雲能國際
YUNNAN ENERGY INTERNATIONAL

Yunnan Energy International Co. Limited
雲能國際股份有限公司*

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1298)
(Singapore Stock Code: T43)

Annual Report
2024

* *for identification purpose only*

This Annual Report is printed on environmentally friendly paper

Contents

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Yunnan Energy International Co. Limited (the "**Company**" or "**Yunnan Energy**"), I am pleased to present the Annual Report of the Company and its subsidiaries (collectively, the "**Group**" or "**we**" or "**our**") for the year ended 31 December 2024.

BUSINESS OVERVIEW

In 2024, the Group continued to carry out the Distribution Business for life science equipment and laboratory instrument, while accelerating the development of the Supply Chain Business. In 2024, the Distribution Business of the Company achieved a breakthrough by directly participating in public tender procurement projects for hospitals. The Group achieved annual revenue of approximately HK$52.1 million in its Distribution Business, with the total amount of signed sales contracts reaching approximately HK$55.9 million, remaining roughly stable compared to 2023.

In terms of the Supply Chain Business, the Group continued to diversify its development, covering areas such as construction materials, agricultural products, traditional Chinese medicine products, mineral products, and photovoltaic products. With a customer base accumulated over 30 years and the management team's extensive experience in the international supply chain sector, the Group has successfully expanded its cooperation with Vietnamese stainless steel pipe manufacturers, Yunnan panax notoginseng traders, and photovoltaic module suppliers, further increasing its market share.

In addition, the Group has taken a significant step in the green energy sector by successfully investing in the Dayao Green Energy Project within Yunnan Province, accumulating valuable investment and operational experience, which lays a solid foundation for expansion into the Southeast Asian green energy market in the future. The Group fully leveraged on the governmental resources and cooperative network of the Yunnan Provincial Energy Investment Group Co., Ltd. in Yunnan Province and the Southeast Asia region, actively deploying green energy projects in countries such as Laos and Myanmar, with a commitment to expanding installed capacity and enhancing profitability.

In 2024, the Group recorded a revenue of HK$576.6 million, representing a growth of 68.7% as compared to HK$341.9 million in 2023, mainly attributable to the higher revenue contribution from the Supply Chain Business. The Group recorded a net profit of HK$0.5 million in 2024, achieving a turnaround from loss to profit, while the net loss for the year ended 31 December 2023 was approximately HK$5 million, mainly due to the increase in revenue and gross profit from the Supply Chain Business, which was primarily caused by the increase in demand for certain agricultural commodities and industrial products, including photovoltaic panel, panax notoginseng and pulverized coal.

CHAIRMAN'S **STATEMENT**

MACRO ENVIRONMENT AND DEVELOPMENT PROSPECTS

In 2024, the global economy still faced complex and volatile challenges. Geopolitical conflicts, energy price fluctuations, and inflationary pressures continued to have an impact on the global economic recovery. However, global inflation was cooling down in an orderly manner, benefiting from the supply chain recovery. The economy, despite revealing a slowdown in growth, remained resilient.

Looking ahead to 2025, the Group will continue to exercise prudence in carrying out both the Distribution Business and the Supply Chain Business while accelerating the deployment of international energy project investments. In respect of the Distribution Business, the Group plans to further expand the market in the southwest region of China, actively participate in public tenders for medical equipment project. In respect of Supply Chain Business, the Group will deepen cooperation with Southeast Asian countries, focusing on advancing long-term supply agreements for coal, traditional Chinese medicinal products, and photovoltaic modules, while actively exploring the export business of new energy vehicles to expand its comprehensive influence in the South Asian and Southeast Asian markets.

In the field of international energy project investment, the Group will accelerate the layout of the green energy market in Southeast Asia, focusing on investing in green energy projects in countries such as Laos and Myanmar. By optimizing resource allocation, enhancing operational efficiency, and fostering technological innovation, the Group aims to achieve large-scale development of its green energy business, thereby creating sustainable long-term returns for shareholders.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all shareholders and stakeholders for their continuing support and trust, and I would also like to express my gratitude to our management and staff for their contribution. The Group will continue to optimize our development strategies and strive to maximize shareholders' interests.

Sincerely,

HU Xiangwei
Chairman
Hong Kong, 14 March 2025

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Executive Directors
HU Xiangwei (Chairman)
ZHU Yingxue (Chief Executive Officer)
YANG Jie
WANG Jin
SONG Henan

Independent Non-executive Directors
SHI Fazhen
LIU Zongliu
JING Pilin

AUDIT COMMITTEE
SHI Fazhen (Chairman)
LIU Zongliu
JING Pilin

NOMINATION COMMITTEE
HU Xiangwei (Chairman)
ZHU Yingxue
SHI Fazhen
LIU Zongliu
JING Pilin

REMUNERATION COMMITTEE
SHI Fazhen (Chairman)
HU Xiangwei
ZHU Yingxue
LIU Zongliu
JING Pilin

COMPANY SECRETARY
NG King Hang

BERMUDA RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY
Ocorian Services (Bermuda) Limited
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31 Victoria Street
Hamilton HM 10
Bermuda

REGISTERED OFFICE
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10 Bermuda
Bermuda Company Registration
Number 34778

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Wanchai
Hong Kong

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9 Raffles Place #26-01,
Republic Plaza Tower I,
Singapore 048619

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR
ZHONGHUI ANDA CPA Limited
23/F, Tower 2, Enterprise Square Five,
38 Wang Chiu Road,
Kowloon Bay,
Kowloon, Hong Kong

COMPANY WEBSITE
www.yeigi.com

BUSINESS REVIEW

For the year ended 31 December 2024 ("**FY2024**"), the principal activities of Yunnan Energy International Co. Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") are: (1) the provision of distribution and after-sales services in the PRC for different analytical instruments, including medical computed tomography equipment, magnetic resonance imaging systems, fully automated microbial mass spectrometers, digital choledochoscope, color ultrasound machines, radio frequency therapeutic devices, anesthesia machines, life monitors, life science and general laboratory instruments, with specialised and customised hardware and software, to provide solutions and facilitate scientific analysis and testing (the "**Distribution Business**"); and (2) the trading and supply chain business on commodities, diversified industrial and consumer products (the "**Supply Chain Business**").

Distribution Business

The Distribution Business is mainly conducted through identifying the demands of the Group's existing and potential customers (including specification of products, customer affordability, etc), sourcing the products from various suppliers and supplying the products to the customers. The Group also provides after-sales services such as testing, training and maintenance services for the products sold. There is no change in the business model of the Distribution Business during the year.

The customers of the Distribution Business mainly consist of a variety of businesses and institutions, including hospital, universities, research institutions, companies in the industrial sector and government agencies. All of the customers were users or distributors in the PRC during the year.

The Group has been serving our extensive customer base in the PRC and a vast sales network associated with the Group's PRC offices in Beijing, Shanghai, southwest region of the PRC and Macau to identify and discuss with the existing and potential customers on product specifications, provision of after-sale services. In FY2024, the Group continued to seize the opportunity of the national subsidy policy of Trade-in of Consumer Goods for Grade 3A hospitals in Yunnan Province and Guizhou Province, and established stable business cooperation with many Grade 3A hospitals in Yunnan Province, Guizhou Province and state-owned medical enterprises or medical equipment distributors with good qualifications in Yunnan Province. The Group won the bid and carried out procurement, distribution and trading of medical devices, and entered into contracts with independent third parties, including purchase and sales contracts for electronic bronchoscopy, pulmonary function detection, electronic gastrointestinal endoscopy, linear accelerator, magnetic resonance imaging, biological stimulation feedback instrument, color Doppler ultrasound diagnosis and fully automatic microbial mass spectrometry detection. In 2024, the Distribution Business of the Company achieved a breakthrough by directly participating in public tender procurement projects for hospitals. As of the end of 2024, the Company has entered into sales contracts related to the Distribution Business with a total amount of HK$55.9 million, and achieved a revenue of HK$52.1 million from the distribution of precision instruments in FY2024, with a gross profit of HK$0.75 million, which is basically the same as compared to FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Supply Chain Business

In FY2024, the Group continued to conduct the Supply Chain Business on commodities, diversified industrial and consumer products, primarily relating to construction materials, agricultural products, traditional Chinese medicine products, mineral products, and photovoltaic products, and to broaden its revenue stream and increase its profitability. The Supply Chain Business is mainly conducted through identifying the requirements of the Group's existing and potential customers (including specification of products, customer affordability, etc.), the Group will then source products from various suppliers and supply the products to the customers.

The customers of the Supply Chain Business mainly consist of state-owned companies and companies in the industrial sector, including companies engaged in the production and processing of stainless steel pipes in Vietnam, companies engaged in the trading and supply of panax notoginseng in Yunnan, and companies in coal, rubber, photovoltaic modules and other commodities.

The Group leverages on its extensive customer base established through the Distribution Business with over 30 years of operation, the extensive experience and network in the international supply chain sector of its management and staff, together with the support from the controlling shareholder of the Company, Yunnan Provincial Energy Investment Group Co., Ltd. (the "**YEI Group**"), to identify different potential customers for its Supply Chain Business. In addition, the Group participates in tender or quotation invitations from the existing and potential customers in both government and non-government sectors, and open tender for the provision of supply chain services.

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss and other Comprehensive Income

The key value for the Distribution Business lies in the provision of technical services to the Group's customers, including design of system specifications, formulation of testing standard requirements against customers' budgets, installation of equipment and relevant systems, on-site after-sale services, etc. In FY2024, for the Distribution Business, more equipments were delivered and accepted in the second half of 2024, and both the sales and after-sales activities had returned to nearly normal. The revenue from the Distribution Business in FY2024 decreased by 9.0% to HK$52.1 million from HK$57.3 million in FY2023.

Leveraging on the Distribution Business's experience accumulated over three decades of operation as well as the extensive experience and network in the international supply chain sector of its management and staff, the Supply Chain Business continued to improve its financial performance and its revenue in FY2024 increased by HK$239.9 million or 84.3% to HK$524.5 million from HK$284.6 million in FY2023.

In FY2024, the turnaround from loss to profit for the Group was mainly due to the increase in the revenue and gross profit of the Supply Chain Business, which in turn was mainly driven by the increase in demand for certain agricultural commodities and industrial products, including photovoltaic panel, panax notoginseng and pulverized coal.

Revenue

Revenue in FY2024 increased by HK$234.7 million or 68.7% to HK$576.6 million from HK$341.9 million in FY2023, mainly attributable to the higher revenue contribution from the Supply Chain Business.

Cost of sales

Cost of sales in FY2024 increased by 64.8% to HK$546.7 million from HK$331.8 million in FY2023. The increase was in line with the revenue growth.

Gross profit and gross profit margin

The gross profit in FY2024 increased by 196.5% to HK$29.9 million from HK$10.1 million in FY2023. The gross profit margin in FY2024 was 5.2%, representing an increase of 2.2 percent points compared to 3.0% in FY2023.

The gross profit margin increased mainly due to the increased revenue contribution from the Supply Chain Business which has a higher gross profit margin in FY2024.

Other income and gains and losses, net

Other income and gains and losses, net in FY2024 was a net loss of HK$5.9 million compared to the net gain of HK$2.7 million in FY2023. The change was mainly due to the impairment losses of inventories and fair value losses from other receivables under factoring agreement in FY2024.

Selling and distribution expenses

Selling and distribution expenses in FY2024 increased by 365.7% to HK$4.2 million from HK$0.9 million in FY2023, mainly due to increase in freight and insurance as a result of increased sales activities in both the PRC and the overseas markets.

Administrative expenses

Administrative expenses in FY2024 decreased by 5.2% to HK$13.0 million from HK$13.7 million in FY2023, mainly due to the further decrease in legal and professional fee.

Finance costs

Finance costs in FY2024 decreased by 22.8% to HK$3.1 million from HK$4.1 million in FY2023, mainly due to a lower loan interest rate in FY2024.

Profit for the year

In view of the above, the Group's profit for FY2024 was HK$0.5 million, as compared to a net loss of HK$5 million in FY2023.

Consolidated Statement of Financial Position

Inventories

Inventories increased by HK$31.8 million from HK$40.6 million as at 31 December 2023 to HK$72.4 million as at 31 December 2024, mainly due to the increase in inventories of panax notoginseng resulting from the expanded coverages under the Supply Chain Business. In FY2024, there was an impairment losses of inventories of HK$4.3 million, after assessed the net realisable values and condition of the Group's inventories. The Group maintains a certain level of inventories to support its customers needs in both Distribution Business and Supply Chain Business.

Trade receivables

Trade receivables increased by HK$48.6 million from HK$93.1 million as at 31 December 2023 to HK$141.7 million as at 31 December 2024, mainly due to the increase in trade receivables of the Supply Chain Business which are less than 180 days as a result of the increase in revenue.

Trade payables

Trade payables increased by HK$25.7 million from HK$29.8 million as at 31 December 2023 to HK$55.5 million as at 31 December 2024, mainly due to the increase in trade payables of the Supply Chain Business as a result of the increase in cost of sales.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 19 January 2024, the Group signed an equity transfer agreement with a subsidiary of YEI Group and YEIG Dayao Green Energy Generation Co., Ltd. ("**Dayao Green Energy**") to acquire 6.67% equity interest in Dayao Green Energy. The Group completed the acquisition on 26 March 2024 and designated its investment in Dayao Green Energy at fair value through other comprehensive income of HK$40.9 million, accounting for 9.9% of the Group's total assets as at 31 December 2024. Dayao Green Energy develops, constructs, operates and manages certain photovoltaic solar power generation projects in Dayao County. As of 31 December 2024, Dayao Green Energy's six photovoltaic solar power generation stations with a total installed capacity of approximately 523,000 kilowatts have already started operations. No dividends were received on this investment during FY2024. Details of the acquisition are disclosed in the circular of the Company dated 23 February 2024.

Save for those disclosed in this report, there were no significant investments held by the Group as at 31 December 2024, nor were there other material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during FY2024. Apart from those disclosed in this report, there was no other plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

PLEDGE OF ASSETS

The Group did not have any charges on its assets as at 31 December 2024.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group did not have any material contingent liabilities or capital commitment as at 31 December 2024.

EXPOSURE TO FLUCTUATIONS ON EXCHANGE RATES

The Group's transactions are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign currency exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management and the management will consider hedging against significant foreign exchange exposure should the need arise.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the Group's net current assets amounted to HK$123.1 million (2023: HK$165.2 million), of which the bank balances and cash were HK$66.1 million (2023: HK$120.6 million), which were entirely denominated in United States dollars, Hong Kong dollars and Renminbi. The Group's current ratio was 1.5 (2023: 2.1).

Total loan from a fellow subsidiary as at 31 December 2024 was HK$153.8 million (Total loan from an intermediate holding company as at 31 December 2023: HK$91.4 million). As at 31 December 2024, all Group's loans were denominated in Renminbi at an interest rate of 2.5% per annum (2023: 4% per annum). The Group's gearing ratio stood at 93.7% as at 31 December 2024 (2023: 55.3%), which is calculated based on the Group's total interest-bearing debts over the total equity. The Group adopts centralised financing and treasury policies in order to ensure that group financing is managed efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short term and long term.

