TEAMWAY

International Group Holdings Limited

TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1239

2024
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zeng Wenyou
Ms. Ngai Mei (duties suspended)
Ms. Duan Mengying (duties suspended)

Non-Executive Director

Mr. Lee Hung Yuen (appointed on 3 January 2024)

Independent Non-Executive Directors

Mr. Chow Ming Sang
Dr. Tsang Hing Bun
Mr. Chow Wai Hung Enzo
(appointed on 3 January 2024)

AUDIT COMMITTEE (THE "AUDIT COMMITTEE")

Dr. Tsang Hing Bun *(Chairman)*
Mr. Chow Ming Sang
Mr. Chow Wai Hung Enzo
(appointed on 3 January 2024)

NOMINATION COMMITTEE (THE "NOMINATION COMMITTEE")

Mr. Chow Wai Hung Enzo *(Chairman)*
(appointed on 3 January 2024)
Mr. Chow Ming Sang
Dr. Tsang Hing Bun

REMUNERATION COMMITTEE (THE "REMUNERATION COMMITTEE")

Dr. Tsang Hing Bun *(Chairman)*
Mr. Chow Ming Sang
Mr. Chow Wai Hung Enzo
(appointed on 3 January 2024)

COMPANY SECRETARY

Mr. Chang Chi Wai Stanley

AUDITOR

Prism Hong Kong Limited
Certified Public Accountant
Registered Public Interest Entity Auditor
Units 1903A–1905, 19/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of China Limited
Bank of China (Hong Kong) Limited
China Minsheng Banking Corp., Ltd.
Chongqing Rural Commercial Bank Co., Ltd.
Deyang Rural Commercial Bank Co., Ltd.
DBS Bank Ltd.
Industrial and Commercial Bank of China Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1604, 16/F, Tower 6
The Gateway, Harbour City
Tsim Sha Tsui, Kowloon, Hong Kong

STOCK CODE

01239

COMPANY WEBSITE

www.teamwaygroup.com

On behalf of the board (the "**Board**") of directors (the "**Director(s)**") of Teamway International Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present all shareholders of the Company (the "**Shareholders**") the annual report of the Company for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company, and through its subsidiaries, is principally engaged in the business of (i) design, manufacturing and sale of packaging products and structural components in the PRC; (ii) trading of filtration media, equipment and related accessories for air purification; (iii) design, manufacturing, sale and marketing of rosewood home furniture and (iv) property investment.

Packaging Products and Structural Components Business

Revenue

Most of the Group's customers under the packaging products and structural components business are leading consumer electrical appliance manufacturers in the PRC.

An analysis of revenue by products is as follows:

	Year ended 31 December			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Packaging products				
Televisions	**82,275**	**32.8**	68,968	20.5
Washing machines	**69,935**	**27.9**	82,405	24.5
Refrigerators	**42,324**	**16.9**	52,355	15.5
Air conditioners	**42,071**	**16.8**	86,200	25.6
Water heaters	**4,134**	**1.6**	9,321	2.8
Information technology products	**3,425**	**1.4**	20,402	6.0
Others	**255**	**0.1**	1,950	0.6
Structural components				
For air conditioners	**6,383**	**2.5**	15,022	4.5
Total	**250,802**	**100**	336,623	100

During the current year, the revenue by product type remained relatively stable with the revenue derived from the Group's products for televisions, washing machines, refrigerators and air conditioners (including packaging products and structural components) being the four largest contributions to the segment revenue, amounting to approximately RMB242,988,000 or 96.9% of total segment revenue (2023: approximately RMB304,950,000 or 90.6% of total segment revenue).

Cost of sales

The following table sets out a breakdown of the cost of sales for the periods stated below:

	Year ended 31 December			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Raw materials	**98,682**	**38.5**	145,880	44.3
Direct labour costs	**12,795**	**5.0**	21,300	6.5
Manufacturing overhead	**144,944**	**56.5**	161,836	49.2
Staff costs	**3,261**	**1.3**	4,736	1.5
Depreciation	**5,434**	**2.1**	4,570	1.4
Utilities	**18,196**	**7.1**	28,640	8.7
Processing charges	**116,900**	**45.6**	123,160	37.4
Others	**1,153**	**0.4**	730	0.2
Total	**256,421**	**100**	329,016	100

For the year ended 31 December 2024, the cost of sales amounted to approximately RMB256,421,000 decreased by approximately RMB72,595,000 or 22.1% when compared to that of approximately RMB329,016,000 for the year ended 31 December 2023.

The gross loss margin for the year ended 31 December 2024 increased to approximately 2.2% (2023: gross profit margin of approximately 2.3%). Such decrease in gross profit margin is mainly attributable to the diminishing economies of scale with respect to the lack of competitive advantage from mass production.

With rising operating costs due to inflationary pressures, there are still many challenges ahead of us. All we can do is to enhance our efficiency to better monitor and control expenses in our manufacturing process while trying to look for new customers and maintain an optimum gross profit margin.

Supply of raw materials

The Group purchases raw materials and components necessary for the manufacturing of the Group's packaging products and structural components from independent third parties. The raw materials mainly include expanded polystyrene and expanded polyolefin. The Group retains a list of approved suppliers of raw materials and components and only makes purchases from the list. The Group has established long- term commercial relationships with its major suppliers for a stable supply and timely delivery of high quality raw materials and components. The Group had not experienced any major difficulties in procuring raw materials and components necessary for the manufacture of packaging products for the year ended 31 December 2024. The Group continues to diversify its suppliers of raw materials and components to avoid over reliance on a single supplier for any type of raw materials and components.

Production capacity

The Group's two factories are capable of an annual manufacturing capacity, in aggregate, of 11,800 tonnes of packaging products and structural components. The current production capacity enables the Group to promptly respond to market demand and strengthen its market position.

Property Investment Business

For the year ended 31 December 2024, the Group's investment property, situated in Singapore at 1 Bishopsgate #04–06 Bishopsgate Residences, Singapore 247676 (registered in the Singapore Land Authority under the Land Lot No. TS24-U13661M) with a gross floor area of approximately 3,068 square feet recorded a rental income of approximately RMB1,125,000.

In 2024, the Singapore rental market was relatively stable as compared to 2023. Actual rental prices felt for the first time in three years in the first quarter of 2024. There was a decrease in local demand in the rental market, but more foreigners were seeking to rent at the same time, which led the rental prices to be stabilized towards the end of 2024 and is expected to maintain the same in 2025.

To improve the liquidity of the Company, the Company has listed the investment property for sale as at 31 December 2024. Since the market price of the investment property constitute significant portions of the Company's assets, the proposed sale is likely to constitute discloseable/notifiable transactions which will be subject to notifications, publications and/or shareholders' approval requirements from the listing rules before the sales can be completed.

Rights Issue

To improve the liquidity of the Group, on 10 January 2024, the Company announced its plans to raise gross proceeds of up to approximately HK$15.78 million by issuing up to 197,282,636 new shares (the "**Rights Share(s)**") at a subscription price of HK$0.08 per Rights Share (the "**Subscription Price**") on the basis of one (1) Rights Share for every one (1) share of the Company (the "**Share(s)**") held by the Company's shareholders on the record date (the "**Rights Issue**").

The Rights Issue was completed on 4 June 2024 (the "**Completion**"), with a total of 197,279,115 Rights Shares being allotted and issued, representing approximately 50.0% of the issued share capital of the Company immediately after the Completion.

The Rights Issue resulted in gross proceeds of approximately HK$15.78 million, with net proceeds, after deducting all relevant expenses, amounting to approximately HK$14.67 million. As disclosed in the prospectus published by the Company dated 16 April 2024 (the "**Prospectus**"), the Company intended to allocate such net proceeds as to (i) repay the Group's current liabilities, specifically those debts, liabilities, or other payables expected to be due and payable; and (ii) utilise the funds for the Group's general working capital, including staff salaries, remuneration of the Company's directors, remuneration of the Company's auditor, and other legal and professional fees.

Particulars of the Rights Issue was set out in (i) the Prospectus; (ii) circular published by the Company dated 15 March 2024; and (iii) the announcements published by the Company dated 3 June 2024, 8 May 2024, 2 April 2024, 8 March 2024, 29 February 2024, 9 February 2024, 11 January 2024 and 10 January 2024 respectively.

Update on the Petition

The Company (as the 1st respondent) was served with the Petition by SFC on 8 November 2022. According to the Petition, the Company was joined for the purpose of enabling it to benefit from orders sought in the Petition, and for it to make any representations it thinks fit in the proceedings. The first Case Management Conference for the Petition was held on 12 June 2024. The second Case Management Conference addressing the question of expert evidence and the third Case Management Conference for the Petition will be held on 24 April 2025 and 23 July 2025 respectively.

FUTURE OUTLOOK

Packaging Products and Structural Components Business

During the year ended 31 December 2024, the China economy continued to recover in a slow and steady pace. With the sluggishness of the global economy and the lack of domestic demand and weak social expectations, a full recovery is yet to come until the market confidence be restored in the foreseeable future.

Looking forward, in order to alleviate the pressure of high production costs, our factories in China will aim to optimize our production process and minimize our labour costs and overhead costs. It is expected that the gross profit margin will improve once all of our newly purchased production facilities are fully utilized.

The Group is constantly seeking ways to enhance our operational efficiency and the profitability of our business. The Group will also proactively explore opportunities to expand our customer base and our market share which will boost value to our shareholders. Looking ahead, our Company remains focused on navigating the challenging economic landscape and seizing strategic opportunities to drive sustainable growth.

Property Investment Business

Moving into 2025, private property prices in Singapore are set to continue their upward trajectory, driven by constrained supply, robust demand and an expected growth of gross domestic product of at least 2% to 3% forecast range.

There are many factors to fuel the private property price trend in Singapore in 2025. The stable economic environment will bolster buyer confidence. In addition, a recovering recovery, combined with improved employment rates, will strengthen purchasing power, particularly for high-income individuals and expatriates.

PROSPECTS

China's economy showed complexity and diversity during the post-pandemic normalization. The rapid recovery of the services sector gave a positive boost to consumption, which in turn contributed to the gradual recovery of the economy. However, the marked decline in real estate sales and development investment, as well as the drop in demand for exports, put pressure on residents' employment and incomes, leading to a prominent structural differentiation among different fields, industries and subjects. Despite the confirmed recovery, China is still under test in the momentum and sustainability of the recovery.

As we look to the future, we will continue to focus on the development of our new businesses in filtration media and equipment and rosewood home furniture business and meanwhile, we remain vigilant for any new business opportunities that could further generate greater returns for our valued shareholders. The Management still believed that diversification of income source can promote long term development for the Group. The Group will continue to diversify income streams whilst trying to improve the performance of our current business at the same time.

Amidst uncertainties in the economy, the year of 2025 remains a challenging year ahead for the Group. The Group will continue to enhance operation efficiency and seek growth opportunities in the order to ensure sustainable earnings in the coming year.

FINANCIAL REVIEW

Financial results

For the year ended 31 December 2024, the Group recorded the revenue of approximately RMB252,949,000, representing a decrease of 25.8% when compared to that of approximately RMB340,918,000 for the year ended 31 December 2023.

Loss attributable to owners of the Company was approximately RMB105,586,000 for the year ended 31 December 2024 when compared to loss of approximately RMB68,295,000 for the year ended 31 December 2023.

The increase in loss for the year ended 31 December 2024 was mainly attributable to the increase in cost of sales starting in the second quarter of 2024 due to higher production costs for partially outsourcing our production to other factories before our newly purchased production facilities are ready to be put into production.

Basic and diluted loss per share were RMB32.28 cents respectively (2023: RMB30.92 cents (restated) respectively).

Liquidity and financial resources

The Group generally finances its operations with internally generated cash flows, bank borrowings, loans from shareholders and from independent third parties.

As at 31 December 2024, the Group has bank balances and cash of approximately RMB39,922,000, which were principally denominated in Singapore Dollars ("**SGD**") (67.9%), Hong Kong Dollars ("**HK$**") (20.2%), Renminbi ("**RMB**") (11.8%) and United States Dollars ("**US$**") (0.1%) (2023: approximately RMB19,290,000).

As at 31 December 2024, the Group had total borrowings of approximately RMB485,570,000 (2023: approximately RMB451,721,000), with approximately RMB307,070,000 repayable on demand or within one year, approximately RMB178,500,000 repayable after two years and within five years. Approximately 49.2%, 38.8%, 6.6% and 5.4% of these borrowings were denominated in HKD, USD, SGD and RMB, respectively. Details of pledge of assets in respect of bank and other borrowings are set out in the section Pledge of assets.

The management closely review the financial resources of the Group in a cautious manner and continue to explore opportunities in external financing and equity funding. The Company will take proactive actions to improve the liquidity and financial position of the Group by way of equity fund raising exercises. The Company will closely monitor the market situation and take prompt actions when such opportunities arise.

Capital Structure

As at 31 December 2023, the Company's issued share capital was approximately RMB27.08 million, equivalent to HK$31.57 million and divided into 197,282,636 ordinary shares of HK$0.16 each.

On 14 March 2024, the Company completed a capital reorganisation which included capital reduction (the "**Capital Reduction**") and share sub-division (the "**Share Sub-division**"). For Capital Reduction, the par value of each of the issued shares was reduced from HK$0.16 to HK$0.01 by cancelling the paid up share capital to the extent of HK$0.15 per issued share. For Share Sub-division, each of the authorised but unissued shares with par value of HK$0.16 each has been sub-divided into sixteen (16) unissued new shares with par value of HK $0.01 each. For further details of Capital Reduction and Share Sub-division, please refer to the announcements of the Company dated 13 October 2023, 27 October 2023, 31 October 2023, 27 November 2023, 31 January 2024, 9 February 2024 and 13 March 2024 and circular of the Company dated 2 November 2023.

On 4 June 2024, the Company completed the Rights Issue with a total of 197,279,115 Rights Shares being allotted and issued. For details of the Rights Issue, please refer to the section above.

As at 31 December 2024, the Company's issued share capital was approximately RMB3.52 million, equivalent to HK$3.95 million and divided into 394,561,751 ordinary shares of HK$0.01 each.

Acquisitions, disposals and significant investment

Save as disclosed in this announcement, for the year ended 31 December 2024, there was no material acquisition, disposal or significant investment by the Group.

Capital expenditure

Capital expenditure of the Group mainly includes the purchase of property, plant and equipment and right-of-use assets. For the year ended 31 December 2024, capital expenditure of the Group amounted to approximately RMB21,087,000 (2023: approximately RMB8,767,000).

Pledge of assets

The Group had pledged (i) assets of buildings and right-of-use assets to the bank in the amount of approximately RMB18,923,000 as at 31 December 2024 (2023: approximately RMB22,502,000; (ii) the entire issued share capital of a wholly-owned subsidiary of the Company to the lender as at 31 December 2024 and 2023; and (iii) the investment property situated in Singapore to the financial institution as at 31 December 2024.

