the implementation and effectiveness of the shareholders' communication policy has been conducted for the year ended 31 December 2024.

DIVIDEND POLICY

The Board has adopted the dividend policy (the "**Dividend Policy**") on 24 August 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the shareholders of the Company. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, the Company has not made any changes to its Memorandum and Articles of Association. An updated version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Volcano Spring International Holdings Limited and its subsidiaries (collectively the "**Group**") presents the Environmental, Social and Governance ("**ESG**") report. This ESG report is intended to enhance the confidence and understanding of the stakeholders in the Group by sharing information on the Group's business activities, ESG governance, strategies performances and ongoing commitment to sustainable development.

ABOUT THE GROUP

The Group is engaged in the research and development, manufacturing and trading of kitchen appliances and selling of healthcare products in the PRC. The Group's revenue is substantially derived from the PRC market.

REPORTING PERIOD

This ESG report highlights the Group's ESG performance from 1 January 2024 to 31 December 2024 (the "**Reporting Period**" or the "**Year**").

REPORTING STANDARD

This ESG report was prepared with reference to the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as described in Appendix C2 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). An assessment on the applicability and materiality of the relevant key performance indicators under the ESG Reporting Guide has been conducted.

REPORTING PRINCIPLES

The reporting principles of this ESG report emphasise the following areas:

- Materiality: The threshold at which the ESG issues become sufficiently important to investors and other stakeholders is the core content of this ESG report. In compliance with the requirements of materiality principle defined by the Stock Exchange, the ESG issues considered by the board of directors (the "**Board**") and the ESG working group, stakeholders communication, identification process of substantive issues and the substantive issues are disclosed in the corresponding part of this report.

- Quantitative: Targets have been set by the Group to reduce the emissions from business operations and to evaluate the effectiveness of ESG policies and management systems. Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and source of conversion factors are all explained below.

- Balance: The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

- Consistency: Information in this ESG report is consistently presented. If there are any changes in methods or key performance indicators used or other factors affecting a meaningful comparison, these changes will be disclosed in this ESG report.

REPORTING SCOPE

The Group applied the principle of materiality to determine the scope of this ESG report. The scope of this ESG report covers the Group's business and all entities in the PRC. The Group's operations outside the PRC were not included in the scope as they do not have significant environmental and social impacts.

ESG GOVERNANCE

The Group strictly follows its established ESG policies, commitments, strategies and objectives in order to ensure a sustainable business development. The structure of ESG governance mainly comprised of two components, namely the Board and the management team.

The Board holds the overall responsibility for the Group's ESG strategy and reporting by overseeing the overall governance and progress of the Group's ESG management system, policies, commitments, strategies and objectives.

Management of the Group is responsible for the collection and analysis of ESG data, implementation of appropriate strategies to improve the Group's ESG performance, assessment of whether current ESG policies and improvement measures are effective, compliance with relevant ESG laws and regulations and the reporting of major issues to the Board. To assess the effectiveness of the Group's ESG policies, management sets key performance indicators and compares the indicators of current year with those of prior year. Based on the results of this comparison, ESG reports and the feedback from stakeholders, the Board reviews the progress made by the Group against its ESG-related goals and targets. The relevance of ESG-related goals and targets to the Group's business operations are determined by regular communications with stakeholders.

The data and information in this ESG report are sourced from the relevant documents, reports, statistical data, management and operation information collected by the Group. Information relating to the Group's corporate governance structure and practices has been set out in the section headed "Corporate Governance Report" of this annual report.

ESG STRATEGIES

Key ESG strategies adopted by the Group are set out below:

- Identify material and relevant ESG issues through regular communications with stakeholders.

- Perform materiality assessment on the identified ESG issues by considering their potential impact on the environment, society as well as the business operations, financial performance and stakeholders of the Group.

- Prioritise the identified ESG issues and design effective strategies to mitigate these issues.

- Review the effectiveness of ESG strategies on an annual basis.

STAKEHOLDER ENGAGEMENT

The Group values the contributions from its stakeholders as they can bring potential impacts to the Group's business. The Group maintains regular communications with its stakeholders to collect their views on the ESG aspects that they regard as relevant and important. Its key stakeholders include governments and regulatory bodies, shareholders, employees, customers, suppliers and the public society. The Group maintains an open and transparent dialogue with its stakeholders through various channels including meetings, trade exhibitions, surveys, seminars and workshops.

The following table summarises the main expectations and concerns of the key stakeholders identified by the Group, and the corresponding management responses.

Stakeholders	Expectations	Management responses/ Communication channels
Governments and regulatory bodies	• Compliance with laws and regulations • Tax payment in accordance with laws	• Compliance operation • Tax payment in full and on time
Shareholders	• Financial results • Corporate transparency • Sound risk control	• To improve profitability • Regular information disclosure • To optimise risk management and internal control
Employees	• Career development platform • Salary and benefits • Safe working environment	• Promotion mechanism • Competitive salary and employee benefits • To provide trainings for employees and strengthen their safety awareness
Customers	• Logistics and delivery service standards • Customer information security • Customer rights and interests protection	• To get delivery status through product tracking system • Customer privacy protection • Compliance marketing
Suppliers	• Integrity cooperation • Business ethics and credibility	• To build a responsible supply chain • To perform the contract according to law
Society and the public	• Environmental protection • Employment opportunities	• To reduce environmental pollutions • To provide equal employment opportunities

MATERIALITY ASSESSMENT

With reference to the scopes as required under the ESG Reporting Guide and taking into consideration of the Group's business operations, the Group identified the following environmental, social and operating issues that are material and relevant to the Group's business operations during the Reporting Period. If the Group does not implement effective strategies to monitor and solve these issues, these issues may affect the Group's financial condition or operating performance. Further, the Group made a materiality assessment on these environmental, social and operating issues by conducting interviews with its stakeholders.

Environmental issues	Social issues	Operating issues
1. Greenhouse gas emissions	8. Local community engagement	15. Economic value generated
2. Energy consumption	9. Community investment	16. Corporate governance
3. Water consumption	10. Occupational health and safety	17. Anti-corruption
4. Waste	11. Labour standards in supply chain	18. Supply chain management
5. Saving energy measures	12. Training and development	19. Customer satisfaction
6. Use of raw materials and packaging materials	13. Employee welfare	20. Customer privacy
7. Compliance with laws and regulations relating to environmental protection	14. Inclusion and equal opportunities	

The Group prioritised the above-mentioned environmental, social and operating issues in terms of their importance to the Group's stakeholders and business operations.

Importance to the Group's stakeholders and business operations	ESG risks
High	1, 2, 5, 6, 7, 10, 14, 15, 16, 17, 18, 19, 20
Medium	3, 4, 11, 12, 13
Low	8, 9

Based on the results of the Group's materiality assessment, the Group would formulate and implement appropriate strategies to monitor and solve the identified issues and to achieve sustainable business development.

CONFIRMATION AND APPROVAL

The Group endeavours to ensure that all the information presented in this ESG report is accurate and reliable. This ESG report had undergone the internal review process of the Group and was reviewed by the Board.

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

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of this ESG report or the Group's performances in sustainable development by mailing to West Building No. 2, 3585 Sanlu Road, Pujiang Industrial Zone, Caohejing Hi-tech Park, Shanghai, China.

A. ENVIRONMENT

The Group acknowledges its responsibility to protect the environment and it has implemented policies to reduce emissions and improve the efficiency in the use of resources.

The Group's operations are subject to certain environmental requirements pursuant to the laws in the PRC such as the Environmental Protection Law of the PRC, the Prevention and Control of Solid Waste Pollution Law of the PRC, the Law on Prevention and Control of Water Pollution of the PRC and the Law on Prevention and Control of Atmospheric Pollution.

During the Reporting Period, the Group did not record any material non-compliance with applicable environmental requirements that resulted in prosecution, penalty, administrative fine or sanction being imposed against the Group.

A.1 Emissions

In order to comply with the applicable environmental protection laws, the Group has implemented environmental protection policies, reducing air and water pollution and electricity consumption. During the Reporting Period, sources of the Group's emissions mainly included consumption of petrol, electricity, paper and water and business trips.

(i) Air pollutant emissions

During the Reporting Period, air pollutant emissions were mainly related to petrol consumption for the use of the Group's self-owned vehicles, which contributed to the emission of 45.94 kg (2023: 57.99 kg) of nitrogen oxides (NO_x), 0.05 kg (2023: 0.07 kg) of sulphur oxides (SO_x) and 3.24 kg (2023: 5.56 kg) of respiratory suspended particles (PM).

Air pollutant emissions reduction target

To better manage the Group's ESG performance, the Group has set quantifiable targets for air pollutant emissions as follows:

Environmental indicators	Reduction target	Baseline year	Status
NO_x emission intensity	Reduce 5% by Year 2027	Year 2022	In progress
SO_x emission intensity	Reduce 5% by Year 2027	Year 2022	In progress
PM emission intensity	Reduce 5% by Year 2027	Year 2022	In progress

(ii) Greenhouse gas ("GHG") emissions

Scope of greenhouse gas emissions[1]	For the year ended 31 December 2024 Emission (in tCO_2e)	Percentage to total emission	For the year ended 31 December 2023* Emission (in tCO_2e)	Percentage to total emission
Scope 1 Direct emission				
Combustion of petrol for mobile vehicles	**9.84**	**9.2%**	11.40	6.8%
Scope 2 Indirect emission				
Purchased electricity	**83.95**	**78.5%**	140.70	83.7%
Scope 3 Other indirect emission				
Paper waste disposal[2]	**0.97**	**12.3%**	3.04	9.6%
Water consumption	**0.22**		0.34	
Business air travel[3]	**12.03**		12.70	
Total	**107.00**	**100.0%**	168.18	100.0%

Notes:

* Figures were restated due to methodology and units' adjustment for year-to-year comparison.

(1) Emission factors were based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, and the latest released emission factors of China's regional power grid basis.

(2) The above emission data does not include the removal of CO_2 contributed by recycling paper.

(3) CO_2 emissions from the Group's business air travels were reported in accordance with the International Civil Aviation Organisation (ICAO) Carbon Emission Calculator.

During the Reporting Period, the Group's activities resulted in 107 tonnes of GHG emissions (2023: 168.18 tonnes), with an intensity of 1.55 tCO_2 per employee (2023: 0.82 tCO_2/employee). Details of the Group's initiatives to reduce resource consumption and related emissions are outlined below.

These measures have successfully raised employee awareness about resource conservation, contributing to a reduction in GHG emissions compared to the previous year.

During the Reporting Period, the Group did not receive any complaints or warnings regarding greenhouse gas emissions.

Greenhouse gas emissions reduction target

To better manage the Group's ESG performance, the Group has set quantifiable targets for greenhouse gas emissions as follows:

Environmental indicators	Reduction target	Baseline year	Status
GHG emissions	Reduce 5% by Year 2027	Year 2022	In progress

Petrol consumption

During the Reporting Period, the Group's motor vehicles travelled approximately 31,447.80 km (2023: 65,520 km), which consumed a total of 3,687.62 litres of petrol or 53.44 litres of petrol per employee (2023: a total of 4,848 litres of petrol or 23.6 litres of petrol per employee) and contributed to 9.84 tonnes (2023: 11.4 tonnes) of carbon dioxide equivalent emissions. To reduce the emissions arising from petrol consumption, the Group encourages its employees to use public transport when they attend business activities. For business activities that take place within walking distance, the Group encourages its employees to walk or cycle to the destination.

Electricity consumption

During the Reporting Period, the Group consumed a total of 147,195 kWh of electricity or 2,133.26 kWh of electricity per employee (2023: a total of 177,682 kWh of electricity or 866.7 kWh of electricity per employee) in connection with its daily business operations, which contributed to 83.95 tonnes (2023: 140.7 tonnes) of carbon dioxide equivalent emissions. To reduce the emissions arising from electricity consumption, the Group encourages its employees to switch off the lights and other electricity appliances when they leave the office and production premises.

Paper consumption

During the Reporting Period, the Group consumed a total of 0.2 tonnes of paper or 0.0029 tonnes of paper per employee (2023: a total of 0.6 tonnes of paper or 0.0029 tonnes of paper per employee) in connection with its daily business operations. To reduce the emissions arising from paper usage, the Group encourages its employees to conserve paper, review documents on computers, send messages to customers via emails, use recycled paper and adopt double-sided printing.

Water consumption

During the Reporting Period, the Group consumed a total of 510 m^3 of water or 7.39 m^3 of water per employee (2023: a total of 776 m^3 of water or 3.79 m^3 of water per employee) in connection with its daily business operations. To reduce the emissions arising from water usage, the Group encourages its employees to conserve water and reminds them to turn off the water tap after use. As a result, the employees have increased their awareness of reducing water consumption. During the Reporting Period, the Group did not encounter any problems in sourcing water that is fit for purpose. Further, the Group did not consume a significant amount of water that was and disproportional to the scale of its business operations.

Business air travel

The Group's business nature requires employees to travel by air to other countries for meetings with customers and suppliers. They would only travel by air when necessary and the Group keeps track of their business air travels. During the Reporting Period, business air travels of the Group's employees had contributed a total of 12.03 tonnes (2023: 12.7 tonnes) of carbon dioxide equivalent emission. The frequency of business air travels is directly correlated to the Group's business activities.

(iii) Hazardous waste

During the Reporting Period, the Group generated minimal amount of hazardous waste. The major hazardous waste generated by the Group was waste light tube. To minimise the impact on environment, the Group has engaged a qualified waste collector to handle and collect the hazardous waste produced. The Group will strive to reduce generation of hazardous waste through upgrading technologies whenever possible. The Group did not receive any complaints or warnings on disposal of its hazardous waste during the Reporting Period, and targets to achieve the same performance in 2025.

(iv) Non-hazardous waste

During the Reporting Period, the Group generated a total of 2.5 tonnes (2023: 20 tonnes) of non-hazardous waste and the relevant intensity was 0.04 tonnes (2023: 0.1 tonnes) per employee. The major non-hazardous waste generated by the Group were packaging materials generated from the production process and domestic waste generated in staff quarters and offices. Most of the non-hazardous waste are recycled or sold to recycling company. The Group regularly reminds its employees to use resources efficiently and try to avoid the generation of waste. As a result, the employees' awareness of waste management has increased. During the Reporting Period, the Group did not receive any complaints or warnings on disposal of its non-hazardous waste, and targets to achieve the same performance in 2025.