PROSPECTS

The Group will continue to focus on both the Distribution Business and Supply Chain Business, with a view to continuously increasing its business scale and broadening the customer base, which in turn will increase revenue and profit contribution from such businesses and generate returns for its shareholders. In this connection, the Group has formulated detailed business plans in the upcoming financial years, as further discussed below:

Distribution Business

In addition to its existing customer base in the PRC, the Group plans to make use of the well-established resources and extensive marketing network/business relationship of the YEI Group, to expand the Distribution Business in regions of the PRC, particularly in Southwest China. Set out below is a summary of the key business plans:

- The Group will expand its external customer channel resources in multiple aspects, strive to increase the number of newly signed sales contracts in 2025. In the early stage of carrying out the medical-related business, the Group has accumulated experience with some reputable international brands namely Thermo Fisher, Olympus, Philips and GM. The Group has also established a relationship with suppliers or distributors with good reputation and qualifications in Yunnan Province. In 2025, the Group will, upon assessment of the risk associated with payment collection, actively participate in the public tender and bidding projects for medical equipment of high-end large Grade 3A hospitals in the three provinces of Southwest China, and continuously expand new project cooperation opportunities through direct trade to hospitals, so as to enhance the sales results and profitability of the Distribution Business.

- Facing the downward economic environment in the Chinese mainland, the Distribution Business is encountering difficulties in the recovery of receivables. In 2025, the Group will enhance customer credit assessment, establish a scientific credit management system, and implement differentiated credit policies for customers with different credit ratings.

- The Group is actively exploring potential customers in Southwest China and providing a wide range of the Group's products and services based on the customers' procurement plan, so as to meet the needs of potential customers in different industries and expand the distribution trading market in various aspects.

Supply Chain Business

The Group conducts detailed review of its operations and makes adjustment to its sales strategies to explore new potential projects, enhance its revenue stream and improve its profitability from time to time. Accordingly, the Group has been actively developing the Supply Chain Business in both domestic and overseas markets. The Group also strives to capture potential opportunities for the Supply Chain Business through its management team's extensive experience (particularly relating to international trade and energy projects) and business network. Set out below is a summary of the key business plans:

- In 2025, the Company will continue to develop the Supply Chain Business, and strive to sign long-term supply agreements with relevant companies engaging in coal business and traditional Chinese medicine product business to achieve long-term and stable large-value trade. In terms of the international trading business, in addition to maintaining the original export trade of stainless steel and equipment, new businesses have been launched in the export of the Laos photovoltaic project and the re-export of electrolytic copper. At the same time, the Company will actively engage with the 12 overseas commercial representative offices of Yunnan Province to develop overseas customers and markets in the field of new energy vehicle export business, and the Company signed a cooperation framework agreement with Nepalese merchants during the China-South Asia Expo in July 2024. The Company completed the preliminary negotiations and import preparations for specific categories in terms of import trade, striving to realise the two-wheel driven import and export trade.

The Group's Supply Chain Business is currently handled by a seasoned management team of 11 persons of the Group, led by Mr. Ma Can, who is graduated from Yunnan University with a master's degree in business administration. He has the qualifications of customs broker and inspector. He has worked in Cambodia, Laos and other Southeast Asian countries and foreign economic and trade enterprises in Yunnan Province for several years. He has more than 20 years of rich international experience and trade experience and overseas work background, and long been engaged in the import and export trade of coke, coal, machinery and equipment, fertilisers, pesticides, medical and health products. The other management team has an average 7 years of experience in the international supply chain industry. Leveraging on the YEI Group's business network in overseas markets, the Group plans to set up teams for further development of international Supply Chain Business, including but not limited to construction materials, medical devices and energy. Under the management organisation of Mr. Ma, the Group has formed the seasoned management team with efficient customs declaration advantages and broad trade category advantages, and win new tenders and the accelerate promotion of potential coal, panax notoginseng, rubber, photovoltaic modules and other trading businesses. The Group will continue to expand its business team in response to the increasing level of business activities and market demand in the next 12 months.

International Energy Project Investment

Based on strengthening the existing Distribution Business and Supply Chain Business, the Group actively explored its investment in the area of green energy project in Yunnan Province and overseas, with a commitment to expanding the installed capacity of energy projects and increasing the revenue and profit contribution through project construction, thereby creating greater returns for shareholders. Leveraging on the governmental resources, cooperative network, and brand influence of the YEI Group in Yunnan Province, Southwest China, and Southeast Asia (including Laos and Myanmar), the Group will accelerate the implementation and expansion of green energy projects in Yunnan Province and the Southeast Asia market.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, through investing in Dayao Green Energy project in Yunnan Province, the Group accumulated extensive investment and operational experience, and laid a solid foundation for further exploring the green energy market in Southeast Asia. In 2025, the Group will deepen its market layout in Southeast Asia, focusing on advancing green energy project investments in countries such as Laos and Myanmar, expanding the installed capacity, and establishing closer strategic partnerships with local governments and cooperating units. Through optimizing resource allocation, enhancing operational efficiency, and technological innovation, the Group will further strengthen its market competitiveness, achieve large-scale development of its green energy business, and create sustainable long-term returns for shareholders.

Meanwhile, the Group planned to accelerate the expansion of the Supply Chain Business in South Asia and Southeast Asia in 2025. Leveraging on the advantages of the substantial shareholder's overseas network resources in the region, combined with the Group's expertise in supply chain management, the Group will create synergies with YEI Group's overseas energy project development needs, and focus on the field of energy infrastructure construction and supply chain in Laos and Myanmar. By accumulating brand awareness and service reputation in the region, the Group will actively seek other business development and investment opportunities in the region to further diversify its business layout and expand its comprehensive influence in South Asia and Southeast Asia.

The Group will continue to leverage on YEI Group's important influence in the fields of energy, modern logistics and green energy new materials, and fully utilize its overseas network advantage, professional technical team and seasoned management team, thereby deeply exploring customers with overseas energy import and export needs, expanding customer base and increasing income source. By creating a global supply chain network, the Group will further expand green energy investment opportunities and enhance overall competitiveness.

With the continuous development of the business, the Group will, leveraging on the YEI Group's overseas network resources, set up a dedicated business team, conduct in-depth exploration of market resources, and enhance its connections with potential customers and suppliers in each region. The Group will further enhance the competitive advantage and sustainability of the Supply Chain Business through the maintenance of long-term stable cooperative relationships with suppliers.

Looking ahead, with the gradual improvement in financial performance and the steady implementation of business plans, the Group will make full use of the preliminary exploration results in the energy investment sector. Leveraging on the existing resource advantages, the Group will fully enhance operational efficiency and mitigate current market challenges, so as to create greater value for its shareholders. The Group is confident in the future development of its green energy and the Supply Chain Businesses and will continue to strive for business diversification and internationalization, creating long-term sustainable returns for shareholders and society.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2024, there were 25 (2023: 28) employees in the Group. The total staff cost of the Group amounted to approximately HK$6.0 million for FY2024. Staff remuneration packages are determined after considering the market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

BOARD OF **DIRECTORS**

BOARD OF DIRECTORS

Executive Directors

MR. HU XIANGWEI（胡香偉）（"**Mr. Hu**"）, aged 54, has been appointed as an executive Director on 28 July 2021. He is also the chairman of the Board, the member of the Remuneration Committee and the chairman of the Nomination Committee. Mr. Hu has over 20 years of working experience in the energy development industry. Mr. Hu joined the Yunnan Provincial Energy Investment Group Co., Ltd. group (the "**YEI Group**") in January 2017 and served as the general manager of mixed enterprise management service center（混合制企業管理服務中心）. Mr. Hu worked as the general manager and the deputy secretary of the party committee from August 2017 to April 2018 and worked as chairman of the board and the secretary of the party committee from April 2018 to April 2019 of Yunnan Energy Investment Infrastructure Investment Development and Construction Company Limited *（雲南能投基礎設施投資開發建設有限公司）. Mr. Hu worked as the general manager of YEIG International Engineering Co., Ltd*（雲南能投國際工程有限公司）from April 2019 to June 2021. Mr. Hu is currently the general manager of Yunnan Energy Investment (HK) Co. Limited as well as the director of Shenzhen Yunneng International Supply Chain Limited（深圳雲能國際供應鏈有限公司）and Baodi International Investment Company Limited. Prior to joining the YEI Group, Mr. Hu worked in Sino Hydro Bureau 14 Co., Ltd. *（中國水利水電第十四工程局）managing different projects for over 20 years. Mr. Hu obtained a Bachelor degree specializing in resources development engineering and mining engineering（資源開發工程系採礦工程專業）at Kunming Institute of Technology*（昆明工學院）(now known as Kunming University of Science and Technology*（昆明理工大學）) in July 1993, and a Master degree of engineering specializing in hydraulic engineering at Sichuan University in June 2009.

MS. ZHU YINGXUE（祝映雪）（"**Ms. Zhu**"）, aged 35, has been appointed as an executive Director on 3 August 2023. She is also the chief executive officer of the Company, a member of the Remuneration Committee and a member of the Nomination Committee. Ms. Zhu joined Yunnan Energy Investment (HK) Co. Limited and served successively as its secretary of the general office of the board of directors in April 2015, deputy director of the general office of the board of directors in September 2017, deputy director of the party working committee and human resources department in May 2018, director of the general office of the board of directors in June 2020, manager of the operation and management department in July 2021, and deputy general manager in March 2023. Ms. Zhu also worked as a member of the management of Yunnan Energy Investment Foreign Energy Development Company Limited*（雲南能投對外能源開發有限公司）from August 2015 to August 2018. Ms. Zhu obtained a Master degree in Intercultural Studies at The Chinese University of Hong Kong in November 2013.

MR. YANG JIE（楊傑）（"**Mr. Yang**"）, aged 49, has been appointed as an executive Director on 3 August 2023. Mr. Yang has been appointed as the chief financial officer of the Company on 24 May 2022. Mr. Yang has been working in various entities of YEI Group since 2012, including YEIG International Engineering Co., Ltd*（雲南能投國際工程有限公司）, Yunneng International Laos Investment Co., Ltd.（雲能國際老撾投資有限公司）and Laos Jixiang Cement Co., Ltd. *（老撾吉象水泥有限公司）. He graduated from Yunnan University in 2005, majoring in business administration. Mr. Yang has been qualified as a Certified Tax Accountant in the PRC and an International Certified Internal Auditor in 2011 and a senior accountant（高級會計師）in the PRC in 2013. Mr. Yang is currently the chief financial officer of Yunnan Energy International Co. Limited.

Mr. WANG JIN（王金）（"**Mr. Wang Jin**"), aged 39, has been appointed as an executive Director on 3 August 2023. Mr. Wang Jin worked as a member of the management of Yunnan Electric Power Investment Co., Ltd. *（雲南省電力投資有限公司）from February 2013 to January 2016, a member of the management of Yunnan Energy Financial Services Co., Ltd. *（雲南能源金融服務有限公司）from September 2013 to August 2016, a member of the management of Shenzhen Yunneng Fund Management Co., Ltd. *（深圳雲能基金管理有限公司）from March 2017 to March 2020, a general employee of Yunnan Yunneng Asset Management Co., Ltd. *（雲南雲能資產管理有限公司）from August 2019 to January 2020 and a member of the management of Yunnan Energy Investment Foreign Energy Development Company Limited*（雲南能投對外能源開發有限公司）from January 2020 to January 2023. He also joined Yunnan Energy Investment (HK) Co. Limited and served successively as its deputy general manager of financial investment department in April 2020 and director in November 2021. Mr. Wang Jin obtained a Bachelor degree in World History at Yunnan University in July 2008 and a Master degree in Accounting and Finance at The University of Adelaide in July 2012.

MR. SONG HENAN（宋赫男）（"**Mr. Song**"), aged 33, has been appointed as an executive Director on 28 July 2021. Mr. Song has been appointed the Head of Business Development Department of Yunnan Energy International Co. Limited from May 2019. Mr. Song joined the YEI Group in August 2017 and served as the Senior Investment Manager of the Investment Department of Yunnan Energy Investment (HK) Co. Limited from 2019. Mr. Song obtained a Bachelor degree in Economics in University of Cambridge in June 2015, and a Master degree in Finance in City University of Hong Kong in June 2017.

Independent non-executive Directors

MR. SHI FAZHEN（施法振）（"**Mr. Shi**"), aged 61, has been appointed as an independent non-executive Director on 30 November 2018. He is also the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. He has over 17 years of experience in the field of audit and accounting. Since 2016, he has acted as the president at Shenzhen Zhonglun Accountants Firm (General Partnership)*（深圳中倫會計師事務所（普通合夥））. From 2014 to 2016, he served as the vice president at Shenzhen Chengxin Accountants Firm (Special General Partnership)*（深圳誠信會計師事務所（特殊普通合夥））. From 2001 to 2014, Mr. Shi held various positions at Shenzhen Mahong Accountants Firm*（深圳馬洪會計師事務所）and Shenzhen Licheng Accountants Firm*（深圳力誠會計師事務所）. Prior to that, he has worked at Hubei Xiangfan Huipu Industrial Co., Ltd. *（湖北省襄樊市惠普實業有限公司）for over 17 years. Mr. Shi graduated from Zhongnan University of Finance and Economic in December 1990, majoring in industrial economic management. In 2001, he obtained his qualification as a certified public accountant in the People's Republic of China ("**PRC**"). In 2007, he obtained the qualification as an intermediate economist. Mr. Shi takes an active role in community services and currently serves as the supervisor and vice president at the Shenzhen Transparent and Harmonious Community Promotion Centre*（深圳市透明和諧社區促進中心）. He is also a supervisor of the 1st Owner Committee of the Science and Technology Park (Zone 48) of Nanshan District, Shenzhen, PRC.

BOARD OF **DIRECTORS**

MR. LIU ZONGLIU (劉宗柳) ("**Mr. Liu**"), aged 70, has been appointed as an independent non – executive Director on 29 November 2019. He received a Bachelor degree in Financial Accounting from Jiangxi University of Finance and Economics in 1983, a Master degree in Accounting from Xiamen University in 1991 and a Ph.D. degree in accounting from Xiamen University in 1997. Mr. Liu is a senior accountant in the PRC and has served as the president of Xiamen Zhongzhi Accounting Association (廈門市中直會計學會) from March 2002 to March 2017. In 2017, he was elected as the president of Xiamen Accounting Association (廈門市會計學會). Mr. Liu was a visiting professor of Jimei University and he currently serves as the dissertation supervisor for the Master of Professional Accounting (MPAcc) Programme in Xiamen University. For the period from July 2004 to October 2007, Mr. Liu served as the chairman of the board of directors of Xiamen Wufu Printing Co., Ltd. (廈門五福印務有限公司) and from 2005 to 2007, Mr. Liu was also the chairman of the board of directors of Xiamen Xi nye Group Co., Ltd. (廈門鑫葉集團有限公司). Mr. Liu has served as an independent non-executive director of various companies which are listed in the PRC. From August 2011 to November 2017, he worked as independent non-executive director of Xiamen XGMA Machinery Co., Ltd. (廈門廈工機械股份有限公司) (Stock Code: 600815), a company listed on Shanghai Stock Exchange. Since December 2016, he has been working as independent non-executive director of Shantou Wanshun Packaging Materials Co., Ltd. (汕頭萬順新材集團股份有限公司) (Stock Code: 300057), a company listed on Shenzhen Stock Exchange. Since February 2015, he has been working as an independent non-executive director of Chengtun Mining Group Co., Ltd. (盛屯礦業集團股份有限公司) (Stock Code: 600711), a company listed on Shanghai Stock Exchange. Since December 2017, he has been working as an independent non-executive director of Clenergy (Xiamen) Technology Pty., Ltd. (清源科技(廈門)股份有限公司) (Stock Code: 603628), a company listed on Shanghai Stock Exchange.

