GREEN FUTURE FOOD HYDROCOLLOID MARINE SCIENCE COMPANY LIMITED

綠新親水膠體海洋科技有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 01084

ANNUAL REPORT

2024

VISION
MISSION
CORE VALUES

Vision

Being a global leader in the technical development and manufacturing of all-natural performance materials

Mission

Keeping pace with the times and meeting the evolving application needs of customers with quality and innovation

Core values

Innovation, growth, and re-innovation

CONTENTS

CORPORATE INFORMATION

CORPORATE OVERVIEW

Green Future Food Hydrocolloid Marine Science Company Limited (stock code on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"): 1084.HK) (the "**Company**") is a global leader in the technical development and manufacturing of all-natural performance materials. The current main products of the Company and its subsidiaries (the "**Group**") include agar-agar and carrageenan products made from naturally breeding seaweed, konjac gum products made from naturally breeding konjac, blended products with extended functions through blending different colloids and gums and professional solutions thereof. The hydrocolloid products developed and manufactured by the Group are mainly applied in processed food such as processed meat, confectioneries, dairy products, sauces, bakery products, pet foods and the raising trend of flavored tea beverages. Additionally, along with the development of functional applications, our products are widely used in beauty and household products such as 100% bio-degradable face masks and air fresheners, as well as plastics-alternative wrapping and soil film. Agarose and agarophyte products manufactured through more complex processes are also primary materials of laboratory culture medium and medium for electrophoresis in genetic sequencing.

The Group has maintained a leading position in the market, ranking first in terms of the sales value, sales volume and the related market shares among manufacturers of agar-agar products and refined and semi-refined carrageenan products in the PRC for both 2020 and 2021, and again in 2023 and 2024. Additionally, the Group is recognized as the largest global manufacturer of these products during these years, according to a report prepared by Frost & Sullivan in March 2025. As an enterprise engaged in the essential supply chain of large-scale manufacturers, the capabilities of steady supply secured by a top-class production scale is one of the key competitive edges of the Group.

As of 31 December 2024, the total annual design production capacity of Green Fresh (Fujian) Production Base Phase I to Phase III and Lvqi (Fujian) Production Base Phase I and Phase II in Zhangzhou, Fujian, and Lvbao (Quanzhou) Production Base in Quanzhou, Fujian: 7,265 tons (2023: 7,265 tons) of agar-agar products, 10,355 tons (2023: 10,355 tons) of carrageenan products, 1,500 tons (2023: 1,500 tons) of konjac gum products, 3,300 tons (2023: 3,300 tons) of blended products; the annual design production capacity of Shiyanhaiyi Production Base: 660 tons (2023: 660 tons) of konjac gum products; the annual design production capacity of PT Hongxin Production Base in Indonesia: 4,300 tons (2023: 4,300 tons) of carrageenan products; the annual design production capacity of Xiamen Sanji Production Base: 10 tons (2023: 10 tons) of Agarose Microspheres products. The total design production capacity was 27,390 tons (2023: 27,390 tons).

As of 31 December 2024, the number of product technical development personnel is 106 (2023: 80).

OUR PHILOSOPHY

Taking human needs for health food as a source of our life and innovation.

KEY MILESTONES FOR THE DEVELOPMENT OF THE GROUP

1999: Lvbao (Quanzhou) Biochemistry Company Ltd. was incorporated, started producing carrageenan products in 2001, and produced blended products as well thereafter.

2007: Green Fresh (Fujian) Foodstuff Co., Ltd. was incorporated, mainly engaged in the manufacturing of carrageenan products.

2012: Shiyanhaiyi Konjac Products Company Ltd. was incorporated, commencing commercial production of konjac products.

2012: Green Fresh (Fujian) Foodstuff Co., Ltd. and Fujian Province Lvqi Food Colloid Company Limited were merged, further expanding the production line scope where carrageenan, agar-agar and blended products were covered.

2017: The design production capacity of newly added carrageenan and agar-agar products was 5,775 tons per year, representing an increase of 44.7%.

2018: Lvqi Trading (Shanghai) Company Limited was incorporated, energetically strengthening the marketing and sales of quick-dissolve agar-agar, a deep-processing product.

2019: The Company was successfully listed on the main board of the Stock Exchange. The design production capacity of newly added quick-dissolve agar-agar and konjac gum was 1,500 tons per year.

2021: The Group acquired 82% equity interest in Hung Tai Shun International Trading Limited, a company incorporated in Hong Kong, which in turn holds 99.83% equity interests in PT Hongxin Algae International, a company incorporated in Indonesia which principally engages in the manufacture and safes of semi-refined carrageenan with total designed capacity of 4,300 tons per year.

2022: The Group commenced the production of Agarose Microspheres – a separation medium widely used in the fundamental production process of the biomedical sector.

2023: The Group commenced the research & development and pre-production of 100% bio-degradable algae membrane for the use in cosmetic fascial mask and plastics-alternative wrapping and soil film through the setting-up of "Xiamen Blue Ocean Algae Membrane Technologies Co. Ltd." in July 2023.

2024: The Group acquired additional equity investments at both the listing company level and the subsidiary company level during 2024 in accordance with the Group's business expansion strategy.

CORPORATE INFORMATION

AWARDS AND HONOURS

2016:

Green Fresh (Fujian) Foodstuff Co., Ltd. was invited to participate in the drafting of the National Food Safety Standards on Agar-Agar, A Food Additive (GB1886.239-2016) and the National Food Safety Standards on Carrageenan, A Food Additive (GB1886.169-2016). The relevant national standards were respectively implemented in 2016 and 2017.

Fujian Province Lvqi Food Colloid Company Limited obtained the international Food Safety System Certification (FSSC 22000).

2017:

Green Fresh (Fujian) Foodstuff Co., Ltd. and Fujian Province Lvqi Food Colloid Company Limited were respectively awarded "Leading Enterprise of Carrageenan Production in Fujian Province (2016-2019)" and "Leading Enterprise of Agar-Agar Production in Fujian Province (2016-2019)" by Fujian Food Industry Association.

2018:

The research project on the processing technology of red edible seaweed jointly initiated by Green Fresh (Fujian) Foodstuff Co., Ltd., Fujian Province Lvqi Food Colloid Company Limited and Jimei University was accepted by the Ministry of Agricultural and Rural Affairs of the PRC to be added to the list of national-standard agricultural product processing technology research and development centres in the PRC.

2020:

Green Fresh (Fujian) Foodstuff Co., Ltd. was named as a participating enterprise in the "Postdoctoral Programme" organised by the Ministry of Human Resources and Social Security of the PRC.

2021:

Green Fresh (Fujian) Foodstuff Co., Ltd. was awarded the "Key Leading Enterprise in the Industrialised Agricultural Sector of the Fujian Province" by the municipal government of Zhangzhou, Fujian.

2022:

Based on the latest market study commissioned by the Group and issued by Frost & Sullivan Limited in June 2022, the Company is ranked first in the PRC market in 2020 and 2021 in terms of sales value, sales volume and the related market shares of agar-agar products as well as refined and semi-refined carrageenan products. The Company has also become the largest manufacturer of agar-agar products and refined and semi-refined carrageenan products globally in 2020 and 2021.

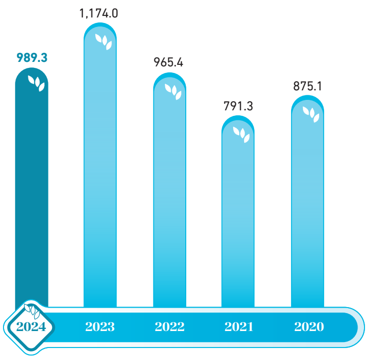
2025:

Based on the latest market study issued by Frost & Sullivan Limited in March 2025, the Company continued to rank first in the PRC market in 2023 and 2024 in terms of sales value, sales volume and the related market shares of agar-agar products as well as refined and semi-refined carrageenan products. The Company has also remained as the largest manufacturer of agar-agar products and refined and semi-refined carrageenan products globally in 2023 and 2024.

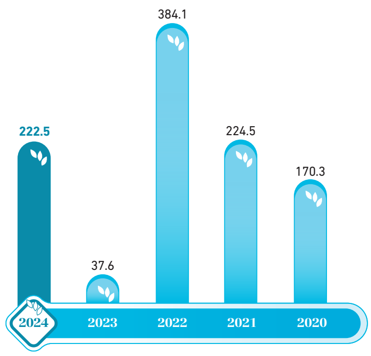
In March 2025, the Group was honored as an awardee of "2025 Forbes China - Innovative Brands in Industry Development Selection" of the year.

FINANCIAL HIGHLIGHTS

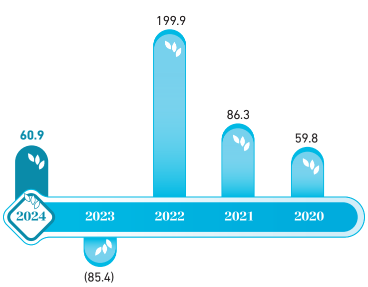
Revenue (RMB' million)



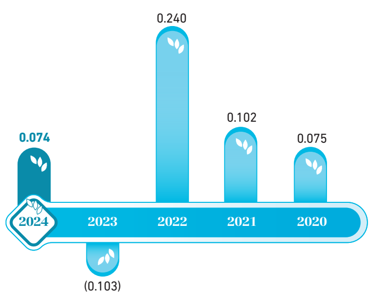
Gross Profit (RMB' million)



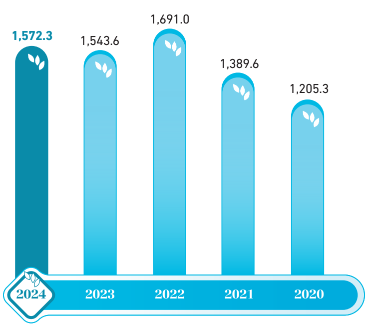
Profit/(Loss) for the year (RMB' million)



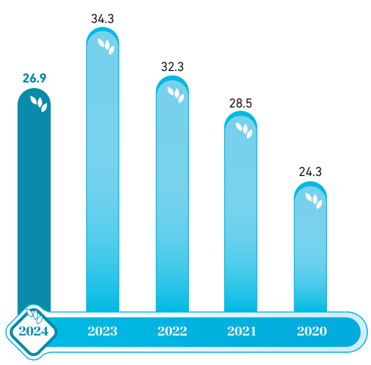
Diluted Earnings/(Loss) Per Share (RMB)



Total Assets (RMB' million)



Net Debt to Total Assets Ratio (%)



CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2024 (the "**FY2024**").

LONG-TERM BUSINESS STRATEGY

Green Future Food Hydrocolloid Marine Science Company Limited (the "**Company**" which, together with its subsidiaries, is referred collectively as, the "**Group**") is a leading producer of seaweed-based and plant-based hydrocolloid products in the People's Republic of China as well as the global markets. The Group has maintained a leading position in the market, ranking first in terms of the sales value, sales volume and the related market shares among manufacturers of agar-agar products and refined and semi-refined carrageenan products in the PRC for both 2020 and 2021, and again in 2023 and 2024. Additionally, the Group is recognized as the largest global manufacturer of these products during these years, according to a report prepared by Frost & Sullivan in March 2025. The products of the Group, including agar-agar, carrageenan, blended products and konjac gum, provide a wide range of functional properties such as thickening, water-retention and separation medium functions for various end-products, such as processed food, cosmetics and biomedical products, and are included in the main contents of many health foods for their rich soluble dietary fibers. In addition, the Group is ready to expand its product functions through blending different colloids and gums and create various blended products which are able to address different needs and functionalities of the end-products.

Distinguished from other conventional manufacturers, the Group is positioned itself to be a long-term partner of its customers in the supply chain of raw materials and certain product development process of its customers. This business cooperation is important in building long-term customer's relationship. Moreover, through its product research and development efforts, the Group also supports the development of new applications and new end-products by its customers. These business collaboration efforts are part of the long-term business development strategies of the Group and help the Group to secure business orders from its customers.

BUSINESS OVERVIEW FOR 2024

During FY2024, the economies of China and European countries—two major markets for the Group—showed differing performances amidst ongoing challenges. On one hand, the Group saw a pick-up in demand for carrageenan products in the European market, driven by improvements in the end-products market. On the other hand, the Chinese market underperformed in terms of sales orders during FY2024, largely due to a lack of momentum in the end-products market, causing the market prices of carrageenan products to remain persistently low. Despite a decrease in year-round average sales prices across all major product lines in both the China and European markets in FY2024, as compared to FY2023, the selling price of carrageenan products has exhibited a slight upward trend at the end of FY2024 surpassing that of FY2023. Coupled with the lowered average inventory costs resulting from the decrease in seaweed prices during the year, this led to a substantial decrease in inventory provision in FY2024, as compared to FY2023. Moreover, the inventory provision made against our carrageenan products in the previous year was mostly transferred out alongside the sales of the underlying products during FY2024, which essentially fueled the improvement of the year's profitability.

Furthermore, the decrease in interest rate of Renmibi ("**RMB**") denominated loans and the decrease in the average draw-down balance of United Stated dollars ("**USD**") and Hong Kong dollars ("**HKD**") denominated loans due to the decrease in the seaweed prices resulted in the decrease in the Group's finance cost for FY2024, as compared to FY2023. As a composite effect of the aforesaid factors, the Group has achieved an impressive uplifting of gross profit margin for carrageenan products and hence bought about the turnaround of the Group's after-tax net profit in FY2024, as compared to FY2023.

During FY2024, the Group's revenue was RMB989.3 million (2023: RMB1,174.0 million), decreased by RMB184.7 million or 15.7% as compared to FY2023. The decrease in the Group's sales revenue was mainly attributed to the significant decrease in the sales revenue of carrageenan products by approximately RMB220.9 million, 31.2%, caused mainly by the decrease in the year-round selling price of seaweed materials during FY2024, which is the key determinant of the selling price of the Group's carrageenan products, as compared to FY2023. As stated in the Company's annual report for the year ended 31 December 2023, after a wave of substantial increase in the selling price of seaweed and hence that of carrageenan in 2022, the selling price of both decreased throughout 2023 due to the setback in demand caused by the reduction of safety stock levels coupled with the economic slow-down emerged in most European countries during FY2023. The sales revenue of agar-agar and carrageenan products decreased by RMB220.9 million or 31.2% and RMB3.8 million or 1.3%, respectively during FY2024, as compared to FY2023. The two major products contributing a total of 79.1% of the Group's total sales revenue of the year, represented a decrease of 6.7% as compared to FY2023. This was mainly due to the decrease in the sales revenue of carrageenan alongside the increase in sales revenue of konjac products and blended products by a total of RMB29.1 million or 17.4% during FY2024.

Despite there was an decreases in the Group's turnover, the gross profit of the Group on the contrary increased by RMB 184.8 million or 491.0% in FY2024, as compared to FY2023. The overall gross profit margin for FY2024 was 22.5%, representing an increase of 19.3 percentage points as compared to FY2023. The increase in the overall gross profit margin was mainly due to a significant increase of 30.7 percentage points in the gross profit margin of carrageenan products, resulting from the decrease in seaweed prices during the year, this led to a substantial decrease in the average inventory costs in FY2024, as compared to FY2023. Moreover, a major part of the inventory provision made against our carrageenan products in the previous year amounting to RMB131.8 million was transferred out alongside the sales of the underlying products during FY2024, which essentially fueled the improvement of the year's profitability.

The Group achieved a turnaround and recorded a net profit of RMB60.9 million, representing an increase of RMB146.3 million as compared to the net loss of RMB85.4 million in FY2023. The increase in the net profit for FY2024, as compared to that of gross profit, was further decreased by RMB38.6 million due to the increase of other income and other gains and the decrease in finance costs incurred for FY2024 of RMB12.1 million and RMB10.8 million, respectively. Such positive effect was fully off-set by the increase in net impairment gains, selling and distribution expenses, administrative expenses and income tax incurred for the year of RMB4.1 million, RMB2.9 million, RMB7.2 million and RMB47.4 million, respectively.

While the divergent development of the Group's major markets which restrained the overall resurgence of business performance in FY2024. However, The Directors believe that global demand for hydrocolloid products is expected to pick up in the foreseeable future. Due to the prolonged decrease in the selling price of seaweeds, the price of carrageenan products—evidenced by the increase in year-end selling prices—is expected to bottom out and gradually rise in the foreseeable future. This trend is likely to drive up demand from customers. Moreover, the Directors expect that sales performance in the PRC will improve in the near future, and the upward trend of blended products will continue as through the unwavering efforts to build overseas sales networks, the sales revenue of blended products has shown a year-on-year increase of 17% from 2021 to 2024. Given that the key applications of hydrocolloid products encompass essential consumer goods such as food, household items, skincare and plastic-alternative products, there is consistently strong demand. The Group will benefit from the advantages it has established over the years as an industry leader.

2024 FINAL DIVIDEND

In order to share the operating results of the Company with our shareholders (the "Shareholders"), the Directors recommended a payment of a final cash dividend of HK1.2 cent per share for the year ended 31 December 2024, which demonstrated the Company's continuous efforts in attaining the target dividend payout each year after considering the available resources, amount total of HK$10.5 million. Dividends will be paid in cash.

SUBSEQUENT EVENT

There was no significant event affecting the Group which occurred after 31 December 2024 and up to the date of this annual report.

PROSPECTS

Although the global economy will still be subject to uncertainties in the near future, the Group will strive to improve its performance and investment return by leveraging on its strengths in the business scale as industry leader, technical expertise built on the continuous pursuit of excellence, as well as product innovativeness as the core values founded inside every member of the Group.

Hydrocolloid is an essential performance ingredient used in a wide array of processed foods, which is all-along a stable and sizable sector on a worldwide dimension, but also many consumer and industrial products riding on the upraising trend of product novelty and environmental friendliness such as flavored tea beverages, bio-degradable cosmetics and plastic-alternative products envisaged a vast development potential in the applications of hydrocolloid in the future. Furthermore, due to their technical value and ready-to-use nature, blended products demonstrate enormous business potential and present new opportunities for the Group in both local and international markets. The Directors expect that the global demand for the hydrocolloid products would be very promising in the long-run.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all the shareholders, customers, suppliers and business partners for their unwavering support. In the meantime, I would like to express my heartfelt gratitude to the Directors, management and all the staff for their unremitting efforts and contributions over the years.

CHAN Kam Chung
Chairman

Hong Kong, 31 March 2025

BUSINESS REVIEW

During FY2024, the economies of China and European countries – two major markets for the Group – showed differing performances amidst ongoing challenges. On one hand, the Group saw an increase in demand for carrageenan products in the European market, driven by improvements in the end-products market. On the other hand, the Chinese market underperformed in terms of sales orders during FY2024, largely due to a lack of momentum in the end-products market, causing the market prices of carrageenan products to remain persistently low. Despite a decrease in year-round average sales prices across all major product lines in both the China and European markets in FY2024, as compared to FY2023, the selling price of carrageenan products has exhibited a slight upward trend at the end of FY2024 surpassing that of FY2023. Coupled with the lowered average inventory costs resulting from the decrease in seaweed prices during the year, this led to a substantial decrease in inventory provision in FY2024, as compared to FY2023. Moreover, the inventory provision made against our carrageenan products in the previous year was mostly transferred out alongside the sales of the underlying products during FY2024, which essentially fueled the improvement of the year's profitability.

Furthermore, the decrease in interest rate of Renmibi ("**RMB**") denominated loans and the decrease in the average draw-down balance of United Stated dollars ("**USD**") and Hong Kong dollars ("**HKD**") denominated loans due to the decrease in the seaweed prices resulted in the decrease in the Group's finance cost for FY2024, as compared to FY2023. As a composite effect of the aforesaid factors, the Group has achieved an impressive uplifting of gross profit margin for carrageenan products and hence brought about the turnaround of the Group's after-tax net profit in FY2024, as compared to FY2023.

Ongoing Investment in Product Technology

The Group sets out its long-term goal of offering products carrying higher level of product technology which enables us to differentiate from its competitors in meeting the changing needs of customers. Through our ongoing investment in product research and development capability, the Group has been able to enhance product mix and hence profitability in a sustainable manner. For instance, blended products provide customers with readily usable food additives solution which carries added values leading to higher profit margin as compared to that of hydrocolloid products in single-component form. Besides, quick-dissolve agar-agar used in dairy products and deep- processed carrageenan products used in bakery products are products with ample market potential and the Directors believe that these products shall become key contributors to the enhancement of the Group's profit margin in the foreseeable future. Furthermore, konjac gum has become a key ingredient of various health foods for its rich soluble dietary fibers, and its development is on the momentum. As for the daily necessities, the markets for gel-type air fresheners and beauty products such as facial masks were further developed during FY2024. Last but not the least, the launching of seaweed-based 100% biodegradable algae membrane as alternative to plastics for a wide array of applications is viewed as a strategic move of the Group to capitalise the global decarbonisation opportunity for the coming decades. The Directors expect that the diversity in the end products and the applications will be key areas for business expansion in the future.

BUSINESS PROSPECTS

While the divergent development of the Group's major markets which restrained the overall resurgence of the Group's business performance in FY2024, global demand for hydrocolloid products is expected to pick up in the foreseeable future. Due to the prolonged decrease in the selling price of seaweeds, the price of carrageenan products — evidenced by the increase in year-end selling prices — is expected to bottom out and gradually rise in the foreseeable future. This trend is likely to drive up demand from customers. Moreover, the Directors expect that sales performance in the PRC will improve in the near future, and the upward trend of blended products will continue as through the unwavering efforts to build overseas sales networks, consequently, the sales revenue of blended products has demonstrated a compound annual growth rate of 17% from 2021 to 2024. Given that the key applications of hydrocolloid products encompass essential consumer goods such as food, household items, and skincare products, there is consistently strong demand. The Group will benefit from the advantages it has established over the years as an industry leader.

In terms of the Group's effort to diversify the geographical location of the production facilities as well as ongoing endeavor in cost-reductions, the Group's subsidiary, PT Hongxin Algae International ("**Hongxin**"), a company incorporated in Indonesia engaged principally in the manufacture of semi-refined carrageenan with clear advantages in lower operating cost and proximity to seaweed resources, has maintained its production scale on one hand and invested in the continuous enhancement of production facilities on the other with the aim to step up further its product quality as well as cost competitiveness in the foreseeable future.

Looking ahead, the prospects for hydrocolloid products are promising. The Group is committed to driving sustainable business growth and improving returns on investments by leveraging its strengths in scale and technical expertise.

FINAL DIVIDEND

In order to share the operating results of the Company with our shareholders (the "**Shareholders**"), the Directors recommended a payment of a final cash dividend of HK1.2 cent per share for the year ended 31 December 2024, which demonstrated the Company's continuous efforts in attaining the target dividend payout each year after considering the available resources of HK$10.5 million.

FINANCIAL REVIEW

The Group's net profit for FY2024, was RMB60.9 million, compared to a net loss of RMB85.4 million for FY2023, representing an increase of RMB146.3 million. Further analysis on the operating results of the Group is set out below.

Revenue

During FY2024, the Group's revenue was RMB989.3 million (2023: RMB1,174.0 million), decreased by RMB184.7 million or 15.7% as compared to FY2023. The decrease in the Group's sales revenue was mainly attributed to the significant decrease in the sales revenue of carrageenan products by approximately RMB220.9 million or 31.2%, caused mainly by the decrease in the year-round selling price of seaweed materials during FY2024, which is the key determinant of the selling price of the Group's carrageenan products, as compared to FY2023. As stated in the Company's annual report for the year ended 31 December 2023, after a wave of substantial increase in the selling price of seaweed and hence that of carrageenan in 2022, the selling price of both decreased throughout 2023 due to the setback in demand caused by the reduction of safety stock levels coupled with the economic slow-down emerged in most European countries during FY2023. The sales revenue of carrageenan and agar-agar products decreased by RMB220.9 million or 31.2% and RMB3.8 million or 1.3%, respectively during FY2024, as compared to FY2023. The two major products contributing a total of 79.1% of the Group's total sales revenue of the year, represented a decrease of 6.7% as compared to FY2023. This was mainly due to the decrease in the sales revenue of carrageenan products alongside the increase in sales revenue of konjac products and blended products by a total of RMB29.1 million or 17.4% during FY2024.

During FY2024, the sales value in the PRC and the overseas markets accounted for 48.0% and 52.0% of the Group's total sales value, respectively (2023: 50.7% and 49.3%). Sales value in the PRC market amounted to RMB475.2 million for FY2024, decreased by RMB119.9 million or 20.1% as compared to FY2023. Sales value in the overseas market amounted to RMB514.0 million for FY2024, decreased by RMB64.8 million or 11.2% as compared to FY2023. Within the sales value in the overseas market, the total value of products sold to Asian countries decreased by RMB48.1 million or 22.9%, while the total value of products sold to South America decreased by RMB8.6 million or 16.9%, caused mainly by the decrease in selling price.

Cost of Sales

For FY2024, the Group's cost of sales was RMB766.8 million (2023: RMB1,136.4 million), representing a decrease of RMB369.6 million or 32.5%. This cost primarily comprised raw materials (seaweed and konjac), ancillary materials, and production costs. The decrease in cost of sales during FY2024 was partly attributed to a 6.8% decline in the sales volume of carrageenan products, and to a large extent attributable to the decrease in the cost of inventory sold for carrageenan products, driven by the continuous decline in market prices for seaweeds throughout the year, as well as the substantial effect of the transferring out of inventory provision made in the previous year alongside the sales of the underlying carrageenan products during FY2024.

Gross Profit and Gross Profit Margin

For FY2024, the gross profit of the Group was RMB222.5 million (2023: RMB37.6 million), representing an increase of RMB184.9 million or 491.8%. The overall gross profit margin for FY2024 was 22.5%, representing an increase of 19.3 percentage points as compared to FY2023.

During FY2024, the gross profit margin of carrageenan and konjac products were increased by 30.7 percentage points and 2.1 percentage points, respectively, as compared to FY2023. On the other hand, the gross profit margin of agar-agar and blended products were decreased by 1.3 percentage points and 1.0 percentage points, respectively in FY2024, as compared to FY2023. As an analysis, the increase in the overall gross profit margin was mainly due to a significant increase of 30.7 percentage points in the gross profit margin of carrageenan products, resulting from the slight upward trend of the selling price of carrageenan products at the end of FY2024 surpassing that of FY2023. Coupled with the lowered average inventory costs resulting from the decrease in seaweed prices during the year, this led to a substantial decrease in inventory provision in FY2024, as compared to FY2023. Moreover, a major part of the inventory provision made against our carrageenan products in the previous year amounting to RMB131.8 million was transferred out alongside the sales of the underlying products during FY2024, which essentially fueled the improvement of the year's profitability.

Net Profit

The net profit of the Group for FY2024 increased by RMB146.3 million to RMB60.9 million, as compared to the net loss of RMB85.4 million for FY2023. The increase in the net profit for FY2024, as compared to that of gross profit, was by a lesser extent of RMB38.6 million due to the increase of other income and other gains and the decrease in finance costs incurred for FY2024 of RMB12.1 million and RMB10.8 million, respectively. Such positive effect was fully off-set by the increase in net impairment losses, selling and distribution expenses, administrative expenses and income tax incurred for the year of RMB4.1 million, RMB2.9 million, RMB7.2 million and RMB47.4 million, respectively.

Selling and Distribution Expenses

For FY2024, the selling and distribution expenses of the Group were RMB20.6 million (2023: RMB17.8 million), representing an increase of RMB2.8 million or 15.7%. The increase was mainly due to the increase in the number of sales representatives located overseas for market development. Besides, during FY2024, the Company has participated in an increased number of trade shows held locally and overseas, as well as increased number of customer visits with corresponding increase in travelling and accommodation expenses.

Administrative Expenses

During the FY2024, the administrative expenses of the Group were RMB104.6 million (2023: RMB97.3 million), representing an increase of RMB7.3 million or 7.5%, which was mainly attributable to the increase in materials consumed in respect of the Group's research and development function.

Net Finance Costs

During the FY2024, the finance income and costs of the Group were RMB686,000 and RMB30.1 million, respectively, (2023: RMB397,000 and RMB40.9 million), representing an increase of RMB289,000 for finance income and a decrease of RMB10.8 million or 26.4% for finance costs. The increase in finance income was directly linked to the amount and duration of bank deposit made during FY2024, while the decrease in finance costs was due to the decrease in interest rate on RMB denominated loans as well as the decrease in the average draw-down balance of USD and HKD denominated loans during FY2024 as a result of the continuous decrease in the selling price of seaweeds.

Income Tax Expenses

During FY2024, the income tax expense of the Group was RMB20.0 million (2023: RMB27.4 million tax credit), representing an increase of RMB47.4 million. The significant increase was mainly due to the turnaround of taxable profit to the level of RMB80.9 million for FY2024, as compared to the pre-tax loss of RMB112.9 million recorded in FY2023 The income tax expenses was increased further due to the reversal of deferred tax assets provided in respect of the inventory provision made in FY2023.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax	**9,256**	8,761
Deferred income tax/(credit)	**10,740**	(36,208)
Income tax expense/(credit)	**19,996**	(27,447)

Profit Attributable to Owners of the Company

For FY2024, profit attributable to owners of the Company was RMB62.2 million (2023: net loss attributable to owners of the Company RMB85.3 million), representing an increase of RMB147.5 million, as a result of the increase in corresponding magnitude in the net profit of the Group for FY2024.

Liquidity and Financial Resources

As of 31 December 2024, the Group's cash and bank balances amounted to RMB141.4 million, representing an increase of RMB57.1 million or 67.7% from 31 December 2024. The financial ratios of the Group as of 31 December 2024 were as follows:

	As at 31 December 2024	As at 31 December 2023
Current ratio	**1.74**	1.43
Gearing ratio[1]	**34.3%**	41.2%

Note 1: Gearing ratio is calculated as net debt divided by total of net debt and equity.

Net Current Assets

As of 31 December 2024, the Group's net current assets were RMB442.9 million, reflecting an increase of RMB143.3 million or 47.8% from RMB299.6 million as of 31 December 2023. This increase was primarily due to a reduction of RMB71.4 million in short-term bank loans and RMB31.9 million in accounts payable, along with increases of RMB22.2 million in accounts receivable and RMB57.1 million in cash and bank balances. However, these gains were partially offset by a decrease of RMB37.3 million in inventories. Overall, these changes had a composite effect on the net current assets across the years.

Borrowing

As of 31 December 2024, the total bank borrowings of the Group amounted to RMB544.6 million, of which RMB460.6 million shall be repaid within one year and RMB84.0 million shall be repaid after one year. The carrying amounts of bank borrowings were denominated in HKD, USD and Renminbi.

The Group did not use any financial instruments for hedging purposes and did not have any net foreign currency investments hedged against existing borrowings and/or other hedging instruments. For FY2024, the weighted average interest rate on bank borrowings was 5.22% per annum (FY2023: 5.73%).

Interest Rate Risk

The interest rate risk of the Group arises from short-term interest-bearing deposits and bank borrowings. The Group is exposed to the interest rate risk of cash flow on short-term deposits and bank borrowings at the variable rate. Bank borrowings obtained at fixed interest rates expose the Group to fair value interest rate risk.

The Group does not have any significant interest-bearing assets other than short-term interest- bearing deposits. The Directors do not expect any material impact on interest-bearing assets from interest rate movement, as interest rates on short-term deposits are not expected to fluctuate substantially.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group adopts a conservative approach to cash management and fund investment. Its receipts and payments are primarily denominated in RMB and USD, which allows for a good degree of natural hedging against foreign currency exposure. The Group will closely monitor foreign exchange fluctuations and will consider hedging if needed. In FY2024, the Group did not use any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2024, the Group had 1,148 full-time employees, of whom 961 were based in Mainland China and 187 were based in Hong Kong and other countries and territories.

The management of the Group maintains good working relationship with its employees and provides training to keep the employees abreast of the latest developments of its products and production processes. Remuneration packages offered to the Group's employees are generally competitive and consistent with the prevailing levels in the market and are reviewed on a regular basis. Apart from basic remuneration and statutory retirement benefit scheme, discretionary bonuses and share award may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

DIRECTORS' PROFILE

Executive Directors

Mr. CHAN Kam Chung (陳金淙先生) (formerly known as 陳金鐘), aged 54, is the executive Director, Chairman, and Chief Executive Officer of the Group. Mr. CHAN is also the chairman of the nomination committee and a member of remuneration committee. Mr. CHAN is responsible for formulating our overall strategic planning and business strategies and implementing major development policies and initiatives for the business development of the Group as a whole. Mr. CHAN joined the Group in May 2003.

In addition to his working experience in the food industry, Mr. CHAN completed a number of courses of food preservation technology (食品保鮮技術), food technology (食品工藝) from Zhangzhou Institute of Technology (漳州職業技術學院) in May 2013 on part-time basis. Mr. CHAN also attended the seminar of "Executive Training Programme for Fujian Entrepreneurs (常青藤創新總裁班)" organised by HKU School of Professional and Continuing Education in December 2016. Mr. CHAN has more than 20 years' experience in processed food and hydrocolloid production, corporate planning, and financial and marketing management. Prior to joining the Group, Mr. CHAN was a director and deputy general manager of Guangda (Fujian) Foodstuff Co., Ltd. (光大(福建)食品有限公司) from the period of 1998 to 2001.