A.2 Use of resources

Reducing consumption of resources and enhancing utilisation efficiency are the Group's principles in minimising adverse impact on the environment and natural resources that may be caused by its business operations. The Group has adopted a set of guidelines to achieve efficient use of energy, water and other resources for long-term sustainability.

The Group's total consumption of electricity, water and packaging materials during the Reporting Period together with the relevant conservation measures adopted by the Group are detailed in the section headed "A.1 Emissions" above.

A.3 The environment and natural resources

During the Reporting Period, the Group's business activities did not cause significant adverse impact on the environment and natural resources. To further improve the use of resources, the Group takes the following actions on an ongoing basis:

- keep track of its consumption level of resources;
- review the effectiveness of its conservation measures; and
- design improvement measures.

As a result, the Group's employees are more aware of the importance of using resources efficiently.

A.4 Climate change

Climate change is one of the biggest challenges to the world. The Group acknowledges its responsibility to implement strategies to reduce carbon emissions and mitigate climate change.

The Group manages the climate change risk with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which are structured around four core elements: Governance, Strategy, Risk Management and Metrics and Targets. The Board overseas the governance and reporting of the Group's climate change risk. Management of the Group regularly monitors and identifies climate change risks that is relevant to the Group's business operations. Strategies will be implemented in a timely manner to mitigate such risk.

During the Reporting Period, the Group identified the following climate-related risks that may have material impact on the Group's business operations:

Physical risks

The increased frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt the Group's operations by damaging the power grid, and communication infrastructures, and injuring its employees during their work, leading to reduced capacity and decreased in productivity, or expose the Group to risks associated with non-performance and delayed performance. To minimise the potential risks and hazards, the Group has flexible working arrangements and precautionary measures during bad or extreme weather conditions.

Transition risks

The Group anticipates that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. We acknowledge the requirements to enhance the climate-related information disclosures as a result of the recent update of the ESG Reporting Guide in respect to significant climate-related impact disclosures of an issuer. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits. Corporate reputation may also be adversely affected by the failure to meet the compliance requirements for climate change. The Group's related capital investment and compliance costs may increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the Board where necessary to avoid cost increments, penalties for non-compliance and/or reputational risks due to delayed response.

B. SOCIAL

B.1 Employment and labour practices

(i) Employment

Total employees

The Group had a total number of 69 full-time employees during the Year (31 December 2023: 205), of which 68 (31 December 2023: 205) were located in China and 1 (31 December 2023: 0) were located in Germany. During the Reporting Period, the Group adjusted the number of employees that was suitable for its business needs.

Set forth below is the Group's employee turnover rate[4] by gender, age group and geographical region:

Category	For the year ended 31 December 2024	For the year ended 31 December 2023*
By gender		
Male	**35.3%**	33.8%
Female	**11.5%**	6.0%
By age group		
30 or below	**50.0%**	62.5%
31–40	**14.0%**	50.0%
41–50	**21.1%**	8.5%
51 or above	**–**	18.2%
By geographical region		
China	**17.6%**	15.1%
Germany	**–**	–

Notes:

* Figures were restated due to methodology and units' adjustment for year-to-year comparison.

(4) "Turnover Rate for each specific category" refers to the ratio of the total number of employees who left a specific category during the Reporting Period to the total number of employees in that category at the end of the Reporting Period.

Set forth below are the distribution of the Group's employees by gender and age group:

Category	As at 31 December 2024 Number of employees	Percentage	As at 31 December 2023 Number of employees	Percentage
By gender				
Male	**17**	**24.6%**	71	34.6%
Female	**52**	**75.4%**	134	65.4%
By age group				
30 or below	**4**	**5.8%**	16	7.8%
31–40	**43**	**62.3%**	96	46.8%
41–50	**19**	**27.5%**	71	34.6%
51 or above	**3**	**4.4%**	22	10.8%

Employee benefits and welfare

The Group enters into employment contracts with its employees and the employment contract terms were stipulated under the principles of fairness, voluntarism, mutual consent, integrity and credibility. The remuneration package offered to employees includes salary, bonuses and other subsidies. In general, the remuneration package is based on each employee's qualifications, position, seniority and work performance. The Group carries out an annual review system to assess the performance of its employees, which forms the basis of decisions with respect to salary raises, bonuses and promotions.

During the Reporting Period, the Group maintains social insurance for its employees pursuant to the applicable PRC laws and regulations by making contributions to the mandatory social insurance and housing provident funds which provide basic retirement, medical, work-related injury, maternity and unemployment benefits.

During the Reporting Period, the Group complies with the Labour Law of the PRC and did not experience any significant disputes with its employees or any disruption to business operations due to labour disputes. In addition, the Group did not experience any difficulties in the recruitment and retention of experienced core staff or skilled personnel.

Labour standards

During the Reporting Period, there was no child labour nor forced labour working in the Group. The job application requirement specifies that job applicants must be at least 18 years old. To ensure that job applicants can meet the age requirement, identities of job applicants are verified against their valid identity documents, relevant permits and certificates.

The human resources department is required to carry out background checks to authenticate information provided by job applicants and is required to fill in forms that confirm hired employees have met the age requirement. If child labour or forced labour is discovered, such matter will be reported to the human resources department and senior management. The Group will enhance the relevant internal controls to eliminate such matter. No material non-compliance in relation to laws and regulations regarding prevention of child and forced labour was recorded during the Reporting Period.

Equal opportunity

The Group provides equal opportunities for employees in respect of recruitment, job advancement, training and development, etc. Employees are not discriminated against or deprived of such opportunities on the basis of race, nationality, religion, physical condition, disability, gender, pregnancy, sexual orientation, political status, age and any other discrimination prohibited by applicable law. Employees shall not act in discriminatory manner or they can be subject to disciplinary actions.

(ii) Employee relations

The Directors consider that it is important to maintain good relationship with employees. The Group maintains regular communications with its employees by arranging gatherings, celebration activities and trainings. Through these activities, the Group would collect feedback from its employees on job satisfactions and their expectations on the Group and would implement appropriate strategies to improve the work environment and its relationship with the employees.

(iii) Employee health and safety

The Group places emphasis on occupational health and work safety. It provides a safe working environment and training sessions for its employees to ensure that they can work safely. It has also implemented a system of recording and handling accidents. Further, the Group also has dedicated personnel responsible for administering the internal work safety policies, providing relevant training and education, and conducting regular inspections. The Group had not experienced any material safety accidents or been penalised for any non-compliance relating to work safety laws and regulations during the Reporting Period. The Group has maintained zero work related fatalities for the past three years.

Occupational health and safety data for the year ended 31 December 2024	
Work related fatality	–
Work injury cases >3 days	–
Work injury cases ≤3 days	–
Lost days due to work injury	–

(iv) Development and training

The Group provides comprehensive training and development opportunities to its employees on a regular basis. The trainings are arranged according to needs of employees, which were identified annually by individual departments:

a. Orientation training – To familiarise employees with the Group's objectives, culture, rules and regulations, safety and product-related knowledge on the first day of work;

b. Pre-job training – To familiarise new employees or transferred employees with their new duties;

c. On-the-job training – To ensure that the employees are familiar with the Group's products, to sharpen the sales technique and customer service standard of sales and marketing personnel and to ensure the production and quality control personnel perform proper quality control procedures.

Set forth below is the number and percentage of training hours completed by the Group's employees by gender and employee category:

	For the year ended 31 December 2024			
Employee category	**Male training hours**	**Female training hours**	**Total training hours**	**% of training hours by employee category**
Senior management	**4**	**8**	**12**	**11.1%**
Middle management	**18**	**42**	**60**	**55.6%**
Other employees	**18**	**18**	**36**	**33.3%**
Total	**40**	**68**	**108**	**100.0%**
% of training hours by gender	**37.0%**	**63.0%**	**100%**	

	For the year ended 31 December 2023			
Employee category	Male training hours	Female training hours	Total training hours	% of training hours by employee category
Senior management	24	236	260	2.8%
Middle management	459	284	743	7.9%
Other employees	2,753	5,638	8,391	89.3%
Total	3,236	6,158	9,394	100.0%
% of training hours by gender	34.4%	65.6%	100.0%	

B.2 Operating practices

(i) Supply chain management

The Group purchases raw materials and equipment based on its own needs, specifications, quality and safety performance of equipment, reputation, after-sales service and delivery time of the supplier. The Group compares different suppliers to select qualified suppliers (based on their product specifications, product compliances, production management, quality management, environmental friendliness and also corporate social responsibility performances) before the Group enters into contract with the qualified suppliers.

When selecting equipment, the Group would also consider whether the equipment is energy efficient and environmental friendly. During the Reporting Period, the Group had business relationships with 42 suppliers, of which 40 were situated in the PRC and the remaining 2 were situated in Germany.

The Group expects its suppliers to uphold the ESG principles that the Group has adopted into the management of its business operations. In order to ensure that the components and raw materials meet the requisite safety and quality standards, the Group adopts stringent criteria in supplier selection (including but not limited to whether they provide high quality raw materials, whether they maintain a high standard on environmental protection and comply with relevant laws on environmental issues, whether price is comparable to market rate and location of their factories) and continuously monitors existing suppliers on an annual basis, based on criteria such as product quality, product defect ratio, delivery punctuality ratio and responsiveness.

Whether the supplier will continue to be included in the Group's list of approved suppliers depends on the marks it achieved under annual evaluation. The awareness of environmental protection is one of the key criteria for the Group to evaluate the suppliers.

(ii) Product responsibility

Product assurance and recall

Product quality is crucial to the Group's continued success. The Group places strong emphasis on achieving a consistently high quality for its products. To achieve such purpose, stringent quality control measures throughout the production process were implemented to ensure the quality and safety of our products. The Group's quality control department performs regular inspections to evaluate the effectiveness of the quality control measures and further enhance these measures when necessary.

As a result of stringent quality control procedures, the Group is accredited with the certification of "ISO 9001:2008 Quality Management System" and the Group did not experience any claims, litigations and arbitrations or material adverse findings in inspection by government authorities with respect to the quality of its products during the Reporting Period.

The Group generally does not allow product returns except for quality reasons and the unconditional return to the Group within seven days after sale in accordance with PRC customer protection laws.

During the Reporting Period, the Group did not experience any product recall, material non-compliance with laws and regulations in relation to product health and safety or receive any material complaints from consumers.

The Group has obtained the following product quality standard and control qualifications:

- the certificates for quality management system for compliance of the requirements of GB/T19001-2016/ISO 9001:2015 for the scope of design, production and service of electronic stoves and induction stoves since 2006 and up to 5 July 2024
- the certificates for China Compulsory Product Certification issued by the China Quality Certification Centre for the Group's hobs and stoves
- the VDE standard mark granted by VDE Association for Electrical, Electronic and Information Technologies for the parts and components of the Group's hobs and stoves
- the CE mark required by the European Economic Area for some of the Group's hobs and stoves which will be exported to European countries
- the GS mark issued by an agency accredited by the German government for proving that the Group's products were tested and comply with the minimum requirements of the German Equipment and Product Safety Act

Intellectual Property Rights and Information Security

The Group registered various trademarks for the Group itself and its products in the PRC, Germany and Hong Kong to foster its corporate image. The Group relies on the relevant laws and regulations to protect its brand names, trademarks and other intellectual property rights.

During the Reporting Period, the Group was not aware of any material infringement by the Group of any intellectual property rights owned by any third parties. Further, there were no pending or threatened material claims made against the Group with respect to the infringement of intellectual property rights owned by the Group.

(iii) Anti-corruption

According to the Group's anti-corruption policy, all employees shall abide by the laws and regulations of the PRC and shall not engage in any illegal activities. Employees shall uphold the code of ethics, advocate fair competition and act against bribery. Any bribery, fraud, money laundering and embezzlement are prohibited.

Employees must not accept or request any improper benefits including banquets, gifts, securities, valuables and high-expenditure entertainment activities from business partners, suppliers and merchants, etc. When there is any alleged case in violation of laws, regulations, code of conduct or Group's policies, the Group will investigate and impose disciplinary actions upon offenders after verification. Directors and employees received training from time to time to ensure that they comply and familiar with the anti-corruption guides, policies and procedures of the Group.

During the Reporting Period, the Group complied with all applicable laws on prohibiting corruption and bribery of the PRC and there was no concluded legal case regarding corrupt practices brought against the Group or its employees.

Whistle-blowing mechanism

The Group has implemented whistle-blowing policy to provide a well-defined and accessible channel for reporting fraud, corruption, dishonest practices, or other similar matters and guidance on how an investigation would be initiated upon receiving a complaint. The guidelines also protect employees who report fraudulent activities in good faith and reasonable belief. A whistle-blowing officer is elected to ensure that any reported case is dealt with in an expedited manner. Upon receiving the complaint, the Board decides the method of investigation, which may involve appointing an external consultant for assessment. The Group will monitor and review the effectiveness of the whistle-blowing mechanism from time to time.

(iv) Data protection and privacy policy

The Group is committed to protecting the privacy of its customers, employees, business partners and suppliers by maintaining a safe and secure data environment. The Group has implemented appropriate policies to ensure that all personal and business data collected during the Group's business activities are organised and secured properly. Computers and servers are protected from access passwords, Employees are instructed of their responsibility to follow the confidentiality code on the access to information and to ensure the safekeeping of all personal, customer and business data, trade secrets and proprietary information. Employees are prohibited from disclosing the information to unauthorised parties.