MS. JING PILIN (景丕林) ("**Ms. Jing**"), aged 74, has been appointed as an independent non-executive Director on 30 November 2018. She is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. She was accredited as a senior economist by China Construction Bank Corporation in December 1993. She is currently a part-time professor as well as a tutor for the post-graduate programs at the Zhongnan University of Economics and Law. Ms. Jing has over 35 years of experience in the field of investment and finance. From June 2005 to December 2013, she served as the general manager of China Investment Consultancy Company* (中國投資諮詢公司), she was also the general manager of the investment banking division and agency division at China Jianyiu Investment Limited as well as an independent director of UBS Securities Co., Limited. From 1995 to 2004, she held various leading positions at the head office of the Construction Bank, primarily responsible for the investment management of large and medium-sized projects. She was also in charge of the reorganisation of Huaxia Securities and Beijing Securities at China Jianyiu Investment Limited. Ms. Jing obtained her bachelor's degree in infrastructure-economics from the Hubei University of Economics (now known as Zhongnan University of Economics and Law) in 1983. In 2005, she won the National Financial System Labor Day Medal.

SENIOR MANAGEMENT

MR. NG KING HANG (吳勁衡) ("**Mr. Ng**"), aged 42, is company secretary of the Group. He is currently responsible fo r the overall financial management and company secretaries matters of the Group. He is a registered member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng obtained a master's degree in accountancy from The Hong Kong Polytechnic University in 2013 and a bachelor's degree in business administration (honours) (major in accounting) from The Open University of Hong Kong in 2007. Mr. Ng is currently the company secretary of Yunnan Energy Investment (HK) Co. Limited. He was the financial controller and company secretary of Megalogic Technology Holdings Limited (Stock Code: 8242) from June 2015 to June 2018 and from April 2016 to September 2017, respectively. He served as an assistant manager of HLM CPA Limited from July 2010 to July 2015.

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in the information on Directors required to be disclosed.

CORPORATE GOVERNANCE REPORT

Introduction

The Board is committed to maintaining high standards of corporate governance to advance its mission to create value for the Company's shareholders. This report sets out the corporate governance practices that are in place during the year ended 31 December 2024 (the "**Year**"). with reference to the principles and guidelines of the Corporate Governance Code (the "**Hong Kong Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**SEHK**"), as well as any deviation from the code provisions of the Hong Kong Code together with an explanation for such deviation. Save as disclosed in the relevant paragraphs of this Corporate Governance Report, the Company had complied with the code provisions of the Hong Kong Code during the year ended 31 December 2024.

Board Matters

Role and Responsibilities of the Board

The Board effectively leads the Company, working together with the Company's senior management (the "**Management**") to achieve success for the Company and its subsidiaries (collectively, the "**Group**"). Management remains accountable to the Board.

In addition to its statutory duties, the Board's principal functions are to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Board approval is required for transactions or matters such as major investments, corporate restructuring, mergers and acquisitions, material acquisitions or disposal of assets, the release of the Group's financial results announcements, connected person transactions of a material nature and declaration of dividends.

Board Composition

As at the date of this report, the Board has eight Directors, comprising five executive Directors and three independent non-executive Directors.

Executive Directors	Mr. Hu Xiangwei (Chairman) Ms. Zhu Yingxue (Chief Executive Officer) Mr. Yang Jie Mr. Wang Jin Mr. Song Henan
Independent non-executive Directors	Mr. Shi Fazhen Mr. Liu Zongliu Ms. Jing Pilin

The executive Directors and independent non-executive Directors have been appointed for a term of three years and one year respectively, subject to retirement by rotation at annual general meeting and being eligible, to offer themselves for re-election.

In compliance with bye-law 104 of the Bye-laws of the Company, Mr. Hu Xiangwei, Mr. Wang Jin, Mr. Song Henan and Mr. Liu Zongliu will retire at the forthcoming annual general meeting of the Company. Mr. Wang Jin, Mr. Song Henan and Mr. Liu Zongliu, being eligible, offer themselves for re-election at the annual general meeting. Due to other work engagement, Mr. Hu Xiangwei has decided not to offer himself for re-election at the annual general meeting. On 8 April 2025, the Board, with the recommendation of the Nomination Committee, proposed that Mr. Wang Jin, Mr. Song Henan and Mr. Liu Zongliu stand for re-election at the forthcoming annual general meeting.

Information about the Board Diversity Policy and the review of the Board composition, nomination of retiring Directors as well as the independence assessment during the year ended 31 December 2024 is set out in the below section headed "Nomination Committee" of this Corporate Governance Report.

The criteria for independence is based on the factors set out in the Listing Rules. The Board considers an independent Director as one who, inter alia, has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to ensuring the best interests of the Company. The nomination committee of the Board (the "**NC**") reviews the independence of each Director annually and applies the Listing Rules' criteria on who qualifies as an independent non-executive Director in its review. Notwithstanding the tenure of service, the Board considers that Mr. Shi Fazhen, Mr. Liu Zongliu and Ms. Jing Pilin continue to be independent as set out in Rule 3.13 of the Listing Rules as each of them has continued to demonstrate independent judgment in the discharge of his/her responsibilities as a Director, and they are not connected with any of other Directors, the chief executive or substantial shareholder of the Company.

CORPORATE GOVERNANCE REPORT

The composition of the Board complies with the requirements in the Listing Rules that at least three Directors be independent and non-executive (representing at least one-third of the Board) and that at least one of whom must possess appropriate professional qualifications in accounting or related financial management expertise. Furthermore, the Company has received from each of its independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive Directors to be independent as at the date of this annual report.

The NC is of the view that the current board size and composition is appropriate, taking into account the nature and scope of the business and operations of the Group. Biographical details of the Directors are set out on pages 12 to 14 of this annual report. Save as disclosed in this annual report, and to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among members of the Board.

Particulars of interests of Directors who held office at the end of the year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Report of the Directors on pages 33 to 40 of this Annual Report.

The Board has formed three committees namely, Audit Committee (the "**AC**"), Remuneration Committee (the "**RC**") and the NC and has delegated different responsibilities to these committees as set out in their respective terms of reference published on the websites of SEHK, The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Company, to facilitate the discharge of its responsibilities efficiently and effectively.

The Board and sub-committees of the Board (namely, the AC, the RC and the NC, collectively, the "**Board Committees**") meet regularly during the Year. Ad hoc meetings and/or discussions (including via tele conferencing) are convened when circumstances require. The Company's bye-laws (the "**Bye-Laws**") provide for participation at meetings via telephone and other electronic means. Details of the Directors' attendance at meetings of the Board and Board committees and general meeting(s) in the Year are disclosed as follows:

	Number of Meetings Attended/Eligible to attend for the year ended 31 December 2024					
	Board meeting(s)	**AC meeting(s)**	**NC meeting(s)**	**RC meeting(s)**	**Annual General Meeting**	**Special General Meeting**
Executive Directors						
Mr. Hu Xiangwei	14/14	N/A	1/1	1/1	1/1	1/1
Ms. Zhu Yingxue	14/14	N/A	1/1	1/1	1/1	1/1
Mr. Yang Jie	14/14	N/A	N/A	N/A	1/1	1/1
Mr. Wang Jin	14/14	N/A	N/A	N/A	1/1	1/1
Mr. Song Henan	14/14	N/A	N/A	N/A	1/1	1/1
Independent non-executive Directors						
Mr. Shi Fazhen	14/14	3/3	1/1	1/1	1/1	1/1
Ms. Jing Pilin	14/14	3/3	1/1	1/1	1/1	1/1
Mr. Liu Zongliu	14/14	3/3	1/1	1/1	1/1	1/1

Pursuant to code provision C.2.7 of the Hong Kong Code, the chairman should at least annually hold meetings with the independent non-executive Directors without the presence of the executive Directors. During the year, the Chairman held a meeting with the independent non-executive Directors without the presence of the executive Directors. The independent non-executive Directors may call for meetings from time to time and provide feedback to the Chairman to express their views. The Company is of the view that there is efficient communication between the Chairman and the independent non-executive Directors.

Induction and Continuing Development of Directors

Newly appointed Directors will be briefed on the history and business operations and corporate governance practices of the Group.

As part of the programme to enable Directors to be familiar with the Group's operations and activities, the Group would arrange for Directors to visit key sites of operations from time to time, and ongoing training helps Directors keep abreast of their responsibilities as a Director of the Company and of the business activities and development of the Group.

Under code provision C.1.4 of the Hong Kong Code, Directors are expected to participate in appropriate continuous professional development to update and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the Year, the Company's legal advisers conducted internally facilitated briefings for the Directors and related reading materials on relevant topics were issued to Directors. The Company Secretary had also provided annual updates and briefing notes to all Directors on the Bye-laws and regulations. All Directors are also encouraged to attend relevant training courses at the Company's expense.

According to the training records provided by the Directors, the training received by each of the Directors during the Year is summarized as follows:

Name of Directors	Attending briefing conducted by legal advisers and Company Secretary on regulations, corporate governance and update on Listing Rules	Attending seminars/ workshops regarding financial, management, business skills and/or director's duties and responsibilities	Reading newspapers, journals and other relevant materials relating to the economy, environmental protection, director's profession, etc.
Executive Directors			
Mr. Hu Xiangwei	✓	✓	✓
Ms. Zhu Yingxue	✓	✓	✓
Mr. Yang Jie	✓	✓	✓
Mr. Wang Jin	✓	✓	✓
Mr. Song Henan	✓	✓	✓
Independent non-executive Directors			
Mr. Shi Fazhen	✓	✓	✓
Ms. Jing Pilin	✓	✓	✓
Mr. Liu Zongliu	✓	✓	✓

Practices and Conduct of Meetings

Notice of regular Board meetings are served to all Directors at least 14 days before the meetings to give them an opportunity to attend. For other Board meetings, reasonable notice has been given to all Directors.

The Directors will receive details of agenda and minutes of Board/Board Committees' meetings in advance of and after each Board/Committees' meeting respectively.

The Board is provided with complete, adequate and timely information of the Group's performance and is informed of all material events and transactions as and when they occurred. The Directors have separate and independent access to the Company's senior management and the Company Secretary at all times. The management updates the Board on the Group's performance and outlook at each Board meeting. The Directors, in consultation with the Chairman, have the right to seek, either individually or as a group, in the furtherance of their duties, independent professional advice, if necessary, at the Company's expense.

Mr. Ng King Hang, the Company Secretary, attends all Board meetings and is responsible for ensuring that Board procedures are followed. Mr. Ng, together with the management, is also responsible for ensuring the Group's compliance with the Bermuda Companies Act and all other rules and regulations that are applicable to the Group.

Moreover, the Company Secretary prepares minutes of the Board meetings and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

If a substantial Shareholder or Director has a conflict of interest in a matter to be discussed by the Board which the Board considers material, such matter shall be considered at a Board meeting instead of resolved by written resolutions. Independent non-executive Directors who and whose close associates have no material interest in the matter should be present at such a Board meeting.

Pursuant to code provision A.2.7 of the Hong Kong Code, the chairman should at least annually hold meetings with the independent non-executive Directors without the presence of the executive Directors. During the year, the Chairman held a meeting with the independent non-executive Directors without the presence of the executive Directors. The independent non-executive Directors may call for meetings from time to time and provide feedback to the Chairman to express their views. The Company is of the view that there is efficient communication between the Chairman and the independent non-executive Directors.

Nomination Committee

The NC was established by the Board on 28 May 2004. Its written terms of reference are in accordance with code provision B.3.1 of the Hong Kong Code. As at the date of this annual report, the NC comprises two executive Directors and three independent non-executive Directors.

Chairman:	Mr. Hu Xiangwei (executive Director)
Members:	Ms. Zhu Yingxue (executive Director) Mr. Shi Fazhen (independent non-executive Director) Mr. Liu Zongliu (independent non-executive Director) Ms. Jing Pilin (independent non-executive Director)

The role and functions of the NC are set out in its written terms of reference. Its primary responsibilities include (i) conducting annual review of the structure, size and composition (including the balance of skills, knowledge, experience and diversity) of the Board, and making recommendations on any proposed changes (if any) to the Board to complement the Company's corporate strategy; (ii) identifying, selecting and recommending individuals suitably qualified to become Board members and making recommendations to the Board on selection of individuals nominated for directorships; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and chief executives; and (v) reviewing the contributions and performances of individual Director as well as evaluating the effectiveness of the Board.

For the Year, the NC held a meeting and carried out a review and an assessment of the Board's performance, taking note of the findings from previous evaluations undertaken and the actions taken to address those findings. The meeting discussed the areas where certain administrative inadequacies on dissemination of board materials and schedule planning had been noted, appropriate corrective measures agreed with management and performance indicators determined to drive compliance.

In addition, the NC has, during the year ended 31 December 2024, reviewed the structure, size and composition of the Board, reviewed the time and attention devoted by individual Directors to the Company, assessed the independence of the independent non-executive Directors, and made the recommendations to the Board on the re-appointment of retiring Directors.

Nomination Policy

The Board has adopted a nomination policy (the "**Nomination Policy**") to assist the Board in identifying suitably qualified candidates and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors as well as providing the selection criteria and procedures adopted for making recommendations by the NC. A summary of the selection criteria and procedures for recommendation and selection of candidates for directorship is disclosed below.

Selection Criteria

In assessing the suitability of a proposed candidate, the NC shall consider the following factors:

- reputation for integrity;
- accomplishment, experience and reputation of the relevant business of the Group;
- time to be devoted and attention to the affairs of the Company;
- diversity of the Board in all aspects, including but not limited to gender, age, cultural background, educational background, skills, knowledge and professional experience;
- compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and
- any other relevant factors as may be determined by the NC or the Board from time to time.

The appointment of any proposed candidate(s) to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Bye-Laws and other applicable rules and regulations.

Nomination Procedures

To nominate a candidate for the appointment and/or re-appointment of Directors, the procedures are as follows:

- The secretary of the NC shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the NC. The NC may also put forward candidates who are not nominated by Board members;

- Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a director of the Company and to the public disclosure of their personal data on any documents or relevant website in connection with their nomination or otherwise pursuant to applicable rules and regulatory requirements; recommendation will then be made by the NC upon review of the relevant documents for Board's consideration and approval. The NC may request candidates to provide additional information and documents, if considered necessary;

- In the context of re-appointment of any existing member(s) of the Board, the NC shall make recommendations to the Board for its consideration and recommendation, for the candidates to stand for re-election at a general meeting;

- Please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director of the Company", which is available on the Company's website, for procedures for shareholders' nomination of any candidate for election as a Director; and

- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

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

Under bye-law 104 of the Bye-Laws, at least one-third of the Directors are required to retire from office by rotation and they are eligible for re-election at the Company's annual general meeting, and each Director must retire from office at least once every three years. In addition, a newly appointed Director must retire and offer himself for re-election at the forthcoming annual general meeting after his appointment pursuant to bye-law 107(B) of the Bye-Laws.