Mr. CHAN was appointed as the honorary president of the first session of China Algae Industry Association Carrageenan Branch (中國藻業協會紅藻膠分會) in March 2019.

Mr. CHAN is the younger brother of Mr. CHAN Shui Yip, the executive Director, and the brother-in-law of Mr. SHE Xiaoying, the executive Director.

Mr. GUO Dongxu (郭東旭先生), aged 57, is the executive Director, Vice Chairman, and Vice President of the Group. Mr. GUO oversees the project development, quality control, and external business affairs of the Group. Mr. GUO was the executive director and legal representative of South Fujian Agar Co., Ltd (福建省石獅市閩南瓊膠有限公司) from October 1995 to August 2018. Mr. GUO joined us in March 2009 and his first position in the Group was the supervisor of Lvqi (Fujian). Since December 2012, Mr. Guo has been the executive director and general manager of Lvqi (Fujian). Mr. GUO was subsequently reassigned as the Vice President and General Manager of Greenfresh (Fujian). Mr. GUO has 26 years of experience in seaweed processing and corporate management.

Mr. GUO completed the courses on food preservation, food technology, and organic chemistry (食品保鮮技術、食品工藝、有機化學) from Zhangzhou Institute of Technology (漳州職業技術學院) in May 2013 on a part-time basis.

Mr. GUO was appointed as the deputy chairman of China Seaweed Association (中國藻業協會), Fujian Food Association (福建食品工業協會) and managing vice chairman of the third session of Fujian Province Food Additive Association (福建省食品添加劑和配料工業協會) in April 2012, March 2017 and February 2016. Mr. GUO was also appointed as an executive committee member (執行委員) of the Industrial and Commerce Association of Longhai City (龍海市工商業聯合會(總商會)委員). In March 2018, Mr. GUO was awarded as an outstanding entrepreneur of the seventeenth session of the outstanding entrepreneur of Fujian city (福建省優秀企業家). Mr. GUO has been appointed as the president of the first session of China Algae Industry Association Carrageenan Branch (中國藻業協會紅藻膠分會) in March 2019.

DIRECTORS' PROFILE

Mr. CHAN Shui Yip (陳垂燁先生) (formerly known as CHAN Kam Ku (陳金鼓)), aged 63, is the executive Director, Vice Chairman, and Vice President of the Group. Mr. CHAN oversees the product management, sourcing, human resources, and general administration of the Group. Mr. CHAN has more than 13 years' experience in business management and more than 18 years' experience in food industry. Mr. CHAN was the deputy manager of Jinjiang Xinyi Leather and Plastic Enterprise Co., Ltd. (晉江市新毅皮塑企業有限公司) from July 1988 to March 1999 and was responsible for production management. Mr. CHAN joined the Group in March 1999.

Mr. CHAN completed the courses of food preservation, food technology, and organic chemistry from Zhangzhou Institute of Technology (漳州職業技術學院) in May 2013 on a part-time basis. Mr. CHAN also completed a part-time advanced business administration course held by the Peking University Shenzhen Graduate School (北京大學深圳研究院) in June 2017. Mr. CHAN completed a part-time president financial training course (金融高管高級研修班) in Renmin University of China (中國人民大學) in September 2018.

Mr. CHAN was awarded as one of the "Talented People of Zhangzhou City" (漳州市優秀人才) by the CPC Zhangzhou Municipal Committee (中國共產黨漳州市委員會) and the People's Government of Zhangzhou (漳州市人民政府) in November 2015. Mr. CHAN was named as the Honourable Chairman of the thirteen session of the Longhai City Commercial and Industrial Association (General Chamber of Commerce) (龍海市工商業聯合會(總商會)) in December 2016 and the vice chairman of the twentieth session of Fukien Athletic Club (香港福建體育會) in March 2017.

Mr. CHAN is the elder brother of Mr. CHAN Kam Chung, the executive Director, and the brother-in-law of Mr. SHE Xiaoying, the executive Director.

Mr. SHE Xiaoying (佘小迎先生), aged 63, is the executive Director. Mr. SHE oversees the sales of our hydrocolloid products. Mr. SHE has more than 13 years' experience in food industry. Mr. SHE was the production manager of Jinjiang Xinyi Leather and Plastic Enterprise Co., Ltd. (晉江市新毅皮塑企業有限公司) from December 1988 to April 2003 and was responsible for production management. Mr. SHE joined the Group in May 2003 and has held a number of positions in the Group. From May 2003 to November 2011, Mr. SHE was the director and deputy manager of Lvbao (Quanzhou). From November 2007 to January 2013, Mr. SHE was the legal representative and general manager of Greenfresh (Fujian). Currently, Mr. SHE is a director of Greenfresh (Fujian) and the deputy general manager of Lvbao (Quanzhou).

Mr. SHE is a brother-in-law of Mr. CHAN Kam Chung and Mr. CHAN Shui Yip, both are the executive Directors.

Ms. CHEN Yi (陳熠女士) aged 37, is currently the vice-president (Management) of the Group overseeing the Group's operational management functions including human resources, administrative and information technology and coordination with external parties. Ms. Chen has more than 14 years' experience in human resources management. Ms. Chen joined the Group in May 2019. Prior to joining the Group, Ms. Chen was the supervisor of human resources and administration department of Anheuser-Busch InBev Sedrin (Zhangzhou) Brewery Co., Ltd. from 2011 and has been promoted as the manager of human resources and administration department in 2013. Ms. Chen obtained a bachelor's degree in administration from Fujian Agriculture and Forestry University (福建農林大學) in 2011 and a master's degree in business administration from the Hongkong Finance & Economics College (香港財經學院) in 2022.

Independent non-executive Directors

Mr. Ho Kwai Ching Mark (何貴清先生), aged 63, is the independent non-executive Director. He is also the chairman of the audit committee and a member of the nomination commitee and remuneration committee.

Mr. Ho received a Bachelor Degree in Social Sciences from the University of Hong Kong in 1984 and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Ho has extensive experience in the securities and futures industry. He was the Chief Operating Officer of Oriental Patron Securities Limited, the Chief Compliance Officer of Hong Kong Mercantile Exchange Limited, the Director of Business Development of Sun Hung Kai Securities Limited and Director of Phillip Securities (HK) Limited. He was also previously Vice President of Corporate Strategy of Hong Kong Exchanges and Clearing Limited and Head of Compliance of Hong Kong Futures Exchange Limited. He is currently the co-founder and Chief Executive Officer of ProMEX Limited, and an independent non-executive director of Lee Kee Holdings Limited (stock code: 0637) and Hengan International Group Company Limited (stock code: 1044), both companies are listed on the Stock Exchange.

Mr. NG Man Kung (吳文拱先生), aged 73, is the independent non-executive Director. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee.

Mr. NG completed an extension course in banking at the Hong Kong Polytechnic University in September 1982. Mr. NG was an honorary president of the 37th Hong Kong Chinese Bankers Club, a member of the Council of Hong Kong Polytechnic University from April 1999 to March 2002, and a member of the 10th Fujian Province Committee of the Chinese People's Political Consultative Conference.

Mr. NG had over 40 years of experience in banking and finance. Mr. NG worked at Chiyu Banking Corporation Ltd. from July 1969 to December 2012 and was a chief executive during the period from 1992 to 2012. Mr. NG retired from Chiyu Banking Corporation Limited in 2012. Mr. NG served as a business consultant of China Orient Asset Management (International) Holdings Limited from January 2014 to April 2015. Mr. NG is currently an independent non-executive director of Fujian Holdings Limited (stock code: 0181) and ELL Environmental Holdings Limited (stock code: 1395), both of which are listed on the Stock Exchange. Mr. NG was an independent non-executive director of Renco Holdings Group Limited (stock code: 2323) from March 2016 to March 2022, a company listed on the Stock Exchange and the chairman of the supervisory board of Well Link Bank in Macau from March 2018 to February 2025.

Mr. HU Guohua (胡國華先生), aged 51, is the independent non-executive Director. He is also a member of the audit committee.

Mr. HU obtained a bachelor's degree in food chemistry and a master's degree in food engineering from Nanchang University (南昌大學) in 1995 and 1998, respectively. Mr. HU subsequently obtained a doctorate degree in engineering from the East China University of Science and Technology (華東理工大學) in 2006.

Mr. HU is experienced in hydrocolloid production and processed food. In addition to his academic qualifications, Mr. HU was named as one of the leading talents in science and technology (科技領軍人才) by Suzhou Industrial Park (蘇州工業園區) in 2010. Mr. HU is the Secretary General of the Professional Committee of Sweet Flavouring (甜味劑專業委員會), which is one of the Professional Committees of China Food Additives & Ingredients Association (中國食品添加劑和配料協會). Mr. HU is an independent non-executive director of Zhejiang Shengda Bio-pharm Co., Ltd (SHA:603079), a company listed on the Shanghai Stock Exchange, Anhui JinHe Industrial Co. Ltd (SHE: 002597), a company listed on the Shenzhen Stock Exchange and Touyun Biotech Group Limited (stock code: 1332), a company listed on the Stock Exchange.

DIRECTORS' REPORT

The directors of the Company (the "**Directors**") present their 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 principal activities of the principal subsidiaries are set forth in note 34 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2024 is set forth in the "Chairman's Statement", and "Management Discussion and Analysis" on pages 6 to 8 and pages 9 to 14 respectively of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the Group's consolidated balance sheet as at 31 December 2024 are set forth in the consolidated financial statements on pages 130 to 133 of this annual report.

The Board has recommended a final dividend of HK 1.2 cent per share, totaling HK$10.5 million (2023:HK$ nil) for the year ended 31 December 2024 payable on or around 25 June 2025 to the Shareholders (the "**Shareholders**") of the Company whose names appear on the register of members of the Company on 6 June 2025. The recommendation of the final dividend is subject to the Shareholder's approval in the forthcoming annual general meeting (the "**AGM**").

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set forth on page 206 of this annual report.

SHARE CAPITAL

Details of movements of the share capital of the Company for the year ended 31 December 2024 are set forth in note 22 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of 31 December 2024, the Company's reserves available for distribution amounted to RMB86.7 million.

EQUITY-LINKED AGREEMENTS

Save for the share schemes as disclosed under the paragraph headed "Share Schemes" in this annual report, no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the Group's top five largest customers accounted for 23.2% (2023: 24.9%) of the Group's revenue and the single largest customer accounted for 8.7%. (2023: 6.7%) of the Group's revenue. The Group's top five suppliers accounted for 51.2% (2023: 62.1%) of the Group's total purchase and the single largest supplier accounted for 16.7% (2023: 19.7%) of the Group's total purchase.

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

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package attract and motivate the employees. The Group regularly reviews the remuneration package of employees and make necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its customers and suppliers to fulfill its immediate and long-term goals. To maintain its competitiveness, the Group aims at delivering quality services to its customers. During the year, there was no material and significant dispute between the Group and its customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

For the year ended 31 December 2024, no environmental exceedances were recorded and there was no non-compliance in relation to environmental and social aspects. Given the business nature, the Group recognizes its daily operation has an impact to the environment. The Group is highly committed to make continuous efforts on efficient use of natural resources, promotion of energy conservation in its business and office premises, as well as minimization of its overall emissions on the environment. Engagement with stakeholders has resulted in raised concerns on key material issues, which include: Employment, Occupational Health and Safety, Development and Training, Consumer Data Protection and Customer Service. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders for advancing environmental, social and governance management.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

DIRECTORS

The directors of the Company during the year and up to the date of this annual report were:

Executive Directors
Mr. CHAN Kam Chung (Chairman and Chief Executive Director)
Mr. GUO Dongxu (Vice Chairman and Vice President)
Mr. CHAN Shui Yip (Vice Chairman and Vice President)
Mr. SHE Xiaoying
Ms. CHEN Yi

Independent non-executive Directors
Mr. HO Kwai Ching, Mark
Mr. NG Man Kung
Mr. HU Guohua

In accordance with the Article 84 of the articles of association of the Company (the "**Articles of Association**"), Mr. GUO Dongxu, Mr. NG Man Kung and Mr. HU Guohua shall retire from office as Directors. All of them are being eligible, offer themselves for re-election at the forthcoming AGM.

The Company has received annual confirmations of independence in accordance with the independence guidelines pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") from all Independent non-executive Directors, and as of the date of this annual report still considers them to be independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set forth on pages 15 to 17 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a fixed term of three years commenced from 25 September 2022 which may be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors and the non-executive Director has signed a letter of appointment with the Company for a term of three years commenced from 25 September 2022, which may be terminated before the expiration of the term by not less than two months' notice in writing served by either party on the other.

The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, none of the Directors has entered into a service contract with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation).

SHARE SCHEMES

a) Pre-IPO Share Option Scheme

On 5 August 2018, the Company approved a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") which is considered to be a modification of the previous share transfer scheme adopted on 26 February 2018. The Pre-IPO Share Option Scheme is for the purpose of recognizing the contribution of certain parties in respect of the Company's successful listing on the Main Board and providing opportunity to them to enjoy the growth of the Group. All options under the Pre-IPO Share Option Scheme had been granted and no further grant could be made under the Pre-IPO Share Option Scheme. Further details of the Pre-IPO Share Option Scheme are set forth in note 23 to the consolidated financial statements. The following table sets forth movements in the share options under the Pre-IPO Share Option Scheme for the year ended 31 December 2024:

						Number of share options					
Category/name of grantee	Date of grant	Exercise price per share	Exercise period	Vesting period	Closing price of the share immediately before the date of grant	As of 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	As of 31 December 2024
Employees in aggregate	9 August 2018	HK$0.01	17 October 2019 to 16 October 2024. All unexercised share options after the relevant exercise periods or upon resignation will lapse	20% each year starting from 17 October 2019	N/A	4,423,000	–	(4,432,000)[1]	–	–	–
Other participants	9 August 2018	HK$0.01	17 April 2020 to 16 April 2025	100% from 17 April 2020	N/A	–	–	–	–	–	–
Total						4,432,000	–	(4,432,000)	–	–	–

Note:

(1) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$0.80.

b) Post-IPO Share Option Scheme

The Company adopted the post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") on 25 September 2019.

During the year ended 31 December 2024, no option had been granted, exercised, lapsed or cancelled under the Post-IPO Share Option Scheme.

The number of share options available for grant under the Post-IPO Share Option Scheme was 80,000,000 as of 1 January 2024 and 31 December 2024, representing approximately 9.15% of the issued shares of the Company (excluding treasury shares,if any).

A summary of the Post-IPO Share Option Scheme is set forth below:

1. Purpose:	The purpose of the Post-IPO Share Option Scheme is to enable our Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group and to provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (a) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; (b) attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group; and/or (c) for such purposes as the Board may approve from time to time.
2. Participants:	(a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group; (b) a director or proposed director (including independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (c) above.
3. Total number of shares available for issue under the Post-IPO Share Option Scheme together with the percentage of the issued shares that it represents as of the date of this annual report:	A maximum of 80,000,000 shares to be allotted and issued, representing 9.64% of the issued shares of the Company as of the date of this annual report (excluding treasury shares, if any).
4. Maximum entitlement of each participant:	No option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of the shares in issue from time to time.

5. Option period:	The Board shall be entitled at any time within 10 years from the date of adopting the Post-IPO Share Option Scheme to offer the grant of an option to any eligible participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may determine. There is no minimum period for which an option must be held before it can be exercised.
6. Amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid:	The amount payable on acceptance of an Option is HK$1.0. An offer of an option must be accepted by the relevant eligible participant, being a date not later than 30 days after the offer date.
7. Basis of determining the exercise price	The subscription price of a share in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a share; (b) the closing price of a share in the Stock Exchange's daily quotation sheet on the date of grant; and (c) the average closing price of a share as stated in the Stock Exchange's daily quotations sheets for the five business days (as defined in the Listing Rules) immediately preceding the date of grant.
8. Remaining life:	10 years from the date on which it becomes unconditional. i.e. 24 September 2029

c) Share Award Scheme

The Company adopted the share award scheme (the "**Share Award Scheme**") on 10 July 2020 for recognising and rewarding the contribution of the Selected Participants to the business growth of the Group. The Share Award Scheme also provides incentive to the selected participants to continue their contribution to the future business development of the Group. The Share Award Scheme includes (a) the rules relating to Share Award Scheme and (b) a trust deed, pursuant to which an independent trust company has been appointed as the trustee (the "**Trustee**") of the Share Award Scheme. Pursuant to the Share Award Scheme, the Company would provide the Trustee with certain funds for on-market purchase by the Trustee of certain Shares or subscription for certain Shares from the Company at par value, which will be used to establish a shares pool for the benefit of the selected participants. All shares comprising the shares pool under the Share Award Scheme have been and will be purchased by the Trustee and will be held by the Trustee for the benefit of the selected participants until vesting. Further details of the Share Award Scheme are set forth in note 23 to the consolidated financial statements. The following table sets forth movements in the share awards granted each year under the Share Award Scheme for the year ended 31 December 2024:

List A: Share Award Granted in 2022 Starting from 2023

			Number of awarded shares						
Category/ name of grantee	Date of grant	Vesting period	As of 1 January 2024	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	As of 31 December 2024	Fair value for each of the awarded shares[4] HK$
SHI Shuangquan	5 December 2022 [2]	20% each year starting from 2023	1,600,000	—	(400,000)[3]	—	—	1,200,000	3.38
SO Chi Man [1]	5 December 2022 [2]	20% each year starting from 2023	1,200,000	—	(300,000)[3]	—	—	900,000	3.38
LIN Kuncheng	5 December 2022 [2]	20% each year starting from 2023	640,000	—	(160,000)[3]	—	—	480,000	3.38
			3,440,000	—	(860,000)	—	—	2,580,000	

List B: Share Award Granted in 2024 Starting from 2024

			Number of awarded shares						
Category/ name of grantee	Date of grant	Vesting period	As of 1 January 2024	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	As of 31 December 2024	Fair value for each of the awarded shares[4] HK$
CHEN Yi	21 May 2024 [2]	20% each year starting from 2024	—	800,000	(160,000)[3]	—	—	640,000	0.75
LIN Penghui	21 May 2024 [2]	20% each year starting from 2024	—	800,000	(160,000)[3]	—	—	640,000	0.75
ZHOU Jianhua	21 May 2024 [2]	20% each year starting from 2024	—	800,000	(160,000)[3]	—	—	640,000	0.75
WU Zhiyong	21 May 2024 [2]	20% each year starting from 2024	—	700,000	(140,000)[3]			560,000	0.75
YANG Qigui	21 May 2024 [2]	20% each year starting from 2024	—	700,000	(140,000)[3]			560,000	0.75
			—	3,800,000	(760,000)	—	—	3,040,000	

Notes:

1. Mr. SO Chi Man is one of the five highest paid employees of the Group. Further information on the five highest paid employees of the Group is set forth in note 9 to the consolidated financial statements.

2. The closing price of the shares immediately before the grant date in respect of awardees under List A and List B was HK$3.54 and HK$0.77, respectively.

3. All the awarded shares have been granted to the selected participants for nil consideration and the weighted average closing price of the shares immediately before the dates on which the awarded shares were vested was HK$0.79 for awardees under List A and HK$0.78 for those under List B, respectively. The vesting of each tranche of the awarded shares is subject to the satisfaction of such predetermined performance targets as determined by the Board (and its committees). The Group has established an appraisal system for the evaluation of the contributions and performance of the grantees against these performance targets.

4. The total amounts of the fair value of the awarded shares at the date of grant are amortised over the vesting period of five years and recorded in "employee benefit expenses" in the consolidated statement of profit or loss.

The number of shares held by the Trustee under the Share Award Scheme available for grant under the Share Award Scheme were 8,734,000 and 4,934,000 (representing approximately 0.56% of the issued shares of the Company (excluding treasury shares, if any)) as of 1 January 2024 and 31 December 2024, respectively.

A summary of the Share Award Scheme is set forth below:

1 Purpose: The purposes of the Share Award Scheme is, through as award of shares, to: (a) recognise and reward the contribution of certain eligible person(s) for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group.

2 Participants: "Eligible Person(s)" means any person belonging to the following classes of persons:

(i) any employee of the Group;

(ii) any executive director or non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any invested entity;

(iii) any customer of the Group or any invested entity;

(iv) any supplier of goods or services to any member of the Group or any invested entity;

(v) any person or entity that provides research, development or other technological support to the Group or any invested entity;

		(vi) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity; (vii) any person or entity which has contributed to the Group or its business; and (viii) any other person selected by the Board at its sole discretion.
3	Total number of shares available for award under the Share Award Scheme together with the percentage of the issued shares that it represents as at the date of this annual report:	A maximum of 4,934,000 shares available for award under the Share Award Scheme, representing 0.56% of the issued shares of the Company as of the date of this annual report (excluding treasury shares, if any).
4	Maximum entitlement of each selected participant:	Not applicable, but the Board has decided that no more than 1.0% of the issued share capital of the Company could be grated to each selected participant.
5	Amount, if any, payable on application or acceptance of the awarded shares and the period within which payments or calls must or may be made or loans for such purposes must be repaid:	All awarded shares have been granted to the grantees for nil purchase price. The awarded shares shall be deemed to be irrevocably accepted by the selected participant unless he/she shall within five (5) business days after receipt of notice of award notify the Company in writing that he/she would decline to accept such awarded shares.
6	Basis of determining the purchase price of shares awarded:	All awarded shares have been granted to the grantees for nil purchase price. The Trustee may purchase the shares on the Stock Exchange at the prevailing market price. If the Trustee effects any purchase off-market, the price for such purchase will not be higher than the lower of the following: (i) the closing market price on the date of such purchase and (ii) the average closing market price for the five preceding trading days on which the shares were traded on the Stock Exchange.
7	Remaining life:	The Share Award Scheme shall be valid and effective for a term of 10 years commenced from 10 July 2020.

The total number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the financial year at a percentage to the weighted average of shares of relevant class in issue (excluding treasuring shares) for the year was nil%.

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

As of 31 December 2024, the interests and short positions of the Directors and chief executive of the Company or any of their associates in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") at set forth in Appendix C3 of the Listing Rules, were as follows:

(i) Interests in the Company

Name of Directors	Nature of interest and capacity	Number of shares or underlying shares held[5]	Approximate percentage of shareholding[6]
Mr. CHAN Kam Chung	Interest in a controlled corporation[1]	161,700,000	18.50%
	Interest under the Concert Party Agreement[2]	588,000,000	67.27%
Mr. CHAN Shui Yip	Interest in a controlled corporation[3]	161,700,000	18.50%
	Interest under the Concert Party Agreement[2]	588,000,000	67.27%
Mr. GUO Dongxu	Interest in a controlled corporation[4]	66,150,000	7.57%
	Interest under the Concert Party Agreement[2]	588,000,000	67.27%
Ms. CHEN Yi	Personal interest	818,000	0.09%

Notes:

(1) Mr. CHAN Kam Chung held all issued share in COS Kreation Investment Development Company Limited ("**COS Kreation**"). Therefore, Mr. CHAN Kam Chung is deemed to be interested in all shares held by COS Kreation for the purpose of the SFO. Mr. CHAN Kam Chung is the sole director of COS Kreation.

(2) All shareholders are controlling shareholders and concert parties by virtue of the Concert Party Agreement, a summary of which is set forth in the section headed "Controlling Shareholders and Substantial Shareholders — Summary of terms of the Concert Party Agreement" in the Prospectus of the Company dated 30 September 2019.

(3) Mr. CHAN Shui Yip held all issued share in Epoch Investment Development Co., Limited ("**Epoch**"). Therefore, Mr. CHAN Shui Yip is deemed to be interested in all shares held by Epoch for the purpose of the SFO. Mr. CHAN Shui Yip is the sole director of Epoch.

(4) Mr. GUO Dongxu held all issued share in Strong Achievement (BVI) Investment Company Limited ("**Strong Achievement**"). Therefore, Mr. GUO Dongxu is deemed to be interested in all shares held by Strong Achievement for the purpose of the SFO. Mr. GUO Dongxu is the sole director of Strong Achievement.

(5) All the interests disclosed represent long position in the shares and underlying shares.

(6) As of 31 December 2024, the total number of issued shares of the Company was 874,120,000.

(ii) **Interests in associated corporations**

Name of Directors	Name of associated corporations	Nature of interest and capacity	Number of shares of associated corporation	Percentage of shareholding
Mr. CHAN Kam Chung	COS Kreation	Beneficial owner	One	100%
Mr. CHAN Shui Yip	Epoch	Beneficial owner	One	100%
Mr. GUO Dongxu	Strong Achievement	Beneficial owner	One	100%

Save as disclosed above, as of 31 December 2024, none of the directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); (b) entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 31 December 2024, the person or corporations (not being a Director or chief executive of the Company) who had an interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of Shareholders	Nature of interest and capacity	Number of shares held(5)	Approximate percentage of shareholding(6)
COS Kreation	Beneficial owner	161,700,000	18.50%
Epoch	Beneficial owner	161,700,000	18.50%
Strong Achievement	Beneficial owner	66,150,000	7.57%
Green Forest	Beneficial owner	92,603,571	10.59%
Mr. GUO Songsen	Interest in a controlled corporation(2)	92,603,571	10.59%
	Personal Interest	866,000	0.10%
	Interest under the Concert Party Agreement(1)	588,000,000	67.27%
Winning Path	Beneficial owner	66,150,000	7.57%
Mr. GUO Yuansuo	Interest in a controlled corporation(3)	66,150,000	7.57%
	Interest under the Concert Party Agreement(1)	588,000,000	67.27%
East Prosperity	Beneficial owner	39,696,429	4.54%
Mr. GUO Donghuang	Interest in a controlled corporation(4)	39,696,429	4.54%
	Interest under the Concert Party Agreement(1)	588,000,000	67.27%

Notes:

1. All shareholders are controlling shareholders and concerted parties by virtue of the Concert Party Agreement, a summary of which is set forth in the section headed "Controlling Shareholders and Substantial Shareholders — Summary of terms of the Concert Party Agreement" in the Prospectus of the Company dated 30 September 2019.

2. Mr. GUO Songsen held all issued share in Green Forest (BVI) Investment Company Limited ("**Green Forest**"). Therefore, Mr. GUO Songsen is deemed to be interested in all shares held by Green Forest for the purpose of the SFO. Mr. GUO Songsen is the sole director of Green Forest.

3. Mr. GUO Yuansuo held all issued shares in Winning Path Trading Company Limited ("**Winning Path**"). Therefore, Mr. GUO Yuansuo is deemed to be interested in all shares held by Winning Path for the purpose of the SFO. Mr. GUO Yuansuo is the sole director of Winning Path.

4. Mr. GUO Donghuang held all issued shares in East Prosperity (BVI) Investment Company Limited ("**East Prospertiy**"). Therefore, Mr. GUO Donghuang is deemed to be interested in all shares held by East Prosperity for the purpose of the SFO. Mr. GUO Donghuang is the sole director of East Prosperity.

5. All the interests disclosed represent long position in the shares and underlying shares.

6. As of 31 December 2024, the total number of issued shares of the Company was 874,120,000.

Save as disclosed above, as of 31 December 2024, the Directors were not aware of any other person or corporation having an interests or short positions in the shares and underlying shares of the Company as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Directors or their respective spouse or minor children; or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouses or minor children to acquire such rights in the Company or any other body corporate.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2024, no transactions of significance with parties regarded as "Related Parties" were entered into by the Group. Further details are set forth in note 34 to the consolidated financial statements.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year ended 31 December 2024, none of the Directors is interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

DEED OF NON-COMPETITION

Mr. Chan Kam Chung, Mr. GUO Dongxu, Mr. CHAN Shui Yip, Mr. GUO Songsen, Mr. GUO Yuansuo and Mr. GUO Donghuang, and their controlled corporations, namely COS Kreation, Strong Achievement, Epoch, Green Forest, Winning Path and East Prosperity (collectively, the "**Controlling Shareholders**") entered into a deed of non-competition dated 25 September 2019 with the Company (the "**Deed of Non-competition**"). Pursuant to the Deed of Non-competition, neither of the Controlling Shareholders, the Directors and their respective associates has interest in any business, apart from the business operated by members of the Group, which competes or is likely to compete, directly or indirectly, with our business and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

Details of the Deed of Non-competition are set forth in the section headed "Relationship with Controlling Shareholders — Deed of Non-Competition" of the prospectus of the Company dated 30 September 2019. The Company has received declarations from the Controlling Shareholders of their compliance with the Deed of Non-competition for the year ended 31 December 2024 (the "**Declarations**"). The independent non-executive directors of the Company have been provided with all necessary information and have reviewed the Declarations and are satisfied that the Deed of Non-competition was complied with and was effectively enforced during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the parent company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Articles of Association, every Director, Auditor, Secretary and other officer at any time of the Company shall be entitled to be indemnified out of assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or to be incurred by him in in relation to any of the affairs of the Company. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the Directors and officers of the Group.

EMOLUMENT POLICY

The emolument policy of the Group is set on the basis of the employees' performance, qualifications and competence. The emoluments of the Directors and senior management are reviewed by the remuneration committee, with consideration to the Group's operation results and individual performance. The Company has adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and Share Award Scheme to the eligible persons as an incentives or rewards for their contribution to the Group, details of which are set forth in the paragraph headed "Share Schemes" of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including any sale of treasury shares (as defined under the Listing Rules) during FY2024). As at 31 December 2024, the Company has no treasury shares (as defined under the Listing Rules).

SIGNIFICANT INVESTMENTS

There was no significant investment during the year ended 31 December 2024.

CONNECTED TRANSACTION

During the year ended 31 December 2024, the Group has not entered into any connected transaction. The Company confirmed that it has complied with the disclosure requirement of a connected transaction in accordance with Chapter 14A of the Listing Rules by publication of an announcement.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

On 31 October 2024, Green Fresh (Fujian) Foodstuff Co., Ltd., a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company ("Green Fresh"), Xiamen Xunyicai Investment Consulting Co., Ltd. ("Xiamen Xunyi"), a company established in the PRC with limited liability, Mr. Weng Wu Yin ("Mr. Weng") and Zhangzhou City Longhai District Xinwan Industrial Investment Company Limited, a company established in the PRC with limited liability ("Xinwan Investment"), entered into an investment agreement, pursuant to which Xinwan Investment agreed to inject not more than RMB63.85 million into Xiamen Blue Ocean Algae Membrane Technologies Co., Ltd. ("Blue Ocean"which was later renamed as Blue Ocean Algae Membrane (Fujian) Biotechnology Co., Ltd., a company established in the PRC with limited liability and owned as to 60% by Green Fresh, 30% by Xiamen Xunyi and 10% by Mr. Weng right before the issuance of new shares, and Green Fresh, has agreed to simultaneously inject RMB27.77 million into Blue Ocean.

After completion of the registration of capital injection and the incidental capital reduction in Blue Ocean as stipulated in the investment agreement, Xinwan Investment is interested in approximately 49.00% of the enlarged equity interest in Blue Ocean and Green Fresh is interested in approximately 46.68% of the enlarged equity interest in Blue Ocean. Therefore, the Group's interest in Blue Ocean will be diluted from 60.00% to approximately 46.68%, representing a decrease of 13.32%. Such dilution constituted a deemed disposal of subsidiary under the Listing Rules.

Save as disclosed in the above, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associates or joint ventures during the year ended 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

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

CHANGE IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, there is no changes in information of the Directors subsequent to the date of this report is as following: Mr. NG Man Kung has been resigned from the position of chairman of the supervisory board of Well Link Bank in Macau on 18 February 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Island, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DONATIONS

Charitable donations made by the Group during the year ended 31 December 2024 amounted to RMB205,000 (2023: RMB20,000).

CAPITAL STRUCTURE

On 5 August 2024, the Company, as the issuer, entered into the subscription agreement with the subscriber "Power Partner Capital Limited", pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 40,000,000 ordinary shares at the subscription price of HK$0.81 per subscription share under general mandate. The subscription price of HK$0.81 per subscription share represents: a premium of approximately 3.8% to the closing price of HK$0.78 as quoted on the Stock Exchange on 5 August 2024. The aggregate nominal value of the subscription shares is HK$400,000. The Directors consider that the net proceeds of the subscription will provide the necessary capital to support the Group's future development through the enhancement of product mix and market spectrum and increase the Group's liquidity. The issue of the subscription shares will also broaden the shareholder base and capital base of the Company. The net proceeds of the subscription, after deduction of all relevant expenses, was amounted to HK$32.34 million representing a net price of approximately HK$0.81 per subscription share. The share subscription was completed on 23 August 2024. Saved as disclosed above, there has been no change in the capital structure of the Company.

In respect of the net proceeds of HK$32.34 million raised from the subscription of new shares under general mandate. The following table summarizes the use of net proceeds from the subscriptions for the year ended 31 December 2024:

	Amount of net proceeds HK$ (million)	Actual use of net proceeds during the year ended 31 December 2024 HK$ (million)	Unused amount of net proceeds as at 31 December 2024 HK$ (million)
Expansion of research and development and production capacity of 100% biodegradable algae membrane *(Note 1)*	16.2	16.2	—
Expansion of research and development and production capacity of creative and ready-to-use chewing contents for the trendy flavored beverage market *(Note 2)*	6.5	2.18	4.32
General working capital	9.64	4.8	4.84
Total	32.34	23.18	9.16

Notes:

1. Approximately HK$16.2 million of the net proceeds is intended to be used to fund the expansion of research and development and production capacity of 100% biodegradable algae membrane applicable in a wide range of environment-friendly products including cosmetic, food and seasoning packing and soil protection film products, which is expected to be utilised in the next 12 months from August 2024.