B.3 Community investment

The Group acknowledges corporate social responsibility and allocates resources to satisfy the needs of the community. During the Reporting Period, the Group focused on environmental protection as well as cultural and sport promotion. The Group encouraged its employees to participate charitable events. Going forward, the Group will continue to focus on community needs and increase its investment in community.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG GOVERNANCE ESG STRATEGIES STAKEHOLDER ENGAGEMENT
Reporting Principles	A description of, or an explanation on, the application of the reporting principles in the preparation of the ESG Report.	REPORTING PRINCIPLES
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	REPORTING PRINCIPLES

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A. ENVIRONMENT
KPI A1.1	The types of emissions and respective emissions data.	A.1 Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	A.1 Emissions – (ii) Greenhouse gas emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	A.1 Emissions – (iii) Hazardous waste (Not applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	A.1 Emissions – (iv) Non hazardous waste
KPI A1.5	Description of reduction initiatives and results achieved.	A.1 Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A.1 Emissions – (iii) Hazardous waste A.1 Emissions – (iv) Non-hazardous waste
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A.2 Use of resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	A.1 Emissions
KPI A2.2	Water consumption in total and intensity	A.1 Emissions – (ii) Greenhouse gas emissions – Water consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	A.1 Emissions
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	A.1 Emissions – (ii) Greenhouse gas emissions – Water consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	A.1 Emissions – (iv) Non-hazardous waste

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	A.3 The environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A.3 The environment and natural resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A.4 Climate change
KPI A4.1	Description of significant climate-related issues which have impacted and/or may impact the issuer and the actions taken to manage them.	A.4 Climate change
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B.1 Employment and labour practices
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	B.1 Employment and labour practices – (i) Employment – Total employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B.1 Employment and labour practices – (i) Employment – Total employees

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B.1 Employment and labour practices – (iii) Employee health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B.1 Employment and labour practices – (iii) Employee health and safety
KPI B2.2	Lost days due to work injury.	B.1 Employment and labour practices – (iii) Employee health and safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B.1 Employment and labour practices – (iii) Employee health and safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B.1 Employment and labour practices – (iv) Development and training
KPI B3.1	Percentage of employees trained by gender and employee category.	B.1 Employment and labour practices – (iv) Development and training
KPI B3.2	Average training hours completed by gender and employee category.	B.1 Employment and labour practices – (iv) Development and training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B.1 Employment and labour practices – (i) Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B.1 Employment and labour practices – (i) Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B.1 Employment and labour practices – (i) Employment

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B.2 Operating practices – (i) Supply chain management
KPI B5.1	Geographical locations of major suppliers.	B.2 Operating practices – (i) Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers.	B.2 Operating practices – (i) Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B.2 Operating practices – (i) Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B.2 Operating practices – (i) Supply chain management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B.2 Operating practices – (ii) Product responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B.2 Operating practices – (ii) Product responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B.2 Operating practices – (ii) Product responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B.2 Operating practices – (ii) Product responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	B.2 Operating practices – (ii) Product responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B.2 Operating practices – (iv) Data protection and privacy policy

Subject areas, aspects, general disclosures and KPIs	Description	Relevant section in the ESG report/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B.2 Operating practices – (iii) Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B.2 Operating practices – (iii) Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B.2 Operating practices – (iii) Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B.2 Operating practices – (iii) Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B.3 Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B.3 Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B.3 Community investment

DIRECTORS' REPORT

The Directors of the Company are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of the Group are design, manufacturing and trading of premium kitchen appliances and selling of health-related products. Particulars of the principal activities of the Company's subsidiaries are set out in note 13 to the consolidated financial statements of the Group for the year ended 31 December 2024.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 70.

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2024.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group is set out on page 4 of the annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company for the year ended 31 December 2024 are set out in note 24 to the consolidated financial statements.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries for the year ended 31 December 2024.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in reserves of the Group and the Company during the Reporting Period and distributable reserves of the Company as at 31 December 2024 are set out in page 72 in the consolidated statement of changes in equity and notes 25 and 32 to the consolidated financial statements respectively.

TAX RELIEF AND EXEMPTION

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PROPERTY, PLANT AND EQUIPMENT

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

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2024 are set out in note 27 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue attributable to the Group's five largest customers to the total revenue of the Group was 59.9% for the year ended 31 December 2024. The percentage of revenue attributable to the Group's largest customer to the total revenue of the Group was 19.6% for the year ended 31 December 2024.

The percentage of purchases attributable to the Group's five largest suppliers to the total purchases of the Group was 83.3% for the year ended 31 December 2024. The percentage of purchases attributable to the Group's largest supplier to the total purchases of the Group was 63.9% for the year ended 31 December 2024.

To the best of the Directors' knowledge, none of the Directors, their close associates or any shareholder who owns more than 5% of the Company's shares had an interest in any of the major customers or suppliers above.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries, which are not contracts of service with any director of the Company or any person engaged in the full-time employment of the Company, were entered into or existed during the Reporting Period.

DIRECTORS

The Directors of the Company during the Reporting Period and up to the date of this report are as follows:

Executive Directors

Mr. Zhao Jie *(Chairperson)* (appointed with effect from 1 August 2024)
Madam Maeck Can Yue *(Chief executive officer)* (resigned as Chairperson with effect from 1 August 2024)
Mr. Wu Huizhang

Non-executive Director

Dr. Zheng Jingwen (appointed with effect from 2 September 2024)

Independent Non-executive Directors

Mr. Wang Shih-fang
Mr. Yan Chi Ming (resigned with effect from 31 May 2024)
Mr. Hooi Hing Lee (resigned with effect from 31 May 2024)
Mr. Li Wei
Mr. Shen Shujing (appointed with effect from 31 May 2024)
Mr. Lin Dongming (appointed with effect from 31 May 2024)

In accordance with article 108(a) of the Company's articles of association, Mr. Zhao Jie, Mr. Wu Huizhang, Dr. Zheng Jingwen and Mr. Wang Shih-fang will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules, and Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) are as follows:

Interest in the Company

Name of Director	**Capacity/ nature of interest**	**Number of Shares held** (Note 1)	**Percentage of shareholding in the Company** (Approximate)
Mr. Zhao Jie	Beneficial owner	25,780,000 (L)	21.86%
Mr. Wu Huizhang ("**Mr. Wu**") (Note 2)	Interest in a controlled corporation	8,000,000 (L)	6.78%
	Beneficial owner	1,200,000 (L)	1.02%

Notes:

1. The letter "L" denotes long position of the shares and the letter "s" denotes short position of the shares.

2. Shares in which Mr. Wu is interested consist of 8,000,000 Shares held by Seashore Global Enterprises Limited ("**Seashore Global**"). The issued shares of Seashore Global is wholly-owned by Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the 8,000,000 ordinary shares of the Company held by Seashore Global by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company and/or any of their respective associates had any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporations, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Saved as disclosed in this report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

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

As at 31 December 2024, the following person (other than the interests of the Directors or chief executives of the Company as disclosed above) had interests or short positions in the ordinary shares of the Company or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/ nature of interest	Number of Shares held (Note 1)	Percentage of shareholding in the Company (Approximate)
Seashore Global (Note 2)	Beneficial owner	8,000,000 (L)	6.78%

Notes:

1. The letter "L" denotes long position of the shares and the letter "S" denotes short position of the shares.

2. The issued shares of Seashore Global is wholly-owned by Mr. Wu who is deemed to be interested in the shares held by Seashore Global by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2024, none of the Directors or the substantial shareholders of the Company or any of their respective associates had any interest in any business which competes or may compete with the business of the Group.

None of the Directors or the substantial shareholders of the Company or any of their respective associates has engaged in or has any interest in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group during the Reporting Period and up to the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed herein, no Director or his connected entity has or had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party subsisting during or at the end of the year ended 31 December 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 June 2025 to Tuesday, 24 June 2025 (both days inclusive), during which period no transfer of the shares will be effected. The holders of shares whose names appear on the register of members of the Company on Tuesday, 24 June 2025 will be entitled to attend and vote at the annual general meeting of the Company. In order to qualify for attending and voting at the annual general meeting of the Company or any adjournment thereof, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Tuesday, 17 June 2025.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Laws of the Cayman Islands) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has also arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

EQUITY-LINKED AGREEMENTS

Share Option Scheme

The Company adopted a share option scheme (the "**Share Option Scheme**") on 24 June 2018, which become effective on 16 July 2018. The purpose of which is to motivate the relevant participants to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationships with such participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The Board may, at its absolute discretion, grant options to any employee (full-time or part-time), Directors, consultant or adviser of the Group (together, the "**Participants**" and each a "**Participant**").

The maximum number of shares, which may be issued upon exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company as from the Adoption Date (excluding shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not in aggregate exceed 10% of the total number of shares in issue as at 16 July 2018, i.e. 6,000,000 shares (adjusted for the number of shares with the share consolidation on 2 April 2024).

Unless approved by shareholders of the Company in general meeting in the manner stipulated in the Listing Rules, the maximum entitlement for each Participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period shall not exceed 1% of the total number of shares in issue.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant under the Share Option Scheme. The vesting period for options shall not be less than 12 months. Participants of the Share Option Scheme are required to pay the Company HK$1.0 upon acceptance of the grant with 7 days inclusive of the day on which such offer was made.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a Participant and shall be at least highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (c) the nominal value of a share.

The Share Option Scheme will remain in force for a period of 10 years after the Adoption Date and the remaining life of the Share Option Scheme is 4 years.

There is no option outstanding, granted, exercised, cancelled and lapsed during the year ended 31 December 2024.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 6,000,000 (after the share consolidation effective on 2 April 2024), representing approximately 5.09% of the issued shares of the Company.

As at 1 January 2024 and 31 December 2024, the number of share options available for grant under the share option scheme mandate was 150,000,000 (before the share consolidation effective on 2 April 2024) and 6,000,000 (after the share consolidation effective on 2 April 2024) respectively; and the number of shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 December 2024 is nil representing 0% of the weighted average number of shares of the relevant class in issue of the Company for the year ended 31 December 2024.

Save as disclosed above, no equity-linked agreements were entered into during the Reporting Period or subsisted at the end of the Reporting Period.

RELATED PARTY TRANSACTIONS

Details of material related party transactions entered into by the Group during the Reporting Period are set out in note 31 to the consolidated financial statements. For the year ended 31 December 2024, none of these related party transactions are connected transaction which are subject to the disclosure requirements of Chapter 14A of the Listing Rules in respect of such transactions.

CONNECTED TRANSACTIONS

For the year ended 31 December 2024, there was no transactions which constituted connected transaction(s) or continuing connected transaction(s) of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float of not less than 25% of its shares in the hands of the public throughout the Reporting Period and up to the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, as set out in the announcement of the Company dated 7 March 2025 in relation to the proposed increase in authorized share capital of the Company from HK$100,000,000 divided into 400,000,000 shares of HK$0.25 each to HK$150,000,000 divided into 600,000,000 shares of HK$0.25 each by the creation of an additional 200,000,000 unissued shares of HK$0.25 each. Subject to the passing of an ordinary resolution by the shareholders of the Company at the extraordinary general meeting to approve the increase in authorised share capital, the increase in authorized share capital will become effective on the date of the extraordinary general meeting.

In addition, as set out in the announcement of the Company dated 7 March 2025 in relation to the proposed rights issue, where the board of directors propose to raise gross proceeds of up to approximately HK$88.4 million before expenses by way of the rights issue of 353,766,000 rights shares at the subscription price of HK$0.25 per rights share on the basis of three (3) rights shares for every one (1) share held by the qualifying shareholders on the record date. For details, please refer to the Company's announcement dated 7 March 2025.

Saved as disclosed above, there was no significant events occurring subsequent to 31 December 2024 and up to the date of this annual report.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this report.

BUSINESS REVIEW

A fair review of the business and outlook of the Company as well as a discussion and analysis of the Group's performance during the year ended 31 December 2024 and the material factors underlying its results and financial position can be found in the Chairperson's Statement on pages 5 to 6 and the Management Discussion and Analysis on pages 7 to 15 of this annual report. An analysis using financial key performance indicators can be found in the Five-year Financial Summary on page 4 of this annual report. These discussions and financial highlights form part of this Directors' Report.

ENVIRONMENTAL POLICY

The Group is committed to achieve the development of sustainability of communities. An environmental policy has been adopted by the Group for implementation of environmentally friendly measures and practices in the operation of the Group's businesses. The Group adheres to the principle of recycling and reducing and implements green office practices, e.g. using recycled paper, setting up recycling bins, and double-sided printing and copying.

The Group will review the environmental policy from time to time and will consider implementing further environmentally friendly measures and practices in the operation of the Group's businesses. A discussion and analysis of the Group's environmental policy can be found in the Environmental, Social and Governance Report on pages 34 to 55 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Company compiles with the requirements under the Companies Law of the Cayman Islands, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance.

During the year ended 31 December 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that have a significant impact on the Group's business.

PRINCIPAL RISKS AND UNCERTAINTIES

The following lists out the principal risks and uncertainties facing the Group.

Global Economic Conditions

The global economic condition has been weaker than expected. Downside risks have been increased since there is slowing growth in emerging markets. The continuing adverse economic conditions may affect the results of operations and financial performance of the Group adversely.

To address economic uncertainties, the Group pursues steady earnings growth by strengthening product portfolio, enhancing in-store promotion, adopting careful cautious network diversification plan on points of sales, intensifying cost controlling measures and exploring business diversification opportunities.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the accomplishment of our employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the Reporting Period.

Before placement of purchase orders to its suppliers, the Group considers their product price, product quality, production capacity, financial conditions, delivery schedule, business scale and reputation. The Group builds its business and brand recognition on product quality and customer satisfaction. Its suppliers are required to meet the desired quality standards and deliver their products on time. The Group has implemented a stringent quality control system to ensure that the products from its suppliers can meet the Group's quality standard and any defective products will be returned to suppliers. Further, the Group's procurement team communicates with its suppliers regularly to ensure that the suppliers understand the Group's quality requirements and they can deliver the products on time.

The Group's suppliers generally grant credit period of not exceeding 90 days to the Group. Details of the trade payables of the Group as at 31 December 2024 are set out in note 26 to the financial statements. The Directors confirmed that the Group had no disputes with its suppliers and there had been no material defaults in the settlement of the Group's trade payables during the Reporting Period.

During the Reporting Period, purchases from the Group's largest supplier and the five largest suppliers accounted for approximately 63.9% and 83.3% (2023: 10.6% and 36.8%) of the total purchases, respectively.

The Group's major suppliers are manufacturers of (i) electronic components, control panels and ceramic glass panels used in the production of the Group's hobs and stoves; and (ii) pots and pans. The Group has maintained business relationship with its five largest suppliers during the Reporting Period ranging from one to sixteen years.

None of the Directors of the Company 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 share capital) had any beneficial interest in the Group's five largest suppliers.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analyze on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products are offered to the customers.