On 8 April 2025, the NC had recommended the re-appointment of Mr. Wang Jin, Mr. Song Henan and Mr. Liu Zongliu pursuant to bye-law 104 of the Bye-Laws. The Board had accepted the NC's recommendation.

Board Diversity Policy

The Company adopted a board diversity policy (the "**Board Diversity Policy**"). A summary of the Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

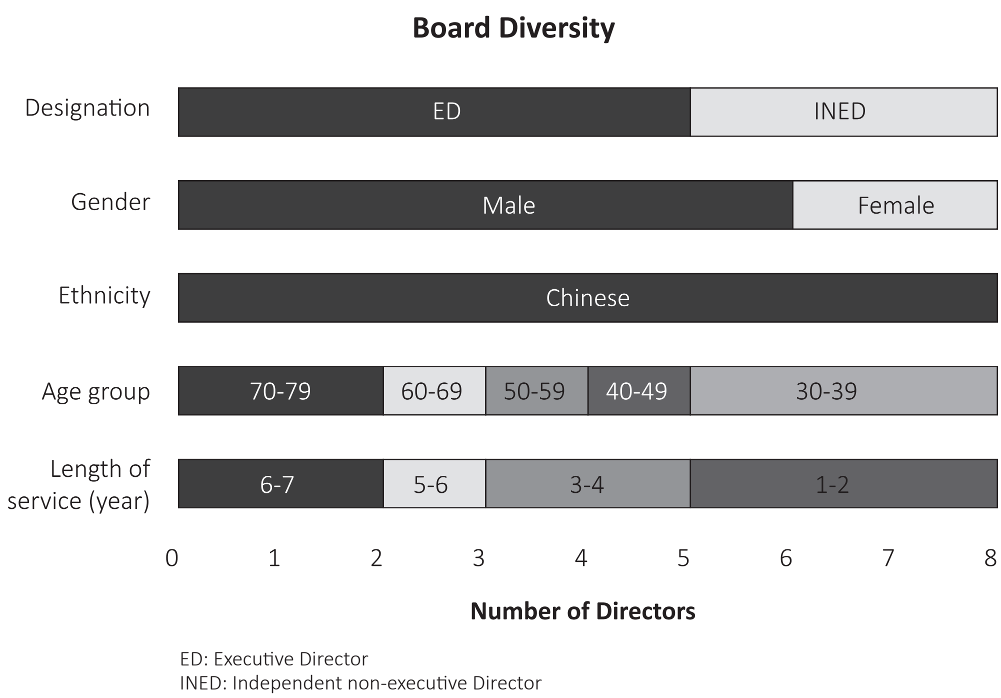
Summary of the Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aims at setting out the approach to achieve diversity of the Board. In determining the Board's composition, difference in the gender, age, cultural and educational background, professional experience, skills, knowledge and length of service of Directors will be taken into account. All Board appointment will be made based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board and the contribution that the selected candidates will bring to the Board. The Nomination Committee shall review the board diversity policy and make recommendations to the Board on amendments to the board diversity policy (if any) as appropriate annually.

The Group has a relatively balanced workforce (including senior management) overall, with 52% female permanent staff and women are well represented in corporate functions. The Group aims to maintain an appropriate balance of diversity perspectives that are relevant to the Group's business growth. The Group adheres to fair employment practices and promotes diversity and equal opportunity in its recruitment and promotion processes. Employees at all levels (from the Board downwards) are hired and selected based on their skill sets and abilities, regardless of race, gender or religion.

Measurable objectives

For the purpose of implementing the Board Diversity Policy, the Board has adopted and the Company has achieved a range of measurable objectives set out below, including but not limited to gender, ethnicity, age and length of services. The Board targets to maintain at least the current level of female presentation. As at the date of this report, the Board's composition under major diversified perspectives was summarised as follows:



Remuneration Committee

The RC was established by the Board on 28 May 2004 in accordance with Rule 3.25 of the Listing Rules. Its written terms of reference are in accordance with code provision E.1.2 of the Hong Kong Code. As at the date of this report, the RC comprises five members, a majority of whom are independent non-executive Directors and two of them are executive Directors.

Chairman:	Mr. Shi Fazhen (independent non-executive Director)
Members:	Mr. Hu Xiangwei (executive Director) Ms. Zhu Yingxue (executive Director) Mr. Liu Zongliu (independent non-executive Director) Ms. Jing Pilin (independent non-executive Director)

The RC is responsible for recommending to the Board a framework for the remuneration of Directors and key executives. The review covers all aspects of the directors' performance and remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits. The RC's recommendations are made in consultation with the chief executive officer of the Company and submitted for endorsement by the Board. No Director is involved in any decision making in respect of any remuneration or compensation to be offered or granted to him/her.

The RC held a meeting during the year ended 31 December 2024 and carried out its functions, which included the following:

(i) To recommend to the Board a framework of remuneration for the Board and executive officers; make recommendations to the Board on the remuneration packages for senior management and individual executive Directors; such remuneration packages should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, benefits in kind and retirement rights and compensation, including compensation payable for loss or termination of their office or appointment.

(ii) To review the remuneration packages of all managerial staff who are related to any of the executive Directors or the chief executive officers.

(iii) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

(iv) To make recommendations to the Board on the remuneration of non-executive Directors.

(v) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

(vi) In the case of service contracts, to consider what compensation commitments the Directors' and executive officers' contracts of service, if any, would entail in the event of early loss or termination with a view to being fair and avoiding rewarding poor performance. To ensure that any payment made is consistent with contractual terms and is otherwise fair and not excessive.

(vii) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

(viii) To ensure that no Director or any of his associates is involved in deciding his own remuneration.

(ix) To recommend to the Board in consultation with senior management and the Chairman of the Board any long term incentive scheme.

(x) In respect of any share option schemes as may be implemented, to consider whether Directors should be eligible for benefits under such incentive schemes.

(xi) To recommend to the Board on the appointment of Directors whose service contracts shall be disclosed to shareholders in accordance with the Listing Rules.

(xii) To consult the Chairman and/or Chief Executive Officer about their proposals relating to the remuneration of other executive Directors and have access to professional advice if considered necessary.

(xiii) To report to the Board on the deliberations and recommendations of the RC in discharge of their functions.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises.

Remuneration of Directors

The disclosure on the remuneration of each Director for the Year is found in note 10 to the consolidated financial statements. A breakdown, showing the level and mix of each Director's remuneration for the year is as follows:

Remuneration band	Salary HK$	Fees HK$	Bonus HK$	Other Benefits HK$	Total HK$
Less than HK$1,000,000					
Mr. Hu Xiangwei	–	–	–	–	–
Ms. Zhu Yingxue	–	–	–	–	–
Mr. Yang Jie	–	–	–	–	–
Mr. Wang Jin	–	–	–	–	–
Mr. Song Henan	–	–	–	–	–
Mr. Shi Fazhen	–	200,000	–	–	200,000
Ms. Jing Pilin	–	200,000	–	–	200,000
Mr. Liu Zongliu	–	200,000	–	–	200,000

The remuneration of the executive Directors and the key executives comprise a basic salary component and a variable component, which is the performance bonus, based on the performance of the Group as a whole and the executive Director's individual performance.

The independent non-executive Directors are paid with Directors' fees. The Directors' fee comprises a basic retainer fee, plus additional fees for serving as Chairman or member of a Board Committee, which take into account the responsibilities, efforts and time spent in the discharge of the Director's responsibilities.

The remuneration of the member of the senior management by remuneration band for the year ended 31 December 2024 is set out below:

Remuneration band	Number of individuals	
	2024	2023
Nil – HK$1,000,000	–	1
HK$1,000,001 – HK$1,500,000	1	–

Accountability and Audit

The Board is responsible for preparation of financial statements of the Group. In presenting the annual financial statements and interim and annual results announcements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the performance, position and prospects of the Company and the Group as a whole.

The Management provides the Board with relevant information on a timely basis in order that it may effectively discharge its duties.

In discharging its responsibility for the financial statements of the Group, the Board ensures that the financial statements are prepared and presented in accordance with statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in "Independent Auditor's Report" on pages 41 to 43 of this annual report.

Risk management and internal controls

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

The Group has in place an Enterprise Risk Management Framework that identifies the key risks that the Group faces, including financial, operational, compliance and information technology risks, as well as the controls and procedures put in place to manage and mitigate such risks. The said framework has been reviewed and discussed by the AC and the Board at least once annually. The AC and the Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

In the course of their statutory audit, the Company's external auditor carried out a review of the effectiveness of the Company's material internal controls. No material compliance issues or internal control weaknesses were noted by the external auditor.

The Company has appointed and commissioned an external professional services firm as internal auditor (the "**Internal Auditor**") to assist the Management in reviewing the Group's risk management and internal controls systems and procedures and assessing the adequacy and effectiveness of the Group's risk management and internal controls systems. The Internal Auditor have carried out their internal audits in accordance with an audit plan approved by the AC. Findings and recommendations of the Internal Auditor together with the Management response were submitted to the AC for review. Considering the scale and nature of the Group's operations, the Board is satisfied that such an arrangement is adequate and in the best interest of the Company as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and those relating to the company's ESG performance and reporting. The risk management and internal control systems are reviewed annually.

The Board has received assurance from the CEO and the Financial Controller that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) the Company's risk management and internal control system in place are effective and adequate.

Based on the risk management review and the risk management and the internal control system established and maintained by the Group, work performed by the Internal Auditor and the review undertaken by the external auditor, and the aforesaid assurances from the CEO and the Financial Controller, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems is effective and adequate to address the financial, operational and compliance risks, and information technology controls of the Company in its current business environment.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. The Board notes that the risk management and internal control systems established by the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provides reasonable, but not absolute, assurance against material misstatement or loss that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no risk management and internal control systems can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

The Company also has procedures and internal controls for the handling and dissemination of inside information, including strictly prohibiting unauthorised use of inside information and communication of sensitive information are made on a "need-to-know" basis only. The Group strives to identify inside information and any information which may potentially constitute inside information at the earliest practicable opportunity, which is then assessed and handed to the Board for decision on the need for disclosure.

Audit Committee

The AC was established by the Board on 28 May 2004 in accordance with Rule 3.21 of the Listing Rules. Its written terms of reference are in compliance with code provision D.3.3 of the Hong Kong Code. As at the date of this report, the AC comprises three members, all of whom are independent non-executive Directors.

Chairman:	Mr. Shi Fazhen (independent non-executive Director)
Members:	Mr. Liu Zongliu (independent non-executive Director) Ms. Jing Pilin (independent non-executive Director)

The AC held three meetings during the year ended 31 December 2024 and has dealt with the following matters, where relevant, with the executive Directors and the external auditor of the Company:

On 14 March 2025, the AC reviewed the Group's consolidated annual results for the year ended 31 December 2024, and considered that the said annual results are prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

a) review the Group's annual and interim results;

b) assist the Board in discharging its responsibility to:

   – safeguard the Company's assets;

   – maintain adequate accounting records; and

   – develop and maintain effective risk management and internal control systems and internal audit functions;

c) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;

d) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

e) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

f) review the internal audit plan, and the results of the internal audits undertaken by the Internal Auditor; and

g) review the Enterprise Risk Management Framework established, and the key risks identified together with the controls and procedures put in place to manage and mitigate the risks.

The AC has recommended to the Board that ZHONGHUI ANDA CPA Limited be nominated for reappointment as external auditor of the Company at the forthcoming annual general meeting. During the Year, the Company has paid an aggregate amount of approximately HK$1,800,000 to the external auditor for its audit services.

The Group has appointed suitable audit firms to meet the Group's audit obligations. In appointing the audit firms for the Group, the AC and the Board are satisfied that the appointment of different auditing firms for its subsidiaries will not compromise the standard and effectiveness of the audit of the Company.

The AC has full access to and co-operation of the management and has been given the resources required for it to discharge its functions properly. It has full discretion to invite any Director and executive officer to attend its meetings. The AC has also met with the external auditor, without the presence of the management of the Company during the Year. The external auditor have unrestricted access to the Audit Committee.

CORPORATE GOVERNANCE REPORT

The Company has put in place a whistle-blowing framework and the policy of anti-corruption, endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. There were no whistle-blowing reports received during the Year and up to the date of this report.

External Auditor

For the year ended 31 December 2024, the fee payable to, ZHONGHUI ANDA CPA Limited, the Company's external auditor in respect of audit services provided to the Company and its subsidiaries is set out below:

	HK$'000
Audit services	1,800

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2024 which give a true and fair view of the financial position of the Group as well as the operating results and cash flows during that year. The auditor of the Company is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the Shareholders.

Company Secretary

Mr. NG King Hang has been appointed as the Company Secretary with effect from 11 September 2018. He has complied with the requirement of Rule 3.29 of the Listing Rules by receiving relevant professional training for not less than 15 hours during the year ended 31 December 2024.

Corporate Governance Functions

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

Shareholder Rights and Responsibilities

The Company engages in regular, effective and fair communication with its shareholders, and has appointed an investor relation firm to advise on and facilitate this process. The Company sees the merits of holding briefings for investors and analysts as a means to promote better understandings of the Company's business and operations. However, it does so without compromising the principles of fair and equitable disclosure. Announcements containing inside information including annual and half-year results are released through the websites of SEHK, SGX-ST and the Company. The Company will also update investors and shareholders on the Group's development by making announcements in compliance with the Listing Rules from time to time.

All shareholders of the Company will be sent a copy of the annual report, interim report, circular (if any) and notice of general meeting in demand. The Board, the Chairman of the AC, RC and NC and the key management staff will be available at the annual general meeting to answer questions that shareholders may have concerning the Company. The external auditor will also be present to assist the Directors in addressing any relevant queries from the shareholders.

Procedures for shareholders to convene a Special General Meeting ("SGM")

Pursuant to the Bermuda Companies Act, the Board shall, on the requisition of members of the Company holding not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

If within twenty-one days of such requisition, the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

Procedures for putting forward proposals at shareholders' meeting

Shareholders can submit a written requisition to move a resolution at shareholders' meeting. The number of shareholders necessary for a requisition shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's office in Hong Kong at Room 2008, 20/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong for the attention of the Company Secretary not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

Shareholders' enquiries

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders. The Company has established several channels to communicate with the shareholders as follows:

- corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the SEHK and SGX-ST and on the website of the Company at http://www.yeigi.com;
- announcements are published on the websites of the SEHK and SGX-ST and the Company;
- designated senior management maintains regular dialogue with investors and analysis to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner;
- corporate information is made available on the Company's website; and
- annual and extraordinary general meetings, if any, provide a forum for the shareholders to make comments and exchange views with the Directors and senior management.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective for the year ended 31 December 2024.

Shareholders' Enquiries to the Board

The Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary. The contact details are set out in the Company's website (www.yeigi.com).

Dividend Policy

The Board has adopted a dividend policy (the "**Dividend Policy**") on 4 March 2019 with an aim to provide the shareholders of the Company with stable and sustainable returns.