2. Approximately HK$6.50 million of the net proceeds is intended to be used to fund the expansion of research and development and production capacity of creative and ready-to-use chewing contents for the trendy flavored beverage market, which is expected to be utilised in the next 18 months from August 2024

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 2 June 2025.

For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 12 June 2025 to Monday, 16 June 2025, both days inclusive, during which period no transfer of shares will be registered. To qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East. Wan Chai, Hong Kong no later than 4:30 p.m. on Wednesday, 11 June 2025.

EVENTS AFTER THE REPORTING PERIOD

There was no significant events affecting the Group which occurred after 31 December 2024 and up to the date of this annual report.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors, namely Mr. HO Kwai Ching, Mark, Mr. NG Man Kung and Mr. HU Guohua. Mr. HO Kwai Ching, Mark is currently serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting at least at half-year intervals, and oversee the risk management policies and internal control procedures of the Group constantly. The Audit Committee has adopted the terms of reference which are in line with the applicable code provisions in the Corporate Governance Code. The Audit Committee has reviewed the Group's annual results and consolidated audited financial statements for the year ended 31 December 2024.

AUDITORS

The consolidated financial statements have been audited by PricewaterhouseCoopers, who shall retire and, being eligible, offer themselves for re-appointment in the forthcoming AGM. A resolution will be submitted to the forthcoming AGM for the re-appointment of PricewaterhouseCoopers as auditor of the Company.

On behalf of the Board

Chan Kam Chung
Chairman and Chief Executive Officer

Hong Kong, 31 March 2025

CORPORATE GOVERNANCE REPORT

The board of directors of the Company ("**Board**") is committed to uphold a high standard of corporate governance practices appropriate to the conduct and growth in its business in accordance with all applicable rules and regulations. The Board believes that good corporate governance is important in balancing the interests of shareholders, customers and employees and the success of business.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and code provisions set forth in the Corporate Governance Code ("**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules. During the year ended 31 December 2024, the Company has complied with the CG Code except for deviations from code provisions C.2.1. The deviation from code provision C.2.1 of the CG Code is explained in the paragraph headed "Chairman and Chief Executive" of this annual report.

THE BOARD

Responsibilities

The Board is collectively responsible for the long-term success of the Company. Its key responsibilities include providing leadership and supervision to the Management with a view to protecting the Shareholders' interests and enhancing Shareholders' long-term value. Also, the Board is responsible for formulating the Group's long-term strategy and development plan, deciding major financial and capital project and reviewing internal control and risks.

The Board has established the Group's purpose, values and strategies and was satisfied that they are aligned with the Group's culture. All Directors must act with integrity, lead by example, and promote the desired culture. The Board should instil and continually reinforce across the Company's values of "acting lawfully, ethically and responsibly".

During the year ended 31 December 2024, the Board closely monitored the implementation of corporate governance practice, risk management and internal control systems to ensure the corporate value and the Company's culture are aligned.

The Board delegates aspects of its management and administration functions to the management for implementing day-to-day operation. The rights and duties of the Board and the Management are designed to guarantee an adequate balance and restriction mechanism for the excellent governance and internal control of the Company and the Board admits that it is the common responsibility of all the Directors to perform the duty of corporate governance.

BOARD OF DIRECTORS

Composition of the Board

As of the date of this annual report, the Board consists of seven Directors comprising five executive Directors and three independent non-executive Directors (the "**INEDs**").

Executive Directors

Mr. CHAN Kam Chung *(Chairman and Chief Executive Officer)*
Mr. GUO Dongxu *(Vice Chairman and Vice President)*
Mr. CHAN Shui Yip *(Vice Chairman and Vice President)*
Mr. SHE Xiaoying
Ms. CHEN Yi (appointed on 7 June 2024)

Independent Non-executive Directors

Mr. HO Kwai Ching, Mark
Mr. NG Man Kung
Mr. HU Guohua

The biographical details of the Directors are set out on pages 15 to 17 of this annual report. Save as disclosed in the biographical details, none of the directors have any relationship (including financial, business, family or material/relevant relationship) between board member.

Ms. CHEN Yi, the newly appointed executive director of the Company obtained the legal advice referred to in Rule 3.09D and confirmed that she understand her obligation as a director of the Company on 3 May 2024.

Throughout the year and up to the date of this annual report, the Board has complied with the requirement of the Listing Rules on appointment of at least three INEDs, who shall jointly account for at least one third of members of the Board and at least one of whom must have appropriate professional qualifications or accounting or relevant financial management expertise. The qualifications of the three INEDs of the Company fully comply with requirements of the Listing Rules.

None of the INEDs of the Company has any business or financial interests in the Company and its subsidiaries, nor do they hold any executive positions in the Company, which effectively guaranteed their independence. The Company has received from each of the INEDs an annual confirmation of their independence in accordance with the independence guideline pursuant to Rule 3.13 of the Listing Rules. As of the date of this annual report, the Company is of the opinion that all the INEDs are independent in accordance with Rule 3.13 of the Listing Rules.

Directors' Appointment and Re-election

Pursuant to the Article 83(3) of the Articles of Association, any Director to who is appointed by the Board to fill the casual vacancy shall hold office until the next following annual general meeting of the Company and shall be eligible for re-election.

Pursuant to the Article 84 of the Articles of Association, one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement at an annual general meeting at least once every three years. However, a retiring Director shall be eligible for re-election.

As such, Mr. GUO Dongxu, Mr. NG Man Kung and Mr. HU Guohua shall retire from office as Directors in accordance with the Article 84 of the Articles of Association. All of them are being eligible, offer themselves for re-election at the forthcoming AGM.

Formal service agreements or appointment letters have been entered into with the executive Directors, the non-executive Director and the INEDs. Each of the executive Directors has entered into a service contract with the Company for a fixed term of three years, which may be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other. Each of the INEDs has signed an appointment letter with the Company for a term of three years, which may be terminated before the expiration of the term by not less than two months' notice in writing served by either party on the other.

Chairman and Chief Executive

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chan Kam Chung ("**Mr. Chan**") is the chairman and chief executive officer of the Group. Mr. Chan is responsible for formulating the Group's overall strategic planning and business strategies and implementing major development policies and initiatives for the business development of the Group as a whole. Mr. Chan's vision and leadership have played a pivotal role in the Group's success and achievements to date, and therefore the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The Company's long-serving and outstanding senior management team and the Board, which comprise experienced and high-caliber individuals, provide a check on balance of power and authority. The Board comprises four executive Directors (including Mr. Chan) and three INEDs and therefore has a fairly strong independence element in its composition.

Mechanism Regarding Independent Views to the Board

The Board has implemented different ways to ensure independent views and input are available to the Board (the "**Mechanism**") which include the engagement of independent consultants to provide expert opinions and the appointment of independent non-executive Directors. The Board will conduct annual review on the implementation and effectiveness of the Mechanism and the results will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2024, based on the recommendations made by as independent consultants in a designated area of operations, the Board is in the opinion that the implementation and effectiveness of the Mechanism and the results were satisfactory.

Board Diversity Policy

The Board considers that its diversity is a vital asset to the business and has adopted a board diversity policy for better transparency and governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company has adopted the board diversity policy (the "**Board Diversity Policy**"). The Nomination Committee shall review, at its discretion, the Board Diversity Policy of the Company. For designing the composition of the Board, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board members' appointment will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. Selection of Director candidates will be based on a range of diversity perspectives, including but not limited to gender, age, culture, race and educational background, professional experience, knowledge and skills.

The members of the Board, who come from a variety of different backgrounds, have a diverse range of business, and professional expertise. The table below sets forth an analysis of the Board's current composition based on the measurable objectives:

Measurable objective	Category	Number of Director
Gender	Male	7
	Female	1
Age	37-60	4
	Over 60	4
Place of residences	China	4
	Hong Kong	4

Brief biographical particulars of the Directors, together with information relating to the relationship among them, are set forth on pages 15 to 17 in this annual report.

As of 31 December 2024, among the 1,148 employees (including senior management) of the Group, the percentages of male employees and female employees are 63.5% and 36.5% (2023: 64.6% and 35.4%), respectively. The Board considers that the Group's workforce (including senior management) is diverse in terms of gender.

The Nomination Committee was of the opinion that the Board consisted of members with diversified age, cultural and education background, professional/business experience, skills and knowledge. Further details for the diversity, including the gender diversity, in the workforce during the year ended 31 December 2024 are set forth in the section headed "Environmental, Social and Governance Report" in this annual report.

Board Meetings

The Board shall hold Board meetings regularly, at least four meetings in each year on quarterly basis, involving active participating, either in person or through electronic means of communication, of a majority of Directors. A notice of a regular Board meeting shall be delivered to all the Directors at least 14 days in advance for them to arrange the attendance for the meeting, with the matters to be discussed specified in agenda of the meeting. Board papers together with all appropriate, complete and reliable information are delivered to all Directors at least three days before the regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The attendance of individual director to the Board meetings, board committees meetings and general meeting for the year ended 31 December 2024 is set forth below:

	Number of meetings attended/Number of meetings held				
Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**General Meeting**
Executive Directors:					
Mr. Chan Kam Chung					
(Chairman and Chief Executive Officer)	7/7	N/A	2/2	2/2	1/1
Mr. Guo Dongxu					
(Vice Chairman and Vice President)	7/7	N/A	N/A	N/A	1/1
Mr. Chan Shui Yip					
(Vice Chairman and Vice President)	7/7	N/A	N/A	N/A	1/1
Mr. She Xiaoying	6/7	N/A	N/A	N/A	1/1
Ms. CHEN Yi	5/5	N/A	N/A	N/A	N/A
Independent Non-executive Directors:					
Mr. Ho Kwai Ching, Mark	7/7	3/3	2/2	2/2	1/1
Mr. Ng Man Kung	7/7	3/3	2/2	2/2	1/1
Mr. Hu Guohua	7/7	3/3	N/A	N/A	1/1

Nomination Policy

The Nomination Committee ("**the Nomination Committee**") shall identify candidates who are qualified/suitable to become a member of the Company's Board and make recommendations to the Board on the selection of candidates nominated for directorships with a view to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. In assessing the suitability of a proposed candidate, the Nomination Committee may make reference to certain criteria such as Company's need, reputation for integrity, experience in principal business of the Company, balance of skills, knowledge and experience on the Board, the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities and, in case of INEDs, the independence requirements set forth in the Listing Rules (as amended from time to time), and take into account various aspects set forth in the Board Diversity Policy of the Company, number of directorship in other listed/public companies and in case of INED, number of years he has already served.

Directors' Continuous Professional Development

Every newly appointed Director is ensured to have a proper understanding of the operations and business of the Group and that he is fully aware of his responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. The Directors are continually updated with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

The Company has arranged relevant training for all Directors to ensure that they obtain the needed additional skills and comprehensive information to contribute to the Board. All Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on Directors' training. A summary of their records of continuous development training during the year ended 31 December 2024 is as follows:

Name of Directors	Attending trainings/ briefings/seminars/ conference	Reading regulatory updates relevant to corporate governance
Executive Directors:		
Mr. Chan Kam Chung *(Chairman and Chief Executive Officer)*	V	V
Mr. Guo Dongxu *(Vice Chairman and Vice President)*	V	V
Mr. Chan Shui Yip *(Vice Chairman and Vice President)*	V	V
Mr. She Xiaoying	V	V
Ms. Chen Yi	V	V
Independent Non-executive Directors:		
Mr. Ho Kwai Ching, Mark	V	V
Mr. Ng Man Kung	V	V
Mr. Hu Guohua	V	V

Directors' Insurance

The Company has arranged appropriate directors' and officers' insurance cover in respect of legal litigation against its Directors and senior officers.

BOARD COMMITTEES

There are three (3) committees under the Board including the Audit Committee, the Nomination Committee and the remuneration committee (the "**Remuneration Committee**").

Audit Committee

The Audit Committee was established pursuant to a resolution of the Board passed on 25 September 2019 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee include (i) making recommendations to the Board on the appointment and removal of external auditors; (ii) reviewing and supervising the financial statements and material advice in respect of financial reporting; (iii) overseeing internal control procedures and corporate governance of the Company; (iv) supervising internal control systems of the Group; and (v) monitoring continuing connected transactions (if any).

The Audit Committee currently consists of all three (3) of the INEDs. The members of the Audit Committee are currently Mr. Ho Kwai Ching, Mark, Mr. Ng Man Kung and Mr. Hu Guohua and the chairman of the Audit Committee is Mr. Ho Kwai Ching, Mark.

Audit Committee held three meetings during the year. The following tasks have been taken up by the Audit Committee during the year ended 31 December 2024:

(a) Reviewed the consolidated financial statements of the Group for the year ended 31 December 2023 including the audit findings from external auditors, annual results announcement and annual report and the condensed consolidated financial statements of the Group for the six months ended 30 June 2024, including the interim results announcement and interim report;

(b) directed and supervised the Company's internal audit department, reviewed the internal audit report, review adequacy and effectiveness of Group's internal controls including financial, operational and compliance controls and risk management; and

(c) considered the re-appointment of the external auditors.

Nomination Committee

The Nomination Committee was established pursuant to a resolution of the Board passed on 25 September 2019 with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to (i) review the structure, size, composition and diversity of the Board on a regular basis; (ii) identify individuals suitably qualified to become Board members; (iii) assess the independence of INEDs; (iv) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; and (v) make recommendations to the Board regarding the candidates to fill vacancies on the Board.

Nomination Committee held two meetings during the year. During the meeting, Nomination Committee (i) reviewed the structure, size, composition and diversity of the Board; (ii) reviewed the independence of INEDs; and (iii) made recommendations to the Board on the nomination of Director and the proposed re-election of the retiring Directors at the forthcoming annual general meeting.

The Nomination Committee currently consists of one (1) executive Director, Mr. Chan Kam Chung, and two (2) INEDs, namely Mr. Ho Kwai Ching, Mark and Mr. Ng Man Kung and is currently chaired by Mr. Chan Kam Chung.

Remuneration Committee

The Remuneration Committee was established pursuant to a resolution of the Board Directors passed on 25 September 2019 with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee include (i) reviewing and making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) reviewing other remuneration-related matters, including benefits-in-kind and other compensation payable to the Directors and senior management; (iii) reviewing performance-based remunerations and establishing a formal and transparent procedure for developing policy in relation to remuneration; and (iv) reviewing and approving matters related to share schemes.

Remuneration Committee held two meeting during the year. During the meeting, Remuneration Committee reviewed and made recommendations on the remuneration packages of the Directors and senior management.

The Remuneration Committee currently consists of one executive Director, Mr. Chan Kam Chung, and two INEDs, namely Mr. Ng Man Kung and Mr. Ho Kwai Ching, Mark. It is currently chaired by Mr. Ng Man Kung.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of consolidated financial statements of the Group in accordance with the Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. The Directors confirm that suitable accounting policies have been used and applied consistently. The Board is responsible for submitting a well-defined assessment on interim and annual reports, share price sensitive information, and other matters that need to be disclosed according to the Listing Rules and other regulatory provisions. The Management has provided relevant and necessary explanation and information to the Board so that the Board could make informed assessment on the financial data and position of the Company for examination and approval.

The Board does not have any material uncertainty in any areas likely to give rise to the significant doubt of the Company's capability of sustained operations.

The responsibilities of the Company's external auditor, with respect to their audit of the consolidated financial statements of the Company for the year ended 31 December 2024 are set forth in the section headed "Independent Auditor's Report" in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility of the Board

The Board acknowledges its responsibility to establish, maintain, and review the effectiveness of the Group's risk management and internal control systems, where management is responsible for the design and implementation of the risk management and internal control systems to manage risk. A sound and effective system of risk management and internal control is designed to manage rather than eliminate risk of failure to achieve the Group's strategic and business objectives and safeguard shareholder investments and the Group's assets for it can provide reasonable assurance aganist material misstatement or loss.

Risk Management and Internal Control Framework

The Board has the overall responsibilities of the risk management and internal control systems of the Group. With the support from the Audit Committee, the Board monitors the Group's risk exposures, oversees the actions of management and monitors the overall effectiveness of the risk management and internal control systems on an ongoing basis by analysing period-to-period changes in the key profile of the Company's assets, liabilities and capital structure so as to identify potential areas of concerns and management actions.

Internal Audit Function

The internal audit department is led by the internal audit manager, who reports directly to the chairman of the Board with the support of the Audit Committee. The internal audit department is primarily responsible for conducting internal audit reviews on operational, financial and compliance controls of the operating entities to ensure their compliance with the Group's risk management and internal control policies and procedures. Internal audit department is independent from operation management and has full access to data required in performing internal audit reviews. Internal audits are conducted according to the three-year internal audit plan approved by the Audit Committee to review the major operational, financial, compliance and risk management controls. In 2024, internal audit department performed audits on the key operating entities located in China. During the process of the internal audits, the internal audit department identified internal control deficiencies and weaknesses and proposed recommendations for improvements. Internal audit findings and control deficiencies are communicated to the management, who is responsible for ensuring the deficiencies are rectified within a reasonable period. A follow-up review is also performed to ensure the remedial actions are implemented.

Review of Risk Management and Internal Control Systems

During the year, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group through the making use of findings from both internal and external audit works as well as the report provided by independent consultants in designated areas and considered the risk management and internal control systems are as a whole effective and adequate. In addition, the Board has reviewed and has recommended ways to enhance further the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training programs and budget.

PROCEDURES AND CONTROLS OVER HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company is aware of its obligation under relevant sections of the Securities and Futures Ordinance and Listing Rules. An Inside Information Disclosure Policy of the Company ("**Inside Information Disclosure Policy**") has been established to lay down practical guidelines on definition and the scope of inside information; disclosure and management framework; exemptions for disclosure; receiving, reporting and disclosing of inside information; confidentiality and records of such information. Pursuant to the Inside Information Disclosure Policy, staff who have access to inside information are required to follow the Inside Information Disclosure Policy to keep the unpublished inside information strictly confidential until such inside information has been officially announced to the public in accordance with the requirements of the Listing Rules. The Board will review and approve the inside information to be disclosed and the Company Secretary has the responsibility to monitor and communicate with professional parties such as the external lawyer and auditor during the process of inside information discussion and announcement preparation.

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the year ended 31 December 2024 are set forth in note to the consolidated financial statements of this annual report. The remuneration of the members of the senior management (other than the Directors) for the year ended 31 December 2024 by remuneration band is as follows:

Remuneration Band in HK$	Number of individuals
HK$2,000,001 - HK$3,000,000	1
HK$3,000,001 - HK$4,000,000	2

AUDITORS' REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could give rise to any actual or potential material adverse effect on the Company. During the year ended 31 December 2024, the remuneration paid or payable to the external auditors for audit and non-audit services by the Group are set out as follows:

Services rendered	Fees paid/payable RMB'000
Annual audit services of the Company's auditor	2,050
Non-audit services of the Company's auditor for their assistance in connection with the Company's ESG reporting and annual results announcement	220
Statutory audit services of subsidiaries' auditors	251

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors. All Directors are aware of the requirements under the Model Code. Specific enquirers have been made to all directors on whether they have complied with the Model Code during the financial year. All directors of the Company confirmed that they have complied with the Model Code during the financial year.

COMPANY SECRETARY

The Company Secretary reports to the Board on corporate governance matters and is responsible for ensuring that Board procedures and all applicable law, rules and regulations are followed. All Board members have access to the advice and services of Company Secretary. During the year, the Company Secretary has taken no less than 15 hours of relevant professional training to update his skills and knowledge under the Rules 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company releases its announcements, financial data and other relevant data on its website www.greenfreshfood.com, which serves as a channel facilitating effective communication. Shareholders may send any inquiry in writing to the Company's principal place of business in Hong Kong. The Company will properly handle all inquiries in due course. The Company has established a shareholders communication policy such that opinions raised by shareholders shall be directed to the attentions of Board soon as they are received. The Board reviewed the implementation and effectiveness of the shareholders communication policy, including the enhanced arrangement of venue of convening AGM on the practical side ,and the results were satisfactory.

The Board welcomes suggestions from Shareholders, and encourages Shareholders to attend general meetings to directly raise any issues that they may have to the Board and the Management. Under the code provision F.2.2 of the CG Code, the chairman of the Board and the chairman of respective committees would attend AGM to answer questions put forward by Shareholders.

Detailed voting procedures and all resolutions voted on shall be set forth in circulars to Shareholders.

DIVIDEND POLICY

The Company endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company adopts a dividend policy, which is based on the profit attributable to owners of the Company, and the distribution amount on annual basis of no less than 20% of the distributable net profit attributable to the owners of the Company but subject to, among others, our operation needs, earnings, financial condition, working capital requirements and future business expansion plans as our Board may deem relevant at such time.

SHAREHOLDERS' RIGHT

Shareholders' Right to Requisite a Meeting

As one of the measures to safeguard Shareholders' interest and rights, it is proposed that separate resolutions can be tabled at Shareholders' meetings on each substantial issue, including the election of individual directors. The voting results will be posted on the websites of the Stock Exchange and the Company after the Shareholder's meeting.

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, Any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may convene a physical meeting at only one location, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

Putting Forward Enquiries to the Board

For put forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company, details are as follow:

Hong Kong Address: Unit A, 16/F, Lee & Man Commercial Center, 169 Electric Road, North Point, Hong Kong

CONSTITUTIONAL DOCUMENTS

The memorandum and article of association of the Company are available on the website of the Company and the Stock Exchange. There was no change in the Company's constitutional documents during the year ended 31 December 2024.

DEED OF NON-COMPETITION BY THE CONTROLLING SHAREHOLDERS

Details of the Deed of Non-competition are set forth in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company dated 30 September 2019 and there is no change thereon up to the date of this annual report. The INEDs have reviewed the status of compliance by each of the controlling shareholders with the undertakings and as far as the INEDs can ascertain, there is no breach of any of the undertakings in the Deed of Non-competition.

ABOUT THE ESG REPORT

Green Future Food Hydrocolloid Marine Science Company Limited hereby issues the 2024 Environmental, Social and Governance Report ("ESG Report"), to demonstrate the Group's policies, practices, measures and performance regarding environmental and social areas to its stakeholders. For information on corporate governance, please refer to the "Corporate Governance Report" of the year.

Reporting Scope

The ESG Report covers the information on the Group's four production plants located in Fujian Province and Hubei Province in China, namely the production plants owned and operated by subsidiaries companies Greenfresh (Fujian) Foodstuff Co., Ltd. ("Greenfresh (Fujian)"), Fujian Province Lvqi Food Colloid Company Ltd. ("Lvqi (Fujian)"), Lvbao (Quanzhou) Biochemistry Company Ltd. ("Lvbao (Quanzhou)") and Shiyanhaiyi Konjac Products Company Ltd. ("Shiyanhaiyi"). Compared with the ESG Report released in the Annual Report 2023, there is no significant adjustment in the reporting scope of the ESG Report. In this regard, Hongxin (the Group acquired 82.03% of its equity interest on 15 April 2021), a company incorporated and located in Indonesia, is excluded from our scope of work this year. The ESG Report covers the period from 1 January 2024 to 31 December 2024 ("the Reporting Period"). To enhance the integrity of the report's narrative, some content may exceed the scope described above.

Reporting Standards and Principles

The ESG Report is prepared in compliance with the Appendix C2 *Environmental, Social and Governance Reporting Code* (the "ESG Reporting Code") to the Main Board Listing Rules (the "Listing Rules") of Hong Kong Exchanges and Clearing Limited ("HKEX"). The Report is prepared in accordance with the reporting principles of "materiality", "quantitative", "balance" and "consistency" as defined in the ESG Reporting Code.

- ✓ "Materiality": The Group identifies material ESG issues by stakeholder engagement and materiality assessment. Please refer to "Responsible Governance" chapter for the detailed steps and results;
- ✓ "Quantitative": Information on the standards, methodologies and source of conversion factors used for the reporting of emission and energy consumption is disclosed. For details, please refer to the "Environmental Sustainability" chapter;
- ✓ "Balance": This Report truthfully and objectively discloses ESG information of the Group with a fair and unbiased presentation of the Group's ESG performance during the Reporting Period.
- ✓ "Consistency": The method and key environmental performance indicators are consistent with those used in previous years.

RESPONSIBLE GOVERNANCE

ESG Strategy and Organisational Structure

The Group incorporated ESG-related risks and opportunities in its business strategy and established an ESG management structure with clear responsibilities to guide daily operation. The Board of Directors of the Group ("the Board") is the highest decision-maker of ESG management in the Group. The Board oversees the Group's ESG issues and takes full responsibility for the Group's ESG strategy and reporting.

The Board

- ✓ Developing ESG management approaches, strategies and goals;
- ✓ Regularly reviewing the performance of the Group on ESG related targets;
- ✓ Evaluating, prioritising, and managing material ESG-related issues and their risks to the Group's business;
- ✓ Reviewing and approving the Group's annual ESG Report.

Senior Management

- ✓ Arranging work of ESG working group based on the ESG strategy established by the Board;
- ✓ Implementing ESG risk management and internal control systems, and reporting the main ESG trends, ESG-related risks and opportunities to the ESG Committee;
- ✓ Regularly reporting the progress of the Group's ESG work and the achievement of ESG-related targets to the Board;
- ✓ Reporting the annual ESG Report to the Board.

ESG Working Group

- ✓ Composed of the head of each department;
- ✓ Implementing the ESG strategy and policy of the Board;
- ✓ Carrying out specific ESG work according to the arrangements of the senior management;
- ✓ Preparing annual ESG Report;
- ✓ Reporting to the senior management on the progress of ESG work and annual ESG Report.

Stakeholder Engagement

We identify significant stakeholders, based on their impact and dependence on the Company. And we established multiple and smooth communication channels, to actively communicate with internal and external stakeholders and to understand their expectations and requirements.

Stakeholders	Expectations and needs	Communication channels
Government and regulators	• Compliance with laws • Pay tax according to law • Support local development	• Daily communication • Monitoring and assessment • Government and enterprise cooperation • Work meeting
Shareholders	• Return on investment • Investor relations • Corporate governance • Risk management and control	• General meeting of shareholders • Annual reports, interim reports and announcements • Activities promoting investor relations • Company website
Customers	• High-quality products • Satisfactory services	• Quality management and control • Service hotline • E-mail address • Customer Satisfaction Questionnaire
Employees	• Compensation and benefits • Healthy and safe working environment • Fair opportunity for promotion and development	• Recruitment in accordance with the laws • Training and exchange • Staff care and welfare activities • Drills related to health and safety
Suppliers	• Fulfilment of promises • Win-win development • Equal, open and fair procurement	• Regular review • Interview and negotiation • Daily business communication • Open tendering and bidding
Communities	• Promotion of local employment • Promotion of community harmony • Enhancement of public benefit awareness	• Community activities • Charitable activities • Cooperation in community projects
Environment	• Environment protection • Improvement of energy efficiency • Response to climate change	• Pay attention to environment protection • Energy conservation and emission reduction • Identification of risks and opportunities

Materiality Assessment

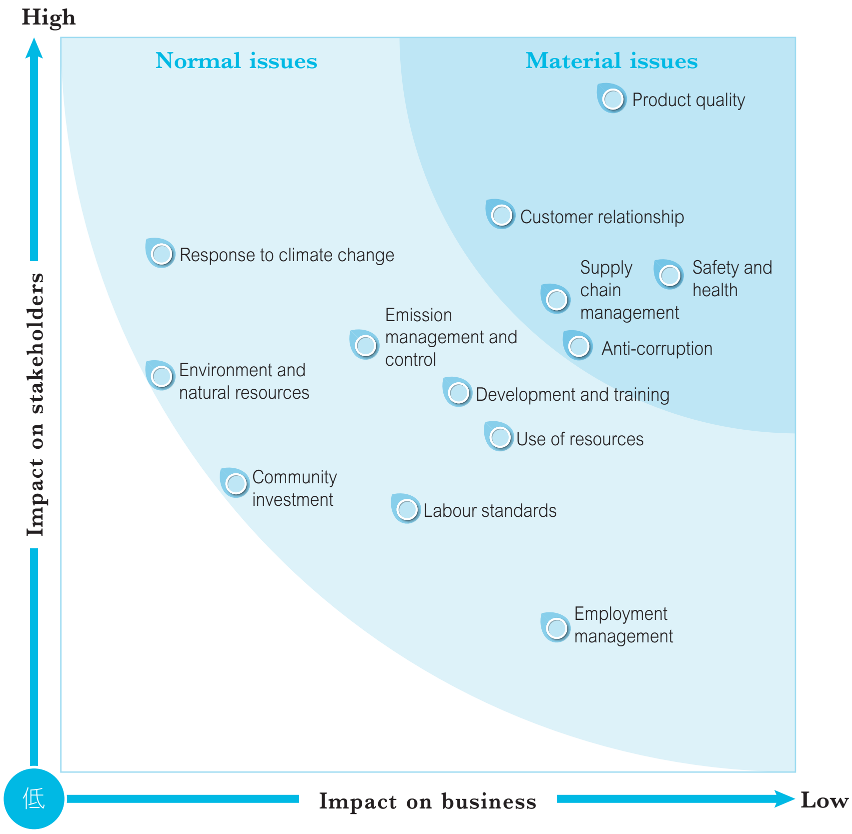
To further clarify our key areas of focus on ESG, we carried out materiality assessment and identified material ESG issues through the following steps in 2020, which were used to guide our ESG work:

✓ Identification of ESG issues: Identified the ESG issues relevant to the Group based on the requirements of the ESG Reporting Code, our business operation, industry status, and the concerns of internal and external stakeholders;

✓ Scoring and prioritising: Based on the scoring and prioritising results on ESG issues identified, analysed and adjusted such issues in the dimensions of "Impact on businesses" and "Impact on stakeholders" to form the materiality assessment matrix;

✓ Assessment of results: Our senior management discussed the materiality assessment matrix with the ESG working group, determined the materiality assessment results and material ESG issues with reference to experts' opinions, and directed the implementation of the Group's ESG work and the preparation of the ESG Report accordingly.

In 2024, our senior management discussed the materiality assessment results of 2020, and decided to continue with these results considering that there was no significant change in our business operation and operation environment.



Materiality Assessment Results

SUSTAINABLE OPERATION

Product Management

➢ **Product quality management system**

Adhering to the utmost tenet of ensuring product quality and safety, the Group sticks to the quality policy of "Pursuing excellent quality by refining technologies and perfecting every detail". The Group strictly complies with relevant laws and regulations, including but not limited to the *Product Quality Law of the People's Republic of China*, the *Food Safety Law of the People's Republic of China*, and the *Agricultural Product Quality Safety Law of the People's Republic of China*, and legally obtains licenses to engage in food production and business activities. The Group also accepts the daily supervision and inspection of food production and operation implemented by the local food safety supervision and administration departments. The Group has formulated the *Quality Manual,* the *Quality Management Measures* and other internal quality management policies to exercise strict control over the quality of raw materials, auxiliary materials and finished products. In 2024, we further improved the internal control standards for products such as ground carrageenan and ground agar to ensure that products always meet product standards and customers' quality requirements during the warranty period.

Product quality targets in 2024	Product quality in 2024	Results in 2024
100% inspection rate for raw and auxiliary materials	100%	Achieved
100% inspection rate for finished products	100%	Achieved
100% pass rate for finished products	100%	Achieved
100% disposal rate for nonconforming products	100%	Achieved
Zero significant (>RMB 100,000) quality incidents	0	Achieved

We have established a comprehensive quality management system in accordance with GB/T 19001-2016 *Quality Management Systems - Requirements* (equivalent to implementing ISO 9001:2015), BRCGS *Global Standard for Food Safety* (Issue 9), and ISO 22000:2018 *Food Safety Management System*. It ensures strict regulation of the Group's quality controls over procurement of raw and auxiliary materials and packaging materials, production, etc., thereby guaranteeing food safety and quality. In addition, we have also established the integrity management system that complies with GB/T 33300-2016 *Food Industry Enterprises Integrity Management System*, which has further strengthened the integrity foundation of the Group in the food industry.

In 2024, Greenfresh (Fujian) and Lvqi (Fujian) went through the U.S. Food and Drug Administration ("FDA") certification renewal process. Greenfresh (Fujian) Central Laboratory complies with the ISO/IEC 17025:2017 *General Requirements for the Competence of Testing and Calibration Laboratories*. All of these fully demonstrate our standardised product quality management system. We will carry forward our professional and rigorous attitude towards testing to provide a strong guarantee for our quality controls over purchase of raw and auxiliary materials and products, and to make further progress in food safety and quality management.

Accreditation certificate: ISO/IEC 17025:2017 General Requirements for the Competence of Testing and Calibration Laboratories

ISO 22000:2018 Food Safety Management System Certificate

BRCGS Global Standard for Food Safety (Issue 9) Certificate

ISO 9001:2015 Quality Management System Certificate

Integrity Management System Certificate

FDA Certificate of Registration

In addition, Greenfresh (Fujian) has successfully obtained the HALAL, Kosher, and VeganSu (vegetarian-friendly) certifications,ensuring that the products not only meet the strict quality standards but also cater to the needs of different consumer groups.