Segment information

Details of segment information of the Group for the year ended 31 December 2024 are set out in Note 5 to the consolidated financial statements.

Human resources and training

As at 31 December 2024, the Group has 345 employees (2023: 491 employees). Total employee benefit expenses amounted to approximately RMB47,003,000 (2023: approximately RMB52,820,000). The Group has a management team (including product design and development team) with extensive industry experience. The Group has adopted an employee-focused management concept to involve the Group's staff in the management and development of the Group. The Group has implemented a strict selection process for hiring its employees and a number of initiatives to enhance the productivity of its employees. The Group conducts regular performance reviews for its employees. The remuneration, promotion and salary increments of the employees are assessed according to their performance, professional and working experience, and prevailing market practices. In addition, the Group has implemented training programs for employees in various positions.

Gearing ratio

As at 31 December 2024, the gearing ratio was 1.79 (2023: 1.42), which was measured on the basis of the Group's total borrowings divided by total assets.

Foreign exchange risk

Business transactions of the Group are mainly denominated in HK$ and RMB. Accordingly, the Directors consider that the Group is not exposed to significant foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the Group's management monitors foreign exchange exposure. In the view of the fluctuation of RMB in recent years, the Group will consider hedging significant foreign currency exposure should the need arise.

Capital commitment

As at 31 December 2024, the Group had no capital commitment (2023: Nil).

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities (2023: Nil).

APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to our Shareholders, customers, suppliers and business partners for their unremitting support, and the management team and all our staff for their contributions.

On behalf of the Board

Zeng Wenyou
Executive Director

Hong Kong, 28 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability and to earn the confidence of Shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all Shareholders.

For the year ended 31 December 2024, the Company has adopted the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG Code**") contained in the Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the CG Code. The Company was in compliance with the applicable Code Provisions for the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted terms as contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the Company's code of conduct regarding securities transactions and dealings by the Directors. Each of the existing Directors, upon specific enquiries by the Company, confirmed that they have complied with the Model Code during the year ended 31 December 2024.

BOARD OF DIRECTORS

Members of the Board of Directors

As at the date of this annual report, the Board comprised the following Directors, (i) executive Directors, Mr. Zeng Wenyou, Ms. Ngai Mei (duties suspended) and Ms. Duan Mengying (duties suspended); (ii) non-executive Director, Mr. Lee Hung Yuen; and (iii) independent non-executive Directors, Mr. Chow Wai Hung Enzo, Dr. Tsang Hing Bun and Mr. Chow Ming Sang.

The biographies of all Directors are set out in the section headed "Biographical Details of Directors" in this annual report. All Directors have the relevant experiences for effectively carrying out their respective duties.

In accordance with Rule 3.10 of the Listing Rules, the Company has already appointed three independent non-executive Directors and at least one of them has accounting expertise to assist the management in formulating development strategies of the Group, and to ensure that the preparation of the financial reports and other mandatory reports by the Board are in strict adherence to appropriate standards in order to protect the interests of the Shareholders and the Company. The Company has received annual confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules, and believes that, for the year ended 31 December 2024 and up to the date of this annual report, they were independent to the Company in accordance with the relevant requirements of the Listing Rules.

Responsibilities of Directors

All newly-appointed Directors receive comprehensive and formal training on the first occasion of their appointments to ensure that they have a proper understanding of the businesses and development of the Group and are fully aware of their responsibilities under the statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and corporate governance policies of the Company.

To facilitate the Directors to discharge their responsibilities, they are continuously updated with regulatory developments, business and market changes and the strategic development of the Group.

Supply of and Access to Information

In respect of regular Board meetings, and so far, as practicable in all other cases, an agenda accompanied by the relevant Board papers are sent to all Directors in a timely manner and before the intended date of a Board meeting.

All Directors are entitled to have access to Board papers, minutes and related materials.

The Operation of the Board

The Board supervises the management of the business and affairs of the Company. The Board's primary duty is to ensure the viability of the Company and that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board is also responsible for formulating the development targets and objectives, material acquisitions and disposals, material capital investment, dividend policies, the appointment and removal of directors and senior management, remuneration policies and other major operation and financial issues of the Company. The powers and duties of the Board include convening Shareholders' meetings and reporting the Board's work at Shareholders' meetings, implementing resolutions passed at Shareholders' meetings, determining business plans and investment plans, formulating annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by the memorandum and articles of association of the Company (the "**Articles of Association**"). Daily business operations and administrative functions of the Group are delegated to the management.

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Code Provision A.1.1 of the CG Code stipulates that the Board shall convene meetings regularly and convene at least four board meetings every year (approximately once a quarter).

During the year ended 31 December 2024, the Board held 4 meetings. The attendance of the Directors at the Board meetings is as follows:

Directors	Meetings attended/held
Executive Directors	
Mr. Zeng Wenyou	2/4
Ms. Ngai Mei (duties suspended)	0/0
Ms. Duan Mengying (duties suspended)	0/0
Non-Executive Director	
Mr. Lee Hung Yuen (appointed on 3 January 2024)	4/4
Independent Non-Executive Directors	
Mr. Chow Ming Sang	4/4
Dr. Tsang Hing Bun	4/4
Mr. Chow Wai Hung Enzo (appointed on 3 January 2024)	4/4

In general, notices of meetings of the Board are sent to all Directors through email or fax before the dates of meetings. In order to enable the Directors to consider the issues to be approved in the meetings with adequate time, the notices of regular Board meetings are sent to all Directors 14 days prior to the convening of the meeting while prior notification of the convening of ad hoc board meetings are made to all Directors in due course. In order to provide all Directors with a full picture of the latest operating conditions of the Company, the management representatives of the Company will report the latest operating conditions of the Company and the implementation of the issues resolved in the last Board meeting to all the Directors before the convening of the meeting.

CORPORATE GOVERNANCE DUTIES

The Board is responsible for performing the corporate governance duties as set out in the Code Provision D.3.1. During the year ended 31 December 2024, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Code Provision A.6.5 of the CG Code provides that Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the year, all Directors were provided with regular updates on the Group's business and operation and information which covered topics including but not limit to the CG Code, the disclosure and compliance of inside information, updates and changes in relation to legislative and regulatory requirements in which the Group conducts its business for their study and reference. During the year, all Directors had participated in continuous professional development to develop and refresh their knowledge and skills pursuant to the CG Code. All Directors (being Mr. Zeng Wenyou, Ms. Ngai Mei, Ms. Duan Mengying, Dr. Tsang Hing Bun, Mr. Chow Wai Hung Enzo and Mr. Chow Ming Sang) received regular briefings and updates from the company secretary of the Company on the Group's business, operations and corporate governance matters, studied publications, books and other reading materials or attended seminars or workshops delivered by professionals, which are relevant to their duties and responsibilities.

COMMITTEES UNDER THE BOARD

The Audit Committee, the Remuneration Committee and the Nomination Committee were established under the Board. These committees perform supervision and control of the Company based on their written terms of reference.

Audit Committee

The Company established the Audit Committee on 10 June 2011 with written terms of reference in compliance with the Code Provisions of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee consists of three independent non-executive Directors, namely, Dr. Tsang Hing Bun (an independent non-executive Director appointed on 1 January 2023 with the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules who serves as Chairman of the Audit Committee), Mr. Chow Wai Hung Enzo (appointed on 3 January 2024) and Mr. Chow Ming Sang.

The written terms of reference of the Audit Committee are in line with the Code Provisions of the CG Code and the latest version of such terms of reference are available upon request, on the Company's website and the Stock Exchange's website.

During the year ended 31 December 2024, the Audit Committee had considered, reviewed and discussed areas of concerns during the audit process, the compliance of company policy, the internal control procedures and the corporate governance of the Group and had approved the annual audited financial statements and the interim financial statements, respectively. There is no disagreement between the Board and the Audit Committee regarding the selection and appointment of the external auditors.

The Audit Committee had held 3 meetings during the year ended 31 December 2024.

The attendance of the members of the Audit Committee at the Audit Committee meeting is as follows:

Directors	**Meetings attended/held**
Dr. Tsang Hing Bun *(Chairman)*	3/3
Mr. Chow Ming Sang	3/3
Mr. Chow Wai Hung Enzo (appointed on 3 January 2024)	2/3

Nomination Committee

The Company established the Nomination Committee pursuant to a resolution of the Directors passed on 10 June 2011. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board's succession, and to ensure that the candidates to be nominated as Directors are experienced and high caliber individuals. The Nomination Committee consists of three independent non-executive Directors, namely, Mr. Chow Wai Hung Enzo (appointed on 3 January 2024), Dr. Tsang Hing Bun and Mr. Chow Ming Sang. Dr. Tsang Hing Bun is the Chairman of the Nomination Committee.

The written terms of reference of the Nomination Committee are in line with the Code Provisions of the CG Code and the latest version of such terms of reference are available upon request, on the Company's website and the Stock Exchange's website.

The Nomination Committee shall meet at least once every year for reviewing the structure, size and composition of the Board and assessing the independence of the independent non-executive Directors and other related matters.

The Nomination Committee had held 2 meetings during the year ended 31 December 2024.

The attendance of the members of the Nomination Committee at the Nomination Committee meeting is as follows:

Directors	**Meeting attended/held**
Mr. Chow Ming Sang	2/2
Dr. Tsang Hing Bun	2/2
Mr. Chow Wai Hung Enzo *(Chairman)* (appointed on 3 January 2024)	2/2

During the year ended 31 December 2024, the Nomination Committee had reviewed the structure, size and composition of the Board and the retirement and re-appointment arrangement of the Directors at the Company's forthcoming annual general meeting.

Board Diversity Policy

The Board has adopted a board diversity policy in accordance with the requirement set out in the CG Code (the "**Board Diversity Policy**") and discussed all measurable objectives set for implementing the policy. The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

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

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 10 June 2011 in compliance with the Code Provisions of the CG Code. The Company has adopted the Code Provisions to make recommendations to the Board to determine the remuneration packages of individual executive Directors and the members of senior management. The primary duties of the Remuneration Committee include: (i) reviewing the terms of the remuneration package of each Director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them. The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Chow Wai Hung Enzo (appointed on 3 January 2024), Dr. Tsang Hing Bun and Mr. Chow Ming Sang. Dr. Tsang Hing Bun is the Chairman of the Remuneration Committee.

The written terms of reference of the Remuneration Committee adopted by the Board are in line with the Code Provisions of the CG Code and the latest version of such terms of reference are available upon request, on the Company's website and the Stock Exchange's website. The Remuneration Committee shall meet at least once every year for reviewing the remuneration policies.

The Remuneration Committee had held 2 meetings during the year ended 31 December 2024.

The attendance of the members of the Remuneration Committee at the Remuneration Committee meeting is as follows:

Directors	**Meeting attended/held**
Dr. Tsang Hing Bun *(Chairman)*	2/2
Mr. Chow Ming Sang	2/2
Mr. Chow Wai Hung Enzo (appointed on 3 January 2024)	2/2

During the year ended 31 December 2024, the Remuneration Committee reviewed the existing remuneration policies of the Company.

Further particulars regarding Directors' and chief executive's remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Note 9 and Note 10 to the audited consolidated financial statements. As the members of the Board coincide with the members of the senior management of the Group and the remuneration of Directors have been disclosed, no disclosure about the remuneration payable to members of senior management could be made.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Ms. Ngai Mei, Mr. Zeng Wenyou, Mr. Chow Ming Sang, Ms. Duan Mengying, Dr. Tsang Hing Bun, Mr. Lee Hung Yuen and Mr. Chow Wai Hung Enzo were appointed for an initial term of one year commencing from 28 February 2017, 16 August 2023, 21 June 2019, 30 January 2020, 1 January 2023, 3 January 2024 and 3 January 2024 respectively. All of their appointments are renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointed and subject to termination by either party upon giving not less than 3 months' prior written notice to the other party.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting, at least one third of the Directors shall retire from office by rotation. Each director shall retire at least once every three years and such Directors shall include those who have been assumed the longest term of office since their last election or re-election. In accordance with Article 112 of the Articles of Association, any Director appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Ms. Duan Mengying will retire from office as executive Director and Mr. Chow Ming Sang will retire from office as independent non-executive Director at the forthcoming annual general meeting of the Company and be eligible to offer themselves for re-election.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

All Directors acknowledge their responsibility for preparing the accounts and the consolidated financial statements of the Company for the year ended 31 December 2024. The auditors to the Company acknowledge their reporting responsibilities in the independent auditors' report on the consolidated financial statements for the year ended 31 December 2024. Save as disclosed in this report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

COMPANY SECRETARY

The company secretary of the Company, Mr. Chang Chi Wai Stanley ("**Mr. Chang**"), appointed on 17 May 2019, is responsible for facilitating the process of Board meetings, as well as communications among Board members, with Shareholders and the management of the Company. Mr. Chang is a member of The Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). He holds a bachelor's degree in economics from Simon Fraser University in Canada. He possesses extensive experience in the area of accounting, finance, internal control and corporate governance.

During the year ended 31 December 2024, Mr. Chang undertook not less than 15 hours of professional training to update his skills and knowledge in compliance with Rule 3.29 of the Listing Rules.

AUDITORS' REMUNERATION

Remuneration to the external auditors of the Company amounted to HK$850,000 and HK$165,000 for the provision of annual audit services and non-audit services respectively for the year ended 31 December 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for establishing, maintaining and monitoring a sound and effective system of internal control and risk management of the Group. The Group's risk management and internal control system is designed to safeguard the shareholders' investment and the Group's assets against misappropriation and unauthorised disposition, to identify and manage key risks that may impact the Group's performance and to ensure strict compliance with relevant laws and regulations. However, systems of risk management and internal control, no matter how well designed and operated, can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate, the risk of failure to achieve business objectives.

The Board has established process on an ongoing basis for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the systems of risk management and internal control from time to time in response to the changes to the business environment or regulatory guidelines.

In addition, the Group has engaged an independent professional advisor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group and in performing the internal audit functions for the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Report on review of risk management and internal control systems is submitted to the Audit Committee and the Board at least once a year. During the year ended 31 December 2024, the Board, through the Audit Committee, had performed annual review of the effectiveness and adequacy of the systems of risk management and internal controls of the Group covering all material controls in area of financial, operational and compliance controls and risk management functions. No material internal control aspects of any significant problems were identified. The Board and the Audit Committee considered that (i) the key areas of the Group's risk management and internal control systems are reasonably implemented during the year; and (ii) there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the year. The Board will regularly review their adequacy and effectiveness.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings or other general meetings to communicate with the Shareholders and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

GENERAL MEETINGS WITH SHAREHOLDERS

The Company's annual general meeting provides a useful platform for direct communication between the Board and Shareholders. Separate resolutions are proposed on each substantially separate issue at the general meetings.