In proposing any dividend distribution and determining the dividend payout, the Board shall take into account:

- the actual and expected performance and financial conditions of the Group;
- retained earnings and distributable reserves of the Group;
- the liquidity and cash flow of the Group;
- the expected requirements for working capital and future investment of the Group;
- restrictions on payment of dividends that may be imposed on the Company by any of its financing arrangements; and
- such other factors that the Board deems appropriate.

Model Code for Securities Transactions by Directors

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

Having made specific enquiry with all Directors, the Company confirmed that all members of the Board complied with the Model Code during the year ended 31 December 2024.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non–compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2024.

Constitutional Documents

The Board of Directors persistently review and update the policies and constitutional documents of the Company. There is no change in the Company's constitutional documents during the year. The most updated Bye-Laws are available on the websites of SEHK, SGX-ST and the Company.

REPORT OF THE DIRECTORS

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

1 PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities of the Group are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group and an indication of the likely developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" as set out on pages 5 to 11 of this annual report. These discussions form part of this Directors' Report.

2 SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 1 to the consolidated financial statements.

3 RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 44 of this annual report. No interim dividend was paid during the year. In respect of the financial year ended 31 December 2024, no dividend was proposed by the Directors (2023: Nil).

4 SUMMARY FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is set out on page 94 of this annual report. This summary does not form part of the audited consolidated financial statements.

5 FINAL DIVIDEND

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

6 PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

REPORT OF THE DIRECTORS

7 MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, sales to the Group's five largest customers accounted for approximately 63.6% (2023: approximately 70.5%) of the total sales for the year and the single largest customer accounted for approximately 18.0% (2023: approximately 18.0%); purchases from the Group's five largest suppliers accounted for approximately 72.7% (2023: approximately 48.2%) of the total purchases for the year and the single largest supplier accounted for approximately 27.4% (2023: approximately 16.7%).

None of the Directors or any of their close associates or any shareholders (who, 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 or suppliers.

8 SHARE CAPITAL

Details of the movements in the issued share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

9 DEBENTURES

The Group did not issue any debenture during the year ended 31 December 2024 (2023: Nil).

10 EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Company during the year ended 31 December 2024 or subsisted at the end of the financial year.

11 PRE-EMPTIVE RIGHTS

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

12 PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**") and the Main Board of The Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). As at 31 December 2024, the Company did not hold any treasury shares.

13 DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company during the year are set out in note 35 to the consolidated financial statements.

14 DIRECTORS

The Directors in office during the financial year ended 31 December 2024 and up to the date of this report are:

Executive Directors

Mr. Hu Xiangwei (Chairman)
Ms. Zhu Yingxue (Chief Executive Officer)
Mr. Yang Jie
Mr. Wang Jin
Mr. Song Henan

Independent Non-executive Directors

Mr. Shi Fazhen
Mr. Liu Zongliu
Ms. Jing Pilin

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

15 BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 15 of this annual report. The biographical details do not form part of the audited consolidated financial statements.

16 DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Board of Directors with reference to the respective Directors' duties, responsibilities and performance and the results of the Group. The details of the directors' remuneration are set out in note 10 to the consolidated financial statements.

REPORT OF THE DIRECTORS

17 DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, Mr. Hu Xiangwei, Ms. Zhu Yingxue, Mr. Yang Jie, Mr. Wang Jin and Mr. Song Henan entered into a service contract with the Company for a term of three years, which shall automatically continue from year to year upon expiry of its term, unless terminated in accordance with the provisions of the service contract by either party giving to the other not less than six months' prior notice in writing provided that the Company shall have the option to pay salary in lieu of any required period of notice.

None of the Directors has or is proposed to have entered into any service contract with the Company or any of its subsidiaries which is not determinable by the Company or any such subsidiary within one year without payment of compensation other than statutory compensation.

18 MANAGEMENT CONTRACTS

Save for service contracts of the Directors, no contracts concerning management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

19 CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, there were no contract of significance for the provision of services in relation to the Group's business between the Company, or any of its subsidiaries or fellow subsidiaries, and the Company's controlling shareholder, or any of its subsidiaries or fellow subsidiaries, subsisted at as 31 December 2024 or at any time during the year ended 31 December 2024.

20 DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the SEHK pursuant to the Model Code.

21 DIRECTORS' INTEREST IN COMPETING BUSINESSES

None of the Directors was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group at any time during the year ended 31 December 2024.

22 DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the related party transactions are set out in the below paragraphs and note 27 to the consolidated financial statements.

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

23 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year ended 31 December 2024 nor at any time during the financial year did there subsist any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

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

As at 31 December 2024, so far as known to the Directors of the Company, the following persons (other than the Directors whose interests are disclosed in the section headed "Directors' Interests in Shares and Underlying Shares and Debentures" above) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK 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:

Long position in Shares

		Direct Interest		Deemed Interest	
Name	**Capacity and nature of interests**	**Number of Shares held**	**Approximate percentage of the issued share capital of the Company**	**Number of Shares held**	**Approximate percentage of the issued share capital of the Company**
Baodi International Investment Company Limited *(Note 1)*	Beneficial owner	201,196,995	73.05%	–	–
Yunnan Energy Investment (HK) Co. Limited *(Note 1)*	Interest of controlled corporation	–	–	201,196,995	73.05%
Yunnan Provincial Energy Investment Group Co., Limited *(Note 1)*	Interest of controlled corporation	–	–	201,196,995	73.05%

Notes:

1. 201,196,995 shares are owned by Baodi International Investment Company Limited which is wholly owned by Yunnan Energy Investment (HK) Co. Limited, which in turn is wholly owned by Yunnan Provincial Energy Investment Group Co., Limited. Accordingly, Yunnan Energy Investment (HK) Co. Limited and Yunnan Provincial Energy Investment Group Co., Limited are deemed to be interested in all the Shares held by Baodi International Investment Company Limited.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other persons (other than the Directors) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK 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.

25 SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

26 BOARD COMMITTEES

The Company established each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 28 May 2004. For further details, please refer to the Corporate Governance Report of this annual report.

27 DONATIONS

No charitable and other donations were made by the Group during the year ended 31 December 2024 (2023: Nil).

28 ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to operating in compliance with applicable environmental laws as well as protecting the environment by minimising the negative impact of the Group's existing business activities on the environment.

The Group has actively promoted material-saving and environmentally friendly working environment so as to protect the environment and improve air quality within the community. The Group is reviewing their action plan for further reduction of energy consumption in our manufacturing facilities. Several measures have been implemented in order to mitigate environmental pollution, such as reducing energy consumption and enhancing machines and equipment. The Group also adheres to the principle of recycling and reducing. Double sided printing and copying, using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance are being implemented in the offices.

29 COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non–compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with the applicable rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications.

Throughout the financial year ended 31 December 2024, to the best knowledge, information and belief, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Company.

30 RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For our relationship with employees, please refer to the paragraph headed "Employees and Emolument Policy" as set out in the Management Discussion and Analysis on page 11 of this annual report.

Relationship is the fundamentals of business. The Group fully understands this principle and thus maintain close relationship with the customers to fulfil their immediate and long-term need. The Group also strives to maintain fair and co-operating relationship with the suppliers.

31 PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2024. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

32 DEFINED BENEFIT PLAN

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance and other defined contribution schemes in other jurisdictions in which the Group has operations for eligible employees. Under these schemes, the Group's employer contributions vest fully with the employees when contributed into these schemes. Accordingly, the Group's contributions under these schemes had no forfeited contributions which may be used to reduce the existing level of contributions.

The Group did not have any defined benefit plan for the year ended 31 December 2024.

33 CONNECTED TRANSACTIONS

On 19 January 2024, the Group signed an equity transfer agreement with a subsidiary of YEI Group and Dayao Green Energy to acquire 6.67% equity interest in Dayao Green Energy. The Group completed the acquisition on 26 March 2024. Details of the acquisition are disclosed in the circular of the Company dated 23 February 2024.

Save as disclosed above, during the year ended 31 December 2024, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

34 RELATED PARTY TRANSACTIONS

None of the related party transactions as set out in note 27 to the consolidated financial statements in the annual report falls under the definition of "connected transactions" or "continuing connected transactions" as defined in Chapter 14A of the Listing Rules (except for the loan from the immediate holding company which is fully exempted from the connected transaction requirement under Rule 14A.90 of the Listing Rules and the consultancy service expenses to a fellow subsidiary which is fully exempted from the connected transaction requirement under Rule 14A.76 of the Listing Rules). The connected and continuing connected transactions of the Group are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

35 EVENT AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period (if any) are set out in note 34 to the consolidated financial statements.

REPORT OF
THE DIRECTORS

36 AUDITOR

Ernst & Young ("**EY**") has been the auditor of the Group since 18 December 2018 until 18 December 2024. On 18 December 2024, EY resigned as the auditor of the Company. The Board, with the recommendation of the Audit Committee, resolved to appoint ZHONGHUI ANDA CPA Limited ("**Zhonghui Anda**") as the auditor of the Company with effect from 18 December 2024 to fill the casual vacancy following the resignation of EY as auditor of the Company, and to hold office until the conclusion of the next annual general meeting of the Company. An ordinary resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Zhonghui Anda as the auditor of the Company. The auditor, Zhonghui Anda, has expressed their willingness to accept the re-appointment.

37 TAX RELIEF AND EXEMPTION

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

ON BEHALF OF THE BOARD

Hu Xiangwei
Chairman
14 March 2025

ZHONGHUI

To the shareholders of Yunnan Energy International Co. Limited
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Yunnan Energy International Co. Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 44 to 93, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

Impairment assessment of trade receivables and prepayments

Refer to notes 17 and 18 to the consolidated financial statements

The Group tested the amount of trade receivables and prepayment for impairment. This impairment test is significant to our audit because the balance of trade receivables and prepayment of HK$141,709,000 and HK$64,530,000 as at 31 December 2024 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Impairment assessment of trade receivables and prepayments – continued

Our audit procedures included, among others:

- Assessing the Group's relationship and transaction history with the customers and suppliers;
- Evaluating the Group's impairment assessment of trade receivables and prepayments;
- Assessing ageing of the trade receivables;
- Checking subsequent settlements from the customers and subsequent usages from suppliers;
- Evaluating the competence, capabilities and objectivity of external valuation specialists; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade receivables and prepayment is supported by the available evidence.

Other Information

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

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre.

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Li Shun Fai
Audit Engagement Director
Practising Certificate Number P05498
Hong Kong, 14 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024	2023
		HK$'000	HK$'000
REVENUE	6	576,615	341,863
Cost of sales		(546,720)	(331,780)
Gross profit		29,895	10,083
Other income and gains and losses, net	7	(5,922)	2,675
Selling and distribution expenses		(4,201)	(902)
Administrative expenses		(12,988)	(13,700)
(Impairment losses)/reversal of impairment losses of financial assets, net	9	(406)	1,275
Finance costs	8	(3,133)	(4,059)
PROFIT/(LOSS) BEFORE TAX	9	3,245	(4,628)
Income tax	12	(2,754)	(342)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		491	(4,970)
OTHER COMPREHENSIVE INCOME/(LOSS):			
Item that will not be reclassified to profit or loss:			
Fair value changes of equity investment designated at fair value through other comprehensive income		852	–
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(2,555)	(1,084)
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR		(1,703)	(1,084)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,212)	(6,054)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT			
Basic and diluted (HK cents per share)	13	0.18	(1.80)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024	2023
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	105	126
Equity investment designated at fair value through other comprehensive income	15	40,877	–
Total non-current assets		40,982	126
CURRENT ASSETS			
Inventories	16	72,401	40,614
Trade receivables	17	141,709	93,102
Prepayments, deposits and other receivables	18	93,569	64,297
Cash and cash equivalents	19	66,063	120,618
Total current assets		373,742	318,631
CURRENT LIABILITIES			
Trade payables	20	55,549	29,823
Other payables and accruals	21	38,795	32,159
Loan from an intermediate holding company	22	–	91,446
Loan from a fellow subsidiary	23	153,752	–
Tax payable		2,511	–
Total current liabilities		250,607	153,428
NET CURRENT ASSETS		123,135	165,203
TOTAL ASSETS LESS CURRENT LIABILITIES		164,117	165,329
NET ASSETS		164,117	165,329
EQUITY			
Issued capital	24	107,420	107,420
Reserves	25(a)	56,697	57,909
TOTAL EQUITY		164,117	165,329

HU XIANGWEI
DIRECTOR

ZHU YINGXUE
DIRECTOR

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent						
	Share capital	Share premium account	Contributed surplus	Investment revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2023	107,420	143,392	3,071	–	(8,043)	(74,457)	171,383
Loss for the year	–	–	–	–	–	(4,970)	(4,970)
Exchange difference on translating foreign operations	–	–	–	–	(1,084)	–	(1,084)
Total comprehensive loss for the year	–	–	–	–	(1,084)	(4,970)	(6,054)
At 31 December 2023	107,420	143,392*	3,071*	–*	(9,127)*	(79,427)*	165,329
At 1 January 2024	107,420	143,392	3,071	–	(9,127)	(79,427)	165,329
Profit for the year	–	–	–	–	–	491	491
Fair value changes of equity investment designated at fair value through other comprehensive income	–	–	–	852	–	–	852
Exchange difference on translating foreign operations	–	–	–	–	(2,555)	–	(2,555)
Total comprehensive income/(loss) for the year	–	–	–	852	(2,555)	491	(1,212)
At 31 December 2024	107,420	143,392*	3,071*	852*	(11,682)*	(78,936)*	164,117

* These reserve accounts comprise the consolidated reserves of HK$56,697,000 (2023: HK$57,909,000) in the consolidated statement of financial position as at 31 December 2024.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Year ended 31 December 2024

	Notes	2024	2023
		HK$'000	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		3,245	(4,628)
Adjustments for:			
Bank interest income	7	(629)	(357)
Finance costs	8	3,133	4,059
Impairment losses/(reversal of impairment losses) of financial assets, net	9	406	(1,275)
Depreciation of property, plant and equipment	14	53	61
Fair value losses/(gains) of derivative financial instruments, net	7	949	(237)
Fair value losses of other receivables under factoring agreement	7	2,663	–
Impairment losses on inventories	7	4,291	–
Operating cash flows before working capital changes		14,111	(2,377)
Increase in inventories		(37,851)	(16,688)
Increase in trade receivables		(53,382)	(46,361)
(Increase)/decrease in other receivables, deposits and prepayments		(32,249)	44,879
Increase in trade payables		26,690	18,070
Increase in accruals and other payables		7,153	16,902
Decrease in amount due to a fellow subsidiary		(16)	(81)
Increase in amount due from a fellow subsidiary		(16)	–
Cash (used in)/generated from operations		(75,560)	14,344
PRC corporate income tax paid		(207)	(342)
Net cash flows (used in)/generated from operating activities		(75,767)	14,002
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of an equity investment designated at fair value through other comprehensive income		(40,025)	–
Purchases of property, plant and equipment		(33)	(65)
Interest received		629	357
Net cash flows (used in)/generated from investing activities		(39,429)	292
CASH FLOWS FROM FINANCING ACTIVITIES			
New loan from a fellow subsidiary		153,379	–
New loan from an intermediate holding company		16,433	155,538
Repayment of a loan from an intermediate holding company		(104,079)	(94,434)
Interest paid		(3,669)	(4,059)
Net cash flows generated from financing activities		62,064	57,045
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(53,132)	71,339
Cash and cash equivalents at beginning of year		120,618	43,090
Effect of foreign exchange rate changes		(1,423)	6,189
CASH AND CASH EQUIVALENTS AT END OF YEAR		66,063	120,618
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	63,144	75,462
Non-pledged time deposits with original maturity of less than three months when acquired	19	2,919	45,156
Cash and cash equivalents as stated in the consolidated statement of financial position		66,063	120,618

1. CORPORATE AND GROUP INFORMATION

Yunnan Energy International Co. Limited (the "**Company**") is incorporated in Bermuda as an exempted company with limited liability. The Company's shares have a primary listing on the Main Board of The Stock Exchange of Hong Kong Limited ("**SEHK**") and a secondary listing on the Main Board of Singapore Exchange Securities Trading Limited ("**SGX-ST**").