Ketetapan Halal Certificate　　Kosher Certificate　　VeganSu Certificate

In 2024, we took a range of quality improvement measures, aiming to provide customers with better and safer products.

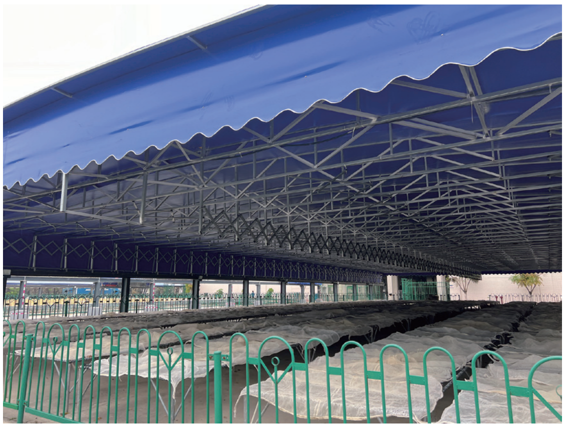
- We strengthened training and assessment, organized quality training on relevant topics every month, and conducted monthly knowledge testing and assessment for laboratory technicians, so as to improve the professional knowledge and laboratory management ability of the laboratory technician team;
- We strengthened cooperation with customers in product quality, including visiting customers for product testing and benchmarking, assisting customers to improve the accuracy of product testing, and assisting customer R&D personnel to establish product acceptance standards, thus enhancing customer trust and satisfaction with our product quality;
- We actively carried out the upgrading and optimisation of workshop equipment, gradually replaced the old equipment, ensured the instrument brand and model consistence to reduce the data discrepancies caused by the differences in detection instruments and enhance the consistency of the detection results from various production bases;
- We actively promoted the visual management of quality control plans and standard operating procedures (SOPs), ensured that quality control plans and SOPs in the product manufacturing process are publicly displayed on the walls of the workshop, and kept the quality watchborads of the workshop up to date to promote process transparency and strict compliance with quality standards;
- We strengthened the inspection and management of production tools, conducted daily inspections to ensure the integrity of the number and the appearance of tools and equipment, numbered and organized all production tools following the standard of "workshop number + post" and properly stored and kept the tools, thus promoting the smooth production process and improving work quality;

- We comprehensively improved the product foreign object prevention and control plan, quickly formulated and established standards around themes such as hard isolation of products, inspection and replacement of screens, and autonomous prevention and control in workshops to enhance the level of foreign object management on the production site;
- We established a product microbiological prevention and control plan and summarised production control experience. Furthermore, we organized each workshop to conduct identification and scoring monthly and rectified non-compliant items within a given time frame. This effectively increased the passing rate of product microbiological testing.
- We invited external professional institutions to provide centralised training on BRCGS *Global Standard for Food Safety* (Issue 9) for the managerial personnel of various departments. It improved their understanding of the standard, enabling them to better integrate the relevant requirements into daily production management.


Centralised training on BRCGS Global Standard for Food Safety (Issue 9)

An Automated Retractable Awning Built in the Crude Glue Drying Yard to Improve the Product Quality

By newly constructing an automated retractable awning, Greenfresh (Fujian) has addressed the issue of the inability to respond promptly to sudden weather changes through manual operation. It has effectively avoided the direct impact of rainwater on the seaweed raw materials, thereby enhancing the quality stability during the production process, reducing quality risks, and ensuring that the products conform to quality and safety standards.

The Automated Retractable Awning for Crude Glue Products

➢ **Product testing and traceability**

The Group implements quality standards and requirements from quality inspection of raw materials to testing of semifinished products and finished products, conducts risk assessment on each raw material or raw material group and records assessment results to identify potential risks to product safety, legality and quality. According to the *Identification and Traceability Control*, we properly mark products during the course of production and service to prevent confusion and misuse, allowing for product traceability.

Raw materials	✓	Establish and implement raw material quality control system;
	✓	Each batch of raw materials delivered to the production plants is sampled for physical and chemical attributes such as appearance, hygienic standard and chemical composition;
	✓	Strictly control the storage conditions of raw materials, including storage temperature, ventilation and humidity;
	✓	Each production facility adopts designated hygiene and safety standards, which are followed by all employees in the production process.
Semi-finished products and finished products	✓	Quality Department conducts testing and analysis in accordance with relevant internal inspection standards, including the *Semi-finished Carrageenan Product Inspection Standards,* the *Finished Carrageenan Product Inspection Standards and the Konjac Product Inspection Standards*;
	✓	The testing content includes product safety, legality, integrity and quality;
	✓	If a product fails to meet the requirements after inspection, it shall be controlled in accordance with the *Procedures for Controlling Nonconforming Products*.

To ensure our product quality on an ongoing basis, we have engaged in active exchanges and cooperation with external institutions on testing methods. In 2024, we cooperated more closely with outstanding external partners. We organized the key staff of our laboratory to visit the Xiamen SGS testing laboratory for on-site exchange and learning. Our people participated in the microbial testing technology training provided by SGS. Moreover, we carried out activities such as knowledge sharing on the comparison of total viable count testing with the SGS and Eurofins testing laboratories. Those efforts promoted the interaction and experience exchange with exceptional external partners.

Key laboratory personnel visited Eurofins' laboratory in Xiamen for on-site exchange and learning

In order to improve the quality and food safety management capabilities, in 2024, the Group arranged for key laboratory personnel to visit Eurofins' laboratory in Xiamen to learn international advanced laboratory management technology and food safety testing methods and to improve the ability and quality of the Group's internal auditors and the accuracy and effectiveness of product testing. This visit and exchange not only enhanced the professional skills and operation level of employees, but also gave them a deeper understanding of industry standards and the awareness of the importance of food safety. Both parties compared notes on the possibility of applying more advanced detection technologies (such as infrared testing) in our products. This helped to improve the quality and safety of the Group's products and the Group's internal management and operation capabilities.

In 2024, we further strengthened the monitoring and management over quality during the product testing process according to multiple product quality standards and product internal control standards, such as the *Specification for the Acceptance of Raw and Auxiliary Materials for Compound Food Additives* and the *Specification for the Acceptance of Raw and Auxiliary Materials for Solid Beverages*, and the *Internal Control Standards for Konjac Flour*. By doing so, we can ensure that the quality and safety of raw materials and products always meet the latest relevant testing standards and requirements.

In 2024, we continued to use the "One Product, One Code" food safety information traceability platform for our products to implement information management for the introduced batches of products and raw materials in order to realise full traceability covering supply of raw materials, production of products and product distribution. Relying on the platform, we can quickly narrow down the scope of food products with safety problems to find the source of production and accurately identify the problems, so as to ensure the efficiency and accuracy of product recall.

The Group conducts process drills on product recall and reverse traceability every year to verify the effectiveness of the product recall procedures. This ensures that when the products sold are hazardous or potentially hazardous, we can respond quickly and effectively, and minimize or eliminate the hazards. In May 2024, we conducted our annual product recall drill. We traced the raw materials according to the batch number of finished goods and successfully obtained the results by checking the batch number of finished goods, production process records, acceptance reports on raw materials and additives and material balance data. The drill verified the efficiency of the Group's traceability system, which played a key role in mitigating product safety risks.

During the Reporting Period, there were no products that needed to be recalled by the Group for safety and health reasons.

Below is a logic diagram.

The Procedures for Product Recall of the Group

- The Food Safety Team is chiefly responsible for arranging, deploying and directing the recall of nonconforming products;
- The Quality Control Department is responsible for inspecting recalled products and sampled products; supervising the isolation, marking and sealing of unshipped defect products, recalled products or suspicious raw materials; and reporting to the Food Safety Team in a timely manner and submits relevant information to the local Administration for Market Regulation;
- The Production Department is responsible for verifying the safety of in-production products; strictly implementing the operating procedures of each process; ensuring the health protection of the production environment, machinery and equipment, as well as personnel; and reporting to the Food Safety Team in a timely manner;
- The Warehousing Department is responsible for marking, isolating and sealing recalled products, unshipped defect products and suspicious raw materials; counting and summarising the quantity of defect raw materials and products; and reporting to the Food Safety Team in a timely manner.
- The Marketing Department is responsible for establishing sales records; recording the sales flow of products in detail; and recalling non-compliant products; and notifying customers.

Technological innovation and intellectual property

We actively follow up the latest market trends and consumers' demand and continue to invest in the development of new products. We established a product innovation team to work closely with the production team to continuously optimise production processes, improve product quality, product formulation, processing technologies and production efficiency. Since Greenfresh (Fujian) was approved to set up a postdoctoral research centre in 2020, our innovation capacity has been considerably enhanced.

The Group has formulated the *Regulations on the Management of Process Technology*, the *Regulations on the Management of the Hydrocolloid R&D Technical Team* and other R&D and innovation management policies to strengthen the overall management of the R&D Centre for new project research, new product development, process optimization, etc. With further consolidated technological achievements of the Group and effectively integrated technical resources of each base, the Group's technological advantages can be fully played out to enhance the Group's product R&D level and market competitiveness. In the future, through continuously carrying on the goal of making new practical scientific achievements through innovative scientific research, we will strive to become a domestic leading comprehensive platform for the scientific theory and technological research and development in fine and deep processing of red algae at an earlier date.

We strictly comply with relevant laws and regulations, including but not limited to the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, and strictly manage the Group's patents, trademarks and other intellectual property rights. The Group has introduced the *Regulations on Technological Innovation Award* to encourage employees to actively participate in technological innovation and project application. Besides, the Group has developed a detailed reward mechanism, whereby we clearly define the amount of rewards and the bonus distribution system for award-winning individuals or teams, which helped to encourage innovation and enhance the core competitiveness of the Group.


知识产权合规管理体系认证证书

证书号码：165IP210160R1M

兹证明

绿新（福建）食品有限公司

统一社会信用代码：913506816668771755

注册地址：龙海市紫泥镇安山工业园

经营地址：福建省漳州市龙海区紫泥镇安山工业园

知识产权合规管理体系符合标准：

GB/T29490-2023

通过认证的范围如下：

资质范围内琼脂、卡拉胶、复配食品添加剂的生产、销售的知识产权管理

注：认证注册范围不包括未获得有效的国家规定的相关行政许可、资质许可的产品/服务范围

初次发证日期：2021 年 02 月 10 日　本次发证日期：2024 年 03 月 21 日　有效期至：2027 年 02 月 09 日

本证书有效期三年，证书有效性通过年度监督确认保持。证书有效信息可登陆国家认证认可监督委员会官方网站 www.cnca.gov.cn 或中知（北京）认证有限公司官方网站查询。

签发：

中知认证

中知（北京）认证有限公司

地址：北京市海淀区花园路5号133幢3层302室（100088）

http://www.zzbjrz.com

Intellectual Property Management System Certificate

The Group has obtained a number of patents in China for the development and improvement of processing technologies for agar and carrageenan and the extraction of carrageenan. Greenfresh (Fujian) established the intellectual property management system (GB/T 29490-2023), which was certified by a third party. As at the end of the Reporting Period, the Group had a total of 78 patents, including 28 invention patents and 50 utility model patents. During the Reporting Period, the Group applied for 1 invention patent and 10 utility model patents, of which 7 utility model patents were granted.

Greenfresh (Fujian) Foodstuff Co., Ltd. has participated in the drafting of the following national, industry or association standards:

- *National Food Safety Standard Food Additive Carrageenan* (GB1886.169-2016)
- *National Food Safety Standards Food Additive Agar* (GB1886.239-2016)
- *Edible Agar* (SC/T 3407-2022)
- *Code of Practice for Agar Extraction of Marine Red Algae* (DB35/T 2159—2023)

➢ **Label management**

We strictly comply with the laws, regulations and standards on food labelling, including but not limited to the *Administrative Measures on Food Labelling*. Information is specified on the products, including food name, place of origin, producer information, scope of use and method, storage condition, production date, shelf life, and food production licence number, which meets requirements of national standards on food labelling and food nutrition labelling. Considering that the Group is chiefly engaged in the manufacturing and processing of food raw materials, the Group has not placed advertisements till now. Therefore, the provisions on advertisements in the B6 Product Responsibility of the ESG Reporting Code are not applicable to the Group.

Enhanced Services

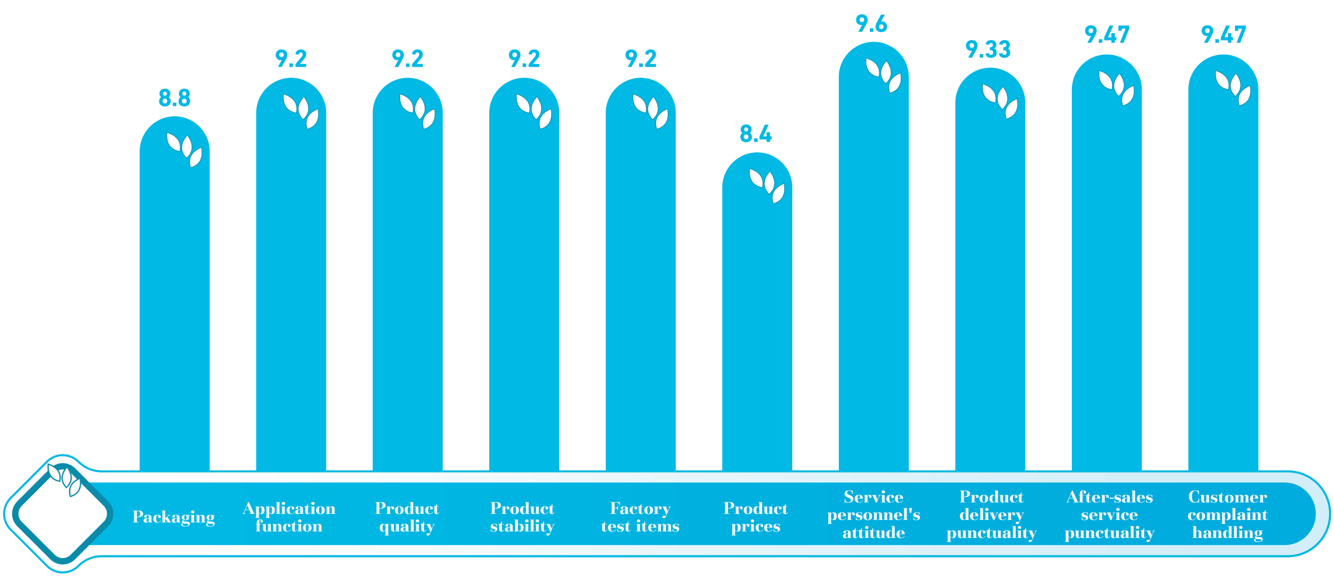
Satisfaction questionnaire constitution

➢ **Customer Satisfaction**

We attach great importance to customer satisfaction with our services, and take various measures to constantly improve their experience, including a specialised sales service hotline and email address to respond to the inquiries and complaints from customers, through which we promptly and properly handle customers' feedback based on the *Procedures for Customers' Complaint Handling*. After receiving any inquiries and complaints, customer service staff responds immediately and reports to the relevant departments who should take corresponding remedial measures and properly handle the customers' feedback based on analysis. We conduct annual statistics on the customers' complaints, learn from experience, and put forward improvement plans, so as to constantly improves the quality of customer service.

Every year, the Group conducts customer satisfaction surveys by randomly distributing questionnaires to customers and then collecting and analysing the results. In 2024, we conducted customer satisfaction surveys in terms of quality satisfaction and service satisfaction, comprehensively assessed the level of customer satisfaction with the services we provide and made proper suggestions for improvement as necessary. The quality satisfaction survey evaluated the packaging, application function, product quality, stability, accuracy of factory test data and other indicators of products, while the service satisfaction survey evaluated the product prices, service personnel's attitude, product delivery punctuality, after-sales service punctuality, customer complaint handling and problem resolution speed. By collecting and analysing the results of the survey, we continue to explore opportunities to improve the quality of our products and services with respect to product application functions, delivery punctuality, prices and other aspects, and remedial measures were actively taken to steadily improve our customer satisfaction and loyalty.

During the Reporting Period, the overall customer satisfaction scored 9.19 (out of 10) with good product recognition. The Group received a total of 4 customer complaints, and achieved a 100% customer complaint handling rate.



Customer Satisfaction Surveys Result of 2024

Note:

1. More than satisfied (scored ≥9); Satisfied (scored 8 to 9); Basically satisfied (scored 6 to 7.9); Dissatisfied (scored 0 to 5.9);

2. Overall customer satisfaction score is the average score after adding up the above individual scores.

The Group has formulated the *Returns Management Procedure* to standardize return process. On the one hand, we reduce unnecessary product returns; on the other hand, we adopt appropriate treatments according to product quality, logistics, business and other reasons to make product returns traceable and prevent the management confusion of returned products. For all products that have been sold but do not meet the company or customer requirements, or do not comply with regulations, we will evaluate the need to recall the products. If necessary, we will recall the corresponding products in accordance with the procedures in the *Product Recall and Withdrawal Procedure*, and make sure that the issue is addressed promptly and effectively.

➢ **Information security management and privacy protection**

In accordance with the *Administrative Measures for the Security Protection of Computer Information Networks Linked to the Internet* and other relevant laws and regulations, the Group has formulated the *Regulations on Operation and Maintenance of Information System*, the *Regulations on the Use of Computers and Internet*, the *Information Security Management Policy* and other relevant policies. the Group has assembled a network information security leadership team and designated the Information Department of the Management Centre as the information security management department to enhance information security management, promote the construction of an information security system and ensure the safe and stable running of information systems. So far, the Group has established a "trinity" framework for the management of information security that integrates technological protection, institutional constraints, and human capabilities. It underpins the security of information systems and business continuity.

The Group backs up the data of every information system on a regular basis. The Information Department of the Management Centre develops emergency plans based on risk assessments, exercises special management over high-risk issues, and conducts drills of emergency plans when necessary. In 2024, according to *Classified Protection of Cybersecurity 2.0*, the Group has successfully passed the Class 2 certification for classified protection of information system security.

信息系统安全等级保护
备案证明

依据《信息安全等级保护管理办法》的有关规定，绿新（福建）食品有限公司单位的：

第二级 OA办公 系统

予以备案。

证书编号：35060099134-24002

中华人民共和国公安部监制

备案公安机关公章
2024年07月03日

信息系统安全等级保护
备案证明

依据《信息安全等级保护管理办法》的有关规定，绿新（福建）食品有限公司单位的：

第二级 云星空ERP 系统

予以备案。

证书编号：35060099134-24001

中华人民共和国公安部监制

备案公安机关公章
2024年07月03日

Class 2 certification for classified protection of information system security

The Group maintained active exploration and practice in the field of information security to continuously strengthen its comprehensive competitiveness and accountability in information security. We successfully improved the efficiency and security of internal information management by setting up Active Directory (AD) file servers in different departments of the Group, which not only achieved efficient management of internal documents, but also ensured the orderly flow and secure isolation of information among different departments and subsidiaries through the precise division of permissions. We adopt centralised permission management to effectively prevent risks such as information leakage, unauthorised access and data loss, and ensure the security of the Group's core assets.

In 2024, the Group further strengthened cybersecurity protection through the deployment of firewalls, web activity management systems, and full-traffic log auditing systems. These integrated solutions enable real-time collection and analysis of operational logs, access records, and abnormal behaviours within critical information systems, thereby enhancing network perimeter protection. Concurrently, we have implemented host security baseline configurations and regularly update patches to ensure the secure and stable operation of core business systems. Moving forward, we will continue to deepen our exploration and practice in the field of information security, continuously enhancing our information security safeguards to construct a more resilient and operationally efficient information environment.

We stipulate in our *Employee Manual* that employee shall not disclose confidential information to any unauthorised parties, or release and deliver any business information of the Company without authorisation. In addition, we formulated the *Policy on Customer Privacy Protection* to guarantee comprehensive customer information management process, prevent customer information leakage, safeguard the legitimate rights and interests of customers and show our concerns about customer privacy security. We deliver information security knowledge to employees from time to time in daily work to further raise employees' awareness of information security. Through educational initiatives and training programs on information security, we assist employees in better understanding and complying with information security management requirements, thereby strengthening their capabilities in safeguarding information security. In 2024, the Group organised information security training sessions for all employees, covering data security regulations, phishing attack prevention protocols, and privacy protection procedures. This initiative enables employees to take effective measures when facing information security challenges.

Information security training sessions for all employees in 2024

Supply Chain Management

We have formulated the *Measures for Supplier Management*, the *Process and Procedures on Procurement Management* and other internal management policies, to seek suppliers that match requirements of production and operation in a variety of ways. We adopt strict procedures to conduct comprehensive reviews of suppliers, assessing suppliers' qualifications, upstream supplier management, quality system situation, raw and auxiliary materials management, workshop production management, product control, finished products, transportation and service. We select suppliers that meet the review standards and include them in the qualified supplier directory. This ensures that our partnership with suppliers consistently meets stringent quality and safety standards.

In 2024, we strengthened the audit of raw material suppliers by introducing internal control standards such as the *Eucheuma Acceptance Specifications and Requirements*, further refining the management of suppliers for new or key material categories. This enhanced oversight ensures compliance with high standards in quality control and raw material acceptance, thereby improving supply chain stability and product quality.

We standardised supplier onboarding, assessment and review processes in accordance with the *Supplier Assessment and Review Procedures*, aiming to ensure that supplier performance meets the needs of production and operations. The Group's Procurement Centre, in collaboration with the R&D Centre and Quality Centre, has formed an evaluation team to evaluate suppliers in two ways: off-site evaluation and on-site evaluation and suppliers of productive and non-productive items are evaluated. For selecting new suppliers, the Quality Centre and R&D Centre will conduct qualification reviews on alternative suppliers, including requiring them to submit third-party test reports of products, factory test reports of current batches of products, and product implementation standards, and require potential suppliers to send samples for inspection and pass the on-machine test, and only after passing the test can they be registered as qualified suppliers. Furthermore, we monitor the performance of suppliers through sample testing and on-site inspection, check the validity of the suppliers' quality system certification once a year and coach suppliers to improve their quality control system.

The Procurement Centre assessed suppliers in terms of pricing, quality, production and usage, delivery time, delivery volume, and degree of cooperation, and classified them accordingly into Level A (scored above 90), Level B (scored 70 to 90), Level C (scored 60 to 69) and Level D (scored below 60). If a supplier is rated A, we will consider increasing its quarterly supply share as appropriate, and give priority for working with the Group when developing new materials; suppliers rated level D are deemed as unqualified, and we will suspend or terminate their supply qualification and issue a Supplier Corrective Action Notice requiring remedial measures within the stipulated period. Besides, we established a supplier communication platform to encourage suppliers to share information and make progress together.

Our Procurement Centre regularly organises supplier qualification inspections, and organises internal employees to study for exchange at the suppliers' warehouses and office premises from time to time to strengthen our communication and cooperation with suppliers, so as to improve the professional knowledge of our internal employees in purchasing. In 2024, members of the Procurement Centre and representatives from the Quality Centre visited the warehouses of suppliers specialising in seaweed raw materials, packaging, and other categories.

Organising Exchange and Learning with Domestic Seaweed Suppliers

To gain a deeper understanding of the seaweed industry, enhance professional expertise, and establish long-term partnerships with raw material suppliers, the Group organised an exchange program with domestic seaweed suppliers in 2024. Key objectives included gaining insights into seaweed varieties, applications, market demands, and mastering techniques for harvesting, processing, storing seaweed, and quality control standards. Our employees also discussed industry challenges with suppliers, such as the impact of climate change on seaweed yields and strategies for developing and utilising novel seaweed raw materials. This initiative not only enriched our employees' understanding of the seaweed supply chain but also provided critical insights for future product innovation, supply chain optimisation, and sustainable development practices.

Conducting exchange and learning activities with domestic seaweed suppliers

Visiting Raw Material Warehouses of a Packaging Supplier

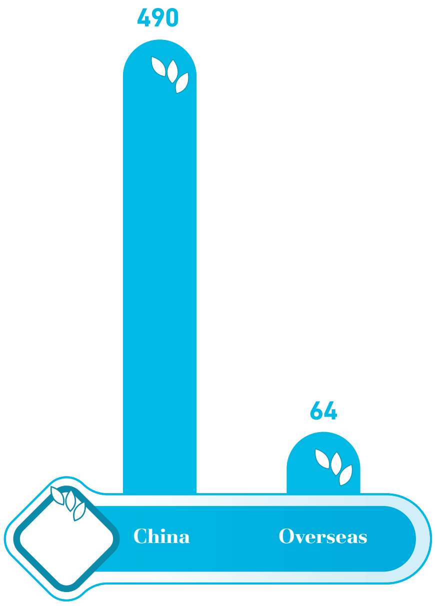
In 2024, members of the Group's Procurement Centre and representatives from the Quality Centre visited the raw material warehouse of a packaging supplier. While assessing the supplier's product quality, the team also enhanced their professional knowledge in daily operations through interaction with the supplier, thereby providing support for subsequent procurement and quality management.

Visiting the packaging supplier

We establish long-term cooperative partnership with suppliers who have good conditions on quality, price, delivery date, service and goodwill. By signing supply agreements with key raw and auxiliary material suppliers, we ensured timely delivery, stable price, and enhanced control over supply chain coordination. These measures improved the Group's resilience to market fluctuations, and mitigated supply chain disruption risks, thus ensuring the continuity of production processes and stability of product quality.

We are concerned with the environmental and social risks of suppliers and require that all the materials they supply must meet relevant laws and regulations and other requirements on safety and environmental protection. We give priority to suppliers that have a sense of social responsibility and adopt environmentally friendly products and services and work with suppliers to improve environmental and social performance to achieve sustainable development. In 2024, the Group formally communicated the *Stakeholder Notification Letter* ("Letter") to all suppliers, requesting signed acknowledgement. The Letter mandates suppliers to prioritise pollution-free or low-pollution production processes, adopt green logistics, reduce waste emissions, and strengthen on-site safety management. The signing rate for the Letter in 2024 was 100%. These initiatives further ensured the compliance and sustainability of the Group's supply chain in environmental and social responsibility.

As at the end of the Reporting Period, the Group had 554 suppliers in total. The number of suppliers by geographical region was as follows:



Number of suppliers by geographical region

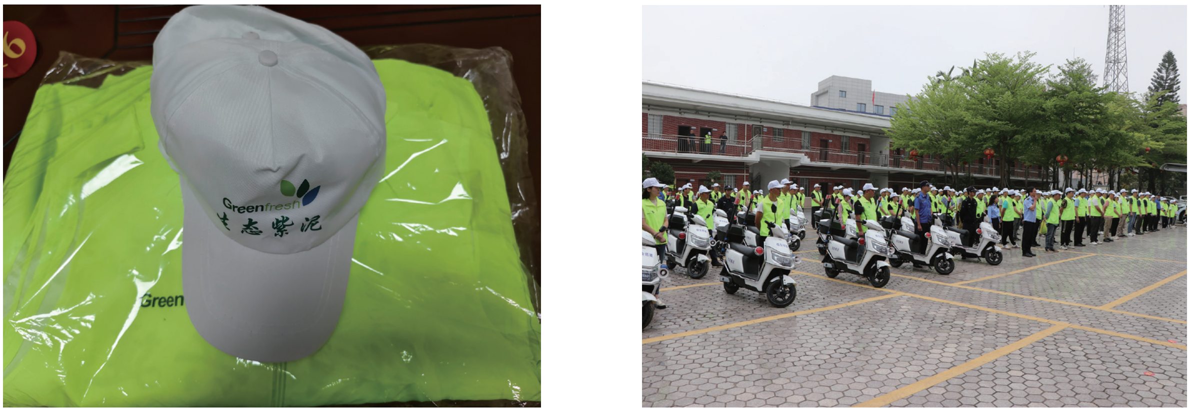
Public Welfare

Following the *Regulations on Charity and Public Welfare Activities,* the Group shoulders the responsibilities by actively participating in public welfare activities. We remain steadfast in giving back to the society, upholding a positive social energy and supporting public welfare initiatives by various means.

In 2024, the Group organised a range of public welfare activities in multiple areas such as supporting community environment improvement and caring for women, with donations to the local community, to actively fulfil our social responsibilities.

Donation for Zini Town Environmental Improvement

In 2024, the Group actively responded to the policy call for improvement of the living environment in Zini Town, Longhai District, Zhangzhou City, Fujian Province. We donated various supplies worth RMB 186 thousand, including patrol vehicles, work uniforms, work caps, cleaning tools, garbage bags, and whistles. Through practical actions, the Group supported Zini Town's environmental improvement efforts, improved rural living conditions, strengthened local villagers' awareness of environmentally friendly practices, and mobilised broader participation in the town's human settlement enhancement initiatives.



Donating supplies for Zini Town environmental improvement

Donation for the Celebration of the 114^{th} International Women's Day

In March 2024, the Group donated funds to Longhai Women's Federation in Zhangzhou City, Fujian Province, to support the series of activities for the celebration of the 114^{th} International Women's Day. This initiative aimed to promote the development of women's causes, assist Longhai Women's Federation in organising and implementing programs focused on women's care and empowerment, and provide increased support and opportunities for women in local communities. It demonstrated the Group's commitment to advancing women's rights and prioritising social welfare.

ENVIRONMENTAL SUSTAINABILITY

Energy Conservation and Consumption Reduction

The energy used in our production mainly includes coal and purchased electricity, and the water used is supplied by municipal water system. The packaging materials used mainly include woven bags, inner bag, cartons and paper bags. According to the *Energy Conservation Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, the *Circular Economy Promotion Law of the People's Republic of China* and other laws and regulations, we formulated the *Energy Management System Manual*, the *Specifications on Management of Energy (Resources) Consumption and Greenhouse Gases*, etc. We established the energy management system and set up the energy conservation leading team, which is responsible for our daily energy management, and for the guidance, supervision and inspection of energy conservation initiatives. With the target of "Dedicate to Green Production, Reduce Use of Resource", we implemented unified management on energy and water conservation.

We formulated energy and water conservation policies, targets and energy management plans by analysing and evaluating the current situation of energy and water utilisation annually. We required all production workshops to align with the annual energy and water consumption quota according to the quota assessment system. Moreover, each workshop formulated the corresponding energy-conservation targets and management measures and arranges different teams to complete the workshop assessment indicators. The Group also developed an energy conservation target evaluation scheme to comprehensively evaluate the achievement of energy-conservation targets for each system and deployed an online real-time system to monitor consumption of coal in workshops, conducted analysis and pressed ahead with energy conservation and emission reduction. We continued to transform and upgrade our existing equipment of production lines to achieve the win-win results of energy conservation and productivity improvement. The details are as follows:

✓ Greenfresh (Fujian) began to implement the workshop energy monitoring project in 2023, through the installation of smart meters, steam flow meters, electromagnetic flow meters, data storage systems and other equipment for real-time monitoring of water, electricity, gas and other energy consumption, to achieve the use of intelligent technology, information technology and digital means of accurate managing energy use and energy-saving effect, which can significantly reduce the energy consumption of the workshop and energy costs, contributing to the goal of energy conservation and emission reduction;

Greenfresh (Fujian) energy management system

✓ Greenfresh (Fujian) has actively promoted the use of clean energy. The 1.346MW distributed photovoltaic power generation project at the base was established and is now in official operation. A total of 2,448 photovoltaic panels have been installed and the power generation capacity for 2024 was about 1,377,300 kWh, which can effectively reduce Scope 2 carbon emissions.

Greenfresh (Fujian) distributed photovoltaic power generation project

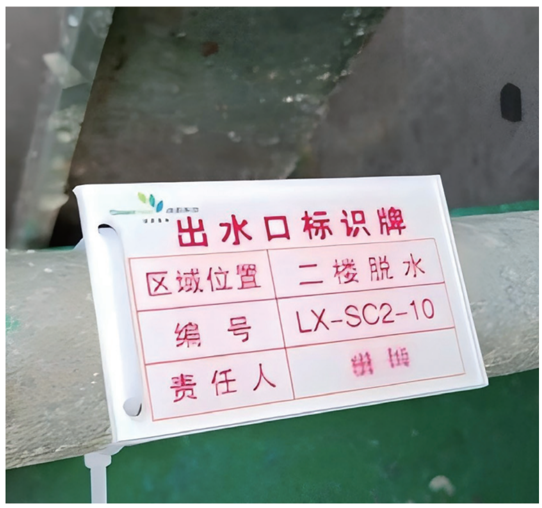
✓ Lvbao (Quanzhou) has fully dismantled traditional coal-fired boilers and switched to natural gas boilers. This initiative is projected to reduce annual coal consumption by approximately 595 tonnes, while cutting soot emissions by about 0.5 tonnes, sulfur dioxide emissions by about 1.2 tonnes, and nitrogen oxide emissions by about 1.7 tonnes. These efforts have thereby significantly reduced the discharge of pollutants and exhaust gas, further enhancing the Company's environmental protection efforts.

Replacement of coal boilers with natural gas boilers

The Group has actively implemented water conservation measures to promote the recycling of water resources and reduce water consumption. Greenfresh (Fujian) recycled the wastewater from the third pond to clean the algae in the first or the second pond to reduce freshwater intake while driving efficient water resource utilisation in production. In 2024, Greenfresh (Fujian) established a water and electricity conservation team, which is responsible for conducting surveys of water wasting across all regions where its facilities are located, issuing survey reports based on statistical analysis. We talk with persons in charge of the key areas to collect improvement suggestions based on the reports, and formulate water stewardship protocols, thereby enhancing operational execution and governance of water conservation initiatives.