During the year ended 31 December 2024, the Company held 2 general meetings, which was the annual general meeting (the "**2023 AGM**") held on 27 June 2024 and the extraordinary general meeting held on 2 April 2024.

The attendance record of the Directors at the general meetings during the year ended 31 December 2024 is set out below:

Directors	**Meetings attended/held**
Executive Directors	
Mr. Zeng Wenyou	2/2
Ms. Ngai Mei (duties suspended)	0/0
Ms. Duan Mengying (duties suspended)	0/0
Independent Non-Executive Directors	
Mr. Chow Wai Hung Enzo	2/2
Dr. Tsang Hing Bun	2/2
Mr. Chow Ming Sang	1/2

The Company's external auditors also attended the 2023 AGM.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to Article 64 of the Articles of Association, extraordinary general meetings of the Company (the "**EGM(s)**") shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board to convene the EGM(s), shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy (the "**Policy**") on 16 March 2012. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the company secretary of the Company at the Company's principal place of business in Hong Kong at Suite 1604, 16/F., Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

Putting forward proposals at Shareholders' meeting

The number of Shareholders necessary for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. Any such proposals shall be first directed to the company secretary of the Company at the Company's principal place of business in Hong Kong at Suite 1604, 16/F., Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and the Shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.teamwaygroup.com.

During the year ended 31 December 2024, there had been no significant change in the Company's constitutional documents.

PERMITTED INDEMNITY

The Company has arranged appropriate insurance covers in respect of any possible legal action against the Directors and officers of the Group and the insurance coverage is reviewed on an annual basis.

EXECUTIVE DIRECTORS

Mr. Zeng Wenyou (曾文佑) ("Mr. Zeng"), aged 61, has been Executive Director of the Company since 16 August 2023. Mr. Zeng has extensive experience in investment and management in various business sectors including technology and iron ore industry. He is currently the Life Honorary President of the Xiamen Technology and Economy Advancement Association (廈門市科技經濟促進會) and the director of White Pigeon Online (Xiamen) Network Technology Co., Ltd (白鴿在綫(廈門)網絡科技有限公司). He is also the major investor of Phil. Youbang Mining Int'l Corp. (菲律賓友邦礦業國際有限公司) and has been serving as the chairman of the board of directors since 2007. Mr. Zeng is experienced in risks management, and is knowledgeable in information technology including IT consultation for the insurance industry, data processing as well as the big data consolidated AI risks management system.

Ms. Ngai Mei (魏薇) ("Ms. Ngai"), aged 42, has been Executive Director of the Company since 28 February 2017. Ms. Ngai also holds directorship in various subsidiaries of the Company. Ms. Ngai graduated from Manchester Metropolitan University, UK and has more than 10 years working experience in corporate management and merger and acquisition. She once worked in China Minsheng Banking Corporation Limited ("**CMBC**"), during which time she participated in the CMBC Initial Public Offerings, was responsible for overall planning of overseas investor relations and participated in various large roadshows cooperated closely with investment banks, financial public relation and related professional teams. She also joined the acquisition of Asia Commercial Bank and participated in the license application of CMBC's Hong Kong Branch. Ms. Ngai was also responsible for investor relations and corporate financing of Hong Kong listed companies, leading a number of financing projects.

Ms. Duan Mengying (段夢穎) ("Ms. Duan"), aged 38, has been Executive Director of the Company since 30 January 2020. Ms. Duan joined the Company as the Chief Financial Officer on 1 April 2017. She has over 10 years of experience in auditing, accounting and financial management. Ms. Duan is well versed in accounting and financial management, especially in the areas of mergers and acquisitions, initial public offerings, group financing projects, forecasting and formulating of financial strategies, and in assessing new business opportunities for growth and profit potential. Ms. Duan obtained her Bachelor degree in accountancy and her Master degree in business information system from City University of Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants.

NON-EXECUTIVE DIRECTOR

Mr. Lee Hung Yuen (李鴻淵) ("Mr. Lee"), aged 54, has been Non-Executive Director of the Company since 3 January 2024. Mr. Lee has over 25 years of experiences in business development and investment in China. Mr. Lee has been engaged in the manufacture and sale of electronic light-emitting diode lighting products since 1995. Mr. Lee has been a director of Jiangxi Province Yifeng Wanguo Mining Company Limited since November 2007, a company incorporated in PRC which conducts underground mining of non-ferrous polymetallic mineral resources in Jiangxi Province in PRC. Mr. Lee is currently the managing director of Longmax Holding (HK) Limited since 2006, a private company engaging in investment in the manufacturing field. Mr. Lee was a non-executive director of Goldstone Capital Group Limited (stock code: 1160) from 8 December 2021 to 11 October 2022 and a non-executive director of Wanguo International Mining Group Limited (stock code: 3939) from 12 June 2012 to 29 September 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Ming Sang (周明笙) ("Mr. Chow"), aged 52, has been independent Non-Executive Director of the Company since 21 June 2019, and is a member of the Nomination Committee, Audit Committee and Remuneration Committee of the Company. Mr. Chow obtained his bachelor degree of Business Administration in Accounting from The Hong Kong University of Science and Technology in 1995. Mr. Chow is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a Certified Internal Auditors. Mr. Chow has over 29 years working experience in various industries in auditing, corporate governance and risk management advisory. He worked at Ernst & Young (China) Advisory Limited from January 2007 to September 2018 and he was the advisory partner of Ernst & Young (China) Advisory Limited since 2007 and was responsible for managing the Risk Advisory sub-service line's strategic growth and development in various regions of Mainland China since 2011. From 2014 to 2016, Mr. Chow became the Committee member of The Internal Controls General Standards Committee* of The Ministry of Finance of the People's Republic of China (中華人民共和國財政部企業內部控制標準委員會委員), the only Hong Kong resident and Big Four partner being appointed as a committee member.

Mr. Chow was the general manager of the Risk and Control Department of 泰禾集團 (Tahoe Group*) (the shares of which were previously listed on the Shenzhen Stock Exchange with stock code 000732) from September 2018 to June 2019, overseeing the company's risk management and corporate governance of all business sectors like residential, commercial, hotel, education, insurance, medical, estate management and ageing care. Since December 2023, Mr. Chow has been an independent director of 牧原食品股份有限公司 (Muyuan Foods Co., Ltd.*, the shares of which are listed on the Shenzhen Stock Exchange with stock code 002714). Mr. Chow is currently the managing director of 北京信實安業管理諮詢有限公司 (Beijing Xinshi Anye Management Consulting Co., Ltd*) where he provides capital market related advisory services to companies mostly in Mainland China.

Mr. Chow has been an independent non-executive director in a number of Hong Kong listed companies, namely China Maple Leaf Educational Systems Limited (Stock code: 1317) since 1 March 2024, China Modern Dairy Holdings Ltd. (Stock code: 1117) since 1 July 2021, Redco Healthy Living Company Limited (Stock code: 2370, trading in shares of which have been suspended since 29 March 2023) since 14 March 2022, and China Rundong Auto Group Limited (previous stock code: 1365, the shares of which were delisted with effect from 31 October 2022) from 18 December 2020 to 31 August 2022, the shares of these companies are/were listed on the main board of the Stock Exchange.

Dr. Tsang Hing Bun (曾慶贇) ("Dr. Tsang"), aged 45, has been an independent Non-Executive Director of the Company since 1 January 2023, and is the Chairman of the Remuneration Committee and the Audit Committee and a member of the Nomination Committee of the Company. Dr. Tsang holds a Bachelor Degree of Social Science from the Chinese University of Hong Kong and a Master of Science Degree in Finance from City University of Hong Kong. He obtained the Triple Award of Doctor of Business Administration from Universidad Católica San Antonio de Murcia, VERN University and Brittany University in 2023. He has more than 20 years of experience in audit, accounting, corporate finance and compliance. Dr. Tsang is a member of The Hong Kong Institute of Certified Public Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. He is also a financial risk manager granted by Global Association of Risk Professionals.

Dr. Tsang was a non-executive director of Sino Oil and Gas Holdings Limited (stock code: 702), a company listed on the main board of The Stock Exchange from August 2020 to October 2024, and a independent non-executive director of hmvod Limited (stock code: 8103), a company listed on the GEM Board of the Stock Exchange from July 2022 to August 2024. He was also an executive director of Jimu Group Limited (stock code: 8187), a company listed on the GEM board of the Stock Exchange from April 2022 to January 2025, Carry Wealth Holdings Limited (stock code: 643) from July 2022 to January 2023 and Kingkey Intelligence Culture Holdings Limited (stock code: 550) from September 2015 to September 2023 respectively.

Mr. Chow Wai Hung Enzo（周偉雄）("Mr. W. Chow"), aged 50, has been independent Non-Executive Director since 3 January 2024, and is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr. W. Chow was graduated from the City University of Hong Kong in 1997 with a Bachelor of Laws (Hons) degree and received Postgraduate Certificate in Laws in 1998. Having received professional training for 2 years, Mr. W. Chow was admitted as a solicitor of the High Court of the Hong Kong Special Administrative Region (HKSAR) in 2000. Mr. W. Chow worked as a Government Counsel in the Department of Justice, Government of the HKSAR between 2000 and 2005, handling amongst others land and town planning disputes and related judicial review cases concerning the HKSAR Government. Mr. W. Chow was admitted as a barrister-at-law of the HKSAR in 2006 and since then has been in private practice, focusing on civil litigation, until now. Mr. W. Chow was appointed by the Judiciary of the HKSAR as a Deputy District Judge for the period from 4 October 2021 to 22 October 2021. In the meantime, Mr. W. Chow is currently a Legal Advisor to the Chinese Medicine Council of Hong Kong.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the Company's subsidiaries as at 31 December 2024 are set out in Note 1 to the audited consolidated financial statements in this annual report. During the year, the Group deployed additional resources to expand its operation to (i) trading of filtration media, equipment and related accessories for air purification and (ii) design, manufacturing, sales and marketing of rosewood home furniture. In prior year, the Group presented separate segment information as it operated in two segments which are design, manufacturing, sales of packaging products and structural components and property investment.

BUSINESS REVIEW

Details of (i) business review and (ii) future development of the Group's business are set out respectively in the sections headed "Business review" and "Future outlook" under "Letter from the Board" of this annual report from pages 3 to 9.

Principal Risks and Uncertainties

Our Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The followings are the key risks and uncertainties identified by our Group.

Market Risks

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices, like foreign exchange rates, interest rates and equity prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Business Risk

Performance of our Group's core business will be affected by various factors, including but not limited to the economic conditions of PRC and Hong Kong and the performance of Hong Kong and Singapore property market, which would not be mitigated even with careful and prudent investment strategy and strict control procedures.

Manpower and Retention Risk

The Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The Group will provide attractive remuneration package to suitable candidates and personnel, but may lead to the increment of labor cost.

Foreign Exchange Rates Risk

As part of the Group's assets and liabilities were denominated in HK$, US$ and SGD, in view of the potential RMB exchange rate fluctuations, our Group will continue to closely monitor the exposure and take any actions when appropriate.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group's management closely monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

The financial risk management policies and practices of the Group are set out in Note 32 to the audited consolidated financial statements.

There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Environmental Policies and Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. As a responsible corporation, the Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment and incorporates environmental friendly practices into its daily course of business to achieve efficient use of resources, water and energy saving and waste reduction.

In accordance with Rule 13.91 and the Environmental, Social and Governance ("**ESG**") Reporting Guide contained in Appendix 27 of the Listing Rules applicable to the financial year ended 31 December 2024, the Company's ESG report will be available on our website and the website of the Stock Exchange within four months after the end of the financial year ended 31 December 2024.

Compliance with the Relevant Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. To the best knowledge of the Directors, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 December 2024. There was no material breach of or non-compliance with the applicable laws and regulations by the Group for the year ended 31 December 2024.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and Shareholders. During the year ended 31 December 2024, there were no material and significant dispute between the Group and its key stakeholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and financial position of the Group as at 31 December 2024 are set out in the audited consolidated financial statements on pages 38 to 110 in this annual report.

The Directors do not recommend the payment of any dividends for the year ended 31 December 2024 (2023: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 110 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIVIDEND POLICY

The Board resolved on 15 March 2019 to adopt a policy on payment of dividends. The Board may from time to time determine and pay to the Company's shareholders such interim dividends as it considers appropriate. The Board may recommend the payment of special dividends and final dividends which are required to be approved by an ordinary resolution of shareholders of the Company in general meetings of an amount not exceeding the amount recommended by the Board.

It is the policy of the Company to allow its shareholders to participate in the Company's profits whilst to retain adequate reserves for future growth. The Company may pay dividends twice a year, being interim dividends and final dividends. The Board may also declare and pay special dividends in addition to such dividends if it considers appropriate. The Board will continue to review this dividend policy from time to time and reserves the right to amend or modify this dividend policy when the Board may deem necessary and this dividend policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

In determining/recommending the frequency, amount and form of any dividend in any financial year/period, the Board shall consider the following factors:

(a) the interest of the shareholders;

(b) statutory and regulatory restrictions;

(c) the actual and expected financial results of the Group;

(d) economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(e) the Group's business strategies, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;

(f) the possible effects on the Group's credit-worthiness, the financial covenants to which the Group is subject and any restrictions on the payment of dividends that may be imposed by the Group's lenders;

(g) the current and future operations, liquidity position and capital requirements of the Group; and

(h) any other factors that the Board deems appropriate.

The dividend payout ratio will vary from year to year. There is no assurance that dividends will be paid in any particular amount for any given period.

FORM OF DIVIDEND

Subject to compliance of the Company's applicable laws and regulations, Memorandum and Articles of Association of the Company, the financial reporting standards the Group has adopted and the Companies Laws of the Cayman Islands, dividends may be paid in cash or be satisfied wholly or partly in the form of allotment of shares of the Company. The Board may also consider the issuance of bonus shares on a basis permitted by the applicable laws and regulations.

USE OF PROCEEDS FROM THE PLACING AND PUBLIC OFFER

The Company was successfully listed on the Main Board of the Stock Exchange on 18 November 2011 by way of placing and public offer (the "**Placing and Public Offer**").

The proceeds received by the Company from the Placing and Public Offer, after deducting the relevant costs of the Placing and Public Offer, amounted to approximately HK$44,500,000 in total. As at 31 December 2024, the Group had used up all the net proceed, of which (i) approximately HK$2,700,000 had been used for the repayment of bank loan; (ii) approximately HK$2,900,000 had been used as general working capital; (iii) approximately HK$29,000,000 was used for acquiring, remodifying and upgrading of plant and machines; and (iv) approximately HK$9,900,000 was used for acquiring and remodifying of mould.