During the year, the Company and its subsidiaries (collectively, the "**Group**") were involved in the following principal activities:

- Distribution of branded analytical and laboratory instruments and life science equipment (the "**Distribution Business**")
- Supply chain business on the trading of commodities, diversified industrial and consumer products (the "**Supply Chain Business**")

The immediate holding company of the Company is Baodi International Investment Company Ltd., which is incorporated in the British Virgin Islands with limited liability, and in the opinion of the directors, the ultimate holding company of the Company is Yunnan Provincial Energy Investment Group Co., Ltd, which is a state-owned enterprise established in the People's Republic of China (the "**PRC**") and is wholly owned by The State-owned Assets Supervision and Administration Commission of the Yunnan Provincial People's Government of the PRC.

Information about principal subsidiary

Particulars of the Company's principal subsidiary, which is indirectly held by the Company, as at 31 December 2024 are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary share capital or paid-up capital/ registered capital	Percentage of equity attributable to the Company	Principal activities
雲南能投國際供應鏈有限公司*	PRC/Chinese Mainland	US$100,000,000	100	Trading of analytical and laboratory instruments, life science equipment, diversified industrial and consumer products

* The subsidiary is registered as wholly-foreign-owned enterprise under the PRC law.

1. CORPORATE AND GROUP INFORMATION – continued

Information about principal subsidiaries – continued

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group as at 31 December 2024. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("**IFRS Accounting Standards**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRS Accounting Standards but is not yet in a position to state whether these new and revised IFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, investments and derivatives which are carried at their fair values less costs to sell.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES – continued

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

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

3. MATERIAL ACCOUNTING POLICIES – continued

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a holding company of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

3. MATERIAL ACCOUNTING POLICIES – continued

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Leasehold improvements	29%
Machinery and equipment	9% to 20%
Furniture and fixtures	18% to 20%

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

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

3. MATERIAL ACCOUNTING POLICIES – continued

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Financial assets

Initial recognition and measurement

Financial assets are all classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss ("**FVTPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets (debt instruments) with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

3. MATERIAL ACCOUNTING POLICIES – continued

Financial assets – continued

Initial recognition and measurement – continued

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

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

Subsequent measurement

Financial assets at amortised cost (debt instruments)

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

Financial assets at FVTPL

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

This category includes financial assets with embedded derivatives.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

3. MATERIAL ACCOUNTING POLICIES – continued

Financial assets at FVTPL – continued

Impairment of financial assets

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

(a) General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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

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

3. MATERIAL ACCOUNTING POLICIES – continued

Financial assets at FVTPL – continued

Impairment of financial assets – continued

(b) Simplified approach

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

Derecognition of financial assets

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES – continued

Financial assets at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments at FVTOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial liabilities

Financial liabilities are all classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, and payables. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, loan from an intermediate holding company, loan from a fellow subsidiary, amount due to a fellow subsidiary and derivative financial instruments.

Subsequent measurement

Financial liabilities at amortised cost (trade payables, other payables and accruals, loan from an intermediate holding company, loan from a fellow subsidiary and amount due to a fellow subsidiary)

After initial recognition, trade payables, other payables and accruals, loan from an intermediate holding company, loan from a fellow subsidiary and amount due to a fellow subsidiary are 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. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

3. MATERIAL ACCOUNTING POLICIES – continued

Financial liabilities at FVTPL

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

Financial liabilities designated upon initial recognition as at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

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

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

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the profit or loss.

Offsetting of financial instruments

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

3. MATERIAL ACCOUNTING POLICIES – continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

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

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

The Group provides for back-to-back warrants in relation to the sale of certain industrial products for general repairs of defects occurring during the warranty period.

3. MATERIAL ACCOUNTING POLICIES – continued

Government grants

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

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

Income tax

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES – continued

Income tax – continued

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES – continued

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

Incidental to the sale of analytical and laboratory instruments and life science equipment, the Group also provides installation services in accordance with the terms of the contracts with customers. These services, which are not separately provided by the Group and are bundled together with the sale of analytical and laboratory instruments and life science equipment to a customer, are not identified as separate performance obligations as, in the opinion of the directors, they are not significant in the context of the contract as a whole.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from other sources

Other income

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

Contract liabilities

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

Employee benefits

Defined contribution schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance of Hong Kong and other defined contribution schemes in other jurisdictions in which the Group has operations for eligible employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of these defined contribution schemes. The assets of these schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into these schemes.

3. MATERIAL ACCOUNTING POLICIES – continued

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

Foreign currencies

These financial statements are presented in Hong Kong dollar ("**HK$**"), which is different from the Company's functional currency of the United States dollar, because the directors of the Company considered that HK$ enables shareholders and potential investors of the Company to have a more accurate picture of the Group by aligning the Group's financial performance with its share price. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

3. MATERIAL ACCOUNTING POLICIES – continued

Foreign currencies – continued

The functional currencies of the Company and certain subsidiaries are currencies other than HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK$ at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of those entities whose functional currency is not HK$ are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements are set out below:

(a) Provision for expected credit losses of trade receivables

The Group categories its trade customers into different categories based on credit risk and calculates ECL for trade receivables by applying ECL rates to different ageing groups of each category of trade receivables. The ECL rate of each ageing group is determined by the Group based on the average of history credit loss experience on each ageing group in the past years and, where material, adjusted for forwardlooking factors specific to the debtors and the economic environment. External customers with credit deterioration will be assessed on an individual basis for the provision of ECLs.

The Group's historical credit loss experience and forecast of economic conditions may not be representative of a customer's actual default in the future and significant management estimates are required in the estimates. When the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amounts of trade receivables and the amount of ECLs provided or reversed in the periods in which such estimates have been changed. The information about the ECLs on the Group's trade receivables is disclosed in note 17 to the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – continued

(b) Impairment of prepayments

The Group determines whether prepayments for goods is impaired at each reporting date which requires an estimation of the recoverable amount. Estimating the recoverable amount requires the Group to make an estimate of the expected delivery of goods or the sale of collateral held that are integral to the contractual terms. The carrying amounts of prepayments as at 31 December 2024 was HK$64,530,000 (2023: HK$54,187,000), further details of which are set out in note 18 to the consolidated financial statements.

(c) Impairment of inventories

The Group determined whether inventories is impaired based on the assessment of net realisable value, which is the amount of the inventories that are expected to realise. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the ageing of inventories, indication of obsolescence and fluctuations of the price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Significant management estimates are required in the estimates. When the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying values of inventories and the amount of impairment/reversal in the periods in which such estimates have been changed.

During 31 December 2024, impairment losses of HK$4,291,000 (2023: nil) has been provided against the inventories. The net carrying amount of inventories as at 31 December 2024 was HK$72,401,000 (2023: HK$40,614,000). Details of nature of inventories are set out in note 16 to the consolidated financial statements.

(d) Revenue from contracts with customers – Principal versus agent consideration

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

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. In this case, when the Group satisfies the performance obligation, the Group recognises revenue in the gross amount of consideration for its trading transactions.

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

The Group applies judgements in regard to whether the Group controls the promised goods before transferring them to the customers and determine that, except for the trading of copper cathode which is carried out as an agent, its role as a principal for its trading transactions.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their products and services and has two reportable operating segments as follows:

(a) the Distribution Business segment, which is engaged in the provision of distribution and after-sales services for different analytical instruments, life science and general laboratory instruments; and

(b) the Supply Chain Business segment, which is engaged in the trading of commodities, diversified industrial and consumer products.

The chief operating decision maker of the Group ("CODM", identified as the executive directors of the Company and certain senior management) monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, finance costs, depreciation, as well as head office and corporate administrative expenses are excluded from such measurement.

Segment revenue and results

	Distribution Business		Supply Chain Business		Total	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Segment revenue	52,085	57,257	524,530	284,606	576,615	341,863
Segment results	(1,174)	(1,759)	12,358	5,613	11,184	3,854
Bank interest income					629	357
Finance costs					(3,133)	(4,059)
Depreciation					(53)	(61)
Corporate administrative expenses					(5,382)	(4,719)
Profit/(loss) before tax					3,245	(4,628)

Segment assets and liabilities

Segment assets and liabilities information is not disclosed as it is not regularly reviewed by the CODM.

5. OPERATING SEGMENT INFORMATION – continued

Geographical information

	2024	2023
	HK$'000	HK$'000
Revenue from external customers:		
PRC (including Hong Kong and Macau)	367,196	277,166
Asia (other than the PRC)	175,514	61,819
Other areas	33,905	2,878
	576,615	341,863

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

No geographical information about the Group's non-current assets is presented as more than 90% of the Group's non-current assets as at 31 December 2024 and 2023 were located in the PRC (including Hong Kong and Macau).

Information about major customers

The revenue generated from sales to each of the customers which individually contributed more than 10% of the Group's total revenue during the year is set out below:

	2024	2023
	HK$'000	HK$'000
Customer A from the Supply Chain Business segment	103,912	N/A*
Customer B from the Supply Chain Business segment	92,598	N/A*
Customer C from the Supply Chain Business segment	59,229	N/A*
Customer D from the Supply Chain Business segment	60,891	51,005
Customer E from the Supply Chain Business segment	N/A*	61,483
Customer F from the Supply Chain Business segment	N/A*	44,773
Customer G from the Distribution Business segment	N/A*	42,762
Customer H from the Supply Chain Business segment	N/A*	40,879

* The corresponding revenue of these customers is not disclosed as they individually did not contribute 10% or more of the Group's total revenue for the relevant years.

6. REVENUE

The Group's revenue for each of the years ended 31 December 2024 and 2023 was derived from sale of goods, which represented revenue from contracts with customers.

Notes:

(a) Disaggregated revenue information

Year ended 31 December 2024

	Distribution Business	Supply Chain Business	Total
	HK$'000	HK$'000	HK$'000
Types of goods or services and timing of revenue recognition			
Sale of goods, recognised at the point in time	52,085	524,530	576,615
Geographical markets			
PRC (including Hong Kong and Macau)	52,085	315,111	367,196
Asia (other than the PRC)	–	175,514	175,514
Other areas	–	33,905	33,905
Total revenue from contracts with customers	52,085	524,530	576,615

Year ended 31 December 2023

	Distribution Business	Supply Chain Business	Total
	HK$'000	HK$'000	HK$'000
Types of goods or services and timing of revenue recognition			
Sale of goods, recognised at the point in time	57,257	284,606	341,863
Geographical markets			
PRC (including Hong Kong and Macau)	57,257	219,909	277,166
Asia (other than the PRC)	–	61,819	61,819
Other areas	–	2,878	2,878
Total revenue from contracts with customers	57,257	284,606	341,863

(b) The following table shows the amounts of revenue recognised in the current reporting period that were included in contract liabilities at the beginning of the reporting period:

	2024	2023
	HK$'000	HK$'000
Sale of goods	28,313	11,509

(c) No revenue recognised during the years ended 31 December 2024 and 2023 related to performance obligations satisfied or partially satisfied in previous years.

(d) Performance obligations

The performance obligation for the sale of goods is satisfied upon delivery of the goods and payment is generally due within 60 to 150 days from delivery, except for new customers, where payment in advance is normally required.

6. REVENUE – continued

The Group has applied the practical expedient in IFRS 15 to its revenue from the sale of goods for not disclosing the remaining performance obligations under the Group's existing contracts as all contracts in which the performance obligations are expected to be recognised as revenue have an original expected duration of one year or less.

7. OTHER INCOME AND GAINS AND LOSSES, NET

An analysis of the Group's other income and gains and losses, net is as follows:

	2024	2023
	HK$'000	HK$'000
Other income		
Bank interest income	629	357
Compensation from suppliers	–	862
Government subsidies (note)	711	–
Others	91	10
	1,431	1,229
Gains and losses, net		
Fair value (losses)/gains of derivative financial instruments, net	(949)	237
Fair value losses of other receivables under factoring agreement	(2,663)	–
Impairment losses on inventories	(4,291)	–
Foreign exchange gain, net	550	1,209
	(7,353)	1,446
	(5,922)	2,675

Note: The amount represented the government subsidies provided to encourage foreign investments in the PRC. In the opinion of the directors of the Company, the Group has fulfilled all conditions attached to the subsidies.

8. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2024	2023
	HK$'000	HK$'000
Interest expenses on loan from an intermediate holding company	525	4,059
Interest expenses on loan from a fellow subsidiary	2,608	–
	3,133	4,059

9. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) for the year is stated after charging/(crediting) the following:

	Notes	2024	2023
		HK$'000	HK$'000
Cost of inventories sold		546,720	331,780
Depreciation of property, plant and equipment	14	53	61
Auditor's remuneration		1,800	2,300
Employee benefit expense (excluding directors' remuneration (note 10)):			
– Salaries, allowances and benefits in kind		5,759	4,907
– Defined contribution scheme contributions*		283	286
		6,042	5,193
Impairment losses/(reversal of impairment losses) of financial assets, net:			
Write-off of another receivable		–	379
Trade receivables	17(d)	412	4
Other receivables	18(d)	(6)	(1,658)
		406	(1,275)

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

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on the SEHK, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024	2023
	HK$'000	HK$'000
Fees	600	600
Other emoluments	–	–
	600	600

An analysis of the directors' remuneration, on a named basis, is as follows:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Defined contribution scheme contributions bonus	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2024					
Executive directors					
Mr. Hu Xiangwei	–	–	–	–	–
Ms. Zhu Yingxue*	–	–	–	–	–
Mr. Yang Jie*	–	–	–	–	–
Mr. Wang Jin*	–	–	–	–	–
Mr. Song Henan	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Shi Fazhen	200	–	–	–	200
Mr. Liu Zongliu	200	–	–	–	200
Ms. Jing Pilin	200	–	–	–	200
	600	–	–	–	600
	600	–	–	–	600

10. DIRECTORS' REMUNERATION – continued

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Defined contribution scheme contributions bonus	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2023					
Executive directors					
Mr. Hu Xiangwei	–	–	–	–	–
Ms. Zhu Yingxue*	–	–	–	–	–
Mr. Yang Jie*	–	–	–	–	–
Mr. Wang Jin*	–	–	–	–	–
Mr. Song Henan	–	–	–	–	–
Mr. Wang Xianjun#	–	–	–	–	–
Mr. Jiang Wei#	–	–	–	–	–
Ms. Zhao Na#	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Shi Fazhen	200	–	–	–	200
Mr. Liu Zongliu	200	–	–	–	200
Ms. Jing Pilin	200	–	–	–	200
	600	–	–	–	600
	600	–	–	–	600

* Appointed as an executive director on 3 August 2023
# Resigned as an executive director on 3 August 2023

Notes:

(a) The above directors' remuneration disclosure only included the remuneration of the directors during the period when they are directors of the Company.