The Group has implemented various marketing strategies to promote its corporate brand and products and it has also spent plenty of resources to expand its sales channels. It is expected that the marketing effort and resources spent would increase the Group's sales revenue and market share in the PRC's kitchen appliance industry. The Group also closely monitors credit risk by performing regular review on the credit period granted to its customers and following up on outstanding trade receivables. The Directors confirmed that the Group had no disputes with its customers and there had been no material defaults in the recovery of the Group's trade receivables during the Reporting Period.

The Group generally grant credit period ranging from 60 days to 270 days to its customers. Details of the trade receivables of the Group as at 31 December 2024 are set out in note 22 to the financial statements.

During the Reporting Period, sales to the Group's largest customer and five largest customers accounted for 19.6% and 59.9% (2023: 19.9% and 53.3%) of the total revenue, respectively.

The Group's major customers are distributors or consignees which operate online sales platforms and/or television platforms in the PRC. The Group has maintained business relationship with its five largest customers during the Reporting Period ranging from three to fourteen years.

None of the Directors of the Company 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 share capital) had any beneficial interest in the Group's five largest customers.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner.

CHARITABLE DONATIONS

The Group did not make any donations during the Reporting Period (2023: nil).

AUDITOR

On 4 October 2024, Conpak CPA Limited resigned as auditor of the Company and CL Partners CPA Limited was appointed as the auditor of the Company to fill the casual vacancy and to hold office until the conclusion of the annual general meeting of the Company dated 24 June 2025.

A resolution for the re-appointment of CL Partners CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

The consolidated financial statements of the Company for the year ended 31 December 2024 were audited by CL Partners CPA Limited.

The consolidated financial statements of the Company for the year ended 31 December 2023 were audited by Conpak CPA Limited.

On behalf of the Board
Volcano Spring International Holdings Limited

Zhao Jie
Chairperson
Hong Kong, 31 March 2025

To the Shareholders of Volcano Spring International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Volcano Spring International Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 69 to 134, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current year. This matter was 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 this matter.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses allowance for trade receivables	
Refer to Notes 2.9, 3.1(b), 4(a) and 22(a) to the consolidated financial statements. As at 31 December 2024, the Group had gross trade receivables of approximately RMB38,578,000, for which expected credit losses ("**ECL**") allowance of approximately RMB13,933,000 was recognised. The Group applied the HKFRS 9 simplified approach to measure lifetime ECL allowance for all trade receivables. Management estimated ECL of trade receivables that are individually significant by considering the ageing profiles of trade receivables, their knowledge about the customers and the market conditions. Management also grouped the trade receivables with similar credit risk characteristics and ageing profile for collective assessment. The estimated ECL rates were based on historical credit loss rates for different groups and adjusted to reflect the current and multiple forward-looking information on macro-economic factors that are considered relevant to determine the ability of customers to settle the receivables in the future. In assessing the sufficiency of the ECL estimation, management considered factors including the settlement pattern, credit profile and on-going trading relationships with the customers. We focused on this area because the estimation of ECL involved a significant level of judgement by management to determine the selection of internal and external data from various sources that were considered to be appropriate in their circumstances to establish the historical credit loss experience and to adjust this experience for expected future changes, recognising that these factors are all subject to a certain level of estimation uncertainty and inherent risk of subjectivity.	Our procedures in relation to expected credit losses allowance for trade receivables included: • Obtained understanding of key controls on how the management estimates ECL for trade receivables; • Evaluated the outcome of prior year's ECL assessment to assess the effectiveness of management's estimation process and whether that process has been consistently applied in the current year; • Obtained understanding of the status of each of the material trade receivables past due as at year end, the Group's on-going business relationships with the relevant customers and past settlement history of the customers through discussion with management; • Evaluated management's assessment of the historical credit loss rates by checking, on a sample basis, inputs in respect of the assumptions made, such as historical payment records and correspondence on any disputes or claims with the customers; • Evaluated the expected future changes in credit risks in management's assessment by checking, on a sample basis, the inputs of assumptions and forward-looking information to the relevant external data sources; • Performed testing, on a sample basis, of the accuracy of the trade receivables ageing analysis as at 31 December 2024 by comparing individual items in the analysis with relevant sales agreements, sales invoices and other supporting documents; • Checked the computation of the amount of ECL allowances; and • Evaluated the disclosure regarding the ECL assessment of trade receivables in notes to the consolidated financial statements.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2024.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

(Continued)

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

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

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

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

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

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

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

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

CL Partners CPA Limited
Certified Public Accountants
Lo Chi Kin
Practising Certificate Number: P08415

Hong Kong
31 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**91,885**	84,369
Cost of sales		**(85,400)**	(63,152)
Gross profit		**6,485**	21,217
Other income	6	**3,797**	4,022
Other gains (losses), net	7	**17**	(492)
Selling and distribution expenses		**(17,402)**	(34,282)
Administrative expenses		**(14,466)**	(18,826)
Research and development expenses		**(5,866)**	(6,938)
Net impairment losses on financial assets	22	**(4,024)**	(5,715)
Operating loss		**(31,459)**	(41,014)
Finance income	8	**5**	12
Finance costs	8	**(4,162)**	(7,715)
Finance costs, net		**(4,157)**	(7,703)
Share of net loss of associates	14	**(342)**	(566)
Loss before taxation	9	**(35,958)**	(49,283)
Income tax expense	11	**(47)**	(35)
Loss for the year		**(36,005)**	(49,318)
Other comprehensive (loss) income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(518)**	206
Reclassification of cumulative exchange reserve upon disposal of investment in a subsidiary	29	**–**	15
		(518)	221
Total comprehensive loss for the year		**(36,523)**	(49,097)
Loss attributable to:			
Owners of the Company		**(35,850)**	(49,318)
Non-controlling interests		**(155)**	–
Loss for the year		**(36,005)**	(49,318)
Total comprehensive loss attributable to:			
Owners of the Company		**(36,368)**	(49,097)
Non-controlling interests		**(155)**	–
Total comprehensive loss for the year		**(36,523)**	(49,097)
			(Restated)
Loss per share attributable to owners of the Company for the year			
Basic and diluted (RMB)	12	**(0.37)**	(0.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**9,929**	12,485
Right-of-use assets	16(a)	**250**	1,867
Land use rights	17	**7,952**	8,163
Investments in associates	14	**658**	7,665
Investment in a joint venture	18	**510**	–
Intangible assets	19	**150**	267
Deposits	22	**210**	210
		19,659	30,657
Current assets			
Inventories	21	**30,713**	50,180
Trade receivables	22	**24,645**	18,406
Other receivables, deposits and prepayments	22	**59,796**	15,870
Amount due from a non-controlling interest	34	**358**	–
Amount due from an associate	31	**–**	16,676
Cash and cash equivalents	23	**2,299**	33,951
		117,811	135,083
Total assets		**137,470**	165,740
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	24	**25,758**	16,109
Share premium	24	**106,793**	96,223
Reserves	25	**(90,493)**	(54,125)
		42,058	58,207
Non-controlling interests		**335**	–
Total equity		**42,393**	58,207

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16(a)	**–**	578
Borrowings	27	**6,269**	4,510
Deferred tax liabilities	28	**322**	275
		6,591	5,363
Current liabilities			
Trade and other payables	26	**30,621**	24,232
Borrowings	27	**54,218**	64,989
Lease liabilities	16(a)	**253**	1,319
Amounts due to associates	31	**1,000**	8,200
Amount due to a joint venture	31	**510**	–
Amount due to the then non-controlling interest	34	**–**	1,650
Contract liabilities	5(b)	**1,465**	1,361
Current income tax liabilities		**419**	419
		88,486	102,170
Total liabilities		**95,077**	107,533
Total equity and liabilities		**137,470**	165,740

The consolidated financial statements on pages 69 to 134 were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Madam Maeck Can Yue
Director

Mr. Zhao Jie
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company			Non-controlling interests	Total
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Reserves RMB'000 (Note 25)	RMB'000	RMB'000
As at 1 January 2023	12,561	72,173	(4,371)	(457)	79,906
Loss for the year	–	–	(49,318)	–	(49,318)
Other comprehensive income:					
Exchange differences on translation of foreign operations	–	–	206	–	206
Reclassification of cumulative exchange reserve upon disposal of investment in a subsidiary	–	–	15	–	15
Total comprehensive loss for the year	–	–	(49,097)	–	(49,097)
Acquisition of additional interest in a subsidiary	–	–	(657)	457	(200)
Issuance of shares, net of transaction costs	3,548	24,050	–	–	27,598
Total transactions with owners	3,548	24,050	(657)	457	27,398
As at 31 December 2023	16,109	96,223	(54,125)	–	58,207
As at 1 January 2024	**16,109**	**96,223**	**(54,125)**	**–**	**58,207**
Loss for the year	**–**	**–**	**(35,850)**	**(155)**	**(36,005)**
Other comprehensive loss:					
Exchange differences on translation of foreign operations	**–**	**–**	**(518)**	**–**	**(518)**
Total comprehensive loss for the year	**–**	**–**	**(36,368)**	**(155)**	**(36,523)**
Capital contribution from a non-controlling interest of a subsidiary	**–**	**–**	**–**	**490**	**490**
Issuance of shares, net of transaction costs	**9,649**	**10,570**	**–**	**–**	**20,219**
Total transactions with owners	**9,649**	**10,570**	**–**	**490**	**20,709**
As at 31 December 2024	**25,758**	**106,793**	**(90,493)**	**335**	**42,393**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Net cash (used in) generated from operations	30	**(35,212)**	14,666
Income tax paid		**–**	(48)
Net cash (used in) generated from operating activities		**(35,212)**	14,618
Cash flows from investing activities			
Purchase of property, plant and equipment		**(160)**	(620)
Interest received		**5**	12
Net cash inflow on disposal of a subsidiary	29	**–**	401
Proceeds from disposal of property, plant and equipment	30(a)	**54**	11
Net cash used in investing activities		**(101)**	(196)
Cash flows from financing activities			
Proceeds from issuance of shares	24	**20,219**	27,598
Interest paid		**(4,130)**	(6,981)
Proceeds from borrowings		**35,569**	51,151
Repayment of borrowings		**(45,217)**	(61,478)
Withdrawal of restricted bank deposit		**–**	237
Repayment to then non-controlling interest		**(1,650)**	–
Capital contribution by a non-controlling interest		**132**	–
Payment for lease liabilities, principal portion		**(1,261)**	(2,262)
Payment for lease liabilities, interest portion		**(32)**	(64)
Payment for acquisition of partial interest of a subsidiary to the then non-controlling interest		**–**	(70)
Net cash generated from financing activities		**3,630**	8,131
Net (decrease) increase in cash and cash equivalents		**(31,683)**	22,553
Effect of exchange difference		**31**	42
Cash and cash equivalents at beginning of the year		**33,951**	11,356
Cash and cash equivalents at end of the year	23	**2,299**	33,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1 GENERAL INFORMATION

Volcano Spring International Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 16 May 2017 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company's registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively the "**Group**") mainly engage in the development, manufacturing and selling of kitchen appliances and selling of health-related products in the People's Republic of China (the "**PRC**").

The Company commenced its listing on the Main Board of The Stock Exchange of Hong Kong Limited on 16 July 2018.

The consolidated financial statements are presented in Renminbi ("**RMB**") which is also the functional currency of the Company.

2 MATERIAL ACCOUNTING POLICY INFORMATION

This note provides material accounting policy information adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on a historical cost basis.

(a) Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(b) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

(c) New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

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

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

Except for new and amendments to HKFRS Accounting Standards mentioned below, the directors anticipate the application of all amendments to HKFRS Accounting Standards will have no material impact on the results and financial position of the Group.

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the consequential amendments to other standards will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors of the Company are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Investments in associates and joint venture

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

Under the equity method, the investment is initially recorded at cost. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. The Group's share of the post-acquisition post-tax results of the investees and any impairment losses are recognised in the consolidated statement of income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised as other comprehensive income in the consolidated statement of comprehensive income.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Investments in associates and joint venture *(Continued)*

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within "other gains/(losses), net".

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.5 Land use rights and property, plant and equipment

Land use rights

Land use rights are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost represents consideration paid for the right to use the land on which various plants and buildings are situated for periods varying from 40–50 years. Depreciation of land use rights is charged to the consolidated financial statements on a straight-line basis over the period of leases or when there is impairment, the impairment is charged to the consolidated financial statements.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	20 years
Leasehold improvements	Shorter of remaining lease term or 3 years
Furniture and office equipment	3–5 years
Motor vehicles	5 years
Machinery	3–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

2.6 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

The intangible assets of the Group are the acquired computer software licenses and website and are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and website. Intangible assets are amortised over their estimated useful lives of 3 to 10 years.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Investment and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVTOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Investment and other financial assets *(Continued)*

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses), net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses), net and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains (losses), net" in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Investment and other financial assets *(Continued)*

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

2.9 Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

2.10 Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods comprises parts and components, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.14 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.15 Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.16 Employee benefits

Retirement benefit obligations

Full time employees of the Group's PRC entities participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labour regulations require the Group to accrue for these benefits based on certain percentages of the employees' salaries. Full time employees who have passed the probation period are entitled to such benefits.

The Group also participates in defined contribution schemes which are available to Germany employees. Contributions are made based on a percentage of the employees' basic salaries or a fixed sum and are charged to the profit or loss as incurred. The assets of the schemes are held separately from those of the Group in an independently administered fund.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and rendering of services in the ordinary course of the Group's activities.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on availability of observable information.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or a receivables is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivables is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The Group's revenue is primarily derived from sales of goods.

The Group manufactures and sells a range of kitchen appliances and health-related products primarily in both wholesale and retail markets. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer other than retail sales has full discretion over the channel and price to resell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales of goods

Revenue from sales of kitchen appliances and health-related products is recognised based on the price specified, net of discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision in the consolidated statement of financial position, if any.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.19 Leases

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use assets and a lease liabilities, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

To determine the incremental borrowing rate, the Group:

– where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

– uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and

– makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2.7).

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.19 Leases *(Continued)*

(i) ***As a lessee*** *(Continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) ***As a lessor***

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

2.20 Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised as intangible assets when recognition criteria are fulfilled and tests for impairment are performed annually. Other development expenditures that do not meet those criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent periods.

2.21 Separate financial statements

Investment in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department headed by the financial controller of the Group (the "**Finance Department**"). The Finance Department identifies and evaluates financial risks in close co-operation within the Group to cope with overall risk management, as well as specific areas, such as fair value interest rate risk, foreign currency risk, credit risk and liquidity risk.