USE OF PROCEEDS FROM THE RIGHTS ISSUE AND PLACING

On 4 September 2020, the Company completed a rights issue of 198,772,264 rights shares and a placing of 113,740,000 new shares. The proceed received by the Company after deducting the relevant costs amounted to approximately HK$50 million. The Company has used up all of the proceeds for repayment of the Group's outstanding borrowings.

On 4 June 2024, the Company completed the Right Issue by issuing 197,279,115 right shares, with net proceeds, after deducting all relevant expenses, amounting to approximately HK$ 14.67 million. As at 31 December 2024, the Company has used up all of the proceeds for repayment of the Group's outstanding borrowings and general working capital.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted terms as contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**Model Code**") as the Company's code of conduct regarding securities transactions and dealings by the Directors. Upon specific enquiries of all existing Directors, each of them confirmed that they have complied with the Model Code during the year ended 31 December 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG Code**") contained in the Appendix 14 to the Listing Rules.

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the CG Code. The Company was in compliance with the applicable Code Provisions for the year ended 31 December 2024.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee consists of three independent non-executive Directors, namely, Dr. Tsang Hing Bun (an independent non-executive director with the appropriate professional qualifications as required under rule 3.10(2) of the Listing Rules who serves as chairman of the Audit Committee), Mr. Chow Ming Sang and Mr. Chow Wai Hung Enzo.

The audit committee has reviewed the accounting principles and practices adopted by the Group with the management and the Company's external auditors and discussed risk management, internal control and financial reporting matters (including the review of the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2024).

The figures in respect of the Group's consolidated results for the year ended 31 December 2024 as set out in this report have been agreed by the Company's external auditors to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 December 2024.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 14 to the audited consolidated financial statements in this annual report.

RESERVES

Details of the movements of reserves of the Group during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity in page 41.

Movements in the distributable reserves of the Company and the Group during the year ended 31 December 2024 are set out in Note 33 to the audited consolidated financial statements and in the consolidated statement of changes in equity in page 41.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group are set out in Note 24 to the audited consolidated financial statements in this annual report.

REMUNERATION POLICY

The Group determines its employee salaries with reference to the prevailing market salary rate of respective locations, experience as well as performance of such employees. In order to motivate the Group's employees and retain talent, the Group has adopted the employee incentives such as bonus sharing arrangement. The employee incentives are available to the Group's employees who are considered qualified for such incentives by the management members of the Group based on their performances in the year under review.

The Directors and senior management of the Company receive compensation in the form of fees, salaries, allowances, benefits in kind or discretionary bonuses relating to the performance of the Group. The Group also reimburses the Directors and senior management of the Company for expenses which are necessarily and reasonably incurred for providing services to the Group or discharging their duties in relation to the operations of the Group. When reviewing and determining the specific remuneration packages for the executive Directors and senior management, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment elsewhere in the Group and desirability of performance-based remuneration.

Details of the remuneration of Directors and chief executive are set out in Note 9 to the audited consolidated financial statements in this annual report.

RETIREMENT SCHEMES

The Group participates in defined contribution retirement plans which cover the Group's eligible employees in the PRC and a Mandatory Provident Fund Scheme for the employee(s) in Hong Kong. Particulars of these retirement plans are set out in Note 3 to the audited consolidated financial statements in this annual report.

SHARE OPTION SCHEME

The share option scheme (the "**Scheme**") adopted by the Company on 11 June 2011 for a period of ten years was expired, and no option has been granted, outstanding, cancelled, lapsed or exercised by the Company under the Scheme. The Company currently has no other share option schemes.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of Directors and senior management of the Company are set out in the section headed "Biographical Details of Directors" in this annual report.

DIRECTORS AND SERVICE CONTRACTS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors

Mr. Zeng Wenyou
Ms. Ngai Mei (duties suspended)
Ms. Duan Mengying (duties suspended)

Non-Executive Director

Mr. Lee Hung Yuen (appointed on 3 January 2024)

Independent Non-Executive Directors

Mr. Chow Ming Sang
Dr. Tsang Hing Bun
Mr. Chow Wai Hung Enzo (appointed on 3 January 2024)

As at 31 December 2024, none of the Directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

The Directors consider that those related party transactions disclosed in Note 29 to the audited consolidated financial statements fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules but are exempt from any of the reporting, annual review, announcement or independent shareholders' approval requirements under the Listing Rules.

COMPETING INTERESTS

None of the Directors or their respective close associates was interested in any business apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's business as at the date of this report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board confirmed that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and based on the confirmations received, the Company considers that the independent non-executive Directors remain to be independent.

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

As at 31 December 2024, the interests and short positions of each Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Ordinary Shares of the Company:

Name of Director	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of the Company's total issued share capital
Mr. Zeng Wenyou	Beneficial owner	39,130,424	9.92%
Mr. Lee Hung Yuen	Beneficial owner	26,086,966	6.61%

Save as disclosed above, as at 31 December 2024, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and none of the Directors, the chief executive of the Company nor their associates (as defined in the Listing Rules) had any other interests or short positions in the shares of the Company, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered into the register maintained by the Company, pursuant to Section 352 of Part XV of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange, pursuant to the Model code for Securities Transaction by Directors of Listed Issuers contained in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section of "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the year ended 31 December 2024 was the Company, any of its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 31 December 2024, as recorded in the register required to be kept by the Company under Section 336 of the SFO, the following persons (except the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Positions in Shares and Underlying Shares

Name of shareholders	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of the Company's total issued share capital
Ms. Cao Junying	Beneficial owner	37,815,000	9.58%
Mr. Gu Shaoxun	Beneficial owner	33,400,000	8.47%
Mr. Wang Yang	Beneficial owner	31,070,000	7.87%
Grand Luxe Limited *(Note 1)*	Beneficial owner	29,330,000	7.43%

Notes:

1. Mr. Xu Gefei beneficially held the entire issued share capital of Grand Luxe Limited which in turn, beneficially held 29,330,000 Shares.

Save as disclosed above, as at 31 December 2024, no person had registered an interest or short position in the securities or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTIONS

Save as disclosed in this annual report, none of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2024.

KEY CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, sales to the Group's five largest customers accounted for approximately 94.9% (2023: approximately 86.0%) of the annual revenue and the sales to the largest customer included therein accounted for approximately 54.3% (2023: approximately 50.1%). For the year ended 31 December 2024, purchases from the Group's five largest suppliers accounted for approximately 87.3% (2023: approximately 66.7%) of the annual purchases and the purchases from the largest supplier included therein accounted for approximately 33.5% (2023: approximately 30.1%).

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during the year ended 31 December 2024.

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

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

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this annual report, for the year ended 31 December 2024, there was no material acquisition, disposal or significant investment by the Group.

PRE-EMPTIVE RIGHTS

There are no relevant provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands, and therefore the Company is not obliged to offer new shares on a pro-rata basis to existing Shareholders.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

The Company had adopted the Code Provisions set out in the CG Code in Appendix 14 to the Listing Rules. The Company has complied with the Code Provision of the CG Code for the year ended 31 December 2024.

AUDITORS

The Company's financial statements for the years ended 31 December 2011 to 2015 were audited by HLB Hodgson Impey Cheng Limited.

The Company's financial statements for the years ended 31 December 2016 to 2022 were audited by Zenith CPA Limited.

The Company's financial statements for the year ended 31 December 2023 to 2024 were audited by Prism Hong Kong Limited.

Prism Hong Kong Limited as auditor of the Company will retire and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Zeng Wenyou
Executive Director

Hong Kong, 28 March 2025

Prism Hong Kong Limited
Units 1903A - 1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
T : +852 2774 2188 F : +852 2774 2322

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Teamway International Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 38 to 110, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which indicated that the Group incurred a net loss of approximately RMB108,075,000 for the year ended 31 December 2024 and, as of that date, the Group had net current liabilities of approximately RMB227,808,000 and net liabilities of approximately RMB306,194,000. These conditions, along with other matters as set forth in Note 2 of the consolidated financial statements, indicate that material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS

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

Key audit matters	How our audit addressed the key audit matters
Expected credit losses for trade receivables	
The carrying value of the Group's trade receivables (net of impairment) as at 31 December 2024 amounted to RMB62,889,000, representing approximately 23% of the Group's total assets as at 31 December 2024, and an accumulated loss allowance for the trade receivables carried as at 31 December 2024 was RMB3,080,000. The loss allowance for the impairment of trade receivables is maintained to reduce the Group's trade receivables to their estimated recoverable amounts. Management evaluates the estimated loss allowance based on historical repayment behavior of debtors, ageing profile as well as experience with collection trends, and current economic and business conditions and future economic outlook. The management's continued refinement of the impairment of trade receivables based on known customers information can provide a significant change in estimate between periods. We focused the impairment assessment of the trade receivables as a key audit matter because of the material amounts involved, the significant judgement and assumptions involved in the determination of loss allowance under the expected credit losses model. The Group's accounting policies and disclosures on trade receivables and loss allowance for expected credit losses are set out in Notes 3, 4 and 18 to the consolidated financial statements.	In assessing the adequacy of loss allowance for the impairment on the trade receivables, we evaluated the Group credit control procedures regarding the credit granted to customers; performed testing on ageing profile to ascertain the accuracy of classification of receivables by ages; performed inquiry with management on the likelihood of recoverability of the trade receivables; inspected cash receipts from customers after the reporting period; assessed the reasonableness of management's loss allowance by examining the information such as historical default data, evaluating whether the loss rate are appropriately adjusted based on the current economic conditions and forward-looking information; and examining the actual losses recorded during the current financial year as to whether there was an indication of management bias when recognising expected credit losses.

Key audit matters	How our audit addressed the key audit matters
Impairment of the cash generating units which comprising property, plant and equipment and right-to-use assets of the Group The Group suffered a loss for the year ended 31 December 2024 which the management considered as an indication of impairment on the carrying values of cash generating units which comprising property, plant and equipment and right-of-use assets. The management of the Group has assessed the recoverable amounts of the cash generating units by applying the value in use calculation. The assessment of the value in use is inherently subjective as it involves the exercise of significant management judgement and estimation, particularly in determining future revenue, future operating expenses and the discount rate applied. Based on the impairment assessment, an impairment loss of approximately RMB22,129,000 and approximately RMB1,712,000 was recognised on property, plant, and equipment and right-of-use assets attributes to the cash generating units for the year ended 31 December 2024. We identified assessing potential impairment of the carrying values of the cash generating units of the Group as a key audit matter because management's assessment of the recoverable amounts involved significant judgement and estimation which could be subject to management bias.	In assessing the impairment of the cash generating units which comprising property, plant and equipment and right-of-use assets of the Group, we obtained an understanding on the management's determination and the identification of cash generating units according to HKAS 36; obtained the detailed value in use calculation performance by the management, particularly the key assumptions to the valuation including discount rates and revenue during the forecast period with reference to the respective cash generating units; evaluated the reasonableness of the cash flow projections by comparing the actual results of those cash-generating units to the previously forecasted results used; obtained the valuation report from the management expert to determine of the fair value less costs of disposal of individual assets comprising property, plant and equipment and comparing with the carrying amount of the property, plant and equipment to its fair value; assessed the competence, capabilities and objectivity of the independent professional valuer and obtaining an understanding of the valuer's scope of work; and involved an auditor's expert to assist us to evaluate the appropriateness of the management valuer's valuation approach, assessed the accuracy and relevance of key data inputs underpinning the valuation and assessed the reasonableness of the key assumptions applied based on available market data and checked the comparable adopted by the management expert and our knowledge of the business and industry.

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

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

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

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

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

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

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

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

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

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

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Fan Chi Hang, Stephen.

Prism Hong Kong Limited
Certified Public Accountants
Fan Chi Hang, Stephen
Practising Certificate Number: P06144
Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
REVENUE	6	**252,949**	340,918
Cost of sales		**(257,363)**	(331,758)
Gross (loss)/profit		**(4,414)**	9,160
Other income and (losses), net	6	**(3,800)**	(4,627)
Impairment of property, plant and equipment		**(22,129)**	—
Impairment of right-of-use assets		**(1,712)**	—
Impairment of trade and notes receivables		**(880)**	(165)
Reversal of impairment/(impairment) of loan and other receivables		**345**	(5)
Selling and distribution expenses		**(27,416)**	(32,999)
Administrative expenses		**(42,022)**	(35,670)
Finance costs	7	**(6,240)**	(6,046)
LOSS BEFORE TAX	8	**(108,268)**	(70,352)
Income tax credit	11	**193**	1,596
LOSS FOR THE YEAR		**(108,075)**	(68,756)
ATTRIBUTABLE TO:			
Owners of the Company		**(105,586)**	(68,295)
Non-controlling interests		**(2,489)**	(461)
		(108,075)	(68,756)
			(restated)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	13	**RMB(32.28) cents**	RMB(30.92) cents

	2024 RMB'000	2023 RMB'000
LOSS FOR THE YEAR	**(108,075)**	(68,756)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(13,699)**	(3,309)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(13,699)**	(3,309)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(121,774)**	(72,065)
ATTRIBUTABLE TO:		
Owners of the Company	**(119,285)**	(71,604)
Non-controlling interests	**(2,489)**	(461)
	(121,774)	(72,065)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**35,269**	47,966
Investment property	15	**59,457**	60,388
Right-of-use assets	16	**6,824**	8,400
Deferred tax assets	25	**26**	939
Deposits and prepayments	19	**626**	7
Total non-current assets		**102,202**	117,700
CURRENT ASSETS			
Inventories	17	**20,989**	28,575
Trade and notes receivables	18	**86,196**	138,972
Deposits, prepayments and other receivables	19	**22,294**	11,891
Loan and interest receivable	20	**—**	2,701
Cash and bank balances	21	**39,922**	19,290
Total current assets		**169,401**	201,429
CURRENT LIABILITIES			
Trade payables	22	**67,960**	44,343
Other payables and accruals	23	**20,235**	16,174
Interest-bearing bank and other borrowings	24	**307,070**	259,981
Lease liabilities	16	**1,426**	2,250
Tax payable		**518**	734
Total current liabilities		**397,209**	323,482
NET CURRENT LIABILITIES		**(227,808)**	(122,053)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(125,606)**	(4,353)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	24	**178,500**	191,740
Lease liabilities	16	**1,959**	1,274
Deferred tax liabilities	25	**129**	1,055
Total non-current liabilities		**180,588**	194,069
Net liabilities		**(306,194)**	(198,422)
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	**3,518**	27,082
Reserves	27	**(315,582)**	(233,443)
		(312,064)	(206,361)
Non-controlling interests		**5,870**	7,939
Total deficit		**(306,194)**	(198,422)