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

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2024 and 2023 are neither a director nor the chief executive of the Company. Details of the remuneration for the year of the five (2023: five) highest paid non-director employees are as follows:

	2024	2023
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	2,414	2,508
Performance related bonuses	313	187
Defined contribution scheme contributions	79	85
	2,806	2,780

The emoluments of the five (2023: five) highest paid non-director employees are within the following bands:

	2024	2023
	Number of individuals	Number of individuals
Nil – HK$1,000,000	4	5
HK$1,000,001 – HK$1,500,000	1	–

12. INCOME TAX

An analysis of the Group's income tax is as follows:

	2024	2023
	HK$'000	HK$'000
Current – PRC		
Charge for the year	2,754	342

Notes:

(a) The income tax expense of the Group is calculated at the respective statutory tax rates prevailing in the relevant jurisdictions of operations.

No provision for Hong Kong profits tax and Macau income tax was made as the Group did not have any assessment profits arising from Hong Kong and Macau for both years.

Under the Law on Corporate Income Tax of the PRC (the "**PRC Corporate Income Tax Law**") and the Implementation Regulation of the PRC Corporate Income Tax Law, the income tax rate applicable to subsidiaries established in the PRC is 25% (2023: 25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. INCOME TAX – continued

Notes: – continued

(b) A reconciliation of the tax credit applicable to profit/(loss) before tax at the Hong Kong statutory tax rate to the tax expense at the Group's effective tax rate is as follows:

	2024 HK$'000	2023 HK$'000
Profit/(loss) before tax	3,245	(4,628)
Tax expense/(credit) at the statutory tax rate of 16.5% (2023: 16.5%)	535	(764)
Higher tax rate enacted by local authority	1,079	124
Income not subject to tax	(105)	(313)
Expense not deductible for tax	849	102
Tax losses utilised from previous periods	(664)	(61)
Tax losses not recognised	1,060	1,254
Tax expense	2,754	342

(c) At 31 December 2024, deferred tax assets have not been recognised in respect of unused tax losses and temporary differences arising from impairment provision with an aggregate amount of approximately HK$51.1 million (2023: HK$47.4 million) as they have arisen in the Company and certain subsidiaries that have been loss-making for some time and it is not probable that taxable profits will be available against which such tax losses can be utilised. Out of this amount, tax losses of HK$9.4 million (2023: HK$13.4 million) will expire in one to five years.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit for the year attributable to ordinary equity owners of the parent of HK$491,000 (2023: loss for the year attributable to ordinary equity owners of the parent of HK$4,970,000), and the weighted average number of ordinary shares of 275,437,000 (2023: 275,437,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amount presented for each of the years ended 31 December 2024 and 2023 for a dilution as the Group had no potential ordinary shares in issue during these years.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Machinery and equipment	Furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2024				
At 1 January 2024				
Cost	438	898	114	1,450
Accumulated depreciation and impairment	(438)	(840)	(46)	(1,324)
Net carrying amount	–	58	68	126
Net carrying amount:				
At 1 January 2024	–	58	68	126
Additions	–	33	–	33
Depreciation provided during the year	–	(32)	(21)	(53)
Exchange realignment	–	–	(1)	(1)
At 31 December 2024	–	59	46	105
At 31 December 2024:				
Cost	438	928	112	1,478
Accumulated depreciation and impairment	(438)	(869)	(66)	(1,373)
Net carrying amount	–	59	46	105

	Leasehold improvement	Machinery and equipment	Furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2023				
At 1 January 2023				
Cost	438	836	114	1,388
Accumulated depreciation and impairment	(438)	(798)	(26)	(1,262)
Net carrying amount	–	38	88	126
Net carrying amount:				
At 1 January 2023	–	38	88	126
Additions	–	63	2	65
Depreciation provided during the year	–	(40)	(21)	(61)
Exchange realignment	–	(3)	(1)	(4)
At 31 December 2023	–	58	68	126
At 31 December 2023:				
Cost	438	898	114	1,450
Accumulated depreciation and impairment	(438)	(840)	(46)	(1,324)
Net carrying amount	–	58	68	126

15. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
	HK$'000	HK$'000
Equity securities, at fair value		
Unlisted equity securities	40,877	–
Analysed as:		
Non-current assets	40,877	–

The equity investment designated at FVTOCI is an unlisted equity investment that represented 6.67% equity interest of YEIG Dayao Green Energy Generation Co., Ltd. ("**Dayao Green Energy**"), a private entity incorporated in the PRC, which is responsible for the development, construction, operation and management of the green energy project. The Group designated its investment in Dayao Green Energy at FVTOCI, as it held for long-term strategic purpose and this classification helps to avoid the volatility of fair value changes effecting the profit or loss. No dividends were received on this investment during year ended 31 December 2024 (2023: nil).

16. INVENTORIES

	2024	2023
	HK$'000	HK$'000
Finished goods	72,401	40,614

Inventories of the Group as at 31 December 2024 and 2023 are goods held for trading by the Supply Chain Business.

The directors of the Company have assessed the net realisable values and condition of the Group's inventories as at 31 December 2024 and 2023 and impairment losses of HK$4,291,000 (2023: nil) have been provided against the inventories.

17. TRADE RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Trade receivables	147,137	94,065
Provisionally priced receivable (note (b))	1,103	6,037
Impairment losses recognised (note (d))	(6,531)	(7,000)
	141,709	93,102

Notes:

(a) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60 days, extending up to 150 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Except for collection of trade debts arising from trading with overseas customers which is covered by insurance policies, the Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

(b) Included in the trade receivables was a derivative asset of US$142,000 (equivalent to HK$1,103,000) (2023: US$772,000 (equivalent to HK$6,037,000)). During the year, the Group has entered into copper cathode trading contracts with two customers (2023: one customer), of which the contracts are provisionally priced at the time of each respective shipment date. The final sales price is based on the average quoted market prices of copper cathode on the London Metal Exchange less discounts during the first to third month (2023: third month) after the date of delivery. The Group considered this provisionally priced receivable as an embedded derivative under IFRS 9. The change in the fair value of the provisionally priced receivable is calculated based on relevant forward market prices as at 31 December 2024 and recognised in "other income and gains and loss, net" in profit or loss.

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

	2024	2023
	HK$'000	HK$'000
0 to 90 days	97,046	77,712
91 to 120 days	31,850	–
121 to 365 days	9,743	1,956
Over 365 days	3,070	13,434
	141,709	93,102

17. TRADE RECEIVABLES – continued

Notes: – continued

(d) The movements in the loss allowance for impairment of trade receivables during the year are as follows:

	2024	2023
	HK$'000	HK$'000
At 1 January	7,000	10,177
Impairment losses recognised during the year, net	412	4
Amounts written off as uncollectible	(795)	(3,112)
Exchange realignment	(86)	(69)
At 31 December	6,531	7,000

Set out below is the information about the credit risk exposure on the Group's trade receivables, using a provision matrix or, for external customers with credit deterioration, assessing on an individual basis:

At 31 December 2024

	Ageing based on the invoice date			
	Less than 1 year	1 to 2 years	Over 2 years	Total
Group 1 – Distribution Business				
Effective expected credit loss rate	0.54%	N/A	100.00%	
Gross carrying amount (HK$'000)	33,624	–	5,330	38,954
Expected credit losses (HK$'000)	181	–	5,330	5,511
Group 2 – Supply Chain Business (International trading)				
Effective expected credit loss rate	N/A	N/A	N/A	
Gross carrying amount (HK$'000)	–	–	–	–
Expected credit losses (HK$'000)	–	–	–	–
Group 3 – Supply Chain Business (Domestic trading)				
Effective expected credit loss rate	0.90%	2.23%	N/A	
Gross carrying amount (HK$'000)	105,043	3,140	–	108,183
Expected credit losses (HK$'000)	950	70	–	1,020

At 31 December 2023

	Ageing based on the invoice date			
	Less than 1 year	1 to 2 years	Over 2 years	Total
Group 1 – Distribution Business				
Effective expected credit loss rate	0.59%	N/A	100.00%	
Gross carrying amount (HK$'000)	10,333	–	5,468	15,801
Expected credit losses (HK$'000)	61	–	5,468	5,529
Group 2 – Supply Chain Business (International trading)				
Effective expected credit loss rate	N/A	5.59%	N/A	
Gross carrying amount (HK$'000)	–	14,229	–	14,229
Expected credit losses (HK$'000)	–	796	–	796
Group 3 – Supply Chain Business (Domestic trading)				
Effective expected credit loss rate	1.05%	N/A	N/A	
Gross carrying amount (HK$'000)	64,035	–	–	64,035
Expected credit losses (HK$'000)	675	–	–	675

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2024	2023
		HK$'000	HK$'000
Prepayments	(a)	64,530	54,187
Deposits and other receivables	(b)&(d)	1,029	1,711
Value-added tax recoverable		17,835	9,012
Due from a fellow subsidiary	(c)&(d)	16	–
Other receivables under factoring agreement	(e)	10,751	–
		94,161	64,910
Impairment allowance		(592)	(613)
		93,569	64,297

Notes

(a) Prepayments mainly comprise advance payments for purchase of inventories held for trading and other expenses. Included in the prepayments was mainly an advance payment for the purchase of coal for trading ("**Advance Payment**") of RMB34,752,000 (equivalent to HK$37,528,000) (2023: RMB34,752,000, equivalent to HK$38,904,000). The delivery of coal for trading had been delayed. On 8 January 2025, an mediation agreement ("**Mediation Agreement**") was signed with an agreed repayment schedule having all the Advance Payment plus accrued interest fully repaid before 31 December 2025. The Group holds entire equity interest of vendor's wholly owned subsidiary and partial equity interest of vendor's another wholly owned subsidiary as collaterals, each of which holds a coal mine. In addition, as agreed in the Mediation Agreement, the counterparties guaranteed to give the right of priority repayment of the government subsidy receivable of approximately RMB54,679,000 to the Group to repay the Advance Payment. Considering the current market value of coal from expected delivery and the value of the pledged collateral, the Group is of the opinion that no impairment provision over the prepayment is considered necessary as at 31 December 2024 (2023: nil). Up to March 2025, RMB2,890,000 was settled by scheduled.

(b) Deposits and other receivables mainly comprise tendering deposits and performance pledged deposits. The amount due from a fellow subsidiary is unsecured, interest-free and has no fixed term of repayment.

(c) The amount due from a fellow subsidiary is unsecured, interest-free and has no fixed term of repayment.

(d) In respect of the impairment consideration of the Group's deposits and other receivables and due from a fellow subsidiary, an impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. The probabilities of default rates are estimated based on comparable companies with published credit ratings. At 31 December 2024, the probability of default applied for deposits and other receivables and due from a fellow subsidiary ranged from 1.38% to 100% (2023: 1.65% to 100%) and the loss given default was estimated to be ranging from 62.00% to 100% (2023: 62.00% to 100%).

In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The movements in the loss allowance for impairment of deposits and other receivables and due from a fellow subsidiary during the year are as follows:

	2024	2023
	HK$'000	HK$'000
At 1 January	613	2,277
Reversal of impairment losses recognised during the year, net	(6)	(1,658)
Exchange realignment	(15)	(6)
At 31 December	592	613

(e) On 30 December 2024, the Company entered into a non-recourse factoring agreement with Union Resources & Engineering (Hong Kong) Company Limited ("UREC (HK)") to factor approximately US$1.7 million of the Company's accounts receivables. UREC (HK) is an associate of Yunnan Provincial Energy Investment Group Co. Ltd, the Company's ultimate holding company and a connected person under Chapter 14A of the Listing Rules. Further details are set out in the Company's announcement dated 30 December 2024. The above factoring arrangement constitutes an exempted connected transactions as defined under Chapter 14A of the Listing Rules. The change in fair value arising was recognised in "other income and gains and losses, net" in the profit or loss.

19. CASH AND CASH EQUIVALENTS

	2024	2023
	HK$'000	HK$'000
Cash and bank balances	63,144	75,462
Time deposits	2,919	45,156
Cash and cash equivalents	66,063	120,618

Notes

(a) At 31 December 2024, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB57,434,000 (equivalent to HK$60,021,000) (2023: RMB57,749,000 (equivalent to HK$63,725,000)). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

20. TRADE PAYABLES

	2024	2023
	HK$'000	HK$'000
Trade payables	54,455	24,023
Provisionally priced payable (note (b))	1,094	5,800
	55,549	29,823

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

	2024	2023
	HK$'000	HK$'000
0 to 60 days	17,918	28,638
61 to 180 days	18,779	1,152
Over 180 days	18,852	33
	55,549	29,823

20. TRADE PAYABLES – continued

Notes

(a) The trade payables are non-interest-bearing and are normally settled on terms ranging from 60 days to 90 days.

(b) Included in the trade payables was a derivative liability of US$141,000 (equivalent to HK$1,094,000) (2023: US$742,000 (equivalent to HK$5,800,000)). As detailed in note 17(b) to the consolidated financial statements, during the year, the Group has entered into a copper cathode trading contract with a supplier, of which the contract is provisionally priced at the time of each respective shipment date. The final sales price is based on the average quoted market prices of copper cathode on the London Metal Exchange less discounts during the first to third month (2023: third month) after the date of delivery. The Group considered this provisionally priced payable as an embedded derivative under IFRS 9. The change in the fair value of the provisionally priced payable is calculated based on relevant forward market prices as at 31 December 2024 and 2023 and recognised in "other income and gains and losses, net" in profit or loss.

21. OTHER PAYABLES AND ACCRUALS

	Notes	2024	2023
		HK$'000	HK$'000
Accruals		2,519	2,432
Contract liabilities – customers' deposits	(a)	35,843	28,313
Other payables	(b)	353	1,318
Due to a fellow subsidiary	(c)	80	96
		38,795	32,159

Notes:

(a) Details of the Group's contract liabilities are as follows:

	31 December 2024	31 December 2023	1 January 2023
	HK$'000	HK$'000	HK$'000
Short-term advances received under the Distribution Business	1,322	6,546	–
Short-term advances received under the Supply Chain Business	34,521	21,767	11,509
	35,843	28,313	11,509

Contract liabilities include short-term advances received from customers for the supply of goods by the Group. The increase in contract liabilities in 2024 was mainly due to the expansion of the Distribution Business and the Supply Chain Business during the year and customers' deposits were received close to the year end for sale of goods which will be completed in 2025.

(b) Other payables are non-interest-bearing and have an average term of three months.

(c) The amount due to a fellow subsidiary is unsecured, interest-free and has no fixed term of repayment.

22. LOAN FROM AN INTERMEDIATE HOLDING COMPANY

The loan balance as at 31 December 2023 was a loan advanced to the Group from Yunnan Energy Investment (HK) Co. Limited, an intermediate holding company, pursuant to a loan agreement dated 25 March 2023 entered into between the two parties with a total loan facility of RMB190,000,000. This loan was unsecured, bearing an interest at the rate of 4% per annum with a maturity date as of 24 March 2024, which could be repaid before the maturity date as mutually agreed between the two parties. As at 31 December 2023, the outstanding balance under this loan facility amounted to RMB82,870,000 (equivalent to HK$91,446,000), which included an interest payable of RMB2,870,000 (equivalent to HK$3,189,000). The loan was fully repaid during the year ended 31 December 2023.