(a) Market risk

Cash flow and fair value interest rate risks

Cash flow and fair value interest rate risks refer to the changes in cash flows or fair value of a financial instrument as a result of fluctuations in market interest rates.

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. In the opinion of directors, the expected change in fair values as a results of change in market interest rates will not be significant, thus no sensitivity analysis is presented.

Cash and cash equivalents and bank borrowings at variable rates expose the Group to cash flow interest rate risk.

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level and will consider hedging significant interest rate exposure should the need arises.

As at 31 December 2024, it is estimated that if cash and cash equivalents and borrowings at variable rates experience a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, the Group's loss for the year would increase/decrease by approximately RMB58,000 (2023: increase/decrease by RMB200,000) respectively. The 100 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

Foreign currency risk

The Group mainly operates in the PRC and most of their transactions are denominated in Chinese Renminbi ("**RMB**"). The Group is exposed to foreign exchange risk primarily through its bank balances and short-term borrowings that are denominated in a currency other than the functional currency of the Company or of its subsidiaries to which they relate.

The Group considers its foreign currency exposure is mainly arising from the exposure of RMB against Hong Kong Dollars ("**HK$**").

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) ***Market risk*** *(Continued)*

Foreign currency risk (Continued)

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group has not adopted hedge accounting.

The carrying amounts of the Group's foreign currency denominated (mainly in HK$) monetary assets and monetary liabilities as at 31 December 2024 and 31 December 2023 are as followings.

	Exposure to foreign currencies (expressed in RMB)			
	Liabilities		Assets	
	31 December 2024 RMB'000	31 December 2023 RMB'000	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Bank balances	**–**	–	**1,766**	1,827
Borrowings	**(26,577)**	(36,248)	**–**	–
Overall exposure	**(26,577)**	(36,248)	**1,766**	1,827

As at 31 December 2024, if RMB strengthened/weakened against HK$ by 5% with all other variables held constant, the Group's loss for the year will be approximately RMB1,241,000 lower/higher (2023: RMB1,721,000 lower/higher) respectively.

(b) ***Credit risk***

The credit risk of the Group mainly arises from cash and cash equivalents, trade receivables and other receivables and deposits.

(i) Risk management

In respect of cash and cash equivalents, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of cash at bank is assessed to be insignificant and no provision was made as of 31 December 2024 (2023: Same).

As at 31 December 2024, there were 2 customers (2023: 1 customers) which individually contributed over 10% of the Group's trade receivables. The amount of trade receivables from these 2 customers (2023: 1 customer) amounted to 46.3% and 39.7% respectively (2023: 37.1%) of the Group's total trade receivables. The major debtors of the Group are reputable organisations and with no history of default. Management considers that the credit risk is limited in this regard.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) ***Credit risk*** *(Continued)*

(ii) Impairment of financial assets

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime ECL allowance for all trade receivables.

To measure the ECL, trade receivables have been grouped based on different credit risk characteristics and calculate loss allowance according to the lifetime ECL mode.

For individual assessment, the receivables relating to customers with known financial difficulties or with significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As at 31 December 2024, the balance of individually assessed receivables was RMB12,885,000 (2023: RMB7,731,000) and the loss allowance in respect of individually assessed receivables was RMB12,885,000 (2023: RMB7,731,000).

For collective assessment, the ECL rates are based on the payment profiles of sales over a period of 36 months before end of reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors which are expected to affect the ability of the customers to settle the receivables. The Group has identified the unemployment rate of the PRC in which it sells of goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For trade receivable from related party, the Group considers the ECL is immaterial on the basis that the counterparty is the associate with sound credit rating and no losses experienced in the past, as well as no adverse change is anticipated in the business environment.

The amount due from an associate with gross carrying value of approximately RMBNil at 31 December 2024 (2023: RMB16,676,000), management of the Group does not consider there is a risk of default and does not expect any losses from non-performance by the associate, and accordingly, impairment recognised in respect of the amounts due from an associate would be immaterial.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) ***Credit risk*** *(Continued)*

(ii) *Impairment of financial assets (Continued)*

The loss allowances as at 31 December 2024 and 31 December 2023 were determined as follows:

As at 31 December 2024	**Lifetime expected loss rate**	**Gross carrying amount RMB'000**	**Lifetime expected credit loss RMB'000**	**Net carrying amount RMB'000**
Individual assessment	**100%**	**12,885**	**(12,885)**	**–**
Collective assessment (based on due date)				
Current, not yet due	**3%**	**25,134**	**(713)**	**24,421**
1 – 30 days	**20%**	**48**	**(9)**	**39**
31 – 60 days	**29%**	**37**	**(11)**	**26**
61 – 90 days	**33%**	**7**	**(2)**	**5**
91 – 180 days	**39%**	**94**	**(37)**	**57**
Over 180 days	**74%**	**373**	**(276)**	**97**
		38,578	**(13,933)**	**24,645**

As at 31 December 2023	Lifetime expected loss rate	Gross carrying amount RMB'000	Lifetime expected credit loss RMB'000	Net carrying amount RMB'000
Individual assessment	100%	7,731	(7,731)	–
Collective assessment (based on due date)				
Current, not yet due	1%	13,389	(129)	13,260
1 – 30 days	12%	3,370	(409)	2,961
31 – 60 days	19%	992	(193)	799
61 – 90 days	23%	144	(33)	111
91 – 180 days	29%	334	(97)	237
Over 180 days	56%	2,355	(1,317)	1,038
		28,315	(9,909)	18,406

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) *Credit risk* (Continued)

(ii) *Impairment of financial assets* (Continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

ECL on trade receivables are presented as net impairment losses within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

The credit quality of other receivables and deposits excluding prepayments has been assessed with reference to historical settlement record, past experience as well as forward-looking factors. The directors are of the opinion that the credit risk of other receivables and deposits is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of the other receivables and deposits excluding prepayments is assessed to be insignificant and therefore, the ECL allowance required for these balances was minimal.

(c) *Liquidity risk*

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the shorter and longer term.

As at 31 December 2024, the Group held cash and cash equivalents totalled RMB2,299,000 (2023: RMB33,951,000), that are expected to be readily available to generate cash inflows for managing liquidity risk.

The Group maintains liquidity by a number of sources including receivables and certain assets that the Group considers appropriate and short-term financing. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at as 31 December 2024 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	Over 5 years RMB'000	Total contractual undiscounted cash flows RMB'000
As at 31 December 2024					
Trade and other payables	**24,609**	**–**	**–**	**–**	**24,609**
Borrowings	**55,410**	**2,296**	**2,169**	**3,572**	**63,447**
Amount due to an associate	**1,000**	**–**	**–**	**–**	**1,000**
Amount due to a joint venture	**510**	**–**	**–**	**–**	**510**
Amount due to the then non-controlling interest	**–**	**–**	**–**	**–**	**–**
Lease liabilities	**256**	**–**	**–**	**–**	**256**
	81,785	**2,296**	**2,169**	**3,572**	**89,822**
As at 31 December 2023					
Trade and other payables	19,173	–	–	–	19,173
Borrowings	67,201	419	1,826	3,171	72,617
Amounts due to associates	8,200	–	–	–	8,200
Amount due to the then non-controlling interest	1,650	–	–	–	1,650
Lease liabilities	1,358	585	–	–	1,943
	97,582	1,004	1,826	3,171	103,583

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following debt to capital ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. The capital is calculated as "equity" as shown in the foreseeable consolidated statement of financial position plus net debt.

The debt to capital ratios of the Group are as follows:

	2024 **RMB'000**	2023 RMB'000
Borrowings (Note 27)	**60,487**	69,499
Less: cash and bank balances (Note 23)	**(2,299)**	(33,951)
Net debt	**58,188**	35,548
Total equity	**42,393**	58,207
Total capital	**100,581**	93,755
Debt to Capital ratio	**58%**	38%

The debt to capital ratio increased due to the issue of shares (see note 24) during the reporting period.

3.3 Fair value estimation

The carrying value less ECL allowance of trade receivables, other receivables and deposits, amount due from an associate, cash and cash equivalents, trade and other payables, borrowings, lease liabilities, amounts due to associates, amount due to a joint venture and amount due from/(to) a/the then non-controlling interest are approximate to their fair value due to short maturities.

The Group does not have any financial assets/liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements during the year.

4 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Income tax

Significant judgement is required in determining the provision for income taxes and deferred income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax liabilities have not been established for withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

Key sources of estimation uncertainty

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

(a) ECL allowance of receivables

The ECL allowances for financial assets are based on assumptions about risk of default and ECL rates. The Group uses significant judgement in making these assumptions and selecting the inputs to the ECL calculation based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(b) Impairment of inventories

The Group makes provision for inventories based on an assessment of the realisability of inventories. Provisions are recognised where events or changes in circumstances indicate that the carrying value of inventories may not be realised. The identification of provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and provision for inventories in the period in which such estimate has been changed.

4 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Estimation of provision for warranty claims

The Group has the obligation to repair or replace faulty products under the standard warranty terms. Management estimates the related provision for future warranty claims information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current year are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs.

5 REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers

	2024 **RMB'000**	2023 RMB'000
Type of goods		
Kitchen appliance	**46,821**	64,627
Health-related products	**45,064**	19,742
Total revenue	**91,885**	84,369
Timing of revenue recognition		
At a point in time	**91,885**	84,369

(b) Liabilities related to contracts with customers

	2024 **RMB'000**	2023 RMB'000
Contract liabilities – sales of goods (Note)	**1,465**	1,361

Note:

Revenue recognised in relation to contract liabilities

At 1 January 2023, contract liabilities amounted to RMB2,776,000.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities:

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sales of goods	**1,361**	2,776

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Segment information provided to the executive directors

The chief operating decision-makers have been identified as the executive directors of the Group. Management has determined the operating segments based on the information reviewed by the executive directors for the purpose of allocating resources and assessing performance. There are two components in internal reporting to the executive directors: one component is the development, manufacturing and selling of kitchen appliance and the other component is the selling of health-related products.

The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are summarised as follows:

	Development, manufacturing and selling of kitchen appliance RMB'000	**Selling of health-related products RMB'000**	**Total RMB'000**
Year ended 31 December 2024			
Segment revenue	**46,821**	**45,064**	**91,885**
Segment loss	**(22,165)**	**(3,655)**	**(25,820)**
Unallocated expenses			**(5,639)**
Share of net loss of an associate			**(342)**
Finance costs, net			**(4,157)**
Loss before taxation			**(35,958)**

	Development, manufacturing and selling of kitchen appliance RMB'000	Selling of health-related products RMB'000	Total RMB'000
Year ended 31 December 2023			
Segment revenue	64,627	19,742	84,369
Segment loss	(35,618)	(1,904)	(37,522)
Unallocated expenses			(3,492)
Share of net loss of associates			(566)
Finance costs, net			(7,703)
Loss before taxation			(49,283)

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Segment information provided to the executive directors *(Continued)*

There are no inter-segment sales for both years. All of the segment revenue reported above is from external customers.

Segment loss represents the loss incurred by each segment without allocation of share of net loss of associates, net finance costs and unallocated expenses.

	Development, manufacturing and selling of kitchen appliance RMB'000	Selling of health-related products RMB'000	Total RMB'000
Year ended 31 December 2024			
Assets			
Segment assets	72,384	63,918	136,302
Investment in an associate			658
Investment in a joint venture			510
Total consolidated assets			137,470
Liabilities			
Segment liabilities	(32,292)	(788)	(33,080)
Borrowings			(60,487)
Amount due to an associate			(1,000)
Amount due to a joint venture			(510)
Total consolidated liabilities			(95,077)

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Segment information provided to the executive directors *(Continued)*

	Development, manufacturing and selling of kitchen appliance RMB'000	Selling of health-related products RMB'000	Total RMB'000
Year ended 31 December 2023			
Assets			
Segment assets	90,528	67,547	158,075
Investments in associates			7,665
Total consolidated assets			165,740
Liabilities			
Segment liabilities	(28,738)	(1,096)	(29,834)
Borrowings			(69,499)
Amounts due to associates			(8,200)
Total consolidated liabilities			(107,533)

The Group's activities are mainly carried out in the PRC and a majority of the Group's assets and liabilities of the operating companies are located in the PRC. As at 31 December 2024, non-current assets of RMB19,659,000 (2023: RMB30,657,000) of the Group were located in the PRC. For the year ended 31 December 2024, revenue of RMB91,885,000 (2023: RMB84,286,000) was derived from external customers in the PRC. Revenue of approximately RMB18,015,000 from selling of health-related products and RMB10,117,000 from development, manufacturing and selling of kitchen appliance (2023: RMB15,294,000 from selling of health-related products and RMB8,960,000 from development, manufacturing and selling of kitchen appliance) were derived from two (2023: two) individual external customers, each of which contributed more than 10% of Group's revenue.

6 OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants (Note)	**1,054**	1,090
Insurance claim recovered	**–**	109
Licensing income from independent third parties	**1,415**	2,359
Management fee income from an independent third party	**576**	440
Sundry income	**752**	24
	3,797	4,022

Note: The amounts mainly represent the Group's entitlements to value-added tax refund and government subsidies as an incentive to the Group for the devotion of resources to stimulate the PRC's economic development. There are no unfulfilled conditions or other contingencies attached to the government grant recognised during the years ended 31 December 2024 and 2023.