Water Conservation Initiatives of Greenfresh (Fujian)

- Improvement plans were implemented for the equipment and facilities of the production or auxiliary departments where water wasting has been identified, with the implementation schedule being set, and the technical transformation was completed with efficiency.
- The Production Department of Greenfresh (Fujian) has uniformly set water intakes, re- optimized and adjusted the existing ones, and dismantled most faucets and other water intake devices. In addition, measures have been put in place to publicise persons in charge of areas such as the numbering of water intakes and division of responsibility.
- The Production Department supervises the Human Administration Department and Environment and Safety Department for inspecting the implementation of the water-saving measures, with the implementation report submitted on a weekly basis. The violation and relevant personnel will be publicly announced and punished according to the reward and punishment rules.



Greenfresh (Fujian) water intake numbering and division of responsibility

To enhance employees' awareness of water conservation, Greenfresh (Fujian) also carries out training and publicity on water conservation. The Company adopts various methods, such as publicity boards, banners and playing promotional videos in canteens to communicate the importance of water-saving activities. This program cultivates employee's awareness regarding water and electricity conservation, and creates a good atmosphere of active participation and conscious action.

Water conservation poster at the production base

We actively respond to the national "Carbon Peak and Neutrality" strategic goals and have consistently integrated the concept of green development into our daily operations. By implementing a series of green office initiatives to promote a low-carbon and environmentally friendly workplace culture, we are committed to reducing greenhouse gas emissions and resource consumption during office activities. We foster a healthy and energy-efficient working environment for our employees.

The Group's Green Office Initiatives

- We abide by the *Management Regulations on Use of Office Air Conditioners*, which stipulates that the temperature for air conditioners in public working space shall be set reasonably (no lower than 26° C in summer and no higher than 20° C in winter), and air conditioners shall be turned off 15 minutes before going off work;

- The Group implements a "power-off when leaving" policy, requiring employees to check office equipment such as computers, printers, photocopiers before leaving work to ensure that they are turned off or in a power-saving mode, so as to reduce the power and standby energy consumption;

- The Group fully adopts energy-saving LED lighting fixtures and installs motion-activated lighting systems in office. Employees are encouraged to keep the habit of turning off the lights when leaving the office, so no lights are left on unnecessarily;

- We fully promote paperless office, using OA cloud-based collaboration platform, with over 90% of documents processed electronically;

- The Group procures energy-efficient equipment, prioritising office devices with an energy efficiency rating of Level 1 in Energy Label, and promotes the use of printers with replaceable consumables. We encourage both-side printing to reduce the use of disposable supplies and papers;

- Disposable plastic cups are replaced with reusable cups in meetings and receptions to reduce plastic pollution;

- The office has fully implemented waste sorting, with dedicated collection points for recyclables, hazardous waste, and kitchen waste. We also cooperate with professional organisations to enable waste recycling;

- We have established an office asset sharing platform to allow cross-departmental reuse of maintained idle office furniture, electronic devices, and other items.

- We encourage employees to choose green and low-carbon travel methods, including public transportation, cycling, or carpooling, etc. to reduce energy consumption and greenhouse gas emissions.

For the use of packaging materials, we have a preference for procurement of recyclable packaging materials and sign a packaging bag recycling agreement with customers. If the customers return packaging materials such as pads, paper or woven bags used in storage and transportation, they will obtain a rebate accounting for 10% of the cost of packaging materials, thereby increasing the utilisation rate of packaging materials and reducing the amount used. In active response to environmental protection, the Group replaced the small-size packaging with the large-size for delivery after the close communication and coordination with customers, achieving further reduction of packaging material consumption.

During the Reporting Period, the Group's use of resources indicators was shown as below:

KPIs		2024	2023	2022
Energy	Total direct energy consumption (MWh)	**74,328.89**	101,600.30	126,551.75
	Total indirect energy consumption (MWh)	**80,196.19**	54,660.68	86,739.33
	Total energy consumption (MWh)	**154,525.08**	156,260.98	213,291.08
	Energy consumption intensity (MWh/tonne output)	**11.60**	11.54	15.53
Water	Total water consumption (tonne)	**5,231,480.00**	4,783,009.00	2,772,271.00
	Water consumption intensity (tonne/tonne output)	**392.80**	353.37	201.86
Packaging materials	Total packaging materials (tonne)	**176.37**	186.06	183.88
	Packaging materials intensity (tonne/tonne output)	**0.0132**	0.0137	0.0134

Note:

1. The total energy consumption is presented by MWh (kWh in 000's), and the conversion factors are derived from the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions from Food, Tobacco and Wine, Beverage and Refined Tea Enterprises (Trial)* issued by the National Development and Reform Commission;

2. The consumption of coal, electricity and water comes from the corresponding bills;

3. During the Reporting Period, the customer's quality requirements for the products were changed, and the production process of the Group's products was adjusted, resulting in an increase in total water consumption and water consumption intensity.

Pollutant Management

We strictly comply with relevant laws and regulations, including but not limited to the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. The Group formulated internal environmental policies and regulations, such as the *Environmental Protection Management Policy* and the *Environmental Management Regulations on Waste Water, Waste Gas and Factory Ground Noise*. The Group takes effective preventive measures to strengthen internal management, so as to ensure that the pollutants are discharged in accordance with standards and meet the requirements of total emission control.

We have established and adopted an environmental management system fulfilling the requirements of GT/T24001-2016/ISO 14001: 2015, and obtained the third-party certification. In 2024, in accordance with the *Measures for the Administration of Pollutant Discharge Permits*, Greenfresh (Fujian), Lvqi (Fujian), Lvbao (Quanzhou) and Shiyanhaiyi obtained discharge permits, and have kept the emissions of air, water, noise and solid waste within the permitted limits.

Greenfresh (Fujian)
Discharge Permit

Lvqi (Fujian)
Discharge Permit

Lvbao (Quanzhou)
Discharge Permit

Shiyanhaiyi
Discharge Permit

We established the Environmental Protection Committee and set the Environmental Protection Team as the working body of the Environmental Protection Committee. The Environmental Protection Team is responsible for leading and coordinating the environmental protection work of the Group, and formulating the Company's environmental protection plan, goals and annual work plan. Each unit establishes a responsibility system for environmental protection target, and formulates their respective annual environmental protection work plans and annual pollution source treatment plans. They assign specific personnel to carry out environmental protection tasks, implement environmental protection measures, and strengthen environmental supervision and management.

Environment Management System Certificate

In 2024, to further enhance environmental protection and build a "green enterprise", we have formulated the *Environmental Protection Management Regulations Compilation*. The document elaborates on the Group's environmental policies and further outlines the goals and requirements across areas such as pollution control, resource conservation, waste management, and energy management. It also details specific measures, as well as departmental responsibilities and operational guidelines, promoting a more scientific and precise approach to environmental management while ensuring minimal environmental impact in our operations.

The Group has set the overarching goal of "preventing all kinds of major environmental pollution incidents", ensuring that all environmental indicators fully comply with national standards. In 2024, we have completed our current year environmental targets for waste gas, wastewater, and hazardous waste management.

Discharge targets in 2024	Discharge situations in 2024	Results in 2024
100% pass rate for waste gas discharge	100% pass rate for waste gas discharge	Achieved
100% pass rate for waste water discharge	100% pass rat for waste water discharge	Achieved
100% professional discharge rate for hazardous wastes	100% professional discharge rate for hazardous wastes	Achieved

- ***Waste gas***

Exhaust gases produced by the Group mainly include sulphur dioxide, smoke and nitrogen oxides produced in the production process. All exhaust gases are discharged in accordance with standards after treatment. The Group carries out real-time monitoring of exhaust gas emissions. For example, Lvqi (Fujian) Production Plant performs on-line monitoring of flue gas, and a real-time warning will be sent in case of emissions exceeding the specific standard. In 2024, we engaged third-party professional testing agencies on a quarterly basis to conduct on-site air emissions testing at all of our production facilities with test reports and periodic comparison reports provided. Additionally, we conduct our own semi-annual testing to ensure compliance with air emission standards.

The Group takes various measures to reduce air emissions. In terms of fuel use, we use low sulphur coal for our boilers, thus reducing the formation of sulphur dioxide, and introduce denitrification process technology, which is expected to reduce flue gas nitrogen oxide emissions by up to 50%. In the operation process, we increase the input of catalyst in the desulphurisation pool and improve the PH level to reduce sulphur dioxide emissions in the flue gas. In the daily operation, we increase the spray frequency in plants to control dust and residue. In addition, when the environmental and atmospheric emergency warning is on, we will reduce the load on the boiler and reduce the operation of part of the production line in the workshop to meet the government's emission reduction requirements.

- ***Wastewater***

The Group's four production plants have built sewage treatment stations and set up water purification posts, sewage posts and desliming posts to ensure proper management of processes related to sewage treatment. Testing rooms are constructed in each sewage treatment station for regular on-line or manual monitoring of the emission data, thus ensuring treatment compliance with relevant requirements. All production wastewater is discharged only when relevant indicators meet requirements after being treated, monitored and tested. At Lvqi (Fujian) Production Plant, the sewage has met the third- level sewage discharge standard after treatment and is finally discharged into the municipal pipe network. Greenfresh (Fujian) has established an online monitoring system on sewage discharge to facilitate real-time monitoring and unified discharge and treatment of sewage, thereby ensuring discharge compliance.

In 2024, we continued to strengthen our third-party monitoring of wastewater discharges. For example, we conducted third-party and environmental authority wastewater monitoring of Lvqi (Fujian) and Greenfresh (Fujian) on a quarterly basis, while Lvbao (Quanzhou) and Shiyanhaiyi carried out wastewater monitoring on a semi-annual basis. Meanwhile, Lvqi (Fujian) and Greenfresh (Fujian) replaced and upgraded the online monitoring equipment for sewage discharge to further improve the monitoring capacity.

We regularly monitor, manage and maintain all kinds of environmental protection facilities within the plants to ensure normal operation of facilities and up-to-standard discharge of various pollutants. To further mitigate environmental impacts, we have actively introduced advanced purification equipment and treatment technologies. In particular, for wastewater treatment units that generates odorous gases, we have implemented enclosure and sealed collection measures to control emissions. At the same time, we are actively promoting wastewater reuse initiatives. We recycle and reuse steam condensate, filtrate from plate and frame filter presses, and compliant discharged water from the first and second treatment stages, resulting in a significant reduction of wastewater discharge. Currently, the wastewater reuse rate across all workshops has reached 35%, further enhancing water resource recycling.

Wastewater treatment facilities within plants

- ***Waste***

  The hazardous waste produced by the Group mainly includes waste hydraulic oil generated in the production process. In order to achieve the goal of reduction, recycling and hazard-free waste treatment, we constantly strengthen the management of hazardous waste. In accordance with the *Directory of National Hazardous Wastes* and other relevant laws, regulations and standards, we have formulated the *Hazardous Waste Management Plan* and the *Hazardous Goods Management Regulation* to manage hazardous waste properly. We carry out regular maintenance of hazardous waste collection, transportation facilities, and storage sites. We set up signs at conspicuous locations in front of hazardous waste storage sites, strictly implement a hazardous waste warehousing policy, and properly control hazardous waste and dispose of them through qualified third-party institutions.

Warning signs for hazardous waste storage area within plants

  Non-hazardous waste generated by the Group mainly includes seaweed residue, soil residue, and household garbage. For non-hazardous waste, we have reduced the amount generated at the source, and appropriately dispose or recycle different non-hazardous waste in the final treatment to reduce emissions. We have formulated relevant standards for the treatment and testing of non-hazardous waste, such as the moisture detection and evaluation of the treated seaweed residue, and the EHS Department conducts sampling and compares the results of the moisture to check if it meets the standard of controlling more than 95% of the moisture in the solid waste. In this way, we reduce the waste discharge with improved efficiency of waste treatment.

Reduction at the source	✓ Recycling of packaging materials and used work clothes as equipment wipes;
	✓ Double-sided use of office papers, and recycling of shredded papers;
	✓ Purchasing recyclable pads, paper woven bags and wrapping straps in an unified way to reduce wastes generated from storage and transportation;
	✓ The raw material is filtered through a rolling screen device to filter the sediment before use to reduce the amount of seaweed residue produced.
Terminal treatment	✓ Selling the waste papers and scrap metals to recyclers for reuse;
	✓ Collecting household waste together before handing over to the environmental sanitation department for clearing, transporting out, and disposal;
	✓ Recycling all collected wastes as much as possible;
	✓ Contacting a qualified third party via canteen contractor to store and ferment the kitchen waste so as to decompose the waste into sanitary and odourless humus;
	✓ Providing the farmers with the crushed organic waste, such as raw seaweed residue (gracilaria residue, eucheuma residue, etc.), which can be used as organic fertiliser for their vegetable and fruit tree planting bases;
	✓ We have brought in and overhauled equipment to limit moisture content in solid waste to 60% and bring down solid waste discharge by 20%.

During the Reporting Period, the Group's emissions and waste produced and intensity were shown as below:

KPIs		2024	2023	2022
Wastewater	Wastewater discharge (tonnes)	**5,428,390.00**	6,015,099.00	6,776,566.00
	Chemical Oxygen Demand (COD) (tonnes)	**517.21**	651.35	735.22
	Ammonia Nitrogen (tonnes)	**5.70**	6.56	12.02
Waste gas	Smoke (tonnes)	**5.29**	5.89	6.05
	Sulphur dioxide (tonnes)	**5.69**	6.34	12.81
	Nitrogen oxides (tonnes)	**32.05**	37.08	49.86
Hazardous waste	Total hazardous waste produced (tonnes)	**2.01**	2.43	2.83
	Hazardous waste intensity (tonnes/tonne output)	**0.00015**	0.00018	0.00021
Non-hazardous waste	Total non-hazardous waste produced (tonnes)	**33,558.63**	35,891.59	63,692.18
	Non-hazardous waste intensity (tonnes/tonne output)	**2.52**	2.65	4.64

Note:

1. Data on emissions is derived from the online monitoring system;
2. Data on hazardous waste is extracted from hazardous waste transfer manifests;
3. Data on non-hazardous waste is from daily monitoring.

Response to Climate Change

The Group is committed to monitoring climate change trends and assessing the impact of relevant laws and regulations on the business operation. We have integrated climate change response into our daily operations and production management and continue to enhance greenhouse gas (GHG) emissions monitoring in accordance with the *Management Standards for Energy (Resource) Consumption and Greenhouse Gas Emissions*, thereby reducing environmental pollution. To play our part in China's strategic goals of "Carbon Peak and Carbon Neutrality", we have put forward new requirements for green and low-carbon operation. We have increased our investment in low-carbon technology and product research and development and actively respond to the requirements for energy conservation and consumption reduction set by Fujian Provincial Department of Ecology and Environment and other environmental authorities. Besides, we have been fully implementing emission reduction measures to drive the Group's green transformation, including:

✓ Greenfresh (Fujian) made scientific arrangements for production and reduced the output of some workshops to lower ozone emissions;

✓ Greenfresh (Fujian) reduced the speed of blowers from 1,300 RPM to 1,100 RPM to enable the boilers to operate at a reduced load so as to reduce ozone emissions;

✓ Greenfresh (Fujian) increased its pharmaceutical inputs and stepped up the strength and frequency of spray moisturising in plant areas to meet the requirements of Fujian Environmental Protection Bureau for ozone control.

The Group's GHG emissions were mainly from the purchased and used electricity and the consumption of energy sources such as bituminous coal, anthracite coal, natural gas, gasoline and diesel consumed for production. During the Reporting Period, the Group's GHG emissions in total and intensity were showed as below:

KPIs		2024	2023	2022
Greenhouse gases	Scope 1: Direct emissions (tCO_2e)	**22,773.53**	23,017.48	38,174.74
	Scope 2: Indirect emissions (tCO_2e)	**38,852.07**	46,244.10	49,234.93
	Total emissions (tCO_2e)	**61,625.60**	69,261.58	87,409.67
	Emission intensity (tCO_2e/tonne of steel)	**4.63**	5.12	6.36

In 2024, the Group conducted a comprehensive assessment of the risks, opportunities, and potential impacts related to climate change faced by the Group and detailed corresponding response measures. The Group has implemented a series of actions to mitigate the impact of climate change-related risks on production and operations.

Type	Name of the risk/ opportunity	Description	Level of impact	Potential financial impact	Our response
Risk	Policy and legal risks	• Enhanced GHG emissions reporting obligations: As global and domestic carbon emissions disclosure requirements and related regulations become increasingly stringent—such as HKEX's stricter compliance disclosure requirements for listed companies—enterprises must dedicate more resources to emissions tracking, calculation, and compliance reporting.	High	Higher operating costs caused by increased compliance costs	• Enhance our GHG emissions monitoring and management systems to ensure data accuracy • Leverage digital technologies to improve carbon management by developing a more efficient carbon data collection and analysis platform • Gradually carry out the assurance on GHG emissions to enhance data credibility and mitigate future compliance risks

Type	Name of the risk/ opportunity	Description	Level of impact	Potential financial impact	Our response
	Market risks	• Increased cost of raw materials: The instability of energy and water prices caused by climate change may further drive up production and operating costs. Besides, climate-related factors could affect the cultivation, harvesting, and processing of seaweed, putting long-term upward pressure on raw material costs.	High	Increased operating costs Unexpected fluctuations in production costs	• Establish a diversified supply chain to reduce reliance on a single seaweed supplier or production region and secure procurement agreements in advance to mitigate the risk brought by raw material price fluctuations • Invest in sustainable seaweed farming technologies to enhance supply chain resilience • Continue to optimise production processes to improve energy efficiency, reduce emissions, and minimise energy and water consumption, so as to lower production costs

Type	Name of the risk/ opportunity	Description	Level of impact	Potential financial impact	Our response
	Reputational risks	• Stakeholder concerns: Customers, investors, regulators, the general public, and the media are placing increasing importance on enterprises' efforts in addressing climate change and pursuing green, low-carbon development. Failure to respond adequately to these trends may pose reputational risks for the Group. To meet stakeholder expectations, the Group needs to allocate more resources to these initiatives.	Low	Revenue decline due to potential negative publicity	• Actively communicate the Group's latest initiatives and achievements in addressing climate change and advancing sustainability through ESG reports, press release, and investor inquiries to keep stakeholders informed

Type	Name of the risk/ opportunity	Description	Level of impact	Potential financial impact	Our response
	Acute physical risks: Extreme weather events including heavy rainfall, tropical storms, and extreme heat	• The increasing frequency of extreme weather events, such as typhoons, heavy rainfall, and extreme heat, may severely impact production plants and facilities, raw material and product transportation, leading to reduced production capacity, disruptions in delivery, and higher repair and maintenance costs	Moderate	Revenue decline due to reduced production capacity or output Decline in fixed asset value caused by damage to production plants and equipment	• Increase the frequency of inspections and maintenance to enhance the safety of production plants and equipment and minimise the impact of extreme weather on operations • Optimise supply chain management by increasing inventory reserves of raw materials and key supplies to prevent disruptions caused by extreme weather events • Obtain relevant insurance coverage, such as property damage insurance and business interruption insurance, to mitigate financial losses from extreme weather events • Optimise logistics planning by adjusting transportation schedules in advance during typhoon season and other periods of extreme weather to prevent delays and losses

Type	Name of the risk/ opportunity	Description	Level of impact	Potential financial impact	Our response
	Chronic physical risks: Rising ocean temperatures, changes in precipitation patterns, and water resource stress	• The long-term rise in ocean temperatures and changes in precipitation patterns may affect the growth cycle and quality of seaweed, leading to instability in raw material supply and higher procurement costs. Additionally, prolonged climate change may impact water availability, increasing the cost of water used in production.	High	Long-term increase in raw material costs and decline in fixed asset value	• Invest in climate adaptation technologies, such as improving seaweed processing technologies to mitigate the impact of raw material quality fluctuations on product performance • Enhance water conservation management by improving water efficiency in production processes and implementing water recycling systems to reduce reliance on external water sources

Type	Name of the risk/ opportunity	Description	Level of impact	Potential financial impact	Our response
Opportunities	Resource efficiency	• Implementation of more efficient production and distribution processes: Optimise production processes and introduce automation to reduce energy and raw material waste, enhance production efficiency, improve product quality, lower operating costs, and strengthen market competitiveness. In addition, improve distribution processes by optimising warehousing and logistics strategies to shorten delivery times, enhance customer satisfaction, and reduce transportation costs	Moderate	Revenue growth powered by reduced production costs and increased capacity	• Integrate more intelligent and automated equipment into production lines to enhance raw material utilisation, improve product precision and consistency, and reduce labour costs • Adjust packaging strategies by transitioning from large to small packaging formats to meet diverse market demands, lower storage and transportation costs, and increase sales flexibility

Type	Name of the risk/ opportunity	Description	Level of impact	Potential financial impact	Our response
		• Resource recycling and reuse: Implement waste recycling, raw material reuse, and circular economy practices to reduce resource consumption during production and improve economic efficiency. In addition, minimise industrial waste emissions to lower environmental compliance costs and enhance the Group's sustainability capabilities	Moderate	Reduced raw material and production costs	• Actively explore circular economy practices by recovering reusable materials at different stages of the product lifecycle and reintegrating them into the production process or using them to create new products, thereby minimising resource waste
		• Upgrade to more energy-efficient buildings and production equipment: implement energy-saving retrofits for production plants and equipment to reduce energy consumption and improve production efficiency, thus lowering long-term operating costs. In addition, the adoption of green-certified buildings and equipment can enhance the Group's eligibility for green financing opportunities	Moderate	Lower operating costs Increase in the value of fixed assets Expanded financing channels	• Invest in and upgrade to low-energy, high-efficiency processing and production equipment, such as high-efficiency crushers and drying systems, to reduce electricity and energy consumption • Implement smart production control systems and digital energy monitoring systems to optimise equipment operation, minimise energy waste, and improve production efficiency

Type	Name of the risk/ opportunity	Description	Level of impact	Potential financial impact	Our response
	Energy source	• Use of low-emission energy sources: Integrate green and clean energy into production operations to replace traditional carbon-intensive energy sources, helping to meet regulatory requirements, optimise energy mix, and reduce energy costs	Low	Lower operating costs	• Increase the share of green energy in production and operations through various initiatives, such as installing rooftop photovoltaic power generation equipment, outsourcing more renewable electricity, and developing energy storage facilities
	Products and services	• Develop new products and diversify business operations: To meet the growing consumer demand for green, eco-friendly, and natural raw material-based products driven by increasing awareness of health and sustainability and to satisfy market demand, enterprises should develop new products and diversify business operations	High	Rising revenue powered by product diversification	• Actively develop new natural hydrocolloid products that align with market trends • Expand product offerings for consumer-facing sectors, such as ingredients for bubble tea shops, to meet emerging consumer demands • Obtain green certifications (such as vegetarian and halal certifications) to enhance product competitiveness in the market

Type	Name of the risk/ opportunity	Description	Level of impact	Potential financial impact	Our response
	Market opportunities	• Leveraging public sector (governmental) incentives: The Chinese government is actively promoting the "Carbon Peak and Carbon Neutrality" goals, green manufacturing, and sustainable industry development by introducing various incentives such as green subsidies, tax reductions, and low-interest loans to support corporate green transformation. Enterprises can apply for these government grants and financial support to reduce R&D and production costs while accelerating sustainability efforts	High	Lower production costs by securing government grants and subsidies	• Stay informed on green development policies at all levels of government and apply for specialised funds and environmental equipment upgrade subsidies • Enhance collaboration with government agencies and industry associations, actively participating in policy-making and industry standards development to gain better resource support

Environment and Natural Resources

The products of the Group are extracted from natural seaweed. The environmental impact of product use is negligible. The products themselves can also be naturally degraded if they are not used after expiration, or they can be supplied to the feed enterprises as raw materials after passing the test according to the relevant feed laws and regulations within 12 months after expiration. In addition, the packaging bags of the products are non-toxic, harmless, and can be used for packaging other articles with no harm to the environment.

Noise of the Group mainly comes from the crushing process. The Group strives to reduce the impact of noise on surrounding areas in strict compliance with relevant laws, regulations and standards, including but not limited to the *Law of the People's Republic of China on Prevention and Control of Noise Pollution* and the *Emission Standard for Community Noise*. For the purpose of meeting standards for production, the Group adopts high-efficiency stainless steel sound-absorbing material and modern multi-layer silencing technology to effectively reduce the sound decibels generated by the equipment, ensuring that the equipment operation meets the production and usage standards.

Noise reduction facilities within plants

In 2024, the Group conducts third-party monitoring for noise at boundary on a quarterly basis to bring the noise at boundary in line with standards. To further reduce noise in the production site, we have also adopted a number of effective measures to effectively control noise pollution:

✓ Replacement of the silencer of old crushers, greatly reducing noise during crushing;

✓ Installation of muffler for the mill to further reduce the noise of equipment;

✓ Regular detection of shop noise, and supervision on the effectiveness of preventive measures;

✓ Strengthening of daily repair, shortening of the repair cycle, and regular inspection and maintenance of the piston of blowing fans, air inlet units and gearing.

The Group places great emphasis on biodiversity conservation and continuously enhances our knowledge and practices in this field. We strictly comply with the *Law of the People's Republic of China on the Protection of Wildlife*, the *Regulations of the People's Republic of China on Nature Reserves*, and relevant laws and regulations. We firmly prohibit the processing, sale, and consumption of nationally protected species, remain dedicated to preserving the surrounding ecological environment, and take proactive measures to prevent our production activities from disrupting local wildlife habitats. In accordance with the *Regulations on Environmental Management of Construction Project* and the policies set forth by local ecological and environmental authorities, the Group conducts detailed environmental impact assessments for investment and construction projects, including production line upgrades and new workshop developments. We strive to achieve the "three simultaneity" of biodiversity (the Group's environmental protection facilities in its construction projects and the main construction work of the new construction, reconstruction and expansion projects are designed, constructed, and commissioned at the same time). This approach safeguards biodiversity and prevents negative ecological impacts throughout the project development process. Besides, we actively carry out knowledge training on ecological conservation and environmental protection for employees in a bid to update their knowledge reserve in this regard, and further reinforce their attention to this issue.

Training on ecological conservation and environmental protection in 2024

TALENT SUSTAINABILITY

Employee Safety

❖ *Work Safety*

The Group takes the "Continuous improvement of work safety technology and management, the pursuit of minimising the occurrence of accidents, no harm to human health, and no damage to the environment" as long-term work goal of work safety and refines the annual work targets of work safety.

Work safety targets in 2024	Work safety situations in 2024	Results in 2024
100% completion rate of the timely rectification plan for safety incidents	100%	Achieved
100% completion rate of safety training	100%	Achieved
Zero incidence rate of serious safety accidents	0	Achieved
Zero notice on non-compliance from environmental protection authorities	0	Achieved
100% monthly safety inspection and feedback rate	100%	Achieved

Annual work safety targets and achievements

The Group strictly complies with relevant laws and regulations, including the *Law of the People's Republic of China on Work Safety*, and the *Interim Regulations on Investigation and Control of Hidden Peril of Production Accident*. Besides, we have established and implemented the *Regulations of Work Safety Management at the Base*, the *Detailed Rules for Rewards and Punishments for Work Safety*, and the *Supplementary Regulations on the Management of Hazardous Operations*. These policies strictly regulate employee operations and define responsibilities and procedures for hazardous operations, thus ensure comprehensive, effective, and steady advancement of work safety management. Lvqi (Fujian) has been certified as a Work Safety Standardisation Level 3 Enterprise after passing the assessment. Greenfresh (Fujian), Lvbao (Quanzhou) and Shiyanhaiyi have also completed the self-assessment of enterprise work safety standardisation on a yearly basis in accordance with the *Basic Norms for Work Safety Standardisation of Food Production Enterprises*. They also investigate and rectify potential safety issues based on the results of the self-assessment reports to ensure the adequacy and effectiveness of their management efforts on work safety.

Work Safety Standardisation Level 3 Enterprise Certificate of Lvqi (Fujian)

The Group has fully implemented the work safety responsibility system of which the Production Centre provides consulting services, guidance and supervision, while each base takes full responsibilities. Besides, the Group has established a work safety management structure supervised by Production Centre and assisted by various production plants. These efforts ensure the implementation of safety management at all levels within the Group as well as the practice and continuous improvement of safety management measures.

- **Production Centre:** As the responsible department for work safety of the Group, the Production Centre conducts comprehensive work safety management through plan deployment, training, inspection, irregular audit, drill, tracking and rectification, measure verification, system improvement, effect assessment and operational evaluation to ensure the work safety performance of safety management organisations at all levels.

- **The subsidiary Companies:** Under the supervision of the Production Centre, the subsidiary companies strictly implement work safety related laws, regulations, and relevant internal management policies, regularly update work safety guidelines, and work objectives, follow up and implement safety control measures, and continuously improve work safety management performance. The General Manager is the primary person responsible for the Company's work safety and is responsible for all work safety-related matters. The EHS department serves as the designated overseeing body, responsible for organising and advancing work safety management efforts. Additionally, the Company has appointed full-time safety officers and part-time safety personnel in production workshops. These personnel operate under the guidance of the Company's Work Safety Committee to ensure effective implementation and monitoring of work safety measures.

To further enhance the work safety responsibility management system, the Group has set monthly production performance assessment indicators for employees at the specialist level and above, while involving more production employees in the performance assessment. This initiative enhances employees' sense of responsibility for work safety, enabling timely identification and resolution of safety hazards through performance assessments. These measures contribute to the Group's long-term work safety management framework and continuous improvement efforts.

In 2024, the Group strengthened the management of safe operation of equipment, the management of fire-fighting regulations, the management of dangerous chemicals, especially the management of fire use and labour protective equipment. The Group strictly controlled the four dangerous operations (fire operation, operation at height, operation under limited space, and operation involving hazardous chemicals) and the management of outsourcing approval process to prevent major and extra serious work-related injuries and protect the safety of employees and the Group's property as much as possible. In daily safety management, we conduct a special fire drill every half year to enhance employees' capabilities in emergency response and self-rescue. During the period of high safety risks such as the resumption of work and production after the Chinese New Year's holiday, the Group deploys notices of strengthened safety-related work to further prevent the occurrence of potential safety accidents.

Safety education	✓ Implement three-level safety education for new employees based on the *Management Policy on Safety Education* to ensure they fully understand the safety operation regulations and emergency response procedures at the early stage of employment, enhancing their safety awareness; ✓ Provide professional safety education for special operation personnel, designate mentors for apprentice, and require operating certificates for independent operation to ensure operational safety; ✓ Carry out secondary safety education for personnel who transfer to a different job role to ensure they understand the safety requirements and operating procedures of their new position before transitioning.
Electrical safety	✓ Ensure electricity safety and avoid the occurrence of electrical accidents through electrical technical data management, safe operation of electrical equipment and electrical equipment safety inspection based on the *Management Policy on Electricity Work Safety*; ✓ Based on the *Regulations on Emergency Management of Water and Power Outages*, make emergency plans for emergencies in order to restore power supply safely, quickly, and orderly in the event of power outages, so as to ensure the normal functioning of the production environment.
Investigation and rectification of hidden dangers	✓ Conduct factory-level inspection, employee self-inspection, seasonal inspection and professional inspection based on the *Management Policy on Investigation and Rectification of Hidden Dangers*. If hidden danger was found, rectification would be carried out within a definite period and relevant persons in charge would be punished as appropriate to ensure timely mitigation of hazards identified and avoid the occurrence of incidents.

Hazardous chemicals safety	✓	Conduct safety management of hazardous chemicals based on the *Management Policy on Hazardous Chemicals* to ensure the safe use, storage and transportation of these substances. Specific measures include:
	✓	Storing inflammables and explosives in designated safe places to avoid fire and explosion accidents;
	✓	Regularly checking storage and transportation facilities and equipment with inflammable and explosive materials to ensure they meet safety requirements;
	✓	Strictly enforcing fire and explosion protection standards in hazardous areas to minimise safety risks;
	✓	Regularly maintaining and managing fire facilities to ensure effective response to fires and other safety incidents in emergencies.
	✓	Formulating the *Special Emergency Response Plan for Hazardous Chemical Leakage* to ensure rapid and effective emergency response in the event of a hazardous chemical leakage, preventing further spread and to reduce the potential harm to our personnel and the environment.
Fire safety	✓	Conduct regular fire inspections, maintenance on safety evacuation facilities and fire equipment, fire hazards rectification, and fire safety education and training based on the *Management Policy on Fire Safety* to enhance the fire prevention awareness and emergency response capabilities of all staff.
Operational safety in limited space	✓	Designate the head of operations and supervisors for each limited space operation to ensure the safety of the operation process based on the *Management Policy on Operational Safety in Limited Space*. At the same time, we provide operators with personal labour protection appliances that meet national or industry standards. We also equip them with necessary safety facilities for hazardous operation in limited spaces to prevent safety incidents caused by environmental problems during work.
Work-at-height safety	✓	Conduct specialised training for work-at-height to ensure that operators are familiar with the relevant safety requirements and control work-at-height risks through a rigorous approval process based on the *Management Policy on Work-at-Height Safety*. All work-at-height personnel will undergo a thorough safety check and risk assessment before starting work. They are equipped with harnesses, fall arrest devices and other protective measures to ensure work-at-height safety.
Outsourcing project safety	✓	Sign the *Outsourcing Project Safety Agreement* with the contractor to clarify the safety responsibilities and obligations of both parties, ensure that the outsourcing project strictly adheres to the Group's various work safety regulations, and protect the safety of personnel, equipment, electrical and environmental safety during the entire construction process.
Hazardous work safety	✓	Stipulate the responsibilities and procedures of hazardous operations such as fire operation, operation at height, high- voltage circuit construction and lifting operation and ensure that all hazardous operations are conducted under strict safety management based on *Supplementary Provisions on the Management of Hazardous Operations*.