Zeng Wenyou
Director

Lee Hung Yuen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attribute to owners of the Company										
	Share capital RMB'000	Share premium account RMB'000	Special reserve RMB'000 *(Note 27(c))*	Exchange fluctuation reserve RMB'000	PRC capital reserve RMB'000 *(Note 27(a))*	PRC statutory reserves RMB'000 *(Note 27(b))*	Shareholders' contribution RMB'000 *(Note 27(d))*	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total deficit RMB'000
At 1 January 2023	**22,487**	**235,289**	**(39,934)**	**(14,281)**	**(8)**	**33,462**	**10,296**	**(392,636)**	**(145,325)**	**–**	**(145,325)**
Loss for the year	–	–	–	–	–	–	–	(68,295)	(68,295)	(461)	(68,756)
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	–	–	–	(3,309)	–	–	–	–	(3,309)	–	(3,309)
Total comprehensive loss for the year	–	–	–	(3,309)	–	–	–	(68,295)	(71,604)	(461)	(72,065)
Changes in ownership interests:											
Capital Contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	8,400	8,400
Transactions with owners:											
Issue of shares *(Note 26a)*	4,595	5,973	–	–	–	–	–	–	10,568	–	10,568
	4,595	5,973	–	–	–	–	–	–	10,568	8,400	18,968
At 31 December 2023 and 1 January 2024	**27,082**	**241,262***	**(39,934)***	**(17,590)***	**(8)***	**33,462***	**10,296***	**(460,931)***	**(206,361)**	**7,939**	**(198,422)**
Loss for the year	–	–	–	–	–	–	–	(105,586)	(105,586)	(2,489)	(108,075)
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	–	–	–	(13,699)	–	–	–	–	(13,699)	–	(13,699)
Total comprehensive loss for the year	–	–	–	(13,699)	–	–	–	(105,586)	(119,285)	(2,489)	(121,774)
Changes in ownership interests:											
Capital Contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	420	420
Transactions with owners:											
Capital reduction and share sub-division *(Note 26b(ii))*	(25,389)	–	–	–	–	–	–	25,389	–	–	–
Issue of shares by share placement and rights issue *(Note 26c)*	1,825	12,778	–	–	–	–	–	–	14,603	–	14,603
Transaction costs attributable to shares issued upon rights issue and placing *(Note 26c)*	–	(1,021)	–	–	–	–	–	–	(1,021)	–	(1,021)
	(23,564)	11,757	–	–	–	–	–	25,389	13,582	420	14,002
At 31 December 2024	**3,518**	**253,019***	**(39,934)***	**(31,289)***	**(8)***	**33,462***	**10,296***	**(541,128)***	**(312,064)**	**5,870**	**(306,194)**

* These reserve accounts comprise the negative consolidated reserves RMB315,582,000 (2023: RMB233,443,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:		**(108,268)**	(70,352)
Adjustments for:			
Fair value losses on investment property	6	**1,043**	1,594
Depreciation of property, plant and equipment	8	**7,290**	5,440
Depreciation of right-of-use assets	8	**2,048**	1,355
Finance costs	7	**6,240**	6,046
Impairment of property, plant and equipment		**22,129**	—
Impairment of right-of-use assets		**1,712**	—
Impairment of trade and notes receivables		**880**	165
(Reversal of impairment)/impairment of loan and other receivables		**(345)**	5
Interest income	6	**(135)**	(461)
Provision of allowance for inventories	8	**1,863**	—
Loss on disposal of items of property, plant and equipment	6	**245**	774
Operating cash flows before working capital charges		**(65,298)**	(55,434)
Decrease/(increase) in inventories		**5,723**	(14,444)
Decrease in trade and notes receivables		**51,896**	50,627
Increase in deposits, prepayments and other receivables		**(10,747)**	(6,774)
Increase/(decrease) in trade payables		**23,617**	(11,398)
Increase/(decrease) in other payables and accruals		**4,061**	(1,481)
Cash generated from/(used in) operations		**9,252**	(38,904)
Interest paid		**(1,776)**	(1,385)
Income tax paid		**(38)**	(28)
Interest elements of lease liabilities		**(149)**	(147)
Net cash flows from/(used in) operating activities		**7,289**	(40,464)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(17,157)**	(19,259)
Proceeds from disposal of property, plant and equipment		**194**	2,244
Repayment of loan from independent third party		**2,710**	—
Interest received		**196**	461
Net cash flows used in investing activities		**(14,057)**	(16,554)

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from issue of shares	26a	–	10,568
Proceeds from shares issued upon rights issue and placing	26c	14,603	—
Transaction costs attributable to shares issue upon rights issue and placing	26c	(1,021)	—
New bank and other borrowings		57,839	36,000
Repayment of bank and other borrowings		(31,688)	(13,000)
Principal portion of lease payment		(2,323)	(1,398)
Capital contribution by non-controlling interests		420	8,400
Interest paid		(1,539)	(1,234)
Net cash flows from financing activities		36,291	39,336
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,523	(17,682)
Cash and cash equivalents at beginning of year		19,290	33,265
Effect of foreign exchange rate changes, net		(8,891)	3,707
CASH AND CASH EQUIVALENT AT END OF YEAR		39,922	19,290
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	39,922	19,290

1. CORPORATE AND GROUP INFORMATION

Teamway International Group Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is located at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Suite 1604, 16/F, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

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

- design, manufacturing and sale of packaging products and structural components
- trading of filtration media, equipment and related accessories for air purification
- design, manufacturing, sale and marketing of rosewood home furniture
- property investment

Information about subsidiaries

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

Name	Place of incorporation/ place of operation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Great Earn International Limited	Hong Kong	HK$1	–	100	Investment holding
Mutual Power International Limited	Hong Kong	HK$1	–	100	Investment holding
Peace Bright Investment Trading Limited	British Virgin Islands ("**BVI**")	US$2	100	–	Investment holding
Chongqing Guangjing Packaging Materials Co., Ltd.# (重慶光景包裝製品有限公司)*	The People's Republic of China (the "**PRC**")/ Mainland China	US$3,300,000	–	100	Design, manufacture and sale of packaging products and structural components
Sichuan Hejing Packing Materials Co., Ltd.# (四川和景包裝製品有限公司)*	The PRC/ Mainland China	RMB33,000,000	–	100	Design, manufacture and sale of packaging products and structural components
Winner Alliance Limited	BVI	US$1	100	–	Property investment
Teamway Asset Management Limited	Hong Kong	HK$5,000,000	–	100	Investment holding

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ place of operation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Fujian Mujing Rosewood Classical Furniture Co., Ltd.# (福建木竟紫檀古典家具有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	51%	Design, manufacturing, sale and marketing of rosewood home furniture
IIECC Health Technology (Shanghai) Co., Ltd.# (艾易西健康科技(上海)有限公司)*	The PRC/ Mainland China	RMB8,000,000	–	51%	Trading of filtration media, equipment and related accessories for air purification

The English names of the Chinese entities are translation of their Chinese names and are included herein for identification purpose only.

* Registered as wholly-foreign-owned enterprises under the PRC law.

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

2. BASIS OF PRESENTATION AND APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

2.1 Basis of presentation

Notwithstanding that the Group incurred net loss of approximately RMB108,075,000 for the year ended 31 December 2024, and as of that date, the Group's net liabilities amounted to approximately RMB306,194,000; and the current liabilities of the Group at 31 December 2024 exceed its current assets at that date by approximately RMB227,808,000, and the Group's current liabilities at that date includes interest-bearing bank and other borrowings with the carrying amounts of RMB307,070,000, in which including RMB235,936,000 (the "**Default Loan**") has default to a single lender (the "**Lender**"), according to their scheduled repayment date. These condition indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as going concern.

2. BASIS OF PRESENTATION AND APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

2.1 Basis of presentation *(Continued)*

Given the above condition, the directors of the Company have prepared a cash flow projection for a period of twelve months after the end of the reporting period, after taking into account of the following circumstances and measures to be implemented:

(i) in relation to the Default Loan for which the Group entered into an agreement with Lender on 31 March 2015, pursuant to which the Lender has agreed to provide a loan for a principal amount of HK$200 million to the Group, the outstanding principal amount as at 31 December 2022 is HK$155 million (equivalent to RMB136 million). The loan drawn down by the Group was secured by share charge over the entire issued shares of Cheng Hao International Limited, a wholly-owned subsidiary of the Company, carries interest at 18% per annum and repayable on 2 January 2023.

As disclosed in the Company's announcement dated 16 November 2022, the said Default Loan has entered into a dispute and its initial hearing of the petition has been set for 2 June 2023 at the High Court of Hong Kong. In the light of the complexity of the matter and the ongoing Case Management Conference for the Petition, the legal representative of the Company do not expect the matter to be resolved by 31 March 2026;

(ii) the Company obtained a letter of continuous financial support and undertaken from the substantial shareholders;

(iii) estimated sales proceed for RMB59 million from the disposal of the Group's investment property in Singapore; and

(iv) the Group is actively identifying any other possible financing options to improve the liquidity portion of the Group.

Significant uncertainties exist as to whether the Group's plans and measures as describe above will be able to be achieved by the Group and whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future, obtaining the continuous financial support from its shareholders and successful obtaining of additional new source of financial assets and when needed.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to continue as a going concern.

2. BASIS OF PRESENTATION AND APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

2.1 Basis of presentation *(Continued)*

These financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the Hong Kong Companies Ordinance disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

2. BASIS OF PRESENTATION AND APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

2.2 Application of new and amendments to HKFRS Accounting Standards

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2024:

Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

Except as described below, the application of the new and amendments to HKFRS Accounting Standards in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and on the disclosures set out in these consolidated financial statements.

*Impact on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "**2020 Amendments**"); and Amendments to HKAS 1 — Non-current Liabilities with Covenants (the "**2022 Amendments**")*

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

Upon adoption of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The application of the amendments has no material impact on the classification of the Group's liabilities.

2. BASIS OF PRESENTATION AND APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

2.2 Application of new and amendments to HKFRS Accounting Standards *(Continued)*

New and amendments to HKFRS Accounting Standards issued but not yet effective

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

Amendments to HKAS 21 and HKFRS 1	*Lack of Exchangeability*[1]
Amendments to HKFRS 9 and HKFRS 7	*Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS Accounting Standards	*Annual Improvements to HKFRS Accounting Standards — Volume 11*[2]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

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

The directors of the Company anticipate that the application of new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with HKAS 12 Income Taxes;

- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Business combinations *(Continued)*

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at each reporting date, and changes in fair value are recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. The provisional amounts recognised at the acquisition date are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Property, plant and equipment and depreciation

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

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

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

Buildings	Over the term of the leases, or 20 years whichever is the shorter
Leasehold improvements	20% or over the relevant lease terms whichever is shorter
Plant and machinery	10% to 20%
Office equipment	20% to 33%
Motor vehicles	20% to 40%
Moulds	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 is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

Construction in progress represents buildings and plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains or losses on the retirement or disposal of an investment properties are recognised in the statement of profit or loss in the year of the retirement or disposal.

Fair value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

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 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	50 years
Property and plant	3 years
Equipment	3 years

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

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

(b) Lease liabilities

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Group as a lessee *(Continued)*

(b) Lease liabilities (Continued)

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

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

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

Lease modification

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

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

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

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

Group as a lessor

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Group as a lessor *(Continued)*

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling prices for inventories less all estimated costs of completion and costs necessary to make sale.

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and form an integral part of the Group's cash management.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Provisions *(Continued)*

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial assets *(Continued)*

Financial assets at amortised cost (debt instruments) (Continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income and losses" line item.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial assets *(Continued)*

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

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

- when there is a breach of financial covenants by the debtor; or

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial assets *(Continued)*

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial assets *(Continued)*

Measurement and recognition of ECL (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income ("**FVTOCI**"), for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue recognition

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

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 goods.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue recognition *(Continued)*

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its 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 the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Long service payments

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Borrowing costs

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of nonmonetary items carried at fair value, are included in profit or loss for the period.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rates of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (i.e. the translation reserve) (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(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 is related to the Group if that person:

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

or

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

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

4. SIGNIFICANT ACCOUNTING 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.

Key sources of estimation uncertainty

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

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. The directors assess the estimations at the end of each reporting period. Details of inventories are disclosed in Note 17 to the consolidated financial statements.

(b) Provision for ECL on trade receivables

The Group applies basically the simplified approach in calculating ECL. An impairment analysis is performed at each reporting date using a loss rate approach to measure ECL. The credit risk categorisation is determined based on a number of factors which include (i) debtors' ageing profit as well as experience with collection trends; (ii) historical repayment behavior of debtors; (iii) debtors' specific information available to the Group which is relevant for credit risk assessment; and (iv) current economic and business conditions and future economic outlook. The credit risk categorisation is adjusted to reflect subsequent information uncovered to an extent that such information provides evidence of conditions existed as at the year end date and forward-looking information.

The assessment of correlation among historical recovery ratio, estimated repayment and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and conditions. The Group's historical credit loss experience and estimates may also not be representative of a customer's actual default in the future. The information about the ECL on the Group's trade and notes receivables is disclosed in Note 18 to the consolidated financial statements.

(c) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Group assesses annually the residual value and the useful lives of the property, plant and equipment. If the expectation differs from the original estimate, such difference will impact the depreciation and the amortisation charged in the year in which such estimate is changed. Details of property, plant and equipment are disclosed in Note 14 to the consolidated financial statements.

(d) Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. Details of leases are disclosed in Note 16 to consolidated financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(e) Fair value of investment property

As at 31 December 2024, the Group's investment property amounted to approximately of RMB59,457,000 (31 December 2023: RMB60,388,000). The fair value was based on valuations on these properties conducted by independent qualified valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair values of the Group's investment property and corresponding adjustments to the amount of gain or loss reported in profit or loss. Further details of the fair value measurement of the Group's investment property are set out in Note 15.

(f) Estimated impairment of property, plant and equipment and right-of-use assets

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

As at 31 December 2024, property, plant and equipment and right-of-use assets with carrying values of approximately RM35,269,000 and RMB6,824,000 respectively. Impairment losses of approximately RMB22,129,000 and approximately RMB1,712,000 have been recognised on property, plant and equipment and right-of-use assets for the year ended 31 December 2024. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in Notes 14 and 16.

5. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has four reportable segments as follows:

- design, manufacture and sale of packaging products and structural components
- trading of filtration media, equipment and related accessories for air purification
- design, manufacturing, sale and marketing of rosewood home furniture
- property investment

5. OPERATING SEGMENT INFORMATION *(Continued)*

	Sales of packaging products and structural components RMB'000	Trading of filtration media, equipment and related accessories for air purification RMB'000	Sales of rosewood home furniture RMB'000	Property investment RMB'000	Total RMB'000
Year ended 31 December 2024					
Segment revenue:					
Revenue from external customers	250,802	909	113	1,125	252,949
Segment results	(73,265)	(2,274)	(3,580)	(2,720)	(81,839)
Reconciliation:					
Other income and (losses), net					(2,978)
Finance costs					(3,111)
Corporate and other unallocated expenses					(20,340)
Loss before tax					(108,268)
Other segment information					
Depreciation					
– Property, plant and equipment	6,425	5	293	–	6,723
– Right-of-use assets	122	414	717	–	1,253
Provision of allowance for inventories	1,830	–	33	–	1,863
Impairment of property, plant and equipment	21,003	3	1,123	–	22,129
Impairment of right-of-use assets	–	518	1,194	–	1,712
Impairment of trade and notes receivables	876	3	1	–	880
Impairment of other receivables	6	–	–	–	6
Fair value losses on investment property	–	–	–	1,043	1,043
Capital expenditure*	16,367	–	1,169	–	17,536

5. OPERATING SEGMENT INFORMATION *(Continued)*

	Sales of packaging products and structural components RMB'000	Trading of filtration media, equipment and related accessories for air purification RMB'000	Sales of rosewood home furniture RMB'000	Property investment RMB'000	Total RMB'000
Year ended 31 December 2023					
Segment revenue:					
Revenue from external customers	336,623	3,368	–	927	340,918
Segment results	(51,866)	(384)	(487)	(106)	(52,843)
Reconciliation:					
Other income and (losses), net					461
Finance costs					(6,046)
Corporate and other unallocated expenses					(11,924)
Loss before tax					(70,352)
Other segment information					
Depreciation					
– Property, plant and equipment	5,102	3	9	–	5,114
– Right-of-use assets	122	207	239	–	568
Impairment of trade and notes receivables	165	–	–	–	165
(Reversal of impairment)/Impairment of other receivables	(27)	6	24	–	3
Fair value losses on investment property	–	–	–	1,594	1,594
Capital expenditure*	4,875	1,139	2,698	–	8,712

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

5. OPERATING SEGMENT INFORMATION *(Continued)*

31 December 2024	Sales of packaging products and structural components RMB'000	Trading of filtration media, equipment and related accessories for air purification RMB'000	Sales of rosewood home furniture RMB'000	Property investment RMB'000	Total RMB'000
Segment assets	159,238	8,746	8,810	86,594	263,388
Reconciliation:					
Deferred tax assets					26
Corporate and other unallocated assets					8,189
Total assets					271,603
Segment liabilities	97,434	3,432	1,476	34	102,376
Reconciliation:					
Interest-bearing bank and other borrowings					459,570
Deferred tax liabilities					129
Corporate and other unallocated liabilities					15,722
Total liabilities					577,797

5. OPERATING SEGMENT INFORMATION *(Continued)*

31 December 2023	Sales of packaging products and structural components RMB'000	Trading of filtration media, equipment and related accessories for air purification RMB'000	Sales of rosewood home furniture RMB'000	Property investment RMB'000	Total RMB'000
Segment assets	222,005	9,201	11,678	60,889	303,773
Reconciliation:					
Deferred tax assets					939
Corporate and other unallocated assets					14,417
Total assets					319,129
Segment liabilities	53,973	2,494	963	340	57,770
Reconciliation:					
Interest-bearing bank and other borrowings					451,721
Deferred tax liabilities					1,055
Corporate and other unallocated liabilities					7,005
Total liabilities					517,551

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	Sales of packaging products and structural components RMB'000	Trading of filtration media, equipment and related accessories for air purification RMB'000	Sales of rosewood home furniture RMB'000	Property investment RMB'000	Total RMB'000
Year ended 31 December 2024					
Mainland China	**250,802**	**909**	**113**	**–**	**251,824**
Singapore	**–**	**–**	**–**	**1,125**	**1,125**
	250,802	**909**	**113**	**1,125**	**252,949**
Year ended 31 December 2023					
Mainland China	336,623	3,368	–	–	339,991
Singapore	–	–	–	927	927
	336,623	3,368	–	927	340,918

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

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
Hong Kong	**2,401**	1,063
Mainland China	**40,318**	55,310
Singapore	**59,457**	60,388
	102,176	116,761

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from each single customers (including sales to a group of entities which are known to be under common control with that customer) which accounted for 10% or more of the Group's revenue that solely derived from sales of packaging products and structural components' segment for the year, is set out below:

	2024 **RMB'000**	2023 RMB'000
Customer A	**137,428**	170,746
Customer B	**61,201**	83,923

6. REVENUE AND OTHER INCOME AND (LOSSES), NET

	2024 **RMB'000**	2023 RMB'000
Revenue		
Sales of packaging products and structural components	**250,802**	336,623
Trading of filtration media, equipment and related accessories for air purification	**909**	3,368
Sales of rosewood home furniture	**113**	—
Rental income from investment property	**1,125**	927
	252,949	340,918

6. REVENUE AND OTHER INCOME AND (LOSSES), NET *(Continued)*

Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Type of goods and services		
Sale of packaging product	244,419	321,601
Sale of structural components	6,383	15,022
Sales of rosewood home furniture	113	—
Sale of filtration media, equipment and related accessories for air purification	909	3,368
Total revenue from contracts with customers	251,824	339,991
Rental income from investment property	1,125	927
Total revenue	252,949	340,918
Geographical markets		
Mainland China	251,824	339,991
Singapore	1,125	927
	252,949	340,918
Timing of revenue recognition		
At a point in time	251,824	339,991
Over time	1,125	927
	252,949	340,918

6. REVENUE AND OTHER INCOME AND (LOSSES), NET *(Continued)*

Disaggregated revenue information *(Continued)*

The following table shows the movement in contract liabilities:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	**224**	92
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(70)**	(92)
Increase in contract liabilities from filtration media, equipment and related accessories for the air purification as a result of cash received	**2,631**	—
Increase in contract liabilities from sale of packaging product as a result of cash received	**5**	224
At the end of the year	**2,790**	224

Performance obligations

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within one month from delivery, extending up to four months for major customers.

An analysis of other income and (losses), net is as follows:

	2024 RMB'000	2023 RMB'000
Other income and (losses), net		
Interest income	**135**	461
Fair value losses on investment property	**(1,043)**	(1,594)
Foreign exchange differences, net	**(3,170)**	(1,941)
Loss on disposal of items of property, plant and equipment	**(245)**	(774)
Government grants *(Note)*	**853**	187
Others	**(330)**	(966)
	(3,800)	(4,627)

Note: The amount represented subsidies of RMB853,000 (2023: RMB187,000) received from certain government authorities in PRC for the Group's operation of sales of packaging products and structural components, where there are no unfulfilled conditions or contingencies relating to these grants during the years ended 31 December 2024 and 2023.

7. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	**1,225**	1,234
Interest on other borrowings	**3,090**	3,280
Finance costs arising on discounting trade and notes receivables	**1,776**	1,385
Interest on lease liabilities	**149**	147
	6,240	6,046

8. LOSS BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Cost of inventories sold	**255,500**	331,758
Employee benefit expenses (including directors' remuneration *(Note 9)*)	**47,003**	52,820
Auditors' remuneration	**778**	854
Expense relating to short-term leases	**603**	108
Provision of allowance for inventories (included in cost of sales)	**1,863**	—
Depreciation of property, plant and equipment	**7,290**	5,440
Depreciation of right-of-use assets	**2,048**	1,355
Gross rental income from investment property	**(1,125)**	(927)
Less: Direct operating expenses incurred for investment property that generated rental income during the year	**443**	392
	(682)	(535)

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	Fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024				
Executive directors				
Ms. Ngai Mei	–	3,294	16	3,310
Ms. Duan Mengying	–	1,340	16	1,356
Mr. Zeng Wenyou *(Note (i))*	747	–	–	747
Non-executive director				
Mr. Lee Hung Yuen *(Note (ii))*	175	–	–	175
Independent non-executive directors				
Mr. Chow Ming Sang	176	–	–	176
Dr. Tsang Hing Bun *(Note (iii))*	176	–	–	176
Mr. Chow Wai Hung Enzo *(Note (iv))*	175	–	–	175
	1,449	4,634	32	6,115
2023				
Executive directors				
Ms. Ngai Mei	2,354	881	16	3,251
Ms. Duan Mengying	932	384	16	1,332
Mr. Zeng Wenyou *(Note (i))*	276	–	–	276
Independent non-executive directors				
Mr. Chow Ming Sang	173	–	–	173
Dr. Tsang Hing Bun *(Note (iii))*	173	–	–	173
Mr. Poon Lai Yin Michael *(Note (v))*	144	–	–	144
Mr. Chan Ka Leung Kevin *(Note (vi))*	1	–	–	1
	4,053	1,265	32	5,350

Note:

(i) Mr. Zeng Wenyou appointed his position as executive director of the Company on 16 August 2023.

(ii) Mr. Lee Hung Yuen appointed his position as non-executive directors of the Company on 3 January 2024.

(iii) Dr. Tsang Hing Bun appointed his position as independent non-executive director of the Company on 1 January 2023.

(iv) Mr. Chow Wai Hung Enzo appointed his position as independent non-executive director of the Company on 3 January 2024.

(v) Mr. Poon Lai Yin Michael resigned his position as an independent non-executive director of the Company on 1 November 2023.

(vi) Mr. Chan Ka Leung Kevin resigned his position as an independent non-executive director of the Company on 1 January 2023.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2023: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2023: two), details of whose remuneration are set out in Note 9 above. Details of the remuneration for the year of the remaining two (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**3,267**	2,137
Pension scheme contributions	**14**	16
	3,281	2,153

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

	Number of employees	
	2024	2023
Nil to HK$1,000,000	**—**	3
HK$1,500,001 to HK$2,000,000	**2**	—

There were no non-directors and non-chief executive highest paid employees being granted share option during the year (2023: Nil).

11. INCOME TAX CREDIT

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax.

The provision for current income tax in Mainland China has been calculated at the applicable tax rate of 25% (2023: 25%) on the assessable profits of subsidiaries of the Group based on existing PRC Corporate Income Tax Law.

Singapore Corporate Income Tax has been provided at 17% (2023: 17%) on the estimated assessable profits arising in Singapore during the year.

No Hong Kong Profits Tax has been provided as there is no assessable profits arising in Hong Kong during the year (2023: Nil).

	2024	2023
	RMB'000	RMB'000
Current tax — Mainland China		
Charge for the year	**—**	1
Over provision in prior years	**(126)**	(11)
Current tax — Singapore		
Charge for the year	**34**	38
	(92)	28
Deferred tax *(Note 25)*	**(101)**	(1,624)
	(193)	(1,596)

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2024	2023
	RMB'000	RMB'000
Loss before tax	**(108,268)**	(70,352)
Tax at domestic tax rates applicable to profits of taxable entities in the countries concerned	**(25,011)**	(13,222)
Income not subject to tax	**(264)**	57
Expenses not deductible for tax	**10,265**	3,332
Withholding tax on dividends	**(1,055)**	(1,624)
Over provision in prior years	**(126)**	(11)
Tax loss unrecognised	**16,056**	9,872
Income tax at concessionary rate	**(58)**	—
Tax credit	**(193)**	(1,596)

12. DIVIDENDS

No final dividend was proposed by the Board in respect of the year (2023: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic

The calculation of basic and diluted loss per share are based on:

	2024	2023
	RMB'000	RMB'000
Loss:		
Loss attributable to owners of the Company	**(105,586)**	(68,295)

	2024	2023
		(restated)
Shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation *(Note)*	**327,049,000**	220,876,000

Note: The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the rights issue on 4 June 2024.

(b) Diluted

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Moulds RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024								
At 1 January 2024:								
Cost	37,022	2,778	60,964	1,257	5,805	13,430	7,188	128,444
Accumulated depreciation	(19,320)	(2,478)	(39,288)	(1,106)	(4,856)	(13,430)	–	(80,478)
Net carrying amount	17,702	300	21,676	151	949	–	7,188	47,966
At 1 January 2024, net of accumulated depreciation and impairment	17,702	300	21,676	151	949	–	7,188	47,966
Additions	1,533	717	10,955	10	1,396	–	2,546	17,157
Disposals	–	–	(362)	(3)	(74)	–	–	(439)
Transfers	–	–	9,734	–	–	–	(9,734)	–
Depreciation provided during the year *(Note 8)*	(1,713)	(477)	(4,585)	(49)	(466)	–	–	(7,290)
Impairment	(3,277)	(544)	(18,170)	(71)	(67)	–	–	(22,129)
Exchange realignment	–	4	–	–	–	–	–	4
At 31 December 2024, net of accumulated depreciation and impairment	14,245	–	19,248	38	1,738	–	–	35,269
At 31 December 2024:								
Cost	38,555	3,607	79,554	1,278	6,546	13,430	–	142,970
Accumulated depreciation and impairment	(24,310)	(3,607)	(60,306)	(1,240)	(4,808)	(13,430)	–	(107,701)
Net carrying amount	14,245	–	19,248	38	1,738	–	–	35,269
31 December 2023								
At 1 January 2023:								
Cost	36,672	2,716	59,106	1,113	5,390	14,105	5	119,107
Accumulated depreciation	(17,610)	(2,102)	(42,690)	(1,098)	(4,614)	(13,839)	–	(81,953)
Net carrying amount	19,062	614	16,416	15	776	266	5	37,154
At 1 January 2023, net of accumulated depreciation	19,062	614	16,416	15	776	266	5	37,154
Additions	350	–	3,596	167	374	–	14,772	19,259
Disposals	–	–	(2,982)	(5)	–	(31)	–	(3,018)
Transfers	–	–	7,589	–	–	–	(7,589)	–
Depreciation provided during the year *(Note 8)*	(1,710)	(325)	(2,943)	(26)	(201)	(235)	–	(5,440)
Exchange realignment	–	11	–	–	–	–	–	11
At 31 December 2023, net of accumulated depreciation	17,702	300	21,676	151	949	–	7,188	47,966
At 31 December 2023:								
Cost	37,022	2,778	60,964	1,257	5,805	13,430	7,188	128,444
Accumulated depreciation	(19,320)	(2,478)	(39,288)	(1,106)	(4,856)	(13,430)	–	(80,478)
Net carrying amount	17,702	300	21,676	151	949	–	7,188	47,966

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

With the operating losses resulted from the operations for the year ended 31 December 2024, the management of the Group concluded there was indication for impairment on the cash generating units. The recoverable amounts of the cash generating units has been determined based on value in use calculation. That calculation uses cash flow projections based on the financial budgets approved by the management of the Group covering the 5-years period with a pre-tax discount rate ranged from 14% to 15%. The terminal growth rate used in the cash flow projections is 2%. The assumption for revenue growth is based on the expected customers' demand with reference to their capacity. Another key assumption for the value in use calculation is gross profit margin ranged from 0% to 29% which is determined based on the cash generating units' past performance and management expectations for the market development.