7 OTHER GAINS (LOSSES), NET

	2024 RMB'000	2023 RMB'000
Gain on disposal of investment in a subsidiary (Note 29)	**–**	225
Gain on disposal of investment in an associate (Note 14)	**535**	31
Loss on disposal of property, plant and equipment	**–**	(63)
Net exchange (loss) gain	**(546)**	50
Loss on damage of inventories (Note 21)	**–**	(680)
Others	**28**	(55)
	17	(492)

8 FINANCE COSTS, NET

	2024 RMB'000	2023 RMB'000
Interest income:		
– Bank interest income	**5**	12
Finance income	**5**	12
Interest expenses:		
– Borrowings	**(4,130)**	(7,651)
– Lease liabilities	**(32)**	(64)
Finance costs	**(4,162)**	(7,715)
Finance costs, net	**(4,157)**	(7,703)

9 LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2024 RMB'000	2023 RMB'000
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB3,730,000 (2023: RMB3,451,000) (Note 21))	**81,503**	59,958
Auditor's remuneration – audit fee	**980**	1,036
Auditor's remuneration – non audit fee	**60**	–
Depreciation of property, plant and equipment (Note 15)	**2,662**	2,941
Depreciation of right-of-use assets (Note 16(b))	**1,248**	2,182
Amortisation of land use rights (Note 17)	**211**	211
Amortisation of intangible assets (Note 19)	**117**	180
Consignment fee	**2,659**	8,933
Short-term lease expenses (Note 16(b))	**442**	1,292

10 EMPLOYEE BENEFIT EXPENSES

	2024 RMB'000	2023 RMB'000
Wages, salaries and benefits in kind (including directors' emoluments)	**8,631**	20,442
Bonuses	**–**	36
Retirement benefit costs		
– defined contribution plans	**2,206**	3,976
	10,837	24,454

(a) Pensions – defined contribution plans

The employees of the Group's subsidiaries established in the PRC are required to participate in a central pension scheme operated by the local municipal government of the PRC. These subsidiaries are required to contribute a fixed rate of 16% (2023: 16%) of their relevant payroll costs to the central pension scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the Scheme.

During the year ended 31 December 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2023: Nil), leaving no balances available at the end of the reporting period to reduce future contributions.

10 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Five highest paid individuals

For the year ended 31 December 2024, the five individuals whose emoluments were the highest in the Group include one (2023: one) director of the Company, whose emoluments have been reflected in the analysis in Note 33. The emoluments paid/payable to the remaining four (2023: four) individuals are as follows:

	2024 **RMB'000**	2023 RMB'000
Wages, salaries and benefits in kind	**890**	2,322
Retirement benefit costs – defined contribution plans	**142**	131
	1,032	2,453

The emoluments of the highest paid individuals who are not the directors of the Company fell within the following band:

	Number of individuals	
	2024	2023
Emolument band		
Nil to HK$1,000,000	**4**	4

11 INCOME TAX EXPENSE

	2024 **RMB'000**	2023 RMB'000
Current income tax	**–**	21
Deferred tax (Note 28)	**47**	14
	47	35

(i) Cayman Islands and British Virgin Islands ("BVI") profits tax

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for the years ended 31 December 2024 and 2023.

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group does not have any assessable profits in Hong Kong during the years ended 31 December 2024 and 2023.

11 INCOME TAX EXPENSE *(Continued)*

(iii) The PRC enterprise income tax ("EIT")

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), the applicable income tax rate for the Group's entities in the PRC, except for Miji Electronics and Appliance (Shanghai) Limited ("**Miji Shanghai**"), is 25%.

Pursuant to the EIT Law, with respect to an accredited high and new technology enterprise, the tax levied on income of Miji Shanghai will be charged at a preferential rate of 15% after obtaining the High New Technology Enterprise Certificate (the "**Certificate**") and completing the tax reduction and exemption filing with the tax authorities. Miji Shanghai has renewed the Certificate and will be expired on 11 November 2026.

The Group is entitled to a tax relief from the tax authority in the PRC on eligible research and development cost incurred for the years ended 31 December 2024 and 2023. The Group can claim an extra 75% tax deduction based on those eligible research and development cost incurred at an applicable tax rate.

(iv) Corporate income tax in Germany

Income tax on profits of a subsidiary disposed on 17 November 2023 arising from Germany was calculated on the estimated assessable profits for the year ended 31 December 2023 at the rate of approximately 30%.

(v) Withholding tax on distributed profits

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company established in the Mainland of China to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong, under the double taxation arrangement between the Mainland of China and Hong Kong, the relevant withholding tax rate applicable to such foreign investor will be reduced from 10% to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

As the Group's Hong Kong resident enterprise met this requirement by holding the necessary equity interest, they are eligible for the reduced withholding tax rate of 5% on dividends paid by the PRC resident enterprise.

11 INCOME TAX EXPENSE *(Continued)*

The income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Loss before taxation	**(35,958)**	(49,283)
Less: Share of net loss of associates	**342**	566
	(35,616)	(48,717)
Tax calculated at applicable domestic tax rates in the respective jurisdictions	**(8,256)**	(11,827)
Tax effect of expenses not deductible for tax purposes	**1,300**	4,108
Tax effect of tax losses not recognised	**7,003**	7,754
Income tax expenses	**47**	35

12 LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2024	2023
Loss		
Loss attributable to owners of the Company (RMB'000)	**(35,850)**	(49,318)
		(Restated)
Number of shares		
Weighted average number of ordinary shares in issue (note)	**96,651,399**	67,618,713

Note: The weighted average number of ordinary shares used to calculate the basic loss per share attributable to owners of the Company for the years ended 31 December 2024 and 2023 have been adjusted to reflect the share consolidation that became effective on 2 April 2024. Accordingly, the weighted average number of ordinary shares for the year ended 31 December 2023 has been restated.

Diluted loss per share is the same as the basic loss per share as there were no potential dilutive ordinary shares in existence during both years presented.

13 SUBSIDIARIES

The following is a list of the subsidiaries at as 31 December 2024:

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Issued and paid up capital	Effective interest held as at 2024	Effective interest held as at 2023
Directly held by the Company:					
Miji Holdings Limited (“**Miji Holdings**”)	BVI, limited liability company	Investment holding, Hong Kong	USD100	**100%**	100%
Indirectly held by the Company:					
Miji International Group Limited (“**Miji International**”)	The BVI, limited liability company	Investment holding, Hong Kong	USD1	**100%**	100%
Miji Hong Kong Investments (“**Miji Investments**”)	Hong Kong, limited liability company	Investment holding and sale of cooking appliances, Hong Kong	HK$20,000	**100%**	100%
Miji Shanghai	The PRC, limited liability company	Design, manufacture and sale of cooking appliances, the PRC	USD6,750,000	**100%**	100%
MKY Shanghai Mikaiyi Kitchen Co. Limited*	The PRC, limited liability company	Distribution of cabinets, electrical appliances and equipment for kitchen use, the PRC	RMB3,000,000	**100%**	100%
Miji GmbH	Germany, limited liability company	Design, manufacture and sale of cooking appliances, Germany	N/A	**N/A**	N/A (Note 29)
Beijing Miji Electronics and Appliances Limited*	The PRC, limited liability company	Design, manufacture and sale of cooking appliances, the PRC	RMB1,000,000	**100%**	100%
Miji Smart Home Appliance Manufacturing (Shanghai) Co., Ltd. (formerly known as “Shanghai Miji Yongxing Electrics Company Limited”)*	The PRC, limited liability company	Sale of components of cooking appliances, the PRC	RMB5,000,000	**100%**	100%
Shanghai Miji Huiwu Cehua Company Limited*	The PRC, limited liability company	Events planning and organising, the PRC	N/A	**N/A**	100%
Shanghai Miwu Keji Company Limited*	The PRC, limited liability company	Research and development, the PRC	N/A	**N/A**	100%
Eminent Way Limited	The BVI, limited liability company	Investment holding, Hong Kong	USD1	**100%**	100%
Eminent Way (Hong Kong) Limited	Hong Kong, limited liability company	Investment holding, Hong Kong	HK$10,000	**100%**	100%
Shanghai Miyiji Keji Company Limited*	The PRC, limited liability company	Research and development, the PRC	RMB20,000,000	**100%**	100%
米嘉凱薩家居（上海）有限公司	The PRC, limited liability company	Distribution of cabinets, electrical appliances and equipment for kitchen use, the PRC	RMB1,000,000	**51%**	N/A

* For identification purpose only

14 INVESTMENTS IN ASSOCIATES

The amount recognised in the consolidated statement of financial position is as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	**7,665**	1,220
Additions in investments in associates	**–**	1,000
Capital contribution to an associate	**–**	6,480
Disposal of interest in an associate	**(6,665)**	(469)
Share of loss	**(342)**	(566)
As at 31 December	**658**	7,665

Set out below is the information of the associates of the Group as at 31 December 2024 and 2023. The associates listed below have share capital consisting solely of ordinary shares, which are held by the Group.

Nature of investments in associates:

Name	Place of incorporation	Principal activities	Effective interest held as at 31 December 2024	2023
上海火山邑動技術有限公司 (Shanghai Volcano Spring Technology Co., Ltd.*) ("**Shanghai Volcano Spring**")	The PRC	Trading of products related to health industry	**N/A**	24%
深圳新辰潤科科技有限公司 (Shenzhen Xinchenrunke Technology Co., Ltd.*) ("**Shenzhen Xinchenrunke**") (Note)	The PRC	Software and information technology services	**10%**	10%

* For identification purpose only

Note: The Group is able to exercise significant influence over Shenzhen Xinchenrunke because it has the power to participate in the making of significant financial and operating decisions under the provisions stated in the articles of association of Shenzhen Xinchenrunke.

14 INVESTMENTS IN ASSOCIATES *(Continued)*

During the year ended 31 December 2024, the Group disposed of its 24% equity interest in Shanghai Volcano Spring to an independent third party without any consideration while the investment cost payable by the Group of RMB7,200,000 was waived. A gain on disposal of investment in an associate of RMB535,000 has been recognised in other gains (losses), net in the consolidated statement of comprehensive income.

During the year ended 31 December 2023, the Group increased its investment in Shanghai Volcano Spring Technology Co., Ltd. with the same proportion as other investors and the committed investment amounted to RMB6,480,000 which remains 24% equity interest in Shanghai Volcano Spring.

During the year ended 31 December 2023, the Group disposed of its 10% equity interest in Shanghai Xiaoyu to an independent third party without any consideration. A gain on disposal of investment in an associate of RMB31,000 has been recognised in other gains (losses), net in the consolidated statement of comprehensive income.

During the year ended 31 December 2023, the Group invested RMB1,000,000, represents 10% equity interest in Shenzhen Xinchenrunke.

The capital of these investments have not yet been paid as at 31 December 2024.

The management assessed that the Group has significant influence but not control over Shenzhen Xinchenrunke (2023: Shanghai Volcano Spring and Shenzhen Xinchenrunke), as such, Shenzhen Xinchenrunke (2023: Shanghai Volcano Spring and Shenzhen Xinchenrunke) are accounted for associates of the Group under equity method.

	2024 **RMB'000**	2023 RMB'000
Carrying amount of the Group's interest in:		
Shanghai Volcano Spring	**–**	6,665
Shenzhen Xinchenrunke	**658**	1,000
	658	7,665

There are no contingent liabilities relating to the Group's interests in the associates.

No summarised financial information of associates is disclosed as the management considered that the associates are not material to the Group.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Total RMB'000
Cost						
At 1 January 2023	14,857	15,557	2,808	1,291	3,128	37,641
Additions	–	–	148	472	–	620
Disposals	–	–	(61)	(388)	–	(449)
Disposal of a subsidiary	–	–	(411)	–	–	(411)
Currency translation difference	–	–	7	6	–	13
At 31 December 2023	14,857	15,557	2,491	1,381	3,128	37,414
Additions	–	86	74	–	–	160
Disposals	–	(61)	(368)	–	(11)	(440)
At 31 December 2024	14,857	15,582	2,197	1,381	3,117	37,134
Accumulated depreciation						
At 1 January 2023	6,266	10,731	2,177	1,001	2,402	22,577
Charge for the year	669	1,808	132	134	198	2,941
Disposals	–	–	(82)	(293)	–	(375)
Disposal of a subsidiary	–	–	(217)	–	–	(217)
Currency translation difference	–	–	2	1	–	3
At 31 December 2023	6,935	12,539	2,012	843	2,600	24,929
Charge for the year	669	1,574	124	109	186	2,662
Disposals	–	(61)	(315)	–	(10)	(386)
At 31 December 2024	7,604	14,052	1,821	952	2,776	27,205
Carrying amount						
At 31 December 2024	7,253	1,530	376	429	341	9,929
At 31 December 2023	7,922	3,018	479	538	528	12,485

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation were included in the following categories in the consolidated statement of comprehensive income:

	2024 RMB'000	2023 RMB'000
Cost of sales	**782**	761
Selling and distribution expenses	**359**	296
Administrative expenses	**1,219**	1,637
Research and development expenses	**302**	247
	2,662	2,941

As at 31 December 2024, the Group's buildings amounting to RMB6,831,000 (2023: RMB7,922,000), were pledged as collateral for the Group's bank borrowings. Details of which are set out in Note 27.

16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Office premises and warehouses	**250**	1,867
Lease liabilities		
Current	**253**	1,319
Non-current	**–**	578
	253	1,897

Additions to the right-of-use assets during the year ended 31 December 2024 were RMB153,000 (2023: RMB2,259,000). During the year ended 31 December 2024, the Group experienced a lease modification due to a reduction in rent; which resulted in a decrease in the net carrying amount of right-of-use assets and lease liabilities by RMB522,000. (During the year ended 31 December 2023, the Group extended the lease term of an office premise until May 2024 and modified the consideration, which resulted in increase in net carrying amount of the right-of-use assets and of lease liabilities by RMB618,000.)

16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(b) Amounts recognised in the consolidated statement of comprehensive income

	Notes	2024 RMB'000	2023 RMB'000
Depreciation of right-of-use assets			
Office premises and warehouses	9	**(1,248)**	(2,182)
Interest expense (included in finance costs)	8	**(32)**	(64)
Expense relating to short-term leases (included in selling and distribution expenses and administrative expenses)	9	**(442)**	(1,292)

The total cash outflow for leases for the year ended 31 December 2024 was RMB1,735,000 (2023: RMB3,618,000).

(c) The Group leases various offices and warehouses. Rental contracts are typically made for fixed periods of 2 months to 54 months without extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(d) There are no variable lease payments contained in the leases.

17 LAND USE RIGHTS

The Group's interests in land use rights represent right-of-use assets for land and their net carrying values are analysed as follows:

	RMB'000
Cost	
At 1 January 2023, 31 December 2023 and 31 December 2024	9,386
Accumulated amortisation	
At 1 January 2023	1,012
Charge for the year	211
At 31 December 2023	1,223
Charge for the year	211
At 31 December 2024	1,434
Carrying amount	
At 31 December 2024	7,952
At 31 December 2023	8,163

As at 31 December 2024, the Group's land use rights amounting to RMB7,952,000 (2023: RMB8,163,000), were pledged as collateral for the Group's bank borrowings. Details of which are set out in Note 27.