In June 2024, we launched the Group's Work Safety Month with the theme of "Every Voice for Safety, Every Hand for Rescue - Smooth Green Life Channel", carried out a series of measures related to work safety and organised results evaluation, aiming to enable a firm employee awareness of "Safety first, prevention foremost, and comprehensive management". In this way, we further safeguarded the bottom line of safety, and overall improved the work safety management level of the Group.

The main activities in the Group's Work Safety Month in 2024 included:

1. **Safety culture promotion initiative:** Each production base made full use of bulletin boards, banners, media and other forms to vigorously promote work safety policies, concepts and knowledge. This ensured that all employees could fully understand the importance of work safety and created a strong work safety atmosphere.

2. **Safety and emergency knowledge training:** Each production base proactively organised safety knowledge training, promoted safety knowledge and carried out events such as safety knowledge exams and competitions for part-time safety officers and department heads. The aim was to disseminate safety knowledge throughout the workforce and improve their safety skills.

3. **Emergency drill:** Each production base carried out safety emergency drills, such as emergency drills for limited space operation accidents, hazardous chemical leakage accidents, and fire extinguishing and evacuation. Specialists were brought in to provide repeated instruction in the techniques of related rescue operations, comprehensively improving employees' rescue and emergency response skills to prevent problems before they occur.

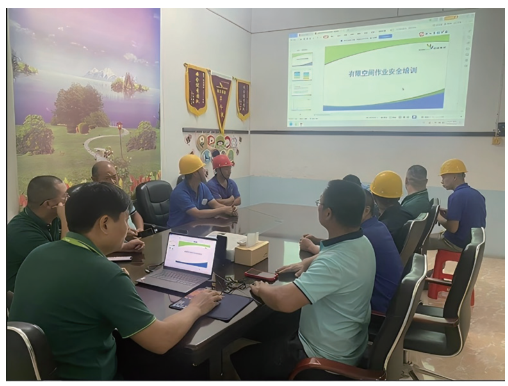
4. **"Ongoing Rectification and Investigation of Hidden Hazards of Major Safety Accidents" campaign:** Each production base conducted specialised analyses of hidden hazards of major safety accidents and organised comprehensive safety hazard inspections. Practical corrective measures were developed for the identified hazards, thus continuously strengthening and standardising on-site safety management.

Fire emergency extinguishing and evacuation drill in 2024

Emergency drill for hazardous chemical leakage accidents in 2024

Promotion of Work Safety Month in 2024

Special training on work safety in 2024



Safety training for limited space operations in 2024

In the last 3 years, the Group had no work-related fatalities. During the Reporting Period, the Group lost 300 working days due to work injury.

❖ *Occupational health*

The Group strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other relevant laws and regulations, and has formulated the *Distribution Standards and Management Measures for Labour Protection Appliance* to provide employees engaged in any special operation with antistatic clothing, high-voltage protective gloves, insulating shoes, inhalers and other labour protection supplies. We posted up the occupational hazards billboard at conspicuous places in production workshops to remind employees of occupational health hazards. In addition, the Group organised regular physical examination for employees, and provided them with the analysis report of physical examination results issued by the hospital while archiving employees' health surveillance files, effectively tracking the occupational health status of employees. In 2024, Lvqi (Fujian) passed the third-party occupational health assessment and further improved its occupational health and safety measures based on the assessment report to provide more comprehensive health protection for its employees.

Occupational hazards billboard in workshops

In addition, in order to safeguard employee health and reduce the impact of noise on employees, we took effective control measures against noise at the production site and consolidated employee protection, including:

✓ Distribution of labour protection earplugs for employees, along with superior noise-cancelling earmuffs and helmets for specific positions, effectively reducing the harm of noise to employees;

✓ Implementation of appropriate work break schedules for noise-exposed workers, with mandatory withdrawal from the noise environment during rest periods, to ensure effective mitigation of auditory fatigue.

✓ Regular health inspections for workers exposed to noise, especially on their hearing, to monitor changes in their hearing, enabling the early detection of hearing impairment and the implementation of timely and effective protective measures; and

✓ Provision of pre-employment physical examinations for workers exposed to noise, and no arrangement of high-noise operations for employees with hearing disorders.

Protective measures for workers in noise-exposed positions

In addition, we conduct regular identification of job risk sources for employees in the departments of storage and transportation, production, technology, human administration and other departments, and develop corresponding safety control measures, to minimise the occurrence of various accidents and personal injury.

HONESTY AND INTEGRITY

The Group strictly complies with relevant laws and regulations, including but not limited to the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and the *Anti-Money Laundering Law of the People's Republic of China*, etc. The Group has formulated the *Code of Discipline* and sets out regulations governing business ethics of directors, managers and employees in the *Employee Manual* to practice anticorruption. We have formulated the *Integrity Management Regulations* to further strengthen the integrity culture of the Group's centres and subsidiaries, so as to maintain a clean and honest workforce and to safeguard the healthy development of the Group. Meanwhile, we required every employee of the Group, including senior directors, to sign a *Declaration of Potential Conflicts of Interest* and a *Letter of Commitment to Post (Position) Integrity and Self-Discipline* to avoid conflicts of interest, while strictly prohibiting illegal acts such as bribery, extortion, fraud and money laundering. In 2024, the Group achieved a 100% signing rate for the *Letter of Commitment to Post (Position) Integrity and Self-Discipline*.

The Audit Department of the Group regularly assesses employees' understanding of the integrity rules and regulations, continuously strengthens and improves employees' awareness of anti-corruption, and prevents the occurrence of misconduct. For employees who do not understand the relevant policies, the Group's Audit Department will provide oral or written briefings to ensure effective implementation of anti-corruption efforts.

The Group has formulated a *Whistle-blowing Policy* and established an internal monitoring mechanism for irregularities and frauds within the Group, to provide employees with a variety of whistle-blowing channels and guidelines, including WeChat, mailbox, email, hotline, and internal mailbox. Employees can report any fraud and violation of discipline in real names or anonymously. The Group handles the contents and information provided by the whistle-blowers in a prudent manner, ensuring that the personal identity or any information of the whistle-blowers is kept confidential to prevent them from suffering any harm or retaliation.

Reporting mailbox: Flat A, 16th Floor, 169 Electric Road, North Point, Hong Kong
Reporting email: freemanso@greenfreshfood.com
Reporting hotline: 852-3543 0708
Reporting WeChat: 18020698363/18020668663

Staff reporting channels

In addition, we required our partners to comply with the above business ethics. In accordance with the *Regulations on Clean Procurement*, we further regulated procurement staff's behaviours and enhanced the anti-corruption and integrity management on procurement staff. Meanwhile, we signed an *Anti-Commercial Bribery Agreement* with our business partners, providing clear definitions on commercial bribery, setting forth both parties' responsibilities for reporting, investigating and penalising bribery, and ensuring both parties to abide by the commitment to integrity. Anybody noticing any violation of the clean procurement policy can report to us via reporting hotline or email. The violators will be punished if the reported situation is attested. In 2024, the proportion of the Group's business partners signing the *Anti-Commercial Bribery Agreement* reached 100%.

Internal mailbox

In 2024, the Group held an annual anti-corruption promotion and training meeting for all employees (including senior management) to publicise anti-corruption measures, as well as the *Code of Discipline*, the *Whistle-blowing Policy*, the *Integrity Management Regulations*, the *Corporate Governance Code* and other anti-corruption policies by the manager of the Audit Department, and highlighted the necessity and importance of anti-corruption through the on-site communication and exchanges in order to enhance all employees' awareness of integrity and self-discipline, and to ensure that the Group operates in a cleaner and more standardised way.

Anti-corruption promotion and training in 2024

During the Reporting Period, there was no concluded legal cases regarding corrupt practices brought against the Group or our employees.

EMPLOYEE DEVELOPMENT

The Group places a high value on talent cultivation, is committed to providing employees with various opportunities for personal capability improvement and career development for their rapid growth. To this end, the Group Headquarters sets up "Green Future Cottage" consisting of 7 Societies, namely, Human Resource and Administration Society, Environment and Safety Society, Technology Society, Quality Society, Efficiency Society, Management and Leadership Society, and "Green Seeding" Initiative. Through a comprehensive training system that includes systematic training at middle and senior management level and outdoor field development training, live training courses and professional skills training courses by branches of "Green Future Cottage" for each subsidiary, we provide employees with all-round, diversified and multi-level training and development opportunities to promote the mutual growth of the Group and employees.

The Group has established the *Training Management Policy*, formulated the annual and monthly training plans, and mobilised internal and external resources to offer a wealth of training opportunities, including external development training for middle and senior management, orientation training for new employees, job-specific professional skill and knowledge training, management training and vocational skills training. We also established and nurtured an in-house lecturer team to regularly conduct internal trainer selection, training, certification and management to ensure the maximum sharing of knowledge, skills and best practices within the Group. In 2024, we engaged 4 external trainers in special training for employees at the manager level and above, as well as supervisors, to further enhance the professional competence and leadership of our management team. The Group encourages employees to actively participate in the training, and have formulated the *Regulations on the OPL Management of the Group* (OPL, One Point Lesson, an on-site training model) to encourage employees to share their personal work experience and wisdom, promote mutual learning among employees, fully tap into the wisdom of employees and achieve knowledge sharing in daily work, ensuring strong timeliness and relevance.

In order to enhance the Group's core competitiveness, we further refined the specialised training programmes for middle and senior management in 2024. The training programme, centred on the core themes of "Enhanced Communication, Focused Execution, Improved Efficiency and Refined Technology", aimed to comprehensively improve the communication skills, execution power, cost control awareness and innovation capabilities of our management team through innovative course design and hands-on teaching methods. Tailored to our current operational realities and challenges, the programme includes a series of specialised courses. These are designed to help our management team achieve breakthroughs in cross-functional collaboration, team leadership, time management and innovative thinking. In doing so, it enhances the overall quality of our middle and senior management and provides a solid talent base for the efficient and high quality management of the Group.

In 2024, 805 employees participated in 167 training sessions held by "Green Future Cottage" of the Group. As at the end of the Reporting Period, 37 trainees were certified as internal trainers in the Group.

Specialised training for middle and senior management level employees by the "Green Future Cottage" in 2024

Training by the branch of the "Green Future Cottage" in 2024

During the Reporting Period, the percentage of employees trained, and the average training hours completed per employee by gender and employee category of the Group were showed as bellow:

Type		Number of employees trained	Percentage of employees trained	Average training hours completed per employee
By gender	Male	729	100%	16.7
	Female	419	100%	15.4
By employee category	Senior management	30	100%	41.2
	Middle management	187	100%	32.0
	Junior employees	931	100%	12.2
	Outsourced and temporary employees	90	100%	49.2

Note:

1. The average training hours for outsourced and temporary employees have been included in the average training hours of the employees at the other three levels.

Talent Employment

The Group strictly complies with relevant laws and regulations, including but not limited to *the Labour Law of the People's Republic of China* and *the Labour Contract Law of the People's Republic of China* to ensure that the legitimate rights and interests of all employees are fully protected. In 2024, the Group, based on the *Employee Manual*, regulated employees' management rules and regulations. We continued to refine and improve our management policies in various areas such as employee onboarding, attendance, compensation and benefits, and promotion. Our efforts were aimed at establishing a work environment that is equitable, just, and harmonious for our employees.

- **Recruitment, dismissal and promotion**

  The Group formulated the *Policies and Procedures on Internal and External Recruitment* and other polices. Always adhering to the principle of "Capacity matching and merit-based recruitment", we adopt OPR (Organisational Personnel Review) process, internal recommendation, external recommendation and other channels to recruit employees suitable for job requirements. We encourage our internal employees to actively recommend suitable talents and increase rewards for the internal recommendation to further mobilise the connection advantages of the Group's internal employees.

  The Group legally signs the *Labour Contract* with employees, which clearly states the specific conditions for termination of the labour contract. At the same time, we have standardised the conditions and procedures for employee resignation through the *Resignation Policies and Procedures* to ensure a transparent and fair resignation process. This initiative aims to prevent arbitrary dismissals and thereby protect the legitimate rights and interests of our employees.

The Group established a complete rank system and formulated the *Regulations on Post Change* and other policies. We promote talent development and talent team construction through OPR, which evaluates employees' performance from four dimensions, namely Achievement, Ability, Ambitions and Align culture. The evaluation results will be used for employee promotion and potential personnel training to ensure the reasonable flow and optimal allocation of talents. In 2024, we further established the *Management Regulation for Technical Talent Training and Promotion in the Group* and the *Management Regulation for R&D Talent Training and Promotion in the Group*. These policies have standardised and institutionalised the training and promotion of technical and R&D talents, laying a solid talent foundation for our long-term development.

The Group continues to strengthen the construction of management talents team, improve the development and training mechanism of management talents, and ensure the continuity, effectiveness and scientificity of talent ladder building, so as to cultivate internal core talents. We have formulated the *Management Regulation for the Greenfresh Group Talent* (GFT), which provides detailed specifications on the selection criteria, mentor responsibilities, counselling allowances, job rotation and promotion of the management trainee program, thereby enhancing the Group's independent training of high quality management talents. Meanwhile, the Group implements the "Talent Ladder Building Programme for Key Departments" and conduct regular research and analysis on talent matching for all departments and key positions in the Group. For employees qualified for special training and promotion, we offer individualised training and development plans to enhance their skills, abilities and performance through various specific trainings, thereby creating more benefits; For replaceable or disqualified employees, we provide them with relevant training, and gradually replace the employees still incompetent for their jobs in accordance with the *Resignation Policies and Procedures* to ensure that arbitrary dismissal is not allowed.

In 2024, the Group continued to abide by the *Regulations on the Dispatch Management Within the Group* to specify the management of dispatched employees, providing more opportunities for employees' career development and further supporting the Group's talent mobility and diversified development. We ensure that our employees are well supported and managed throughout their dispatch, and that they have a stable working and living environment. These ensure a balance between the business needs of the Group and the personal development of our employees.

As at the end of the Reporting Period, the Group had a total of 1,148 employees. The total workforce and employee turnover rate by gender, age group, geographical region and employee category are shown as below:

	Type	Total workforce	Employee turnover rate*
By gender	Male	729	20.41%
	Female	419	16.03%
By age group	<30	180	26.83%
	30-50	710	19.50%
	>50	258	10.10%
By geographical region	Chinese Mainland	961	/
	Fujian Province	909	20.89%
	Hubei Province	38	32.14%
	Shanghai City	14	22.22%
	Hong Kong SAR	11	0.00%
	Overseas	176	2.84%
By employee category	Full-time employees	1,058	/
	Senior management	30	/
	Middle management	187	/
	Junior employees	931	/
	Part-time employees	0	/
	Outsourced and temporary employees	90	/

* Note:

1. The definition of senior management personnel of the Group is those at the level of deputy director and above (director level, senior executives), middle-level management personnel are defined as those at the level of supervisor and above (supervisor, manager), and junior employees are defined as those below the level of specialist (including specialist, staff).

2. Employee turnover rate = the number of employees in the specified category leaving employment in the year/(the number of employees in specified category in the year + the number of employees in the specified category leaving employment in the year) * 100%. As at the end of the Reporting Period, the total employee turnover rate of the Group was 18.87%.

- **Compensation and benefits**

  The employees' compensation consists of basic salary, performance bonus and duty allowance. We ensure that the basic salary is not less than the local minimum wage. In accordance with internal rules and regulations such as the *Employee Manual* and *Management of On-board Process for New Employees*, we provided reasonable and competitive salaries, with consideration to employees' competence, position (title), personal performance and the Group's operating performance.

  The employees' salaries are regularly reviewed, and adjustments are made based on the Group's operating performance, employees' performance and market salary levels. In addition to regular salary adjustments, we conduct a comprehensive evaluation of our employees' skills and performance, including but not limited to OPR, monthly, quarterly and annual appraisals. The corresponding results will serve as a significant reference for renewal and termination of labour contracts, demotion, promotion, salary raise or position adjustments. This ensures that employees receive appropriate salary adjustments and promotions based on their individual contributions and the needs of the Group's development. Through this mechanism, we aim to motivate our employees to continually develop their individual skills, foster a sense of belonging and motivation, and promote our long-term development.

  The Group is committed to continuously improving and optimising the performance appraisal system to better stimulate the potential and motivation of employees. In our continued efforts to improve the performance-oriented management system, we have formulated the *Group Performance Interview Management Regulations* and carried out face-to-face conversations and discussions with employees to encourage employees to continuously improve their performance. In 2024, we identified four core assessment dimensions: Key Performance Indicators, Accountability Management, Key Execution and Individual Behavioural Indicators. The Group comprehensively and fairly evaluated the performance of all employees, and the introduction of accountability management appraisal has significantly enhanced the sense of responsibility and initiative of employees, making them more engaged and efficient in their work, thus laying a solid foundation for the long-term development of the Group.

  The Group has established the *Performance Appraisal Management Regulations*. In line with actual operating conditions and development needs, the Group continuously improves and optimises the performance appraisal system to better stimulate the potential and motivation of employees. In our continued efforts to improve the performance-oriented management system, we have formulated the *Group Performance Interview Management Regulations*. Through face-to-face communication and discussion with employees, and by focusing on their personal development, we help them to identify areas for improvement, encourage them to continually improve their performance and ensure that they continue to make progress in their work.

  The Group complied with relevant laws and regulations, including but not limited to the *Social Insurance Law of the People's Republic of China*, and formulated the *Welfare Management Policy* to provide employees with statutory benefits such as social insurance and housing funds, thereby ensuring their basic safeguards of social security. In addition, we formulated the *Employee Ownership Spirit Selection and Reward Policy*, and regularly hold award selections. We recognise and reward those who excel in their work and demonstrate a strong sense of ownership, to motivate them to continue contributing to the Group and set an example for all employees.

- **Working hours and holidays**

  As per the relevant national regulations and the requirements of the employees' positions, the Group implements a standard working hour system, dividing the working hours of its employees into two baseline scheduling types, i.e., long day shifts and operation shifts (reverse shifts). Meanwhile, subsidiaries may make adjustment and change, as appropriate, to working hours and working hour systems which suit to the production and operation, and coordinate production schedule to avoid extra work as far as possible. In case of overtime in weekdays and at weekend per production demands, employees shall apply for and obtain approval in advance according to relevant procedures. We arrange compensatory time off for overtime employees first, and overtime pay will be paid on time and in full if it is not possible to do so.

  Employees of the Group are entitled to statutory holidays, including New Year's Day, Spring Festival, Tomb-Sweeping Day, International Labour Day, Dragon Boat Festival, Mid-Autumn Festival and National Day, annual leaves and other holidays prescribed by laws, to guarantee reasonable arrangements for their rest and personal life. If employees need to work overtime on national holidays, they are entitled to obtain overtime pay in accordance with relevant regulations.

- **Equal opportunity, diversity and anti-discrimination**

  The Group is committed to providing a work environment with fair competition, mutual respect and diversity, and adhering to the principles of fairness, impartiality and openness in recruitment, selecting the outstanding employees under the same conditions. In strict compliance with national and local laws and regulations, we have no tolerance in any discrimination against any employee due to personal characteristics such as race, ethnicity, colour, religious beliefs, gender, nationality, marital status, citizenship, age, disability, sexual orientation, veteran status or other status protected by laws. We strictly ensure fairness for all employees in terms of remuneration, dismissal, promotion, vacation, benefits, etc., and prevent any violation of the principles of equal opportunities and anti-discrimination. Meanwhile, the Group encouraged employees to report any suspected discrimination, ensuring that the working environment is always aligned with the values of fairness, equality, and respect.

- **Labour standards**

  The Group complies with relevant laws and regulations, including but not limited to the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and the *Provisions on the Prohibition of Using Child Labour*. We always respect the legitimate rights and interests of our employees, resolutely prohibit the use of forced labour, and firmly avoid any form of forced labour. Besides, we expressly stipulate to prohibit child labour in the *Employee Manual* and the *Policies and Procedures on Internal and External Recruitment*. Applicants for our employment must be at least 18 years of age. The Group rigorously follows statutory working hours and reasonably controls overtime work, to ensure employees' work-life balance.

- **Employee care**

The Group is dedicated to fostering a supportive work environment that nurtures employee growth, boosts job satisfaction, and fosters a sense of well-being, thereby facilitating the mutual development of both the Group and its employees.

We value communication with our employees. In 2024, the Group organised new employee forums on a quarterly basis, inviting senior leaders and heads of relevant departments to participate. These aimed to address various issues that new employees might encounter in their life and work, and to help them better adapt to the working environment. The Group encouraged new employees to openly express their thoughts and concerns at the forums, raising difficulties and questions related to work processes, team collaboration, and career development. Additionally, we invited seasoned veterans to share their work experiences, assisting new employees in adapting to their roles swiftly and enhancing their productivity. Furthermore, we hold ad hoc employee communication meetings. Serving as a bridge between employees and the Group's management, such activities help the Group's management personnel better understand the voices of employees and solve practical problems in their work and life, narrowing the gap between employees and the Group and enhancing employees' sense of belonging.

Employee communication meetings in 2024

In 2024, the Group officially launched the "Chosen Greeners" ("天選綠新人") series of activities, comprising five core modules: *Food is Heaven* (民以食為天), *30,000 Days of Health* (健康三萬天), *Mood Booster Days* (心情High翻天), *Everyday Wealth* (財富每一天), and *Skills Above All* (技冠九重天). The initiative aims to enrich employees' cultural and recreational lives while promoting the Group's corporate culture in a holistic and engaging manner. In addition, the Group hosted a series of exciting employee activities, including the 5th Anniversary Celebration for Listing, the "Twelve Flavours of Hometown" food festival, and the "Youthful Vitality for the Flourishing Future" May Day series of events, offering employees chances to relax and savour life.

"Chosen Greeners" ("天選綠新人") series of activities

The 5th Anniversary Celebration for the Group's Listing

To celebrate the 5th anniversary of the Group's listing, the Group hosted a celebration event in October 2024 with the theme "Five Years of Perseverance to Empower the Future". The event encompassed various elements such as the "I Want to Shine at the Gala" program collection, the recording of blessing videos, the ceremonial proceedings, and the celebration gala, all with the aim of acknowledging the diligent efforts of every employee in the Group and further enhancing the dissemination of our corporate culture. This celebration event reviewed the Group's remarkable achievements over the past five years, and we will continue to uphold the philosophy of "people-oriented" as we move forward together with all employees towards an even brighter future.

“Twelve Flavours of Hometown” Food Festival

In 2024, the Group organised the “Twelve Flavours of Hometown” food festival, which spanned nine months starting from April. Each month, an employee selected a specialty dish from his/her hometown and personally cooked it, bringing authentic culinary delights to everyone. The event featured monthly extra meals, a “People’s Choice Awards” section, and the “Greenfresh Culinary Master” competition, which not only diversified the dining options in the employee canteen but also sparked enthusiasm and a sense of belonging among employees. It boosted their happiness while celebrating the traditional Chinese culinary culture.

"Youthful Vitality for the Flourishing Future" May Day Series of Events

To celebrate International Workers' Day, in May 2024, the Group launched a series of activities themed "Youthful Vitality for the Flourishing Future", aiming to strengthen corporate culture and enhance cohesion among employees. This event consisted of two major sections: the "May Day Model Worker Selection" and a sports meeting. By selecting and recognising ten outstanding frontline employees for their hard work and contributions, the event inspired employees' work enthusiasm and sense of honour. The sports meeting, with events such as relay races, sprints, team competitions, and tug-of-war, facilitated team collaboration and communication among employees, creating a healthy and energetic workplace.

In 2024, in order to deepen the Group's personnel management and maximise the enthusiasm of employees, we offered a variety of benefits to motivate employees' performance and contributions in their respective roles:

"Greenfresh Employee Voucher" Employee Welfare Redemption System

The Group launched "Greenfresh Employee Voucher" under the "*Greenfresh Employee Voucher*" *Management Regulation. The "Greenfresh Employee Voucher*" is a virtual electronic card where employees with excellent personal behaviour in their daily work can win vouchers to redeem gifts once a month at the Group's Management Centre, including travel gift card, shopping gift card, paid holidays and in-kind rewards. This reflects the Group's emphasis on employee welfare and recognition of employee contributions. The transparent management process and fair allocation mechanism of the "Greenfresh Employee Voucher" system ensure the fairness and traceability of rewards, aligning with the Group's good governance principles. Through this initiative, the Group provides employees with more diverse channels for recognition and incentives in an aim to enhance their sense of honour and satisfaction, and foster a healthy and positive work environment.

Holiday Gift Packages

In 2024, the Group prepared abundant holiday gift packages for all employees in celebration of traditional holidays such as the Mid-Autumn Festival and the Spring Festival. These gift packages not only include a variety of traditional holiday foods and supplies, but also incorporate the Group's blessings and expectations for our employees. We hope that while celebrating the festivals, employees can feel the warmth and care from the big family. The move further demonstrates the Group's commitment to employee well-being and embodies our firm belief in inheriting and promoting excellent traditional Chinese culture.

Providing Medical Insurance through Labour Union to Enhance Employees' Job Satisfaction and Happiness

The Group attaches great importance to the health and welfare of its employees and is committed to providing employees with a comprehensive protection system. In 2024, to further enhance the medical insurance coverage for employees, the Group purchased medical insurance through labour union for some of our employees. In the event that employees are hospitalized, they can receive a certain percentage of financial compensation to alleviate the economic burden on themselves and their families. This initiative significantly enhanced employees' sense of happiness and loyalty, and also strengthened the job stability of our employees.

The Donation Activity for Educational Support Organised by the Shiyanhaiyi Labour Union

In 2024, the Shiyanhaiyi Labour Union enthusiastically responded to the educational support policies initiated by the upper-level labour union. Through investigations and on-site visits, they identified and selected needy families within the Group that required financial assistance for education, and subsequently reported these cases to the Maojian District Federation of Trade Unions in Shiyan City, Hubei Province. At the subsequent "Golden Autumn Education Assistance" ceremony held by the Maojian District Federation of Trade Unions in 2024, the Maojian District Federation of Trade Unions donated scholarships to needy families within the Group, addressing the educational needs of employees' children and conveying the care and warmth from the Group and the Trade Unions.

The donation activity for educational support

"Pay Attention to Cervical Health, Enjoy a Better Life" Awareness Enhancement Event

In May 2024, the Group organised a public welfare event with the theme of "Pay Attention to Cervical Health, Enjoy a Better Life", aiming to help employees understand the importance of cervical health and provide scientific methods for preventing cervical diseases. During the event, we invited senior medical experts and health consultants to provide detailed explanations to the participating employees about the causes, symptoms, and preventive measures of cervical spondylosis. They also conducted live demonstrations of proper sitting and standing postures, as well as cervical exercises, offering guidance on how to safeguard cervical health in daily life. In addition, the event included an interactive session and free cervical health checks for employees, encouraging them to place greater emphasis on their personal health and raising their awareness of healthy lifestyle practices.

HKEX ESG REPORTING GUIDELINES INDEX TABLE

Part1: Mandatory Disclosure Requirements

Aspects	Disclosure Requirements	Chapter
Governance Structure	**A statement from the board containing the following elements:** (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Strategy and organisational Structure
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Reporting standards and principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope

Part2: "Comply or explain" Provisions

Aspects, General Disclosures and KPIs	Description	Chapter
A. Environmental		
Aspect A1: Emissions		
General Disclosure A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Energy Conservation and Consumption Reduction Pollutant Management Response to Climate Change
A1.1	The types of emissions and respective emissions data	Pollutant Management
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Response to Climate Change
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Management
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Pollutant Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Pollutant Management

Aspects, General Disclosures and KPIs	Description	Chapter
Aspect A2: Use of Resources		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Conservation and Consumption Reduction Environment and Natural Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Conservation and Consumption Reduction
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Energy Conservation and Consumption Reduction
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Conservation and Consumption Reduction
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Energy Conservation and Consumption Reduction
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Energy Conservation and Consumption Reduction
Aspect A3: Environment and Natural Resources		
General Disclosure A3	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change

Aspects, General Disclosures and KPIs	Description	Chapter
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Talent Sustainability Talent Employment
B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	Talent Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Talent Employment
Aspect B2: Health and Safety		
General Disclosure B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Safety
B2.2	Lost days due to work injury.	Employee Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Safety

Aspects, General Disclosures and KPIs	Description	Chapter
Aspect B3: Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Employee Safety Employee Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Development
B3.2	The average training hours completed per employee by gender and employee category.	Employee Development
Aspect B4: Labour Standards		
General Disclosure B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Talent Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Talent Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Employment

Aspects, General Disclosures and KPIs	Description	Chapter
Aspect B5: Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Management
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Management
B6.2	Number of products and service related complaints received and how they are dealt with.	Product Management
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Management
B6.4	Description of quality assurance process and recall procedures.	Product Management
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Management

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

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Green Future Food Hydrocolloid Marine Science Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Green Future Food Hydrocolloid Marine Science Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 130 to 205, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include material accounting policies and other explanatory information.

Our opinion

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 Hong Kong Financial Reporting Standards ("HKFRSs") 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

羅兵咸永道

To the Shareholders of Green Future Food Hydrocolloid Marine Science Company Limited
(incorporated in the Cayman Islands with limited liability)

Independence

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.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition – sales of goods
- Assessment of goodwill impairment
- Assessment of inventory impairment

pwc 羅兵咸永道

To the Shareholders of Green Future Food Hydrocolloid Marine Science Company Limited
(incorporated in the Cayman Islands with limited liability)

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Revenue recognition — sales of goods	
Refer to note 5 to the consolidated financial statements The Group's revenue from sales of goods for the year ended 31 December 2024 amounted to RMB 989 million. Revenue from the sales of goods is recognised when control of the goods has been transferred to the customer, which is usually at the date when the Group has delivered the products to the customer and the customer has accepted the products. We focused on this area due to the significance of the revenue amount and the large volume of sales transactions generated from numerous kinds of products sold to customers at different locations including The People's Republic of China and overseas.	We have performed the following procedures to address this key audit matter: • Understood, evaluated and tested on a sample basis, management's key controls over revenue recognition in respect of the Group's sales transactions, from approval of customer orders, all the way to settlement of trade receivables. • Conducted testing of sales transactions on a sample basis by examining the relevant supporting documents including customers' contracts and orders, sales invoices, goods delivery notes, customs declaration documents for export sales and goods receipt evidence for domestic sales. • Circularised confirmations on a sample basis on trade receivable balances as at the balance sheet date. • Tested sales transactions that took place before and after the balance sheet date to assess whether the transactions were recognised in the appropriate accounting period based on the supporting documents obtained. Based on the work performed, we found the sales transactions tested were supported by the evidences obtained.

羅兵咸永道

To the Shareholders of Green Future Food Hydrocolloid Marine Science Company Limited
(incorporated in the Cayman Islands with limited liability)

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Assessment of goodwill impairment	
Refer to notes 4(d) and 16 to the consolidated financial statements As at 31 December 2024, the Group recorded goodwill of RMB 47,655,000 derived from the acquisitions of subsidiaries in the previous years. In assessing the recoverable amounts of the Group's cash generating units ("CGUs") that include goodwill, management engaged an external valuation expert to assist in determining the recoverable amounts, being the higher of the fair value less costs of disposal and value in use. The recoverable amounts are estimated taking into consideration the future cash flows of the respective business units based on the latest financial budgets for the next five years and a number of other assumptions, such as annual revenue growth rates, gross profit margins, long term annual growth rate and discount rates. No impairment on goodwill was made after management's assessment. We focused our audit effort in this area because of the significance of the goodwill amount, the high degree of uncertainties associated with estimation of the future operating performance of the CGUs and the complexity and subjectivity of management estimates involved in determining the valuations, including the appropriateness of the significant assumptions adopted.	We have performed the following procedures to address this key audit matter: • Obtained an understanding of the management's internal control and assessment process of impairment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as the management estimates involved in determining the valuations, including the appropriateness of the significant assumptions adopted. • Assessed the competency, objectivity and independence of the external valuer engaged by management. • Engaged our internal valuation experts to assess the appropriateness of the method adopted by management to perform goodwill impairment assessment and the discount rates used by management. • Assessed the reasonableness of the key assumptions used in the recoverable amounts calculation with the involvement of our internal valuation experts. • Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the recoverable amount; and • Checked the mathematical accuracy of the calculations of the goodwill impairment assessment. We found that management's judgements in connection with the impairment assessment of goodwill arising from the acquisition was supported by the evidence we gathered.

pwc

羅兵咸永道

To the Shareholders of Green Future Food Hydrocolloid Marine Science Company Limited
(incorporated in the Cayman Islands with limited liability)

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Assessment of inventory impairment	
Refer to notes 4(c) and 19 to the consolidated financial statements As at 31 December 2024, the Group recorded net inventories of RMB 747,713,000, the inventory provision amount is RMB 33,563,000 which were carried at the lower of cost and net realisable value in the consolidated financial statements. The estimation of inventory provision involves significant management judgments based on consideration of key factors such as future sales projection, current year sales, and selling price per latest sales transaction. We focused our audit effort in this area because of the significance of the inventory amount, the high degree of uncertainties associates with estimation of future projection, etc.	We have performed the following procedures to address this key audit matter: • Obtained an understanding of the management's internal control and assessment process of the estimation of inventory provisions and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. • Tested the method, assumptions and data used to estimate inventory provision by performing procedures such as (1) inquiring management and other relevant employees, (2) comparing against historical sales pattern and prior year experience including key ratios, (3) comparing the selling price used in the determination of net realisable value to actual selling price subsequent to year end on a sample basis, and (4) testing the accuracy of provision calculation; and • On a sample basis, observed physical condition of inventories during stocktake to identify slow moving, damaged, or obsolete inventories, and inquired management if appropriate inventory provision had been provided for those inventories. Based on the results of the procedures above, we found that management's judgements in estimating the inventory provision at 31 December 2024 was supported by the evidence we gathered.