Based on the result of the assessment, management of the Group determined that the recoverable amounts of the cash-generating units for the year represented by (i) sales of packaging products and structural components, (ii) trading of filtration media, equipment and related accessories for air purification and (iii) sales of rosewood home furniture, are lower than the carrying amounts. The impairment loss of cash generating units represented by the three cash-generating units have been allocated to property, plant and equipment and right-of-use assets. The carrying amounts of the individual assets are not reduced below the fair values less cost of disposal.

Impairment losses on property, plant and equipment of approximately RMB21,003,000 was recognised in sales of packaging products and structural components segment during the year ended 31 December 2024.

Impairment losses on property, plant and equipment and right-of-use assets of approximately RMB3,000 and RMB518,000 respectively were recognised in trading of filtration media, equipment and related accessories for air purification segment during the year ended 31 December 2024.

Impairment losses on property, plant and equipment and right-of-use assets of approximately RMB1,123,000 and RMB1,194,000 respectively were recognised in sales of rosewood home furniture segment during the year ended 31 December 2024.

At 31 December 2024, certain of the Group's buildings with a net carrying amount of RMB14,245,000 (2023: RMB17,702,000) were pledged to secure general banking facilities granted to the Group.

15. INVESTMENT PROPERTY

	2024 **RMB'000**	2023 RMB'000
Carrying amount at 1 January	**60,388**	59,591
Net losses from a fair value adjustment *(Note 6)*	**(1,043)**	(1,594)
Exchange realignment	**112**	2,391
Carrying amount at 31 December	**59,457**	60,388

The Group's investment property consists a residential apartment in Singapore. The directors of the Company have determined that the class of its investment property's asset is residential property, based on the nature, characteristics and risks of each property.

At 31 December 2024, the Group's investment property with a net carrying amount of approximately RMB59,457,000 (2023: Nil) was pledged to secure other borrowings granted to the Group.

The Group's investment property was revalued on 31 December 2024 and 2023 based on valuations performed by APAC Appraisal and Consulting Limited, an independent professionally qualified valuer. The property in Singapore was revalued at SGD11,100,000 (equivalent to RMB59,457,000) (2023: RMB60,388,000). Each year, the Group's management decides, to appoint which external valuer to be responsible for the external valuation of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussion with the valuer on the valuation assumptions and valuation result when the valuation is performed.

15. INVESTMENT PROPERTY *(Continued)*

Particulars of the Group's investment property is as follows:

Location	Use	Tenure	Attributable interest of the Group 2024	2023
1 Bishopsgate #04-06, Bishopsgate Residences, Singapore 247676	Residential	Medium term lease	**100%**	100%

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment property:

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Recurring fair value measurement for:				
Residential property	**–**	**–**	**59,457**	**59,457**

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Residential property	–	–	60,388	60,388

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

The fair value of the investment property was determined using the comparison approach based on market comparables of similar properties and with adjustments made on factors such as location, size, age, condition and aspects of the properties. There has been no change in the valuation techniques used in prior year.

15. INVESTMENT PROPERTY *(Continued)*

Fair value hierarchy *(Continued)*

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

Investment property held by the Group	Valuation techniques	Significant unobservable inputs	Range or weighted average 2024	2023	Relationship of input to fair value
1 Bishopsgate #04-06, Bishopsgate Residences, Singapore 247676	Direct comparison method	Estimated market price per square feet (RMB)	**19,251 to 23,579**	19,443 to 20,708	The higher the market price, the higher the fair value

The direct comparison method is adopted by making reference to comparable market transactions in the assessment of the fair value of the investment property. The approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors, including the transaction date, level of floor, environmental atmosphere, size of apartment and etc.

16. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land and buildings and equipments used in its operations. Leases of leasehold land and buildings and equipments generally have lease terms of 3 years to 50 years. Other leasehold land and buildings generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	2024 RMB'000	2023 RMB'000
As at 1 January	**8,400**	6,436
Additions	**2,154**	3,289
Depreciation charge	**(2,048)**	(1,355)
Impairment	**(1,712)**	—
Exchange realignment	**30**	30
As at 31 December	**6,824**	8,400

16. LEASES *(Continued)*

The Group as a lessee *(Continued)*

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

Details of impairment of right-of-use assets are set out in Note 14 to the consolidated financial statements.

At 31 December 2024, certain of the Group's right-of-use assets with net carrying amount of RMB4,678,000 (2023: RMB4,800,000) was pledged to secure general banking facilities granted to the Group.

(b) Lease liabilities

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

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	3,524	1,546
New leases	2,154	3,344
Accretion of interest recognised during the year	149	147
Payments	(2,472)	(1,545)
Exchange realignment	30	32
Carrying amount at 31 December	3,385	3,524
Analysed into:		
Current portion	1,426	2,250
Non-current portion	1,959	1,274
	3,385	3,524

The maturity analysis of lease liabilities is disclosed in Note 32 to the consolidated financial statements.

16. LEASES *(Continued)*

The Group as a lessee *(Continued)*

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities *(Note 7)*	149	147
Depreciation of right-of-use assets (included in administrative expenses) *(Note 8)*	2,048	1,355
Expense relating to short-term leases (included in administrative expenses) *(Note 8)*	603	108
Total amount recognised in profit or loss	2,800	1,610

(d) The total cash outflow for leases is disclosed in Note 28(c) to the consolidated financial statements.

The Group as a lessor

The Group leases its investment property (Note 15) consisting of a residential property in Singapore (2023: Singapore) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was RMB1,125,000 (2023: RMB927,000), details of which are included in Note 6 to the consolidated financial statements.

At 31 December 2024, the undiscounted minimum payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	491	1,125
After one year but within two years	—	677
	491	1,802

17. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	3,959	5,873
Work in progress	—	19
Finished goods	16,108	15,347
Packaging materials and consumables	2,785	7,336
	22,852	28,575
Less: Provision of allowance for inventories	(1,863)	—
	20,989	28,575

18. TRADE AND NOTES RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	65,969	94,694
Notes receivables	23,868	47,039
	89,837	141,733
Impairment	(3,641)	(2,761)
	86,196	138,972

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

	2024 RMB'000	2023 RMB'000
Within 3 months	57,793	91,239
3 to 6 months	3,575	798
7 months to 1 year	1,521	721
	62,889	92,758

18. TRADE AND NOTES RECEIVABLES *(Continued)*

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

	2024 **RMB'000**	2023 RMB'000
At beginning of year	**2,761**	2,596
Impairment losses	**880**	165
At end of year	**3,641**	2,761

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision for expected credit losses by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. For trade receivables relating to accounts which are long overdue with significant amounts or known insolvencies, financial difficulties or non-response to collection activities, they are assessed individually for impairment allowance.

In determining the expected credit losses for notes receivables, the directors of the Company have considered the bills received by the Group with a maturity period of less than one year are assessed on 12-month ECL by reference to the external credit rating, and concluded that the credit risk inherent in the Group's outstanding notes receivables is insignificant as at 31 December 2024 and 2023.

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

		Past due			
2024	**Current**	**Less than 3 months**	**Over 3 to 6 months**	**Over 6 months**	**Total**
Expected credit losses rate	**0.74%**	**—**	**16.49%**	**56.10%**	**4.67%**
Gross carrying amount (RMB'000)	**58,221**	**—**	**4,281**	**3,467**	**65,969**
Expected credit losses (RMB'000)	**429**	**—**	**706**	**1,945**	**3,080**

		Past due			
2023	Current	Less than 3 months	Over 3 to 6 months	Over 6 months	Total
Expected credit losses rate	0.63%	—	16.96%	62.31%	2.05%
Gross carrying amount (RMB'000)	91,820	—	961	1,913	94,694
Expected credit losses (RMB'000)	581	—	163	1,192	1,936

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Deposits	697	944
Prepayments	16,154	6,994
Other receivables	6,117	4,283
	22,968	12,221
Impairment	(48)	(323)
	22,920	11,898
Less: Deposits and prepayments under non-current portion	(626)	(7)
	22,294	11,891

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

20. LOAN AND INTEREST RECEIVABLE

	2024 RMB'000	2023 RMB'000
Loan receivable	–	2,710
Interest receivable	–	61
Impairment	–	(70)
	–	2,701

The Group granted a loan to an independent party is secured by listed shares on the Hong Kong Stock Exchange, bearing interest at a rate of 12% p.a. (2023: 12% p.a.) and matured on 31 May 2024.

21. CASH AND BANK BALANCES

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB4,660,000 (2023: RMB7,631,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through bank authorised to conduct foreign exchange business.

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

22. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 3 months	55,393	42,992
3 to 6 months	11,127	650
Over 6 months	1,440	701
	67,960	44,343

The trade payables are non-interest-bearing and are normally settled on 30 days to 90 days.

23. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Contract liabilities *(Note (a))*	2,790	224
Accruals	11,926	10,573
Other payables *(Note (b))*	5,519	5,377
	20,235	16,174

Notes:

(a) Details of contract liabilities as at 31 December 2024 and 2023 are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Short-term advances received from customers			
Sale of packaging product	159	224	92
Sale of filtration media, equipment and related accessories	2,631	—	—
	2,790	224	92

Contract liabilities include short-term advances received to deliver packaging product and filtration media, equipment and related accessories. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances received from customers in relation to the sales of filtration media, equipment and related accessories at the end of the year.

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

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Contractual interest rate (%)	**Maturity**	**RMB'000**	Contractual interest rate (%)	Maturity	RMB'000
Current						
Bank loans:						
— unsecured RMB loan	**–**	**–**	**–**	4.05	2024	3,000
— secured RMB loan *(Note (a))*	**3.45–3.65**	**2025**	**12,000**	3.45–3.65	2024	7,000
Other borrowings:						
— unsecured HK$ loan	**15.6**	**2025**	**2,857**	–	–	–
— unsecured US$ loan	**6.5**	**On demand**	**24,138**	6.5	On demand	23,201
— secured HK$ loan *(Note (b))*	**18**	**On demand**	**235,936**	18	On demand	226,780
— secured SGD loan *(Note (c))*	**7.46**	**2025**	**32,139**	–	–	–
			307,070			259,981
Non-current						
Bank loans:						
— secured RMB loan *(Note (a))*	**3.35**	**2026**	**14,000**	3.65–3.9	2025	23,000
Other borrowing:						
— unsecured US$ loan	**2**	**2027**	**164,500**	2	2025	168,740
			178,500			191,740
			485,570			451,721

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank and other borrowings repayable:		
Within one year or on demand	**307,070**	259,981
In the second year	**14,000**	191,740
In the third to fifth years, inclusive	**164,500**	–
	485,570	451,721

Notes:

(a) The Group's bank borrowing was secured by the Group's buildings and right-of-use assets, which had an aggregate carrying value at the end of the reporting period of RMB18,923,000,000 (2023: RMB22,502,000). The interest rate charged on the Group's bank borrowing is one-year China Interbank Offered Rate (2023: one-year China Interbank Offered Rate).

(b) Other borrowing was secured by share charge over the entire share capital of Cheng Hao International Limited, which is a wholly-owned subsidiary of the Company incorporated in BVI.

(c) The Group's other borrowing was secured by the Group's investment property, which had an aggregate carrying value at the end of the reporting period of RMB59,457,000. The interest rate charged on the Group's other borrowing is 3.8% per annum above the Lender's 1-month SGD cost of fund.

25. DEFERRED TAXATION

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Write-down of inventories RMB'000	Withholding tax RMB'000	Losses available for offsetting against future taxable profits RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	14	(2,679)	925	(250)	250	(1,740)
Deferred tax credited to profit or loss during the year *(Note 11)*	–	1,624	–	(344)	344	1,624
At 31 December 2023 and 1 January 2024	14	(1,055)	925	(594)	594	(116)
Deferred tax credited to profit or loss during the year *(Note 11)*	–	1,055	(837)	465	(582)	101
Exchange realignment	–	–	(88)	–	–	(88)
At 31 December 2024	**14**	**–**	**–**	**(129)**	**12**	**(103)**

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries in Mainland China in respect of earnings generated from 1 January 2008.

The Group also has tax losses arising in Mainland China of RMB112,897,000 (2023: RMB48,673,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

26. SHARE CAPITAL

A summary of the movements in the Company's authorised and issued share capital during the years ended 31 December 2024 and 2023 are as follows:

	Number of shares '000	Share capital HK$'000
Authorised ordinary shares at HK$0.01 (2023: HK$0.16) per share:		
At 1 January 2023	5,000,000	200,000
Share consolidation *(Note a)*	(3,750,000)	—
At 31 December 2023	1,250,000	200,000
Share sub-division *(Note b(iii))*	18,750,000	—
At 31 December 2024	20,000,000	200,000
Issued and fully paid shares at HK$0.01 (2023: HK$0.16) per share:		
At 1 January 2023	658,696	26,348
Issue of shares by share subscription *(Note a)*	130,435	5,217
Share consolidation *(Note b(i))*	(591,848)	—
At 31 December 2023	197,283	31,565
Capital reduction *(Note b(ii))*	—	(29,592)
Issue of shares by share placement and rights issue *(Note c)*	197,279	1,973
At 31 December 2024	394,562	3,946

26. SHARE CAPITAL *(Continued)*

Notes:

a. On 26 April 2023, the Company entered into the subscription agreements with Mr. Zeng Wenyou and Mr. Lee Hung Yuen, pursuant to subscription agreements, the Company allotted and issued a total of 130,435,000 ordinary shares of the Company to two subscribers at HK$0.092 per share. The aggregate cash subscription price received, before share issue expenses, was HK$12,000,000 (equivalent to approximately RMB10,568,000). This transaction resulted in an increase of the issued share capital and share premium account of HK$5,217,000 (equivalent to approximately RMB4,595,000) and HK$6,783,000 (equivalent to approximately RMB5,973,000), respectively.

   Share issue expenses of approximately HK$35,000 (equivalent to approximately RMB31,000) was charged to profit or loss accordingly. The net subscription price (after deducting the share issue expenses) was approximately HK$0.0917 per share. As at 26 April 2023, the closing price per share of the Company on the Stock Exchange was HK$0.097.