18 INVESTMENT IN A JOINT VENTURE

The amount recognised in the consolidated statement of financial position is as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	**–**	–
Investment in a joint venture	**510**	–
As at 31 December	**510**	–

Set out below is the information of the joint venture of the Group as at 31 December 2024 and 2023. The Joint venture listed below have share capital consisting solely of ordinary shares, which are held by the Group.

18 INVESTMENT IN A JOINT VENTURE *(Continued)*

Nature of investment in joint venture:

Name	Place of incorporation/ Principal place of business	Principal activities	Effective interest held as at 31 December 2024	2023
君澤慧科（廣州）醫藥科技有限公司	The PRC	Technology Promotion and Application Services	**51%**	N/A

In the opinion of the directors of the Company, the joint venture is not material to the Group and no disclosure of the financial information is considered necessary.

19 INTANGIBLE ASSETS

	Software RMB'000	**Website** RMB'000	**Total** RMB'000
Cost			
At 1 January 2023	1,241	382	1,623
Currency translation difference	–	6	6
Disposal of a subsidiary	–	(388)	(388)
At 31 December 2023 and 2024	1,241	–	1,241
Accumulated amortisation			
At 1 January 2023	849	324	1,173
Charge for the year	125	55	180
Currency translation difference	–	2	2
Disposal of a subsidiary	–	(381)	(381)
At 31 December 2023	974	–	974
Charge for the year	117	–	117
At 31 December 2024	1,091	–	1,091
Carrying amount			
At 31 December 2024	150	–	150
At 31 December 2023	267	–	267

20 CATEGORIES OF FINANCIAL INSTRUMENTS

	2024 RMB'000	2023 RMB'000
Financial assets at amortised cost		
Trade receivables	**24,645**	18,406
Other receivables and deposits	**10,663**	6,148
Amount due from an associate	**–**	16,676
Amount due from a non-controlling interest	**358**	–
Cash and cash equivalents	**2,299**	33,951

	Financial liabilities at amortised cost	
	2024 RMB'000	2023 RMB'000
Financial liabilities at amortised cost and lease liabilities		
Trade and other payables	**24,609**	19,173
Borrowings	**60,487**	69,499
Amounts due to associates	**1,000**	8,200
Amount due to a joint venture	**510**	–
Amount due to the then non-controlling interest	**–**	1,650
Lease liabilities	**253**	1,897

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

21 INVENTORIES

	2024 RMB'000	2023 RMB'000
Parts and components	**6,483**	7,524
Finished goods	**24,230**	42,656
	30,713	50,180

For the year ended 31 December 2024, the cost of inventories recognised as expense and included in cost of sales and research and development expenses amounted to approximately RMB81,013,000 and RMB490,000 respectively (2023: RMB59,564,000 and RMB394,000, except for RMB680,000 of inventories damaged by rainstorm which are recognised in other gains (losses), net (Note 7)).

The write-down on inventories amounted to RMB3,730,000 (2023: RMB3,451,000), which were recognised as an expense during the year ended 31 December 2024 and included in above as cost of inventories recognised as expense and included in cost of sales in the consolidated statement of comprehensive income.

22 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	2024 RMB'000	2023 RMB'000
Trade receivables	**38,578**	28,315
Less: ECL allowance	**(13,933)**	(9,909)
	24,645	18,406

The carrying amounts of the trade receivables approximate their fair value and are denominated in RMB.

22 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

(a) Trade receivables *(Continued)*

The Group's credit terms to trade receivables are generally 60 to 270 days. The ageing analysis of the gross trade receivables, based on invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
1–30 days	**15,425**	8,704
31–60 days	**907**	2,732
61–90 days	**9,810**	745
Over 90 days	**12,436**	16,134
	38,578	28,315

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime ECL allowance for all trade receivables.

Movements in the Group's provision for ECL allowance of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
Beginning of year	**9,909**	4,402
Net increase in ECL allowance recognised in profit or loss during the year	**4,024**	5,507
End of year	**13,933**	9,909

Information about the ECL of trade receivables and the Group's exposure to credit risk is set out in Note 3.1(b).

As at 31 December 2024, total bills received amounting to RMBNil (2023: RMB1,060,050) is held by the Group for future settlement of trade receivables. No certain bills have been discounted or endorsed during the reporting period. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

22 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

(b) Other receivables, deposits and prepayments

	2024 RMB'000	2023 RMB'000
Non-current		
Deposits	**210**	210
Current		
Prepayments (i)	**48,161**	8,410
Deposits paid to consignment stores	**5,525**	3,175
Value added tax recoverable	**1,182**	1,522
Other receivables	**5,136**	2,971
	60,004	16,078
Less: ECL allowance of other receivables	**(208)**	(208)
	59,796	15,870
Total	**60,006**	16,080

(i) Nature of prepayments

	2024 RMB'000	2023 RMB'000
Purchase of inventories*	**48,161**	7,605
Prepaid expenses	**–**	805
	48,161	8,410

* The amount is expected to be utilised within twelve months after the end of reporting period, therefore it is classified as current assets.

The carrying amounts of other receivables, deposits and prepayments approximate their fair values and are mainly denominated in RMB.

23 CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents		
– Cash at bank	**2,285**	33,932
– Cash on hand	**14**	19
Total cash and bank balances	**2,299**	33,951

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	**348**	31,344
EURO	**171**	780
HK$	**1,780**	1,827
	2,299	33,951

For the year ended 31 December 2024, the bank balances carried interest at prevailing market interest rate of approximately 0.15% (2023: 0.18%) per annum.

As at 31 December 2024, the Group had cash at banks amounting to approximately RMB350,000 (2023: RMB31,325,000) which are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

24 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value of ordinary shares HK$
Authorised:		
As at 1 January 2023, 31 December 2023 and 2024	10,000,000,000	100,000,000

	Number of shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
Issued:				
As at 1 January 2023	1,500,000,000	15,000	12,561	72,173
Issue of shares (a)	390,300,000	3,903	3,548	24,050
As at December 2023 and 1 January 2024	**1,890,300,000**	**18,903**	**16,109**	**96,223**
Share consolidation (b)	**(1,814,688,000)**	**–**	**–**	**–**
Issue of shares (a)	**42,310,000**	**10,578**	**9,649**	**10,570**
As at 31 December 2024	**117,922,000**	**29,481**	**25,758**	**106,793**

(a) On 25 May 2023, a total of 171,880,000 placing shares have been successfully placed to not less than six placees, who and whose ultimate beneficial owners are independent third parties, at the placing price of HK$0.08 per placing share pursuant to the terms and conditions of the placing agreement, representing (i) approximately 11.46% of the issued share capital of the Company immediately before completion; and (ii) approximately 10.28% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares.

On 31 July 2023, a total of 163,120,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.08 per placing share pursuant to the terms and conditions of the placing agreement, representing (i) approximately 9.76% of the issued share capital of the Company immediately before completion; and (ii) approximately 8.89% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares.

On 7 September 2023, a total of 55,300,000 placing shares have been successfully placed by the placing agent to one placee at the placing price of HK$0.075 per placing share pursuant to the terms and conditions of the placing agreement, representing (i) approximately 0.15% of the issued share capital of the Company immediately before completion; and (ii) approximately 3.07% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares.

On 3 July 2024, a total of 42,310,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.52 per placing share pursuant to the terms and conditions of the placing agreement, representing (i) approximately 55.96% of the issued share capital of the Company immediately before completion; and (ii) approximately 35.88% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares.

(b) On 2 April 2024, the Company had the share consolidation of every twenty-five issued and unissued ordinary shares of par value of HK$0.01 each in the share capital of the Company into one consolidated share of par value of HK$0.25 each in the share capital of the Company and the total number of issued shares of the Company became 75,612,000 shares immediately upon share consolidation.

25 RESERVES

The reserve movements of the Group attributable to owners of the Company are as follows:

	Statutory reserves RMB'000	**Exchange reserves** RMB'000	**Other reserves** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
As at 1 January 2023	15,247	(774)	46,345	(65,189)	(4,371)
Loss for the year	–	–	–	(49,318)	(49,318)
Exchange differences on translation of foreign operations	–	206	–	–	206
Reclassification of cumulative translation reserve upon disposal of investment in a subsidiary	–	15	–	–	15
Transactions with a non-controlling interest (Note i)	–	–	(657)	–	(657)
As at 31 December 2023	15,247	(553)	45,688	(114,507)	(54,125)
As at 1 January 2024	**15,247**	**(553)**	**45,688**	**(114,507)**	**(54,125)**
Loss for the year	**–**	**–**	**–**	**(35,850)**	**(35,850)**
Exchange differences on translation of foreign operations	**–**	**(518)**	**–**	**–**	**(518)**
As at 31 December 2024	**15,247**	**(1,071)**	**45,688**	**(150,357)**	**(90,493)**

Note:

(i) On 1 February 2023, the Group completed the acquisition of 20% equity interest in Beijing Miji Electronics and Appliances Limited ("**Beijing Miji**") at a total consideration of RMB200,000. Beijing Miji is engaged in the sale of cooking appliances in the PRC.

26 TRADE AND OTHER PAYABLES

	2024 **RMB'000**	2023 RMB'000
Trade payables (Note (a))	**12,710**	11,346
Other payables and accruals (Note (b))	**17,911**	12,886
	30,621	24,232

Trade payables and other payables approximate their fair values and are denominated in RMB. Included in the trade and other payables, there was RMB324,000 (2023: RMB317,000) amount due to a director, Mr. Wu Huizhang (Note 31(d)).

Notes:

(a) Trade payables

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

	2024 **RMB'000**	2023 RMB'000
1–30 days	**5,336**	4,806
31–60 days	**1,527**	1,940
61–90 days	**319**	280
Over 90 days	**5,528**	4,320
	12,710	11,346

(b) Other payables

	2024 **RMB'000**	2023 RMB'000
Accrued staff costs	**2,261**	2,526
Accrual for social security costs	**1,401**	2,019
VAT payable	**3,627**	2,287
Security deposit from customers	**2,350**	2,142
Other payables	**8,272**	3,912
Total	**17,911**	12,886

27 BORROWINGS

	2024 RMB'000	2023 RMB'000
Current		
Bank borrowings	**23,000**	23,240
Other borrowings	**31,218**	41,749
	54,218	64,989
Non-current		
Bank borrowings	**4,510**	4,510
Other borrowings	**1,759**	–
	6,269	4,510
	60,487	69,499

As at 31 December 2024, the borrowings amounting to RMB9,900,000 and RMB50,587,000 were carried at floating rate and fixed rate respectively (31 December 2023: RMB13,930,000 and RMB55,569,000 were carried at floating rate and fixed rate respectively). The weighted average interest rates are 4.54% (2023: 9.76%) per annum.

	2024 RMB'000	2023 RMB'000
Borrowing – unsecured	**32,977**	25,125
Borrowing – secured	**27,510**	44,374
	60,487	69,499

As at 31 December 2024, bank borrowings of RMB27,510,000 were secured by the land use rights (Note 17) and buildings (Note 15) with total value of RMB14,783,000 (2023: bank borrowings of RMB26,250,000 were secured by the land use rights and buildings with total value of RMB16,085,000). As at 31 December 2023, the other borrowings of RMB18,124,000 were secured by the Company's ordinary shares of 375,000,000 with total value of HK$23,625,000 (equivalent to RMB21,409,000). No other borrowings were secured by the Company's ordinary shares as at 31 December 2024.

Included in the borrowings, there was RMB6,400,000 (2023: RMB5,500,000) borrowing from the director, Madam Maeck Can Yue (Note 31(d)).

As at 31 December 2024, the Group's borrowings were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 6 months	**27,195**	59,369
Between 6 and 12 months	**27,023**	5,620
Between 1 and 2 years	**1,999**	240
Between 2 and 5 years	**1,380**	1,380
Over 5 years	**2,890**	2,890
	60,487	69,499

28 DEFERRED TAX

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

	Right-of-use assets and lease liabilities RMB'000	Elimination on unrealised profit RMB'000	Accelerated tax depreciation RMB'000	Total RMB'000
Deferred income tax assets (liabilities)				
As at 1 January 2023	61	(60)	(262)	(261)
(Charged) Credited to the consolidated statement of comprehensive income	(21)	60	(53)	(14)
As at 31 December 2023	40	–	(315)	(275)
As at 1 January 2024	**40**	**–**	**(315)**	**(275)**
Credited (Charged) to the consolidated statement of comprehensive income	**8**	**–**	**(55)**	**(47)**
As at 31 December 2024	**48**	**–**	**(370)**	**(322)**

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2024, the Group did not recognise deferred tax assets of approximately RMB35,061,000 (2023: RMB28,217,000) in respect of accumulated tax losses amounting to approximately RMB140,244,000 (2023: RMB112,867,000) that can be carried forward against future taxable income. As at 31 December 2024, in respect of the accumulated tax losses, RMB29,682,000, RMB29,540,000, RMB23,886,000, RMB29,122,000 and RMB28,014,000 will expire in 2025, 2026, 2027, 2028 and 2029 respectively.