羅兵咸永道

To the Shareholders of Green Future Food Hydrocolloid Marine Science Company 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 other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including financial highlights, management discussion and analysis, and environmental, social and governance report prior to the date of this auditor's report. The remaining other information, including chairman's statement, corporate governance report and the other sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate action considering our legal rights and obligations.

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

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

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

羅兵咸永道

To the Shareholders of Green Future Food Hydrocolloid Marine Science Company Limited
(incorporated in the Cayman Islands with limited liability)

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

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

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

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

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

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

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

羅兵咸永道

To the Shareholders of Green Future Food Hydrocolloid Marine Science Company Limited
(incorporated in the Cayman Islands with limited liability)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kwan Siu Man.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	5	989,257	1,173,991
Cost of sales	8	(766,799)	(1,136,350)
Gross profit		222,458	37,641
Other income	6	11,557	4,476
Other gains/(loss) – net	7	2,420	(2,565)
Net impairment (losses)/gains on financial assets	20	(989)	3,168
Selling and distribution expenses	8	(20,626)	(17,770)
Administrative expenses	8	(104,581)	(97,349)
Operating profit/(loss)		110,239	(72,399)
Finance income	10	686	397
Finance costs	10	(30,052)	(40,889)
Finance costs – net	10	(29,366)	(40,492)
Profit/(loss) before income tax		80,873	(112,891)
Income tax expense	11	(19,996)	27,447
Profit/(loss) for the year		60,877	(85,444)
Profit/(loss) for the year attributable to:			
Owners of the Company		62,171	(85,327)
Non-controlling interests		(1,294)	(117)
		60,877	(85,444)
Earnings per share for profit/(loss) attributable to owners of the Company			
Basic earnings/(loss) per share (RMB)	12	0.074	(0.103)
Diluted earnings/(loss) per share (RMB)	12	0.074	(0.103)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit/(loss) for the year	**60,877**	(85,444)
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss:		
– Currency translation differences	**(7,044)**	(969)
Items that will not be subsequently reclassified to profit or loss		
– Currency translation differences	**3,542**	—
Total comprehensive income/(loss) for the year	**57,375**	(86,413)
Total comprehensive income/(loss) for the year is attributable to:		
Owners of the Company	**58,672**	(86,516)
Non-controlling interests	**(1,297)**	103
	57,375	(86,413)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2024

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

		As at 31 December	
	Note	2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Land use rights	14	**52,593**	53,913
Property, plant and equipment	15	**372,947**	374,851
Intangible assets	16	**67,143**	66,890
Prepayments for non-current assets	17	**4,231**	3,449
Deferred income tax assets	29	**36,669**	47,816
		533,583	546,919
Current assets			
Inventories	19	**747,713**	784,998
Trade and other receivables	20	**149,536**	127,337
Restricted cash	21	**20,702**	11,749
Cash and bank balances	21	**120,734**	72,600
		1,038,685	996,684
Total assets		**1,572,268**	1,543,603
Equity			
Equity attributable to owners of the Company			
Share capital	22	**7,892**	7,485
Other reserves	24	**285,052**	251,462
Shares held for the share award scheme	25	**(8,797)**	(10,274)
Retained earnings		**555,723**	496,570
		839,870	745,243
Non-controlling interests		**10,272**	8,869
Total equity		**850,142**	754,112

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2024

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	27	**100,995**	67,154
Lease liabilities	27	**2,196**	1,706
Deferred income	28	**19,318**	19,332
Deferred income tax liabilities	29	**3,857**	4,214
		126,366	92,406
Current liabilities			
Trade and other payables	26	**129,242**	161,185
Bank borrowings	27	**460,597**	531,965
Lease liabilities	27	**1,338**	1,144
Current income tax liabilities		**4,583**	2,791
		595,760	697,085
Total liabilities		**722,126**	789,491
Total equity and liabilities		**1,572,268**	1,543,603

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 130 to 133 were approved by the board of directors of the Company on 31 March 2025 and were signed on its behalf by:

CHAN Kam Chung
Director

CHAN Shui Yip
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	Equity attributable to owners of the Company						
		Share capital RMB'000	Other reserves RMB'000	Shares held for the Share Award Scheme RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		**7,485**	**251,462**	**(10,274)**	**496,570**	**745,243**	**8,869**	**754,112**
Comprehensive income/(loss)								
Profit/(loss) for the year		**—**	**—**	**—**	**62,171**	**62,171**	**(1,294)**	**60,877**
Other comprehensive income/(loss)								
– Currency translation differences		**—**	**(3,499)**	**—**	**—**	**(3,499)**	**(3)**	**(3,502)**
Total comprehensive income/(loss)		**—**	**(3,499)**	**—**	**62,171**	**58,672**	**(1,297)**	**57,375**
Transactions with owners								
Equity-settled share-based payment	23	**—**	**4,759**	**—**	**—**	**4,759**	**—**	**4,759**
Shares issued due to options exercised	22	**41**	**—**	**—**	**—**	**41**	**—**	**41**
Investment from non-controlling interest of subsidiaries		**—**	**—**	**—**	**—**	**—**	**2,700**	**2,700**
Shares issued to the subscriber	22	**366**	**29,312**	**—**	**—**	**29,678**	**—**	**29,678**
Shares exercised from Share Award Scheme	25	**—**	**—**	**1,477**	**—**	**1,477**	**—**	**1,477**
Profit appropriation to statutory reserves		**—**	**3,018**	**—**	**(3,018)**	**—**	**—**	**—**
Total transactions with owners		**407**	**37,089**	**1,477**	**(3,018)**	**35,955**	**2,700**	**38,655**
Balance at 31 December 2024		**7,892**	**285,052**	**(8,797)**	**555,723**	**839,870**	**10,272**	**850,142**
Balance at 1 January 2023		7,444	261,617	(10,594)	586,177	844,644	7,566	852,210
Comprehensive income/(loss)								
Loss for the year		—	—	—	(85,327)	(85,327)	(117)	(85,444)
Other comprehensive income/(loss)								
– Currency translation differences		—	(1,189)	—	—	(1,189)	220	(969)
Total comprehensive income/(loss)		—	(1,189)	—	(85,327)	(86,516)	103	(86,413)
Transactions with owners								
2022 final dividend paid	13	—	(22,433)	—	—	(22,433)	—	(22,433)
Equity-settled share-based payment	23	—	7,740	—	—	7,740	—	7,740
Shares issued due to options exercised	22	41	—	—	—	41	—	41
Investment from non-controlling interest of subsidiaries		—	—	—	—	—	1,200	1,200
Capital contribution		—	1,447	—	—	1,447	—	1,447
Shares exercised from Share Award Scheme		—	—	762	—	762	—	762
On-market purchase		—	—	(442)	—	(442)	—	(442)
Profit appropriation to statutory reserves		—	4,280	—	(4,280)	—	—	—
Total transactions with owners		41	(8,966)	320	(4,280)	(12,885)	1,200	(11,685)
Balance at 31 December 2023		7,485	251,462	(10,274)	496,570	745,243	8,869	754,112

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

	Note	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	30	**136,177**	124,751
Income tax paid		**(7,463)**	(28,230)
Net cash generated from operating activities		**128,714**	96,521
Cash flows from investing activities			
Proceeds from capital contribution by non-controlling interests		**—**	1,200
Government grants received relating to purchase of property, plant and equipment		**3,036**	2,700
Purchases of property, plant and equipment		**(46,220)**	(11,767)
Purchases of intangible assets		**(1,771)**	—
Interest received		**686**	397
Proceeds from disposal of property, plant and equipment		**488**	508
Net cash used in investing activities		**(43,781)**	(6,962)
Cash flows from financing activities			
Proceeds from borrowings		**763,299**	982,786
Repayments of borrowings		**(818,117)**	(966,425)
Dividend paid	13	**—**	(22,433)
Interest paid		**(30,491)**	(36,608)
Settlements of lease liabilities		**(1,634)**	(1,444)
Market purchase		**—**	(442)
Loans from other third parties	27	**17,000**	—
Proceeds from shares issued to the subscriber	22	**29,678**	—
Proceeds from capital contribution by non-controlling interests		**2,700**	—
Restricted cash pledged for notes payable and letter of credit		**—**	(12,511)
Collection of restricted cash		**—**	1,831
Proceeds from exercise of share options		**41**	41
Net cash used from financing activities		**(37,524)**	(55,205)
Net increase in cash and cash equivalents		**47,409**	34,354
Cash and cash equivalents at beginning of year		**72,600**	37,675
Effect of foreign exchange rates changes		**725**	571
Cash and cash equivalents at end of year	21	**120,734**	72,600

The above consolidated statement cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

1 GENERAL INFORMATION OF THE GROUP

Green Future Food Hydrocolloid Marine Science Company Limited (the "Company") was incorporated on 3 July 2015 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are in the business of manufacturing and sale of food manufacturing hydrocolloid products including carrageenan products, agar-agar products, blended products and konjac products in the People's Republic of China (the "PRC") and overseas.

The ultimate controlling parties of the Group are Mr. Chan Kam Chung, Mr. Chan Shui Yip, Mr. Guo Songsen, Mr. Guo Dongxu, Mr. Guo Yuansuo and Mr. Guo Donghuang who act in concert under a contractual agreement (the "Controlling Shareholders").

The Company's shares have been listed on the main board of The Stock Exchange of Hong Kong Limited since 17 October 2019.

These consolidated financial statements are presented in Renminbi (the "RMB") and all values are rounded to the nearest thousand (RMB'000) except otherwise indicated.

These consolidated financial statements have been approved for issue by the board of directors of the Company on 31 March 2025.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements which are in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 are set out below. The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

2.2 Changes in accounting policies

(i) A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Standards	Effective for accounting periods beginning on or after
HKAS 1 (Amendments) - Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments) - Non-current liabilities with covenants	1 January 2024
HKFRS 16 (Amendments) - Lease liability in sale and leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments) - Supplier finance arrangements	1 January 2024

(ii) Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2024 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards	Effective for accounting periods beginning on or after
HKAS 21 (Amendments) - Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments) - Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements project - Annual improvements to HKFRS Accounting Standards – volumes 11	1 January 2026
HKFRS 18 (Amendments) - Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 (Amendments) - Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28 (Amendments) - Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the full impact of the new standard, new interpretations and amendments to standards and interpretations.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in mainland China and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars (the "USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group does not hedge against any fluctuation in foreign currency.

At 31 December 2024, if USD had strengthened/weakened by 10% against the RMB with all other variables held constant, post-tax profit for the year would have been RMB 3,956,000 higher/lower (2023: RMB 3,182,000 higher/lower) mainly as a result of foreign exchange gains/losses on translation of USD denominated trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group does not hedge its cash flow and fair value interest rate risk.

During the year ended 31 December 2024, if interest rate on borrowings had been higher by 100 basis points of current interest rate, with other variables held constant, post-tax profit for the year would have been approximately RMB 1,355,000 lower (2023: RMB 1,240,000 lower).

(b) Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, trade and other receivables and financial assets at fair value through profit or loss. The carrying amounts or the undiscounted nominal amounts, where applicable, of each class of these financial assets represent the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage the risk with respect to cash and cash equivalents, bank deposits and financial assets at fair value through profit or loss are placed with highly reputable financial institutions.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

For trade receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing days. See note 20 for further information about the Group's credit risk analysis for trade receivables.

For other receivables, as they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term, the Group considered them to have low credit risk, and thus the impairment provision recognised is limited to 12 months expected losses.

The assessment of credit risks of trade and other receivables is set out in Note 20.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Group.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024					
Borrowings	460,597	28,262	71,733	1,000	561,592
Interest payable on borrowings	14,065	3,589	6,178	30	23,862
Lease liabilities	1,424	1,424	921	—	3,769
Trade and other payables (excluding non-financial liabilities)	109,988	—	—	—	109,988
	586,074	33,275	78,832	1,030	699,211

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk* (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2023					
Borrowings	531,965	38,287	27,496	1,371	599,119
Interest payable on borrowings	26,412	2,503	1,041	127	30,083
Lease liabilities	1,396	794	974	—	3,164
Trade and other payables (excluding non-financial liabilities)	137,864	—	—	—	137,864
	697,637	41,584	29,511	1,498	770,230

3.2 Capital management

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total of bank borrowings and lease liabilities less cash and cash equivalents, restricted cash and financial assets at fair value through profit or loss. Total capital is calculated as total of net debt and 'equity' as shown in the consolidated balance sheet.

The gearing ratio as at 31 December 2024 was as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Total of borrowings and lease liabilities (note 27)	**565,126**	601,969
Less: Cash and cash equivalents (note 21)	**(120,734)**	(72,600)
Restricted cash (note 21)	**(20,702)**	(11,749)
Net debt	**423,690**	517,620
Equity	**850,142**	754,112
Total capital	**1,273,832**	1,271,732
Gearing ratio (Net debt/Total capital)	**33%**	41%

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The Group adopts the amendment to HKFRS 13 for financial instruments that are measured in the consolidated balance sheet at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group does not have financial instruments except for the financial assets at fair value through profit or loss which was classified within level 2.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(a) Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitors action in response to sever industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual values. Periodic reviews could result in a change in depreciable lives and residual values and therefore changes in depreciation expenses in the future periods.

(b) Impairment of trade and other receivables

The impairment provisions for financial assets disclosed in note 20 are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(c) Impairment provision for inventories

The estimation of impairment provision for inventories involves significant management judgment based on the consideration of key factors such as future sales projection, current year sales, and selling price per latest sales transaction. Management reassesses these estimations of impairment provision for inventories at each balance sheet date.

(d) Estimated impairment of goodwill with indefinite useful life

The Group tests annually whether goodwill with indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in note 36.7. The recoverable amounts of cash-generating units have been determined based on the higher of fair value less the cost of disposal and the present value of the future cash flows expected to be derived from them. These calculations require the use of estimates. For details of the key assumptions and input used, see note 16 below.

(e) Income taxes

The Group is subject to income taxes in a few jurisdictions. Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed. Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

5 REVENUE AND SEGMENT INFORMATION

The Company's executive directors, the chief executive officer, the chief financial officer and the manager for corporate planning are regarded as the Group's chief operating decision maker. The chief operating decision maker examines the Group's performance from a product perspective and has identified five operating segments of its business as follows:

(i) Manufacturing and sales of agar-agar;

(ii) Manufacturing and sales of carrageenan;

(iii) Manufacturing and sales of konjac products;

(iv) Manufacturing and sales of blended products; and

(v) Others, such as trading of milk powder and other operations.

The amounts provided to the chief operating decision maker with respect to total assets, total liabilities and capital expenditure are measured in a manner consistent with that of consolidated financial statements. The chief operating decision maker reviews the total assets, total liabilities and capital expenditure at Group level mainly because the manufacturing of the four categories of products of the Group is managed by the same management team and there are certain degree of sharing of production facilities and warehouses, therefore no segment information of total assets, total liabilities and capital expenditure information was presented.

(a) Revenue and segment information

The segment information of the Group during the year is set out as follows:

	Year ended 31 December 2024					
	Sales of agar-agar RMB'000	Sales of carrageenan RMB'000	Sales of konjac products RMB'000	Sales of blended products RMB'000	Others RMB'000	Total RMB'000
Revenue recognised at a point-in time:						
Sales to customers	294,852	487,323	57,522	138,420	11,140	989,257
Cost of sales	(206,676)	(404,378)	(50,004)	(98,981)	(6,760)	(766,799)
Segment results	88,176	82,945	7,518	39,439	4,380	222,458

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue and segment information (Continued)

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	**222,458**
Other income	**11,557**
Other gains – net	**2,420**
Net impairment losses on financial assets	**(989)**
Selling and distribution expenses	**(20,626)**
Administrative expenses	**(104,581)**
Finance income	**686**
Finance costs	**(30,052)**
Profit before income tax	**80,873**
Income tax expense	**(19,996)**
Profit for the year	**60,877**

	Year ended 31 December 2023					
	Sales of agar-agar RMB'000	Sales of carrageenan RMB'000	Sales of konjac products RMB'000	Sales of blended products RMB'000	Others RMB'000	Total RMB'000
Revenue recognised at a point-in time:						
Sales to customers	298,688	708,251	42,500	124,345	207	1,173,991
Cost of sales	(205,594)	(805,078)	(37,832)	(87,621)	(225)	(1,136,350)
Segment results	93,094	(96,827)	4,668	36,724	(18)	37,641

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	37,641
Other income	4,476
Other losses – net	(2,565)
Net impairment gains on financial assets	3,168
Selling and distribution expenses	(17,770)
Administrative expenses	(97,349)
Finance income	397
Finance costs	(40,889)
Loss before income tax	(112,891)
Income tax credit	27,447
Loss for the year	(85,444)

5 REVENUE AND SEGMENT INFORMATION (Continued)

(a) Revenue and segment information (Continued)

Revenue from external customers by country/region, based on the destination of shipment, is as follows:

	2024 RMB'000	2023 RMB'000
China	**475,237**	595,174
Europe	**286,198**	291,632
Asia (excluding China)	**161,716**	209,794
South America	**42,058**	50,639
North America	**20,647**	23,645
Africa	**3,212**	2,972
Oceania	**189**	135
Total	**989,257**	1,173,991

Non-current assets, other than deferred income tax assets, by country/region are as follows:

	2024 RMB'000	2023 RMB'000
China	**424,691**	423,478
Hong Kong	**1,548**	399
Indonesia	**70,675**	75,226
Total	**496,914**	499,103

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers at the balance sheet date:

	2024 RMB'000	2023 RMB'000
Contract liabilities (note 26)	**7,500**	11,003

Revenue recognised during the year in relation to contract liabilities was as below:

	2024 RMB'000	2023 RMB'000
Revenue recognised during the year that was included in the contract liabilities at the beginning of the year	**11,003**	22,793

For unsatisfied performance obligations, the Group selected to choose a practical expedient and omitted disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

(c) Accounting policies on Revenue recognition

Timing of recognition: The Group manufactures and sells carrageenan, agar-agar, konjac products, blended products and other products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has full discretion over channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A contract liability is recorded as advances from customers for the cash received from the customers before the delivery of goods.

Measurement of revenue: Revenue from sales is based on the price specified in the sales contracts and is shown net of value-added tax and after eliminating sales within the Group. No element of financing is deemed present as the sales are made with a credit term up to 180 days. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

6 OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants		
– Received and recognised during the year	**7,175**	1,157
– Recognised from deferred income (note 28)	**3,050**	3,243
Others	**1,332**	76
	11,557	4,476

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and there is no unfulfilled conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

7 OTHER GAINS/(LOSSES) – NET

	2024 RMB'000	2023 RMB'000
Net foreign exchange gains/(losses) from operating activities	**2,702**	(2,338)
Donation expenditure	**(205)**	(15)
Net losses on disposal of property, plant and equipment and patents	**(99)**	(182)
Others	**22**	(30)
	2,420	(2,565)

8 EXPENSES BY NATURE

The expenses charged to cost of sales, selling and distribution expenses and administrative expenses are analysed below:

	2024 RMB'000	2023 RMB'000
Raw materials and consumables used	**598,374**	884,780
Changes in inventories of finished goods and work in progress	**21,991**	(17,166)
Provision for write-down of inventories to net realisable value	**23,007**	142,424
Employee benefit expenses (note 9)	**117,576**	117,866
Amortisation of land use rights (note 14)	**1,244**	1,292
Depreciation of property, plant and equipment (note 15)	**44,286**	43,038
Amortisation of intangible assets (notes 16)	**2,482**	2,435
Utility expenses	**29,280**	31,336
Other taxes and levies	**9,223**	7,282
Transportation costs	**6,337**	7,975
Auditors' remuneration		
– annual audit services of the Company's auditor	**2,050**	2,250
– non-audit services of the Company's auditor (i)	**220**	220
– statutory audit services of subsidiaries' auditor	**251**	254
Advertising and exhibition expense	**3,094**	2,598
Others	**32,591**	24,885
Total	**892,006**	1,251,469

Research and development expenses incurred during the year are as follows:

	2024 RMB'000	2023 RMB'000
Employee benefit expenses	**10,759**	6,701
Raw materials and consumables used	**9,792**	6,496
Depreciation charges	**1,168**	1,083
Others	**1,089**	1,309
	22,808	15,589

(i) Non-audit service fees totalling RMB 220,000 was incurred for assistance provided by the Company's auditor in connection with the Company's annual results announcement and the Company's environmental, social and governance report carried out by separate non-audit team of the Company's auditor (2023: RMB 220,000).

9 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2024 RMB'000	2023 RMB'000
Salaries, wages and bonuses	**100,908**	98,726
Pension, housing fund, medical insurance and other social insurance	**11,627**	11,193
Equity-settled share-based payment expenses (note 23)	**4,759**	7,740
Others	**282**	207
Total employee benefit expenses	**117,576**	117,866

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 include two directors (2023: nil), whose emoluments are disclosed in the note 33. Details of the remunerations of the remaining three (2023: five) individuals during the year were as follows:

	2024 RMB'000	2023 RMB'000
Salaries and bonus	**3,711**	4,118
Pension cost – define contribution plans	**33**	32
Housing fund, medical insurance and other benefits	**40**	32
Equity settled share-based payment expenses	**2,618**	7,563
	6,402	11,745

The emoluments of the non-director highest paid employees fell within the following bands:

	2024	2023
HK$ 1,000,000 - HK$ 2,000,000	**—**	2
HK$ 2,000,001 - HK$ 3,000,000	**1**	1
HK$ 3,000,001 - HK$ 4,000,000	**2**	1
HK$ 4,000,001 - HK$ 5,000,000	**—**	1
	3	5

9 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment obligations

The Group operates post-employment schemes via defined contribution pension plans.

For defined contribution plans, the Group pays contributions to publicly administered pension insurance plans on a mandatory or voluntary basis in the PRC and Hong Kong. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(iii) Share-based compensation

The Group operates equity-settled share-based payment plans (note 23). The fair value of the employee services received in exchange for the transfer of shares from the Company is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares transferred, excluding the impact of any non-market vesting conditions (e.g. profitability and sales growth targets).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

A grant of equity instruments, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

10 FINANCE COSTS - NET

	2024 RMB'000	2023 RMB'000
Finance income		
Interest income on bank deposits	**686**	397
Finance costs		
Interest and finance charges on bank borrowings	**(30,491)**	(36,601)
Finance charges on lease liabilities	**(366)**	(963)
Net foreign exchange losses on financing activities	**(174)**	(3,514)
	(31,031)	(41,078)
Amounts capitalised in qualifying assets (note 15)	**979**	189
	(30,052)	(40,889)
Finance costs - net	**(29,366)**	(40,492)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate applicable to the Group's borrowings for construction in process during the year ended 31 December 2024 of 4.61% (2023: 4.92%).

11 INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expense and shows how the income tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2024 RMB'000	2023 RMB'000
Current income tax	**9,256**	8,761
Deferred income tax (note 29)	**10,740**	(36,208)
Income tax expense	**19,996**	(27,447)

11 INCOME TAX EXPENSE (Continued)

The Group's income tax comprises:

(i) Cayman Islands, British Virgin Islands ("BVI"), Indonesia and Hong Kong profits tax

The Company is an exempted company incorporated in the Cayman Islands and is not liable for taxation in the Cayman Islands on its Cayman Islands or non-Cayman Islands income.

The Group's subsidiaries incorporated in BVI are exempted companies and are not liable for taxation in BVI on their BVI or non-BVI income.

The Group's subsidiaries in Indonesia are subject to Indonesian profits tax at the rate of 22% (2023: 22%) on the estimated assessable profits for the year.

The Group's subsidiaries in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year with the certain concession. Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department from the year of assessment 2021/2022 onwards, the first HK$ 2 million of assessable profits of one of the Group's companies incorporated in Hong Kong under Hong Kong profits tax during the year ended 31 December 2024 is subject to a tax rate of 8.25% (2023: 8.25%). The Group's remaining assessable profits above HK$ 2 million will continue to be subject to a tax rate of 16.5% (2023: 16.5%).

(ii) PRC corporate income tax ("CIT")

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group's subsidiaries operate. The Company's subsidiaries incorporated in the PRC are subject to CIT at the rate of 25% (2023: 25%), except for Fujian Province Lvqi Food Colloid Company Ltd. ("Lvqi (Fujian)") and Longhai City Donghaiwan Seaweed Breeding Comprehensive Development Company Limited ("Donghaiwan") which are subject to CIT at the preferential rate of 15% and 15% for 2024 and 2023, respectively.

Lvqi (Fujian) obtained the qualification of certified high and new technology enterprises and has been entitled to preferential income tax rate of 15% since 2015, subject to renewal of the qualification for every three years interval. The latest approval of the qualification is for the period from December 2021 to December 2024.

Donghaiwan is qualified as an agricultural products enterprise and is subject to a CIT reduction of 50% as granted by the local tax bureau, and the CIT rate is 12.5% during 2024 and 2023.

11 INCOME TAX EXPENSE (Continued)

(iii) PRC withholding income tax

According to the CIT Law, a 10% withholding tax on dividends received/receivable will be levied on the PRC companies' immediate holding companies established out of the PRC. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. During 2024 and 2023, the holding companies of the Group's subsidiaries in the PRC are Hong Kong incorporated companies and are subject to a withholding income tax rate of 5%.

The Group's subsidiaries in the PRC have undistributed earnings totalled RMB 563,217,000 (2023: RMB 501,202,000) as at 31 December 2024, which, if paid out as dividends, would be subject to income tax borne by their overseas holding companies. An assessable temporary difference exists, but no deferred income tax liability has been recognised as the parent entities are able to control the timing of distributions from their subsidiaries and the subsidiaries are expected to retain these profits for future development purpose and not to distribute the profits in the foreseeable future.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the consolidated entities as follows:

	2024 RMB'000	2023 RMB'000
Profit/(Loss) before income tax	**80,873**	(112,891)
Tax calculated at the applicable statutory tax rates in the respective regions	**19,056**	(27,775)
Adjustment for tax effect of:		
– Expenses not deductible for tax purpose	**1,160**	186
– Additional deduction of research and development expenses	**(1,531)**	(1,387)
– Under provision of previous year	**500**	1,284
– Impact of preferential income tax	**(2,879)**	(2,668)
– Tax losses for which no deferred income tax asset was recognised	**3,690**	2,913
Tax charge	**19,996**	(27,447)

The weighted average applicable statutory tax rate for the year ended 31 December 2024 was 24% (2023: 25%). The effective tax rate for the year ended 31 December 2024 was 25% (2023: 24%).

11 INCOME TAX EXPENSE (Continued)

(iii) PRC withholding income tax (Continued)

The cumulative deductible tax losses that are not recognised for deferred income tax assets will expire as follows:

	2024 RMB'000	2023 RMB'000
2024	—	627
2025	**550**	550
2026	**3,758**	3,758
2027	**2,569**	2,569
2028	**4,610**	4,610
2029	**8,855**	—
	20,342	12,114

12 EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 835,526,466 (2023: 827,718,222) in issue during the year, excluding ordinary shares held for the share award scheme.

The calculation of the diluted earnings per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company, adjusted to reflect the share options issued. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, excluding ordinary shares held for the share award scheme, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Earnings/(Loss)

	2024 RMB'000	2023 RMB'000
Profit/(Loss) attributable to the ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculations	**62,171**	(85,327)

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

12 (LOSS)/EARNINGS PER SHARE (Continued)

Shares

	Number of shares	
	2024	2023
Weighted average number of ordinary shares used in issue during the year used in the basic earnings/(loss) per share calculations	**835,526,466**	827,718,222
Adjustments for calculation of diluted earnings per share:		
Effect of dilution – weighted average number of ordinary shares: share options	**2,043,645**	—
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**837,570,111**	827,718,222

Basic and diluted earnings/(loss) per share

	2024	2023
	RMB	RMB
Basic		
– For profit/(loss) for the year	**0.074**	(0.103)
Diluted		
– For profit/(loss) for the year	**0.074**	(0.103)

Diluted loss per share for loss attributable to owners of the Company for the years ended 31 December 2023 was the same as basic loss per share because the impact of the exercise of share options is anti-dilutive.

13 DIVIDENDS

	2024 RMB'000	2023 RMB'000
Paid final dividend of HK$ Nil cents (2023: HK$ 3 cents) per ordinary share	**—**	22,433

Dividends relating to the year ended 31 December 2022, amounting to approximately RMB22,433,000, were paid in July 2023.

The above dividends were distributed out of the share premium account of the Company.

	2024 RMB'000	2023 RMB'000
Proposed final dividend of HK 1.2 cents (2023: nil cents) per ordinary share	**9,713**	—

A final dividend in respect of the year ended 31 December 2024 of HK 1.2 cent (2023: nil) per share, amounting to a total of HK$10,489,440 (approximately RMB 9,713,000, 2023: nil), was proposed by the board of directors of the Company on 31 March 2025 and is subject to approval by the Company's shareholders in the forthcoming annual general meeting of the Company. The proposed dividend will be distributed out of the share premium account of the Company. These financial statements do not reflect this as dividend payable.

14 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid lease payments for the land of the Group in the PRC and Indonesia and their movements in net book values are analysed as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**53,913**	54,873
Amortisation	**(1,244)**	(1,292)
Currency translation differences	**(76)**	332
At 31 December	**52,593**	53,913

The Group's land use rights in the PRC are situated in Quanzhou and Zhangzhou in Fujian Province and Shiyan in Hubei Province, and are held under lease terms of 30 to 50 years.

14 LAND USE RIGHTS (Continued)

All land in the PRC is state-owned or collectively-owned and no individual land ownership right exists. The Group acquired the rights to use certain land. The premiums paid for such right are treated as right-of-use assets (note 36.18) and recorded as land use rights, which are amortised over the lease periods of 30 to 50 years using the straight-line method. The land use rights are stated at historical cost less accumulated amortisation and impairment.

The Group's land lots in Indonesia are situated in Klatakan Regency of Situbondo Province of East Java, and will expire up to year 2042.

As at 31 December 2024, land use rights of the Group with a total net book value of RMB 28,895,000 (2023: RMB 29,718,000) were pledged to secure borrowings of the Group as disclosed in notes 27.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Right-of-use assets RMB'000	Production machineries RMB'000	Factory devices and equipment RMB'000	Vehicles, office furniture and fixtures RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2024								
Cost	338,781	9,222	247,946	25,966	11,633	13,362	1,174	648,084
Accumulated depreciation	(102,186)	(6,717)	(132,803)	(19,685)	(8,450)	—	(411)	(270,252)
Accumulated impairment loss	(1,094)	—	(1,887)	—	—	—	—	(2,981)
Net book amount	235,501	2,505	113,256	6,281	3,183	13,362	763	374,851
Year ended 31 December 2024								
Opening net book amount	235,501	2,505	113,256	6,281	3,183	13,362	763	374,851
Currency translation differences	(168)	25	(104)	(3)	(13)	(116)	(26)	(405)
Additions	248	2,956	3,249	1,111	420	32,143	3,247	43,374
Transfers upon completion	5,157	—	1,596	724	—	(7,477)	—	—
Disposals	—	(374)	(188)	(15)	(10)	—	—	(587)
Depreciation charge (Note 8)	(17,382)	(1,737)	(22,674)	(1,427)	(870)	—	(196)	(44,286)
Closing net book amount	223,356	3,375	95,135	6,671	2,710	37,912	3,788	372,947
At 31 December 2024								
Cost	344,051	7,540	251,992	27,658	11,810	37,912	4,295	685,258
Accumulated depreciation	(119,601)	(4,165)	(154,970)	(20,987)	(9,100)	—	(507)	(309,330)
Accumulated impairment loss	(1,094)	—	(1,887)	—	—	—	—	(2,981)
Net book amount	223,356	3,375	95,135	6,671	2,710	37,912	3,788	372,947

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Right-of-use assets RMB'000	Production machineries RMB'000	Factory devices and equipment RMB'000	Vehicles, office furniture and fixtures RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2023								
Cost	331,454	9,156	242,749	26,765	11,746	12,373	1,104	635,347
Accumulated depreciation	(85,935)	(5,017)	(111,568)	(20,224)	(7,901)	—	(293)	(230,938)
Accumulated impairment loss	(1,094)	—	(1,887)	—	—	—	—	(2,981)
Net book amount	244,425	4,139	129,294	6,541	3,845	12,373	811	401,428
Year ended 31 December 2023								
Opening net book amount	244,425	4,139	129,294	6,541	3,845	12,373	811	401,428
Currency translation differences	562	(17)	497	(29)	30	229	(73)	1,199
Additions	—	34	4,612	1,574	258	9,237	237	15,952
Transfers upon completion	6,786	—	1,538	153	—	(8,477)	—	—
Disposals	—	—	(544)	(125)	(21)	—	—	(690)
Depreciation charge (Note 8)	(16,272)	(1,651)	(22,141)	(1,833)	(929)	—	(212)	(43,038)
Closing net book amount	235,501	2,505	113,256	6,281	3,183	13,362	763	374,851
At 31 December 2023								
Cost	338,781	9,222	247,946	25,966	11,633	13,362	1,174	648,084
Accumulated depreciation	(102,186)	(6,717)	(132,803)	(19,685)	(8,450)	—	(411)	(270,252)
Accumulated impairment loss	(1,094)	—	(1,887)	—	—	—	—	(2,981)
Net book amount	235,501	2,505	113,256	6,281	3,183	13,362	763	374,851

(i) As at 31 December 2024, property, plant and equipment of the Group (note 27(b)), with a total net book value of RMB 58,307,000 (2023: RMB 62,666,000), were pledged as security for borrowings of the Group as disclosed in notes 27.