   Details of which were disclosed in the Company's announcements dated 26 April 2023 and 15 May 2023.

b. Pursuant to a special resolution of the Company passed on 27 November 2023, a capital reorganisation was approved. It comprised the following changes to the capital structure:

   (i) every four issued existing ordinary shares with par value of HK$0.04 each in share capital of the Company were consolidated into one consolidated share with par value of HK$0.16 each with effective on 29 November 2023;

   (ii) the par value of each issued consolidated share was reduced from HK$0.16 to HK$0.01 by cancelling the paid-up capital of the Company to the extent of HK$0.15 on each issued consolidated share with effective on 14 March 2024. Immediately following the capital reduction, all the credits arising from the capital reduction was transferred to accumulated losses of the Company; and

   (iii) Immediately following the capital reduction, each of the authorised but unissued consolidated shares of par value of HK$0.16 each has been sub-divided into 16 new shares of par value of HK$0.01 each with effective on 14 March 2024.

c. On 4 June 2024, the Company completed a rights issue of 133,699,000 rights shares and a placing of 63,580,000 new shares at a subscription price of HK$0.08 each per share with net proceeds of HK$14,667,000 (equivalent to RMB13,582,000) of which HK$1,973,000 (equivalent to RMB1,825,000) was credited to share capital and HK$12,694,000 (equivalent to RMB11,757,000) was credited to share premium account. The subscription price represented a discount of approximately 32.77% to the closing price of HK$0.119 per share as quoted on Stock Exchange on 10 January 2024. The net price per rights share and placing share was approximately HK$0.074. Details of the rights issue and share placement were disclosed in the Company's announcement dated 10 January 2024, 11 January 2024, 9 February 2024, 29 February 2024, 8 March 2024, 14 March 2024, 15 April 2024 and 4 June 2024.

27. RESERVES

The amounts of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements. The other reserves of the Group are summarised as follows:

(a) PRC capital reserve

Exchange differences relating to the translation of the capital contributions by the equity owner of the Group's PRC subsidiaries from foreign currency to RMB are recognised directly in the PRC capital reserve.

(b) PRC statutory reserves

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to maintain two statutory reserves, being an enterprise expansion fund and a statutory surplus reserve fund which are non-distributable. Appropriations to such reserves are made out of profit after tax reported in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by the directors annually but must not be less than 10% of the profit after tax, until such reserves reached to 50% of the registered capital of the relevant subsidiaries. The statutory surplus reserve fund can be used to make up their prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

(c) Special reserve

Special reserve of the Group represents the difference between the aggregate amount of considerations paid by the Group for the acquisition of Chuzhou Chuangce Packaging Materials Company Limited, Chongqing Guangjing Packing Materials Co. Ltd and Sichuan Jinghong Packing Materials Co. Ltd., and the aggregate amount of paid-in capital of the aforesaid subsidiaries acquired pursuant to the corporate reorganisation undertaken during the year ended 31 December 2011. During the year ended 31 December 2021, Chuzhou Chuangce Packaging Materials Company Limited has been disposed, with special reserve of RMB12,500,000 has been reclassified to accumulated losses accordingly.

(d) Shareholders' contribution

On 24 October 2011, Rich Gold International Limited ("**Rich Gold**") executed a deed of release in favor of the Company, pursuant to which Rich Gold unconditionally and irrevocably released and discharged the repayment of a shareholder's loan from Rich Gold to the Company in the amount of HK$12,500,000 (equivalent to approximately RMB10,296,000) and any claim regarding such repayment. Such amount was recorded in shareholders' contributions in equity.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets amount of RMB2,154,000 (2023: RMB3,289,000) and lease liabilities amount of RMB2,154,000 (2023: RMB3,344,000), respectively, in respect of lease arrangements for land and buildings.

(b) Changes in liabilities arising from financing activities

2024

	Interest-bearing bank and other borrowings RMB'000	**Lease liabilities RMB'000**
At 1 January 2024	**451,721**	**3,524**
Changes from financing cash flows	**24,612**	**(2,323)**
Foreign exchange movement	**4,922**	**30**
New lease	**—**	**2,154**
Interest expense	**4,315**	**149**
Interest paid classified as operating cash flows	**—**	**(149)**
At 31 December 2024	**485,570**	**3,385**

2023

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2023	416,070	1,546
Changes from financing cash flows	21,766	(1,398)
Foreign exchange movement	9,371	32
New lease	—	3,344
Interest expense	4,514	147
Interest paid classified as operating cash flows	—	(147)
At 31 December 2023	451,721	3,524

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

(c) Total cash outflow for leases

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

	2024	2023
	RMB'000	RMB'000
Within operating activities	**751**	255
Within financing activities	**2,323**	1,398
	3,074	1,653

29. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group entered into the following material transactions with related parties during the year:

(a) The Group had an outstanding loan balance of RMB145,697,000 (2023: RMB153,596,000) due to Yitou (China) Limited ("**Yitou**"), a company of which Mr. Xu Gefei is a controlling shareholder. The interest expense of RMB2,966,000 (2023: RMB3,055,000) were charged at the rate of 2% per annum (2023: 2%) on a loan with a principal amount of US$19,872,000 (equivalent to RMB145,697,000) (2023: RMB153,596,000) granted by Yitou and the interest payable as at 31 December 2024 was RMB18,803,000 (2023: RMB15,144,000). Further details of the loan granted by Yitou is disclosed as part of US$ loans in Note 24 to the consolidated financial statements.

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

Details of the compensation of key management personnel of the Group are set out in Notes 9 and 10 to the consolidated financial statements.

30. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2024 **RMB'000**
Financial assets	
Financial assets at amortised cost	
Trade and notes receivables	**86,196**
Financial assets included in deposits and other receivables	**4,083**
Cash and bank balances	**39,922**
	130,201
Financial liabilities	
Financial liabilities at amortised cost	
Trade payables	**67,960**
Financial liabilities included in other payables and accruals	**7,980**
Interest-bearing bank and other borrowings	**485,570**
Lease liabilities	**3,385**
	564,895

	2023 RMB'000
Financial assets	
Financial assets at amortised cost	
Trade and notes receivables	138,972
Loan and interest receivable	2,701
Financial assets included in deposits and other receivables	3,779
Cash and bank balances	19,290
	164,742
Financial liabilities	
Financial liabilities at amortised cost	
Trade payables	44,343
Financial liabilities included in other payables and accruals	5,602
Interest-bearing bank and other borrowings	451,721
Lease liabilities	3,524
	505,190

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of financial assets and financial liabilities recorded at amortised cost and considered their carrying amounts approximate their fair values largely due to the short term maturities of these instruments.

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

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

The Group did not have any financial assets and liabilities measured at fair value as at 31 December 2024 and 2023.

During the year, there were no transfer 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).

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include loan and interest receivables, trade and notes receivables, financial assets included in deposits, other receivables, cash and bank balances, trade payables, financial liabilities included in other payables and accruals, lease liabilities, and interest-bearing bank and other borrowings.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group does not have any written risk management policies and guidelines. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Foreign currency risk

The carrying amounts of major foreign currency denominated monetary assets and monetary liabilities (including loan and interest receivables, trade and notes receivables, deposits and other receivables, short-term bank deposits, cash and bank balances, trade and other payables, lease liabilities, other borrowings and foreign currency denominated intra group balances) which expose the Group to foreign currency risk at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
HK$	**8,385**	13,839	**247,462**	235,212
US$	**31**	99	**188,638**	191,941
SGD	**27,123**	419	**33,104**	38

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

Foreign currency risk *(Continued)*

The following table details the sensitivity to a 5% (2023: 5%) increase and decrease in the relevant foreign currencies and all other variables were held constant. 5% is the sensitivity rate used which represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rate. A positive (negative) number below indicates a decrease (increase) in post-tax loss for the year where functional currencies of respective group entities strengthen 5% (2023: 5%) against foreign currencies. For a 5% (2023: 5%) weakening of functional currencies of respective group entities against foreign currencies, there would be an equal and opposite impact on the result for the year.

	2024 RMB'000	2023 RMB'000
HK$	(10,003)	(11,069)
US$	(7,874)	(9,592)
SGD	(250)	19

Credit risk

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	RMB'000
Trade and notes receivables*	23,868	—	—	65,969	89,837
Financial assets included in deposits and other receivables					
— Normal**	4,131	—	—	—	4,131
— Doubtful**	—	—	—	—	—
Cash and bank balances					
— Not yet past due	39,922	—	—	—	39,922
	67,921	—	—	65,969	133,890

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

Credit risk *(Continued)*

Maximum exposure and year-end staging (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	RMB'000
Trade and notes receivables*	47,039	—	_	94,694	141,733
Financial assets included in deposits and other receivables					
— Normal**	5,297	—	—	—	5,297
— Doubtful**	—	—	—	—	—
Cash and bank balances					
— Not yet past due	19,290	—	—	—	19,290
	71,626	—	—	94,694	166,320

* For trade and notes receivables to which the Group applies the simplified or general approach for impairment, information is disclosed in Note 18 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".

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigates the effects of fluctuations in cash flows. The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, is as follows:

	On demand or less than 1 year RMB'000	**More than 1 year** RMB'000	**Total undiscounted cash flows** RMB'000
At 31 December 2024			
Trade payables	**67,960**	**—**	**67,960**
Financial liabilities included in other payables and accruals	**7,980**	**—**	**7,980**
Interest-bearing bank and other borrowings	**309,532**	**186,411**	**495,943**
Lease liabilities	**1,590**	**2,058**	**3,648**
	387,062	**188,469**	**575,531**
At 31 December 2023			
Trade payables	44,343	—	44,343
Financial liabilities included in other payables and accruals	5,602	—	5,602
Interest-bearing bank and other borrowings	260,176	196,856	457,032
Lease liabilities	2,325	1,343	3,668
	312,446	198,199	510,645

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

Liquidity risk *(Continued)*

As explained in Note 2 to the consolidated financial statements, the directors have adopted or plan to adopt certain measures in order to improve the Group's financial and cash flow positions and to maintain the Group's as a going concern.

The Group's current liabilities at 31 December 2024 includes the Default Loan of RMB235,936,000 as mentioned in Note 2. The Group entered into an agreement with Lender on 31 March 2015, pursuant to which the Lender has agreed to provide a loan for a principal amount of HK$200 million to the Group, the outstanding principal amount as at 31 December 2022 is HK$155 million (equivalent to RMB136 million). The loan drawn down by the Group was secured by share charge over the entire issued shares of Cheng Hao International Limited, a wholly-owned subsidiary of the Company, carries interest at 18% per annum and repayable on 2 January 2023.

As disclosed in the Company's announcement dated 16 November 2022, the said Default Loan has entered into a dispute and its initial hearing of the petition has been set for 2 June 2023 at the High Court of Hong Kong. In the light of the complexity of the matter and the ongoing Case Management Conference for the Petition, the legal representative of the Company do not expect the matter to be resolved by 31 March 2026.

Interest rate risk

The Group's cash flow interest rate risk relates primarily to the Group's bank borrowing with a floating interest rate. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

As the Group is not exposed to significant interest rate risk, the directors consider that the presentation of sensitively analysis is unnecessary.

Capital risk management

The Group manages its capital to ensure that the 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.

The capital structure of the Group consists of debt balance and equity balance. Debt balances consists of interest-bearing bank and other borrowings. Equity balance consists of equity attributable to owners of the parent, comprising issued share capital and reserves.

The directors review the capital structure on an on-going 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 capital structure through new issues and the issue of new debt.

The Group is not subject to any externally imposed capital requirements.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries		**54,953**	72,870
Right-of-use assets		**2,115**	714
Deposits and prepayments		**243**	—
Total non-current assets		**57,311**	73,584
CURRENT ASSETS			
Deposits, prepayments and other receivables		**306**	415
Due from subsidiaries		**19,081**	15,310
Cash and bank balances		**11**	3,354
Total current assets		**19,398**	19,079
CURRENT LIABILITIES			
Due to subsidiaries		**116,199**	111,692
Other payables and accruals		**5,307**	3,703
Interest-bearing other borrowing	24	**2,857**	—
Lease liabilities		**682**	779
Total current liabilities		**125,045**	116,174
NET CURRENT LIABILITIES		**(105,647)**	(97,095)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(48,336)**	(23,511)
NON-CURRENT LIABILITY			
Lease liabilities		**1,427**	—
Total non-current liability		**1,427**	—
Net liabilities		**(49,763)**	(23,511)
EQUITY			
Share capital	26	**3,518**	27,082
Reserves *(Note)*		**(53,281)**	(50,593)
Total deficit		**(49,763)**	(23,511)

Zeng Wenyou
Director

Lee Hung Yuen
Director

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

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

	Share premium account RMB'000	Exchange fluctuation reserve RMB'000	Shareholders' contributions RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	235,289	(2,018)	10,296	(289,107)	(45,540)
Loss for the year	–	–	–	(9,041)	(9,041)
Other comprehensive loss for the year	–	(1,985)	–	–	(1,985)
Total comprehensive loss for the year	–	(1,985)	–	(9,041)	(11,026)
Issue of shares	5,973	–	–	–	5,973
At 31 December 2023 and 1 January 2024	**241,262**	**(4,003)**	**10,296**	**(298,148)**	**(50,593)**
Loss for the year	**–**	**–**	**–**	**(38,251)**	**(38,251)**
Other comprehensive loss for the year	**–**	**(1,583)**	**–**	**–**	**(1,583)**
Total comprehensive loss for the year	**–**	**(1,583)**	**–**	**(38,251)**	**(39,834)**
Reduction of share capital	**–**	**–**	**–**	**25,389**	**25,389**
Issue of shares by share placement and rights issue	**12,778**	**–**	**–**	**–**	**12,778**
Transaction costs attributable to shares issued upon rights issue and placing	**(1,021)**	**–**	**–**	**–**	**(1,021)**
At 31 December 2024	**253,019**	**(5,586)**	**10,296**	**(311,010)**	**(53,281)**

34. EVENTS AFTER THE REPORTING PERIOD

The Company as the first respondent was served with a petition (the "**Petition**") issued by the Securities and Futures Commission (the "**SFC**") as petitioner on 8 November 2022. An initial hearing of the Petition has been set in June 2023 at the High Court of Hong Kong. Details of the Petition are set out in the announcement of the Company dated 16 November 2022. In the light of the complexity of the matter and the ongoing Case Management Conference for the Petition, the legal representative of the Company do not expect the matter to be resolved by 31 March 2026.

35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue	**252,949**	340,918	385,163	377,405	362,833
Gross (loss)/profit	**(4,414)**	9,160	57,832	52,954	64,563
Loss before tax	**(108,268)**	(70,352)	(50,149)	(41,440)	(35,227)
Income tax credit/(expense)	**193**	1,596	548	(1,954)	(3,197)
Loss for the year	**(108,075)**	(68,756)	(49,601)	(43,394)	(38,424)
Attribute to:					
Owners of the Company	**(105,586)**	(68,295)	(49,601)	(43,394)	(38,424)
Non-controlling interests	**(2,489)**	(461)	—	—	—

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS, LIABILITIES AND EQUITY					
Total assets	**271,603**	319,129	349,039	346,916	429,170
Total liabilities	**577,797**	517,551	494,364	423,853	469,102
Total deficit	**306,194**	(198,422)	(145,325)	(76,937)	(39,932)
Attribute to:					
Owners of the Company	**(312,064)**	(206,361)	(145,325)	(76,937)	(39,932)
Non-controlling interests	**5,870**	7,939	—	—	—
	(306,194)	(198,422)	(145,325)	(76,937)	(39,932)