As at 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB2,550,000 (2023: RMB2,052,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**48**	40
Deferred tax liabilities	**(370)**	(315)
	(322)	(275)

29 DISPOSAL OF A SUBSIDIARY

On 27 October 2023, the Group entered into a sale agreement to dispose 100% equity interest of a subsidiary, Miji GmbH, which is engaged in the design, manufacture and sale of cooking appliances in Germany. The disposal was completed on 17 November 2023, on which date control of Miji GmbH passed to an independent third party. The net assets of Miji GmbH at the date of disposal were as follows:

	2023 RMB'000
Consideration received:	
Cash received	776
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	194
Intangible assets	7
Inventories	1,043
Trade receivables	636
Other receivables, deposits and prepayments	320
Cash and cash equivalents	375
Total assets	2,575
Trade and other payables	(2,039)
Total liabilities	(2,039)
Net assets disposed of	536
Gain on disposal of a subsidiary:	
Consideration received and receivable	776
Net assets disposed of	(536)
Reclassification of cumulative translation reserve upon disposal of Miji GmbH to profit or loss	(15)
Gain on disposal	225
Cash consideration	776
Less: cash and cash equivalents disposed of	(375)
Net cash inflow on disposal	401

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before taxation to cash (used in) generated from operations

	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Loss before taxation	**(35,958)**	(49,283)
Adjustments for:		
Finance income	**(5)**	(12)
Finance costs related to borrowing	**4,130**	7,651
Finance costs related to leases	**32**	64
Loss on disposal of property, plant and equipment (Note a)	**–**	63
Gain on disposal of investment in a subsidiary (Note 29)	**–**	(225)
Gain on disposal of investment in an associate (Note b)	**(535)**	(31)
Depreciation of property, plant and equipment	**2,662**	2,941
Amortisation of land use rights	**211**	211
Depreciation on right-of-use assets	**1,248**	2,182
Amortisation of intangible assets	**117**	180
Loss on damage of inventories	**–**	680
Impairment loss on inventories	**3,730**	3,451
Net impairment losses on financial assets	**4,024**	5,715
Net foreign exchange losses	**–**	1,219
Share of net loss of associates	**342**	566
Operating cash flows before movements in working capital	**(20,002)**	(24,628)
Decrease in inventories	**15,737**	30,857
Increase in trade receivables	**(10,263)**	(9,974)
(Increase) Decrease in other receivables, deposits and prepayments	**(43,609)**	42,405
Increase (Decrease) in trade and other payables	**6,145**	(5,822)
Increase (Decrease) in contract liabilities	**104**	(1,415)
Change in balance with an associate	**16,676**	(16,757)
Net cash (used in) generated from operations	**(35,212)**	14,666

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

Reconciliation of loss before taxation to cash (used in) generated from operations *(Continued)*

Notes:

(a) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2024 **RMB'000**	2023 RMB'000
Net book amount	**54**	74
Loss on disposal of property, plant and equipment	**–**	(63)
Proceeds from disposal of property, plant and equipment	**54**	11

(b) In the consolidated statement of cash flows, proceeds from disposal of investment in an associate comprise:

	2024 **RMB'000**	2023 RMB'000
Carrying amount of investment in an associate (Note 14)	**6,665**	469
Gain on disposal of investment in an associate (Note 7) (Note 14)	**535**	31
Less: amount due to an associate	**(7,200)**	(500)
Total consideration (Note 14)	**–**	–

(c) Non-cash transactions:

Non-cash investing and financing activities disclosed in other notes are:

– acquisition of right-of-use assets and lease modification (Note 16)
– acquisition of interest in an associate (Note 14)
– disposal of interest in an associate (Note 14)
– acquisition of interest in an joint venture (Note 18)

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

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000	Lease liabilities RMB'000	Amount due to the then non-controlling interest RMB'000	Total RMB'000
As at 1 January 2023	78,643	1,282	1,650	81,575
Financing cash flows, net	(17,978)	(2,326)	–	(20,304)
Addition of lease liabilities	–	2,877	–	2,877
Foreign exchange adjustments	1,183	–	–	1,183
Finance cost	7,651	64	–	7,715
As at 31 December 2023	69,499	1,897	1,650	73,046
As at 1 January 2024	**69,499**	**1,897**	**1,650**	**73,046**
Financing cash flows, net	**(13,778)**	**(1,293)**	**(1,650)**	**(16,721)**
Addition of lease liabilities	**–**	**153**	**–**	**153**
Foreign exchange adjustments	**636**	**–**	**–**	**636**
Finance cost	**4,130**	**32**	**–**	**4,162**
Lease modification	**–**	**(536)**	**–**	**(536)**
As at 31 December 2024	**60,487**	**253**	**–**	**60,740**

31 RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the year ended 31 December 2024:

Name of the related parties	Relationship with the Group
Shanghai Volcano Spring	Associate of the Group (Note i)
Shanghai Xiaoyu	Associate of the Group (Note ii)
Shenzhen Xinchenrunke	Associate of the Group
Madam Maeck Can Yue	An executive director of the Company
Mr. Wu Huizhang	An executive director and a shareholder of the Company

31 RELATED PARTIES BALANCES AND TRANSACTIONS *(Continued)*

(a) *(Continued)*

Notes:

(i) During the year ended 31 December 2024, the Group has entered into a sale and purchase agreement to dispose of its 24% equity interest in Shanghai Volcano Spring. The transaction has completed in February 2024 and Shanghai Volcano Spring ceased to be an associate of the Group upon the completion of the transaction.

(ii) During the year ended 31 December 2023, the Group has entered into a sale and purchase agreement to dispose of its 10% equity interest in Shanghai Xiaoyu. The transaction has completed in August 2023 and Shanghai Xiaoyu ceased to be an associate of the Group upon the completion of the transaction.

(b) Transactions with related party

Save as disclosed elsewhere in the consolidated financial statements, during the year ended 31 December 2024, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	2024 RMB'000	2023 RMB'000
Sales of goods to		
– Shanghai Volcano Spring	**–**	15,294
Borrowings from		
– Madam Maeck Can Yue (Note)	**6,400**	5,500
Interest expenses to		
– Madam Maeck Can Yue (Note)	**83**	28

Note: On 18 August 2023, Madam Maeck Can Yue entered into an agreement with a bank for obtaining working capital for revolving credit of RMB6,400,000, which is guaranteed by Miji Smart Home Appliance Manufacturing (Shanghai) Co., Ltd., a subsidiary of the Group. The proceeds from this revolving credit to replenish the Group's general working capital and the Group bears the interest expenses.

The pricing of these transactions was determined based on mutual negotiation between the Group and the related parties.

31 RELATED PARTIES BALANCES AND TRANSACTIONS *(Continued)*

(c) Key management compensation

Key management includes executive and non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services for the year is shown below:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**1,693**	1,633
Retirement benefit cost – defined contribution plans	**–**	–
	1,693	1,633

(d) Balances with related parties

	2024 **RMB'000**	2023 RMB'000
Amount due from/(to) the related parties		
Shanghai Volcano Spring (Note i)	**–**	16,676
Shanghai Volcano Spring (Note ii)	**–**	(7,200)
Shenzhen Xinchenrunke (Note iii)	**(1,000)**	(1,000)
Madam Maeck Can Yue (Note iv)	**(6,400)**	(5,500)
Mr. Wu Huizhang (Note v)	**(324)**	(317)
君澤慧科（廣州）醫藥科技有限公司 (Note v)	**(510)**	–

Notes:

(i) As at 31 December 2024, the balance represents receivable in trade nature amounted to RMBNil (2023: RMB16,676,000).

(ii) As at 31 December 2023, the balance represented the consideration payable for the acquisition of 24% equity interest in Shanghai Volcano Spring amounted to RMB720,000 and unpaid capital of committed investment amounted to RMB6,480,000 respectively. The balance was fully waived during the year ended 31 December 2024.

(iii) As at 31 December 2024, the balance represents the unpaid capital for 10% equity interest in Shenzhen Xinchenrunke amounted to RMB1,000,000 (2023: RMB1,000,000).

(iv) As at 31 December 2024, the balance included in current portion of borrowings, which is unsecured, bearing an interest rate of 2.9% per annum and repayable within one year amounted to RMB6,400,000 (2023: RMB5,500,000).

(v) As at 31 December 2024, the balance represents payable in non-trade nature, unsecured, interest-free and repayable on demand.

The balances were denominated in RMB.

32 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

	2024 RMB'000	2023 RMB'000
ASSETS		
Non-current asset		
Investment in a subsidiary	**73,113**	73,113
Current assets		
Amounts due from subsidiaries	**3,610**	93,873
Prepayments and other receivables	**44**	44
Cash and cash equivalents	**1,726**	59
	5,380	93,976
Total assets	**78,493**	167,089
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	**25,758**	16,109
Share premium (note)	**106,793**	96,223
Reserves (note)	**(92,938)**	4,220
Total equity	**39,613**	116,552
LIABILITIES		
Non-current liability		
Borrowings	**1,759**	–
Current liabilities		
Other payables	**1,028**	3,013
Borrowings	**24,818**	36,249
Amount due to a subsidiary	**11,275**	11,275
	37,121	50,537
Total liabilities	**38,880**	50,537
Total equity and liabilities	**78,493**	167,089

The statement of financial position of the Company was approved by the Boards of directors on 31 March 2025 and were signed on its behalf.

Madam Maeck Can Yue
Director

Mr. Zhao Jie
Director

32 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY *(Continued)*

Note:

Share premium and reserves movement of the Company

	Share premium RMB'000	**Other reserves** RMB'000 (Note (a))	**Accumulated losses** RMB'000	**Total** RMB'000
As at 1 January 2023	72,173	73,113	(59,370)	85,916
Loss for the year	–	–	(9,523)	(9,523)
Issuance of shares, net of transaction costs (Note 24)	24,050	–	–	24,050
As at 31 December 2023	96,223	73,113	(68,893)	100,443
As at 1 January 2024	**96,223**	**73,113**	**(68,893)**	**100,443**
Loss for the year	**–**	**–**	**(97,158)**	**(97,158)**
Issuance of shares, net of transaction costs (Note 24)	**10,570**	**–**	**–**	**10,570**
As at 31 December 2024	**106,793**	**73,113**	**(166,051)**	**13,855**

Note:

(a) The investment in a subsidiary was accounted for using the net asset value at the date of the reorganisation. The difference between the net asset value and the nominal value of issued share capital for the acquisition amounted to approximately RMB73,113,000 was credited as other reserves.

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

For the year ended 31 December 2024:

Name	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking RMB'000	Total RMB'000
Executive directors									
Mr. Zhao Jie *(Chairperson)* (note i)	-	-	-	-	-	-	-	-	-
Madam Maeck Can Yue	-	333	-	-	-	-	-	-	333
Mr. Wu Huizhang	-	-	-	-	-	-	-	-	-
	-	333	-	-	-	-	-	-	333
Non-executive director									
Dr. Zheng Jingwen (note ii)	-	-	-	-	-	-	-	-	-
Independent non-executive directors									
Mr. Wang Shih-Fang	109	-	-	-	-	-	-	-	109
Mr. Yan Chi Ming (note iii)	46	-	-	-	-	-	-	-	46
Mr. Hooi Hing Lee (note iii)	46	-	-	-	-	-	-	-	46
Mr. Li Wei	-	-	-	-	-	-	-	-	-
Mr. Shen Shujing (note iv)	64	-	-	-	-	-	-	-	64
Mr. Lin Dongming (note iv)	64	-	-	-	-	-	-	-	64
Total	329	333	-	-	-	-	-	-	662

Notes:

(i) Mr. Zhao Jie was appointed as executive director of the Company on 1 August 2024.

(ii) Dr. Zheng Jingwen was appointed as non-executive director of the Company on 2 September 2024.

(iii) Mr. Yan Chi Ming and Mr. Hooi Hing Lee were resigned as independent non-executive directors of the Company on 31 May 2024.

(iv) Mr. Shen Shujing and Mr. Lin Dongming were appointed as independent non-executive directors of the Company on 31 May 2024.

33 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

For the year ended 31 December 2023:

Name	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking RMB'000	Total RMB'000
Executive directors									
Madam Maeck Can Yue *(Chairperson)*	–	1,093	–	–	–	–	–	–	1,093
Mr. Wu Huizhang	–	–	–	–	–	–	–	–	–
	–	1,093	–	–	–	–	–	–	1,093
Independent non-executive directors									
Mr. Wang Shih-Fang	108	–	–	–	–	–	–	–	108
Mr. Yan Chi Ming	108	–	–	–	–	–	–	–	108
Mr. Hooi Hing Lee	108	–	–	–	–	–	–	–	108
Mr. Li Wei	–	–	–	–	–	–	–	–	–
Total	324	1,093	–	–	–	–	–	–	1,417

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2023: Nil).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2023: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2023: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Company did not pay consideration to any third parties for making available directors' services (2023: Nil).

33 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in Note 31, there are no loans, quasi-loans and other dealing in favour of directors, controlling bodies corporate by and connected entities with such directors during the year ended 31 December 2024 (2023: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024 (2023: Nil).

34 NON-CONTROLLING INTEREST ("NCI") AND AMOUNT DUE FROM/(TO) A/THE THEN NCI

(a) Transaction with non-controlling interests

On 8 September 2022, Miji Shanghai, an indirect wholly-own subsidiary of the Company, and WANG Qiang (the "**Vendor**") entered into a sale and purchase agreement, pursuant to which Miji Shanghai agreed to acquire, and the Vendor agreed to sell 20% equity interest held by the Vendor in Beijing Miji Electronics and Appliances Limited ("**Beijing Miji**"), at the consideration of RMB200,000. This transaction was completed on 1 February 2023 and Beijing Miji became an indirect wholly-owned subsidiary of the Company upon completion.

The effect on the equity attributable to the owners of the Group during the year of 2023 is summarized as follows:

	2023 RMB'000
Carrying amount of non-controlling interests acquired	(457)
Consideration paid to non-controlling interests	(200)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(657)

(b) Amount due to the then NCI

As at 31 December 2023, the amount payable to then NCI are unsecured, interest-free and repayable on demand (2024: Nil).

As at 31 December 2023, the amount payable to the then NCI represent consideration payable for the acquisition of 49% equity interest in Miji Yongxing amounted to RMB1,650,000 (2024: Nil). The balance was denominated in RMB.

(c) Amount due from a NCI

As at 31 December 2024, the amount due from a NCI are unsecured, interest-free and repayable on demand amounted to RMB358,000 (2023: Nil).

(d) In the opinion of the directors of the Company, the subsidiary which has non-controlling interest is not material to the Group and no disclosure of the financial information is considered necessary.

35 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting period, as set out in the announcement of the Company dated 7 March 2025 in relation to the proposed increase in authorized share capital of the Company from HK$100,000,000 divided into 400,000,000 shares of HK$0.25 each to HK$150,000,000 divided into 600,000,000 shares of HK$0.25 each by the creation of an additional 200,000,000 unissued shares of HK$0.25 each. Subject to the passing of an ordinary resolution by the shareholders of the Company at the extraordinary general meeting to approve the increase in authorised share capital, the increase in authorised share capital will become effective on the date of the extraordinary general meeting.

In addition, as set out in the announcement of the Company dated 7 March 2025 in relation to the proposed rights issue, where the board of directors propose to raise gross proceeds of up to approximately HK$88.4 million before expenses by way of the rights issue of 353,766,000 rights shares at the subscription price of HK$0.25 per rights share on the basis of three (3) rights shares for every one (1) share held by the qualifying shareholders on the record date. For details, please refer to the Company's announcement dated 7 March 2025.