The above loan arrangement with an intermediate holding company constitutes an exempted connected transaction as defined under Chapter 14A of the Listing Rules.

23. LOAN FROM A FELLOW SUBSIDIARY

The loan balance as at 31 December 2024 was a loan advanced to the Group from YEIG International Consulting (Beijing) Co., LTD., a fellow subsidiary, pursuant to a loan agreement dated 28 March 2024 entered into between the two parties with a total loan facility of RMB180,000,000. This loan was unsecured, bearing an interest at the rate of 2.5% per annum with a maturity date as of 28 March 2025, which could be repaid before the maturity date as mutually agreed between the two parties. As at 31 December 2024, the outstanding balance under this loan facility amounted to RMB142,380,000 (equivalent to HK$153,752,000), which included an interest payable of RMB2,380,000 (equivalent to HK$2,608,000).

The above loan arrangements with a fellow subsidiary constitutes an exempted connected transaction as defined under Chapter 14A of the Listing Rules.

24. SHARE CAPITAL

	2024	2023
	HK$'000	HK$'000
Authorised:		
800,000,000 ordinary shares of USD0.05 each	312,000	312,000
Issued and fully paid:		
275,437,000 ordinary shares of USD0.05 each	107,420	107,420

25. RESERVES

(a) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Contribution surplus comprises:

(i) the difference between the combined share capital of the entities in the merged group and the share capital of the Company arising from a group reorganisation undertaken in 2004; and

(ii) effects of changes in ownership interests in subsidiaries when there is no change in control.

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group did not have other major non-cash investing and financing activities during the years ended 31 December 2024 and 2023.

(b) Change in liabilities arising from financing activities

	Loan from a fellow subsidiary	Loan from an intermediate holding company	Total
	HK$'000	**HK$'000**	**HK$'000**
At 1 January 2023	–	29,416	29,416
Changes from financing cash flows	–	57,045	57,045
Interest expense	–	4,059	4,059
Exchange realignment	–	926	926
At 31 December 2023 and 1 January 2024	–	91,446	91,446
Changes from financing cash flows	153,379	(91,315)	62,064
Interest expense	2,608	525	3,133
Exchange realignment	(2,235)	(656)	(2,891)
At 31 December 2024	153,752	–	153,752

27. RELATED PARTY TRANSACTIONS

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

	Notes	2024	2023
		HK$'000	HK$'000
Interest paid and payable on a loan from an intermediate holding company	(i)	525	4,059
Interest paid and payable on a loan from a fellow subsidiary	(i)	2,608	–
Consultancy service expenses to a fellow subsidiary	(ii)	–	197

(i) Details of the loan from an intermediate holding company and loan from a fellow subsidiary is set out in notes 22 and 23 to the consolidated financial statements. The loan arrangement with an intermediate holding company is exempted connected transactions as defined under Chapter 14A of the Listing Rules.

(ii) The expenses were paid for the management consultancy service rendered by YEIG, a fellow subsidiary. The management consultancy service rendered by the fellow subsidiary constitutes an exempted connected transactions as defined under Chapter 14A of the Listing Rules.

(iii) The Group's office in Hong Kong was rented by Yunnan Energy Investment (HK) Co. Limited, an intermediate holding company; and the Group's office in Kunming was owned by Yunnan Provincial Energy Investment Group Co. Ltd, the ultimate holding company, which provide the office space and furniture to the Group for use without a compensation. These arrangements are exempted connected transactions as defined under Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties:

Details of the loan from an intermediate holding company are disclosed in note 22 to the consolidated financial statements.

Details of the loan from a fellow subsidiary are disclosed in note 23 to the consolidated financial statements.

Details of the Group's amount due to a fellow subsidiary are disclosed in note 21(c) to the consolidated financial statements.

Details of the Group's amount due from a fellow subsidiary are disclosed in note 18(c) to the consolidated financial statements.

Details of the other receivables under factoring agreement from a connected person as defined under chapter 14A of the Listings Rules are disclosed in note 18(e) to the consolidated financial statements.

27. RELATED PARTY TRANSACTIONS – continued

(c) Transactions with other state-owned entities in Chinese Mainland

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "**Other SOEs**"). During the year, the Group has transactions with Other SOEs including, but not limited to, the sale of raw materials, bank deposits, and utilities consumptions. Approximately 37% of the Group's revenue for the year ended 31 December 2024 was generated from transactions with certain of these Other SOEs (2023: 50%). The directors consider that the transactions with Other SOEs are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and Other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are Other SOEs. Having due regard to the substance of the relationships, the Company's directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

(d) Compensation of key management personnel of the Group

	2024	2023
	HK$'000	HK$'000
Short term employee benefits	1,044	1,028
Post-employment benefits	18	18
Total compensation paid to key management personnel	1,062	1,046

Further details of directors' emoluments are included in note 10 to the consolidated financial statements.

28. FINANCIAL INSTRUMENTS BY CATEGORY

Except for derivative financial instruments being classified as financial assets and liabilities as FVTPL as disclosed in notes 17(b) and 20(b) to the consolidated financial statements and unlisted equity investment being classified as equity investment designated at FVTOCI as disclosed in note 15 to the consolidated financial statements, all financial assets and financial liabilities of the Group as at 31 December 2024 and 2023 are classified as financial assets and financial liabilities at amortised cost, respectively.

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The directors of the Company consider that the fair values of financial assets and financial liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Company's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Company will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Reconciliation of assets measured at fair value based on level 3:

Description	**Equity investment designated at FVTOCI**
	HK$'000
At 1 January 2024	–
Addition	40,025
Total gains recognised in other comprehensive income	852
At 31 December 2024	40,877

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS – continued

Included in other comprehensive income is a gain of HK$852,000 (2023: nil) relating to unlisted equity security classified as equity investment designated at FVTOCI held at the end of the current reporting period and is reported as fair value changes of equity investment designated at FVTOCI in the statement of profit or loss and other comprehensive income.

Financial assets/ financial liabilities	Fair value as at 31/12/2024	Fair value as at 31/12/2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity analysis
Unlisted equity investment at FVTOCI (note 15)	40,877	–	Level 3	Income approach – discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, which is (0.5)% (2023: N/A)	A slight increase in the revenue growth rate used would result in a significant increase in fair value of the investment, and vice versa
					Long-term pre-tax operating margin, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 22.0% to 59.0% (2023: N/A)	A slight increase in the long-term pre-tax operating margin used would result in a slight increase in fair value of the investment, and vice versa
					Discount rate, taking into account weighted average cost of capital determined using a Capital Asset Pricing Model, which is 6.6% (2023: N/A)	A slight increase in the discount rate used would result in a significant decrease in fair value of the investment, and vice versa
					Discount for lack of marketability of 9.0% (2023: N/A)	A slight increase in the discount for lack of marketability used would result in a significant decrease in fair value of the investment, and vice versa
					Discount for lack of control of 17.0% (2023: N/A)	A slight increase in the discount for lack of control used would result in a significant decrease in fair value of the investment, and vice versa
Derivative financial instruments (notes 17 and 20)	Assets: 1,103 Liabilities: (1,094)	Assets: 6,037 Liabilities: (5,800)	Level 2	Reference to adjusted copper cathode quoted prices in active market	Adjusted copper cathode quoted prices in active market	The change in the adjusted copper cathode price is directly proportional to the change in the derivative financial instrument
Other receivables under factoring agreement (note 18)	10,751	–	Level 2	Discounted cash flow	Discount rate of 6.0% (2023: N/A)	A slight increase in the discount rate used would result in a significant decrease in fair value of the investment, and vice versa

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

The Group's financial instruments mainly include cash and bank balances, trade receivables, deposits and other receivables, equity investment designated at FVTOCI, trade payables, other payables and accruals, loan from a fellow subsidiary and loan from an intermediate holding company. Details of these financial instruments are disclosed in the respective notes to the consolidated financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out in note 30 below. Management manages and monitors these exposures to ensure that appropriate risk management measures are implemented in a timely and effective manner.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade receivables, deposits and other receivables, equity investment designated at FVTOCI, cash and cash equivalents, trade payables, other payables and accruals, loan from a fellow subsidiary and loan from an intermediate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments including market risk, credit risk and liquidity risk. According to the Group's risk management policies and guidelines, the financial risk shall be assessed continuously by the management taken into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. The most significant financial risks to which the Group is exposed to are described below.

Market risk

(i) Foreign exchange risk

The Group has sales and purchases denominated in foreign currencies, which exposes the Group to foreign currency risk. The Group's sales and purchases are principally transacted in the United States dollars and Renminbi. Expenses incurred are generally denominated in Hong Kong dollars and Renminbi, which are the functional currencies of the group entities operating in Hong Kong and the PRC, respectively. The Group does not expect any significant exposure to foreign exchange fluctuations and shall use derivative contracts to hedge against its exposure to currency risk only when it is required. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the major monetary assets and monetary liabilities denominated in a foreign currency, other than the functional currencies of the respective group entities, at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Renminbi	–	2,228	–	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in a foreign currency and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis excludes balances which are denominated in the United States dollars for entities with Hong Kong dollars as their functional currencies since the United States dollars are pegged to Hong Kong dollars.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Market risk – continued

(i) Foreign exchange risk – continued

Sensitivity analysis – continued

If the relevant foreign currency weakens by 5% against the functional currency of each group entity, profit/(loss) before tax will increase/(decrease) by:

	2024	2023
	HK$'000	HK$'000
Renminbi	–	(111)

If the relevant foreign currency strengthens by 5%, there would be an equal but same/opposite impact on profit/(loss) before tax.

(ii) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to bank deposits and the Group considered that the Group's exposure to cash flow interest rate risk is insignificant.

Credit risk

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

The Group trades only with recognised and creditworthy third parties and in respect of trading transactions with overseas customers, the collection of trade debts is covered by insurance policies purchased by the Group. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The Group has concentration of credit risk as 39.46% (2023: 1.25%) and 93.15% (2023: 33.49%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively at 31 December 2024.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Credit risk – continued

Maximum exposure and year-end staging – continued

The amounts presented are gross carrying amounts for financial assets.

At 31 December 2024

	12-month ECL	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	147,137	147,137
Financial assets included in deposits and other receivables					
– Normal**	459	–	–	–	459
– Doubtful**	–	–	586	–	586
Cash and cash equivalents					
– Not yet past due	66,063	–	–	–	66,063
	66,522	–	586	147,137	214,245

At 31 December 2023

	12-month ECL	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	94,605	94,605
Financial assets included in deposits and other receivables					
– Normal**	1,112	–	–	–	1,112
– Doubtful**	–	–	599	–	599
Cash and cash equivalents					
– Not yet past due	120,618	–	–	–	120,618
	121,730	–	599	94,605	216,934

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

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

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of other borrowings and ensures compliance with loan covenants.

Liquidity and interest risk analyses

The following table details the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	less than 1 year or repayable on demand	Undiscounted cash flow	Carrying amounts
	%	HK$'000	HK$'000	HK$'000
At 31 December 2024				
Trade payables	–	55,549	55,549	55,549
Other payables and accruals	–	2,872	2,872	2,872
Due to a fellow subsidiary	–	80	80	80
Loan from a fellow subsidiary	2.50	154,961	154,961	153,752
		213,462	213,462	212,253
At 31 December 2023				
Trade payables	–	29,823	29,823	29,823
Other payables and accruals	–	3,750	3,750	3,750
Due to a fellow subsidiary	–	96	96	96
Loan from an intermediate holding company	4.00	95,104	95,104	91,446
		128,773	128,773	125,115

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt which includes the loan from an intermediate holding company and loan from a fellow subsidiary as disclosed in notes 22 and 23 to the consolidated financial statements, and equity attributable to shareholders of the Company, comprising issued share capital, reserves and accumulated losses as disclosed in the consolidated financial statements.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Capital management – continued

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall structure through the payment of dividends, issue of new shares and share buy-backs as well as the issue of new debts or the redemption of existing debts.

31. RETIREMENT BENEFIT PLANS

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the above scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes at the lower of HK$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The total expenses recognised in profit or loss of HK$283,000 (2023: HK$286,000) represent contributions payable to these schemes by the Group in respect of the current accounting period and contributions to the schemes vests immediately. No forfeited contribution is available to reduce the contribution payable in the future years at 31 December 2024 and 2023.

LSP obligation

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period. There is no significant impact on the Group's LSP liability with respect to employees that participate in MPF Scheme.

32. LITIGATIONS AND CONTINGENT LIABILITIES

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

33. COMMITMENTS

As at 31 December 2024, the Group had no material capital commitments (2023: nil).

34. EVENTS AFTER THE REPORTING PERIOD

There was no significant event happened after the end of the reporting period.

35. FINANCIAL INFORMATION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	2024	2023
	HK$'000	HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	14	16
Equity investment designated at FVTOCI	40,877	–
Investments in subsidiaries	302,435	302,825
Total non-current assets	343,326	302,841
CURRENT ASSETS		
Trade receivables	1,103	19,484
Prepayments and other receivables	11,136	1,449
Due from subsidiaries	1,921	1,866
Cash and cash equivalents	3,840	48,367
Total current assets	18,000	71,166
CURRENT LIABILITIES		
Trade payables	1,094	5,800
Other payables and accruals	2,603	3,158
Due to subsidiaries	216,620	215,386
Total current liabilities	220,317	224,344
NET CURRENT LIABILITIES	(202,317)	(153,178)
NET ASSETS	141,009	149,663
EQUITY		
Issued capital	107,420	107,420
Reserves (note)	33,589	42,243
TOTAL EQUITY	141,009	149,663

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

	Share premium account	Contributed surplus	Investment revaluation reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2023	143,392	3,071	–	(97,353)	49,110
Loss for the year and total comprehensive loss for the year	–	–	–	(6,867)	(6,867)
At 31 December 2023 and 1 January 2024	143,392	3,071	–	(104,220)	42,243
Loss for the year and total comprehensive income/(loss) for the year	–	–	852	(9,506)	(8,654)
At 31 December 2024	143,392	3,071	852	(113,726)	33,589

36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 14 March 2025.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the Company's audited consolidated financial statements and the annual report for the year ended 31 December 2024, is set out below:

RESULTS

	Year ended 31 December				
	2020	2021	2022	2023	2024
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	60,988	84,106	288,089	341,863	576,615
(Loss)/profit before tax from the continuing operations	(62,199)	(26,840)	(8,877)	(4,628)	3,245
Income tax	–	(112)	–	(342)	(2,754)
(Loss)/profit for the year	(62,199)	(26,952)	(8,877)	(4,970)	491
(Loss)/profit for the year attributable to owners of the parent	(62,199)	(26,952)	(8,877)	(4,970)	491

ASSETS AND LIABILITIES

	As at 31 December				
	2020	2021	2022	2023	2024
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	258,062	268,129	221,845	318,757	414,724
Total liabilities	(41,571)	(80,104)	(50,462)	(153,428)	(250,607)
Total equity	216,491	188,025	171,383	165,329	164,117
Equity attributable to owners of the parent	216,491	188,025	171,383	165,329	164,117