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

(ii) During the year, the amount of depreciation expense charged to cost of sales, selling and distribution expenses and administrative expenses was as follows:

	2024 RMB'000	2023 RMB'000
Depreciation of property, plant and equipment (including right-of-use assets)		
– Cost of sales	**37,231**	35,499
– Selling and distribution expenses	**9**	8
– Administrative expenses	**7,046**	7,531
	44,286	43,038

(iii) During the year ended 31 December 2024, the Group capitalised interest on borrowings amounting to approximately RMB 979,000 (2023: RMB 189,000) on qualifying assets (note 10). Borrowing costs were capitalised at the weighted average rate of 4.61% (2023: 4.92%) per annum for the year ended 31 December 2024.

(iv) Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgments and estimates.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

(v) Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

Buildings	20 years
Production machineries	10 years
Factory devices and equipment	3-5 years
Vehicles, office furniture and fixtures	5 years
Leasehold improvements	Shorter of estimated useful lives and remaining lease terms

The right-of-use assets (note 36.18), other than land use rights are presented under property, plant and equipment. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 36.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction-in-progress represents properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the assets are completed and are ready for operational use.

16 INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks and licences RMB'000	Patents RMB'000	Relationship with customers RMB'000	Discharge rights RMB'000	Technology RMB'000	Total RMB'000
At 1 January 2024							
Cost	**47,138**	**2,445**	**10,288**	**12,841**	**14,981**	**15,743**	**103,436**
Accumulated amortisation	**–**	**(1,548)**	**(8,424)**	**(8,916)**	**(14,981)**	**(2,677)**	**(36,546)**
Net book amount	**47,138**	**897**	**1,864**	**3,925**	**–**	**13,066**	**66,890**
Year ended 31 December 2024							
Opening net book amount	**47,138**	**897**	**1,864**	**3,925**	**–**	**13,066**	**66,890**
Currency translation differences	**517**	**–**	**–**	**–**	**–**	**145**	**662**
Additions	**–**	**16**	**2,057**	**–**	**–**	**–**	**2,073**
Amortisation charge (note 8)	**–**	**(172)**	**(251)**	**(1,002)**	**–**	**(1,057)**	**(2,482)**
Closing net book amount	**47,655**	**741**	**3,670**	**2,923**	**–**	**12,154**	**67,143**
At 31 December 2024							
Cost	**47,655**	**2,461**	**12,345**	**12,841**	**14,981**	**16,087**	**106,370**
Accumulated amortisation	**–**	**(1,720)**	**(8,675)**	**(9,918)**	**(14,981)**	**(3,933)**	**(39,227)**
Net book amount	**47,655**	**741**	**3,670**	**2,923**	**–**	**12,154**	**67,143**
At 1 January2023							
Cost	46,801	2,443	10,288	12,841	14,981	15,519	102,873
Accumulated amortisation	–	(1,305)	(8,631)	(8,360)	(14,981)	(1,724)	(35,001)
Net book amount	46,801	1,138	1,657	4,481	–	13,795	67,872
Year ended 31 December 2023							
Opening net book amount	46,801	1,138	1,657	4,481	–	13,795	67,872
Currency translation differences	337	2	355	446	–	313	1,453
Additions							
Amortisation charge (note 8)	–	(243)	(148)	(1,002)	–	(1,042)	(2,435)
Closing net book amount	47,138	897	1,864	3,925	–	13,066	66,890
At 31 December 2023							
Cost	47,138	2,445	10,288	12,841	14,981	15,743	103,436
Accumulated amortisation	–	(1,548)	(8,424)	(8,916)	(14,981)	(2,677)	(36,546)
Net book amount	47,138	897	1,864	3,925	–	13,066	66,890

16 INTANGIBLE ASSETS (Continued)

(i) During the year ended 31 December 2024, the amounts of amortisation expenses charged to cost of sales and administrative expenses were as follows:

	2024 RMB'000	2023 RMB'000
Amortisation of intangible assets		
– Administrative expenses	**2,482**	2,435
– Cost of sales	**—**	—
	2,482	2,435

(ii) Trademarks and licences, patents and relationship with customers

The intangible assets of trademarks and licences, patents and relationship with customers were recognised upon the acquisition of Lvqi (Fujian) as part of the business combination of the Controlling Shareholders back in November 2012. The intangible assets were recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over the respective useful lives of the assets.

(iii) Impairment test for goodwill

Goodwill was derived from the acquisition of Lvqi (Fujian) in the PRC in November 2012 and PT Hongxin Algae International ("PT Hongxin") in Indonesia in April 2021. The Company has performed an impairment review of the carrying amount of goodwill as at 31 December 2024 and concluded that no provision for impairment of goodwill is required. Goodwill is not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

i. Goodwill from the acquisition of Lvqi (Fujian)

For the purposes of impairment testing, goodwill acquired has been allocated to the lowest level of CGUs identified, which is Lvqi (Fujian) in the segment of manufacturing and sales of agar-agar in the PRC. The recoverable amount of the CGU is determined based on value-in-use calculations. The calculation of recoverable amount of the CGU uses cash flow projections based on the financial estimates made by the Company, with reference to the prevailing market conditions, covering a period of five years and based on the following key assumptions.

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

16 INTANGIBLE ASSETS (Continued)

(iii) Impairment test for goodwill (Continued)

i. *Goodwill from the acquisition of Lvqi (Fujian)* *(Continued)*

	2024	2023
Revenue annual growth rate		
– average of the forecast period	**2.3%**	3.2%
Average gross profit margins	**26.2%**	25.2%
Annual average capex expenditure (RMB'M)	**2.1**	2.5
Long term annual growth rate	**2.0%**	2.2%
Pre-tax discount rate	**14.3%**	14.3%

ii. *Goodwill from the acquisition of PT Hongxin*

For the purposes of impairment testing, goodwill acquired has been allocated to the lowest level of CGUs identified, which is PT Hongxin in the segment of manufacturing and sales of carrageenan in Indonesia. The recoverable amount of the CGU is determined based on the higher of the fair value less costs of disposal and value-in-use. The calculation of recoverable amount of the CGU uses cash flow projections based on the financial estimates made by the Company, with reference to the prevailing market conditions, covering a period of five years and based on the following key assumptions.

	2024	2023
Revenue annual growth rate		
– average of the forecast period	**11.76%**	23.60%
Average gross profit margins	**18.50%**	16.80%
Annual average capex expenditure (RMB'M)	**0.2**	5.9
Long term annual growth rate	**2.0%**	2.0%
Pre-tax discount rate	**24.0%**	24.0%

17 PREPAYMENTS FOR NON-CURRENT ASSETS

The Group made prepayments for purchase of land use rights, property, plant and equipment and intangible assets. The prepayments will be transferred to the relevant assets when the relevant title documents are obtained or when the assets are in use, whichever is the earlier.

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

		2024 RMB'000	2023 RMB'000
(i)	Financial assets at amortised cost		
	Trade and other receivables (excluding prepayments, deductible value-added tax and export tax rebate receivable)(note 20)	**126,873**	91,602
	Cash and bank balances (note 21)	**141,436**	84,349
		268,309	175,951
(ii)	Financial liabilities at amortised cost		
	Bank borrowings (note 27(a))	**544,592**	599,119
	Trade and other payables (excluding non-financial liabilities)(note 26)	**109,988**	137,864
	Lease liabilities (note 27(c))	**3,534**	2,850
		658,114	739,833

19 INVENTORIES

	2023 RMB'000	Net provision	Transfer out due to sales of inventories	2024 RMB'000
Raw materials	138,366			**146,079**
Finished goods	789,056			**635,197**
	927,422			**781,276**
Less: allowance for impairment of inventories	(142,424)	(23,007)	131,868	**(33,563)**
	784,998			**747,713**

During the year ended 31 December 2024, the cost of inventories recognised as expense and included in 'cost of sales', 'selling and distribution expenses' and 'administrative expenses' amounted to RMB 620,365,000 (2023: RMB 867,614,000).

The allowance for impairment of inventories to net realisable value recognised as expenses and included in cost of sales amounted to RMB23,007,000 and RMB142,424,000 for the years ended 31 December 2024 and 2023, respectively.

Accounting policies of inventories

The costs of individual items of inventories are determined using weighted average costs at the end of the month. Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of output value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The estimation of impairment provision for inventories involves significant management judgment based on the consideration of key factors such as future sales projection, current year sales, and selling price per latest sales transaction. Management reassesses these estimations of impairment provision for inventories at each balance sheet date.

20 TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**114,636**	86,290
Loss: allowance provision	**(1,883)**	(894)
	112,753	85,396
Prepayments for purchases of raw materials	**12,095**	5,800
Export tax rebate receivables and deductible value-added tax	**10,568**	29,935
Other receivables	**14,120**	6,206
	36,783	41,941
Total	**149,536**	127,337

(i) Ageing analysis of trade receivables

The ageing analysis of the trade receivables as at the 31 December 2024 based on invoice date was as follows:

	2024 RMB'000	2023 RMB'000
Up to 30 days	**60,328**	44,154
31 to 90 days	**33,554**	33,438
91 to 180 days	**4,502**	7,884
181 to 365 days	**14,268**	232
Over one year	**1,984**	582
	114,636	86,290

20 TRADE AND OTHER RECEIVABLES (Continued)

(ii) Impairment of trade receivables

For trade receivables, the Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before balance sheet date and the corresponding historical credit losses experienced within this period.

The loss allowance provision of trade receivables as at 31 December 2024 is as follows:

	Within 3 months RMB'000	4-6 months RMB'000	7-9 months RMB'000	10-12 months RMB'000	Over 1 year RMB'000	Over 2 years RMB'000	Total RMB'000
At 31 December 2024							
Expected loss rate	**0.17%**	**1.47%**	**6.39%**	**10.79%**	**16.56%**	**100.00%**	**—**
Gross carrying amount	**93,882**	**4,502**	**13,888**	**380**	**1,504**	**480**	**114,636**
Loss allowance provision	**160**	**66**	**887**	**41**	**249**	**480**	**1,883**
Individually impaired receivables							**—**
Total allowance							**1,883**
At 31 December 2023							
Expected loss rate	0.23%	2.06%	7.35%	12.34%	23.66%	100.00%	—
Gross carrying amount	77,592	7,884	232	—	60	522	86,290
Loss allowance provision	179	162	17	—	14	522	894
Individually impaired receivables							—
Total allowance							894

Impairment losses are recognised in profit or loss within net impairment losses on financial assets. Receivables for which an impairment allowance recognised are written off against the allowance when there is no reasonable expectation of recovering additional cash. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 24 months.

20 TRADE AND OTHER RECEIVABLES (Continued)

(ii) Impairment of trade receivables (Continued)

As at 31 December 2024, the loss allowance provision for trade receivables are reconciled to the opening loss allowance for that provision as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**894**	4,165
Increase/(decrease) in loss allowance recognised in profit or loss during the year	**989**	(3,168)
Written-off of uncollectible receivables	**—**	(103)
At 31 December	**1,883**	894

During the year ended 31 December 2024, the following (losses)/gains were recognised in profit or loss in relation to impaired receivables.

	2024 RMB'000	2023 RMB'000
Reversal for individually impaired receivables	**—**	925
(Provisions)/reversal according to the expected credit losses matrix	**(989)**	2,243
Net impairment (losses)/gains	**(989)**	3,168

20 TRADE AND OTHER RECEIVABLES (Continued)

(iii) Impairment of other financial assets at amortised cost

Other financial assets at amortised cost include other receivables.

All of these financial assets are considered to have a low risk of default and each of the counterparties has a strong capacity to meet its contractual cash flow obligations in the near term, hence the Group considered them to have low credit risk, and thus the impairment provision recognised is limited to 12 months expected losses.

The Group has assessed that the expected credit losses for these financial assets are not material under the 12 months expected losses method. Thus, no loss allowance provision was recognised during the year (2023: nil). The Group does not hold any collateral in relation to these other receivables.

(iv) Fair values of trade and other receivables

The carrying amounts of the Group's trade and other receivables approximated their fair values as at the balance sheet date due to their short term nature.

The carrying amounts of the Group's trade and other receivables (including prepayments) are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
USD	**49,472**	17,808
RMB	**97,274**	105,964
HK$	**463**	367
Other currencies	**2,327**	3,198
	149,536	127,337

21 CASH AND BANK BALANCES

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents		
– Cash on hand	**180**	162
– Cash in banks	**120,554**	72,438
	120,734	72,600
Restricted cash - cash in banks	**20,702**	11,749
Total of cash and bank balances	**141,436**	84,349

The restricted cash are deposits held at bank pledged for issue of letter of credit and notes payable of the Group.

The cash and cash equivalents are denominated in the following currencies. The restricted cash are denominated in RMB.

	2024 RMB'000	2023 RMB'000
RMB	**94,283**	34,463
USD	**43,262**	48,077
HK$	**3,603**	1,753
EUR	**78**	—
Indonesian Rupiahs("IDR")	**210**	56
	141,436	84,349

22 SHARE CAPITAL

	Number of shares	Share capital HK$'000
Authorised:		
At 1 January 2023 till 31 December 2024	50,000,000,000	HK$ 500,000

	Number of shares	Share capital RMB'000
Issued:		
At 1 January 2023	825,256,000	7,444
Shares issued upon exercise of share options (i)	4,432,000	41
At 31 December 2023	829,688,000	7,485
Shares issued upon exercise of share options (ii)	4,432,000	41
Shares issued to subscriber (iii)	40,000,000	366
At 31 December 2024	874,120,000	7,892

Authorised share capital

The authorised share capital of the Company is HK$ 500,000,000 divided into 50,000,000,000 shares of HK$ 0.01 par value.

Issued share capital

(i) On 14 June 2023, the Company issued a total of 4,432,000 ordinary shares of HK$ 0.01 par value at HK$ 0.01 each to three employees of the Group who were grant share options pursuant to the pre-IPO share options scheme (Note 23).

(ii) On 20 June 2024, the Company issued a total of 4,432,000 ordinary shares of HK$ 0.01 par value at HK$ 0.01 each to three employees of the Group who were grant share options pursuant to the pre-IPO share options scheme (Note 23).

(iii) On 20 August 2024, the Company issued a total of 40,000,000 ordinary shares of HK$ 0.01 par value at HK$ 0.81 each to the subscriber "Power Partner Capital Limited". The total consideration received is HK$ 32,400,000 (approximately RMB 29,678,000).

23 EQUITY-SETTLED SHARE-BASED PAYMENT

The share-based compensation expenses charged to the consolidated statement of profit or loss during the year ended 31 December 2024 are as follows:

	2024 RMB'000	2023 RMB'000
Share option scheme (a)	**571**	1,238
Share award scheme (b)	**3,016**	6,502
Share award scheme (c)	**1,172**	—
	4,759	7,740

(a) Share option scheme

On 5 August 2018, the then sole director of the Company approved a pre-IPO share option scheme of the Company. On 9 August 2018, the Company granted pre-IPO share options to three employees, a former non-controlling shareholder of a subsidiary and a personal consultant to the directors of the Company. For the share options grant to the three employees, the vesting period is 5 years from the listing date. No vesting period was set for share options grant to the other two parties.

The total amounts of the fair value of the share options to the three employees are expensed over the vesting period of 5 years and recorded in 'employee benefit expenses' in the consolidated statement of profit or loss. Those to the other two parties were expensed and recorded in 'administrative expenses' in the consolidated statement of profit or loss in 2019.

Movements in the number of the options outstanding are as follows:

	2024	2023
As at 1 January	**4,432,000**	8,864,000
Exercised during the period	**(4,432,000)**	(4,432,000)
As at 31 December	**—**	4,432,000

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

23 EQUITY-SETTLED SHARE-BASED PAYMENT (Continued)

(a) Share option scheme (Continued)

Share options outstanding at the end of the year have the following exercise period and exercise prices:

	Date of grant	Number of share options outstanding 2024	2023	Vesting period and maximum % of exercisable share options	Exercise period	Exercise price
Options granted to three employees	9 August 2018	–	4,432,000	20% each year starting from 17 October 2019	17 October 2019 to 16 October 2024. All unexercised share options after the relevant exercise periods or upon resignation will lapse.	HK$ 0.01

(b) Share award scheme

On 10 July 2020, the Company's board of directors approved a share award scheme of the Company. On 5 December 2022, the Company granted awarded shares to three employees, and the first vesting date is 1 April 2023, and the remaining vesting dates shall fall on the subsequent anniversary dates during the vesting period, and the total vesting period is 5 years. The Company planned to use the shares held for the share award scheme to award the grantees of the awarded shares.

The total amounts of the fair value of the awarded shares to the three employees are expensed over the vesting period of 5 years and recorded in 'employee benefit expenses' in the consolidated statement of profit or loss.

Movements in the number of awarded shares outstanding are as follows:

	As at 31 December 2024	As at 31 December 2023
As at 1 January	**3,440,000**	4,300,000
Exercised during the period	**(860,000)**	(860,000)
	2,580,000	3,440,000

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

23 EQUITY-SETTLED SHARE-BASED PAYMENT (Continued)

(b) Share award scheme (Continued)

Awarded shares outstanding as at 31 December 2024 have the following vesting period and purchase prices:

	Date of grant	Number of awarded shares outstanding		Vesting period and maximum % of exercisable share options	Exercise period	Exercise price
		2024	2023			
Awarded shares granted to three employees	5 December 2022	**2,580,000**	3,440,000	20% each year starting from 1 April 2023	1 April 2023 to 1 April 2027. All unexercised awarded shares after the relevant exercise periods or upon resignation will subject to re-granting at management's discretions.	—

As at 31 December 2024, the remaining unamortised fair value of awarded shares transferred to the three employees amounted to approximately RMB 2,631,000 which will be charged to the consolidated statement of profit or loss in the future.

(c) Share award scheme

On 21 May 2024, the Company's board of directors approved a share award scheme of the Company and granted awarded shares to five employees, and the first vesting date is May 21 2024, and the remaining vesting dates shall fall on the subsequent anniversary dates during the vesting period, and the total vesting period is 5 years.

The Company planned to use "shares held for the share award scheme" to award the grantees of the awarded shares.

The total amounts of the fair value of the awarded shares to the five employees are expensed over the vesting period of 5 years and recorded in 'employee benefit expenses' in the consolidated statement of profit or loss.

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

23 EQUITY-SETTLED SHARE-BASED PAYMENT (Continued)

(c) Share award scheme (Continued)

Movements in the number of awarded shares outstanding are as follows:

	As at 31 December 2024	As at 31 December 2023
As at 1 January	—	—
Granted during the period	3,800,000	—
Vested during the period	(760,000)	—
	3,040,000	-

Awarded shares outstanding as at 31 December 2024 have the following vesting period and purchase prices:

	Date of grant	Number of awarded shares outstanding 2024	2023	Vesting period and maximum % of awarded share	Exercise period	Purchase price
Awarded shares granted to five employees	21 May 2024	3,040,000	—	20% each year starting from 21 May 2024	21 May 2024 to 21 May 2028. All unvested awarded shares after the relevant exercise periods or upon resignation will subject to re-granting at management's discretions.	—

As at 31 December 2024, the remaining unamortised fair value of awarded shares transferred to the five employees amounted to approximately RMB1,440,000 which will be charged to the consolidated statement of profit or loss in the future.

24 OTHER RESERVES

	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Currency translation differences RMB'000	Total RMB'000
At 1 January 2024	**160,306**	**(35,963)**	**65,671**	**75,576**	**(14,128)**	**251,462**
Currency translation differences	**—**	**—**	**—**	**—**	**(3,499)**	**(3,499)**
New shares issued	**29,312**	**—**	**—**	**—**	**—**	**29,312**
Equity-settled share-based payment (note 23)	**—**	**—**	**4,759**	**—**	**—**	**4,759**
Profit appropriation to statutory reserves	**—**	**—**	**—**	**3,018**	**—**	**3,018**
At 31 December 2024	**189,618**	**(35,963)**	**70,430**	**78,594**	**(17,627)**	**285,052**
At 1 January 2023	182,739	(35,963)	56,484	71,296	(12,939)	261,617
Currency translation differences	—	—	—	—	(1,189)	(1,189)
Dividend paid (note 13)	(22,433)	—	—	—	—	(22,433)
Transaction with non-controlling interests	—	—	1,447	—	—	1,447
Equity-settled share-based payment (note 23)	—	—	7,740	—	—	7,740
Profit appropriation to statutory reserves	—	—	—	4,280	—	4,280
At 31 December 2023	160,306	(35,963)	65,671	75,576	(14,128)	251,462

Statutory reserves

Pursuant to the Company Law of the PRC and the articles of association of PRC subsidiaries, the subsidiaries in the PRC are required to appropriate 10% of each year's net profit (after offsetting previous years' losses) to statutory surplus reserve until the fund aggregates to 50% of their respective registered capital; after the appropriation to statutory surplus reserve, the subsidiaries in the PRC can appropriate profit, subject to respective equity holders' approval, to discretionary surplus reserve.

The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to equity holders. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the respective company. The entities in the PRC may transfer their respective statutory surplus reserves into paid-in capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

25 SHARES HELD FOR THE SHARE AWARD SCHEME

	2024		2023	
	Number of shares	RMB'000	Number of shares	RMB'000
Shares held for the share award scheme	**10,554,000**	**8,797**	12,174,000	10,274

The movements are as follows:

	Number of shares	RMB'000
At 1 January 2024 and 31 December 2023	12,174,000	10,274
Shares exercised (note 23)	(1,620,000)	(1,477)
At 31 December 2024	10,554,000	8,797

26 TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	**93,302**	103,713
Contract liabilities - advance receipts from customers (note5(b))	**7,500**	11,003
Payables for property, plant and equipment	**3,873**	6,916
Employee benefit payables	**8,094**	9,211
Other taxes payable	**3,660**	3,107
Others	**12,813**	27,235
	129,242	161,185

26 TRADE AND OTHER PAYABLES (Continued)

Trade payables are usually paid within 90 days of recognition. The ageing analysis of trade payables as at 31 December 2024 based on invoice date was follows:

	2024 RMB'000	2023 RMB'000
0-90 days	**67,896**	78,695
91-180 days	**16,959**	21,071
181-365 days	**8,447**	3,947
	93,302	103,713

The carrying amounts of the Group's trade and other payables approximated their fair values as at the balance sheet date due to their short term nature.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	**83,224**	105,589
USD	**37,517**	45,089
HK$	**765**	838
IDR	**7,736**	9,669
	129,242	161,185

27 BORROWINGS AND LEASE LIABILITIES

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings (a)						
– secured	**94,769**	**74,975**	**169,744**	112,292	23,858	136,150
– unsecured	**365,828**	**9,020**	**374,848**	419,673	43,296	462,969
	460,597	**83,995**	**544,592**	531,965	67,154	599,119
Loan from third party(b)						
– unsecured	**—**	**17,000**	**17,000**	—	—	—
Total borrowings	**460,597**	**100,995**	**561,592**	531,965	67,154	599,119
Lease liabilities (c)						
– unsecured	**1,338**	**2,196**	**3,534**	1,144	1,706	2,850
Total borrowings and lease liabilities	**461,935**	**103,191**	**565,126**	533,109	68,860	601,969
Total secured borrowings	**94,769**	**74,975**	**169,744**	112,292	23,858	136,150
Total unsecured borrowings	**367,166**	**28,216**	**395,382**	420,817	45,002	465,819
Total borrowings and lease liabilities	**461,935**	**103,191**	**565,126**	533,109	68,860	601,969

(a) Bank borrowings

The secured bank borrowings of the Group as at 31 December 2024 were secured by the pledge of the Group's land use rights and buildings as follows, and supported by guarantees from Mr. Chan Kam Chung, the director of the Company:

	2024 RMB'000	2023 RMB'000
Land use rights (note 14)	**28,895**	29,718
Buildings (note 15)	**58,307**	62,666
Total assets pledged as security	**87,202**	92,384

The unsecured bank borrowings of the Group were supported by guarantees from Mr. Chan Kam Chung and Mr. Guo Dongxu to the extent of RMB 89,670,000 and RMB 10,000,000, respectively, as at 31 December 2024.

For the year ended 31 December 2024, the weighted average effective interest rate on bank borrowings was 5.22% (2023: 5.73%) per annum.

27 BANK BORROWINGS AND LEASE LIABILITIES (Continued)

(b) Loan from third party

The Group's long-term loan from third party, namely Zhangzhou City Longhai District Xinwan Industrial Investment Company Limited ("**Longhai District Xinwan**"), amounting to RMB17,000,000 as at 31 December 2024, was arising from the first tranche capital injection of quadripartite investment agreement in relation to an incubation project of bio-degradable bio-polysaccharides membrane of Xiamen Blue Ocean Algae Membrane Technologies Co., Ltd. ("**Xiamen Blue Ocean Algae**", a subsidiary of the Company), entered into between Green Fresh (Fujian) Foodstuff Co., Ltd. ("**Green Fresh**", an indirect wholly-owned subsidiary of the Company), Longhai District Xinwan, and other independent non-controlling shareholders, pursuant to which Longhai District Xinwan agreed to inject up to RMB63,850,000 in Xiamen Blue Ocean Algae, for a fixed rate of return of 8.0% per annum.

(c) Lease liabilities

	2024 RMB'000	2023 RMB'000
Minimum lease payments:		
Within one year	**1,424**	1,396
Later than 1 year and no later than 5 years	**2,345**	1,768
	3,769	3,164
Future finance charges	**(235)**	(314)
Total lease liabilities	**3,534**	2,850
Payable:		
Within one year	**1,338**	1,144
Over one year	**2,196**	1,706
Total lease liabilities	**3,534**	2,850

(d) Other disclosures

(i) Fair value

For majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

(ii) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 3.1.

27 BANK BORROWINGS AND LEASE LIABILITIES (Continued)

(d) Other disclosures (Continued)

(iii) Repayment periods

At 31 December 2024, the Group's borrowings and lease liabilities were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**461,935**	533,109
Between 1 and 2 years	**29,592**	39,068
Between 2 and 5 years	**72,599**	28,421
Over 5 years	**1,000**	1,371
	565,126	601,969

(iv) Denomination currency

The carrying amounts of the Group's bank borrowings and lease liabilities were denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
USD	**91,248**	101,185
RMB	**416,423**	422,714
HK$	**57,455**	75,119
IDR	**—**	2,951
	565,126	601,969

(v) Undrawn borrowing facilities

The Group had the following undrawn borrowing facilities as at 31 December 2024:

	2024 RMB'000	2023 RMB'000
Bank borrowings, at floating rates		
– Expiring within one year	**172,662**	148,020
– Expiring beyond one year	**13,482**	8,749
	186,144	156,769

28 DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Deferred income on government grants	**19,318**	19,332

Government grants were received from the local government as subsidies to the Group's purchase of property, plant and equipment. They are amortised to the profit or loss on a straight-line basis over the expected useful lives of the related assets.

The movements of the above deferred income during the year were as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**19,332**	19,875
Additions	**3,036**	2,700
Released to other income (note 6)	**(3,050)**	(3,243)
At 31 December	**19,318**	19,332

29 DEFERRED INCOME TAX

	2024 RMB'000	2023 RMB'000
Deferred income tax assets	**36,669**	47,816
Deferred income tax liabilities	**(3,857)**	(4,214)
Deferred income tax assets, net	**32,812**	43,602

29 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities, net, is as follows:

	2024 RMB'000	2023 RMB'000
Opening balance at 1 January	**43,602**	7,536
Credit/(charged) to profit or loss	**(10,740)**	36,208
Currency translation differences	**(50)**	(142)
Closing balance at 31 December	**32,812**	43,602

Deferred income tax assets

	Deferred income RMB'000	Unrealised profit RMB'000	Provision of loss allowance RMB'000	Provision of inventory RMB'000	Accrued employee benefits RMB'000	Provision of PPE RMB'000	Total RMB'000
At 1 January 2024	**3,962**	**7,029**	**952**	**35,606**	**217**	**50**	**47,816**
Credited/(charged) to the statement of profit or loss	**87**	**1,613**	**93**	**(12,889)**	**(46)**	**(9)**	**(11,151)**
Currency translation differences	**—**	**5**	**—**	**—**	**—**	**(1)**	**4**
At 31 December 2024	**4,049**	**8,647**	**1,045**	**22,717**	**171**	**40**	**36,669**
At 1 January 2023	3,927	6,584	1,265	—	187	58	12,021
Credited/(charged) to the statement of profit or loss	35	450	(313)	35,606	30	(9)	35,799
Currency translation differences	—	(5)	—	—	—	1	(4)
At 31 December 2023	3,962	7,029	952	35,606	217	50	47,816

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

29 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Land use rights RMB'000	Property, plant and equipment RMB'000	Intangible Assets RMB'000	Total RMB'000
At 1 January 2024	**(650)**	**(726)**	**(2,838)**	**(4,214)**
Credited to the statement of profit or loss	**2**	**44**	**365**	**411**
Currency translation differences	**(13)**	**(9)**	**(32)**	**(54)**
At 31 December 2024	**(661)**	**(691)**	**(2,505)**	**(3,857)**
At 1 January 2023	(643)	(748)	(3,094)	(4,485)
Credited to the statement of profit or loss	2	49	358	409
Currency translation differences	(9)	(27)	(102)	(138)
At 31 December 2023	(650)	(726)	(2,838)	(4,214)

30 CASH FLOW INFORMATION

(a) Cash generated from operations

	2024 RMB'000	2023 RMB'000
Profit/(Loss) before income tax	**80,873**	(112,891)
Adjustments for		
– Amortisation of land use rights (note 14)	**1,244**	1,292
– Depreciation of property, plant and equipment (note 15)	**44,286**	43,038
– Amortisation of intangible assets (note 16)	**2,482**	2,435
– Provision/(Reversal) of loss allowance (note 20)	**989**	(3,168)
– Equity-settled share-based payment expenses (note 23)	**4,759**	7,740
– Finance costs – net	**29,278**	32,104
– Amortisation of deferred income (note 6)	**(3,050)**	(3,243)
– Foreign exchange gains	**(725)**	(571)
– Losses on disposal of property, plant and equipment and patents (note 7)	**99**	182
– Impairment losses on inventories (note 19)	**23,007**	142,424
Changes in working capital:		
– Restricted cash	**(8,953)**	—
– Inventories	**14,278**	(21,212)
– Trade and other receivables	**(23,188)**	84,171
– Trade and other payables	**(29,202)**	(47,550)
Cash generated from operations	**136,177**	124,751

30 CASH FLOW INFORMATION (Continued)

(b) Total debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	2024 RMB'000	2023 RMB'000
Net debt		
Bank borrowings – repayable within one year	**460,597**	531,965
Borrowings – repayable after one year	**100,995**	67,154
Lease liabilities – repayable within one year	**1,338**	1,144
Lease liabilities – repayable after one year	**2,196**	1,706
Total debt	**565,126**	601,969
Cash and bank balances	**(120,734)**	(72,600)
Net debt	**444,392**	529,369
Gross debt – fixed interest rates	**279,671**	365,539
Gross debt – variable interest rates	**285,455**	236,430
Total debt	**565,126**	601,969
Cash and bank balances	**(120,734)**	(72,600)
Net debt	**444,392**	529,369

30 CASH FLOW INFORMATION (Continued)

(b) Total debt reconciliation (Continued)

	Bank borrowings due within 1 year RMB'000	Bank borrowings due after 1 year RMB'000	Borrowings -Amount due to a third party due after 1 year RMB'000	Lease liabilities due within 1 year RMB'000	Lease liabilities due after 1 year RMB'000	Total RMB'000
Total debt as at 1 January 2024	**531,965**	**67,154**	**—**	**1,144**	**1,706**	**601,969**
Cash flows - principal	**(113,832)**	**59,014**	**17,000**	**(1,634)**	**—**	**(39,452)**
Interest expense	**27,089**	**3,402**	**—**	**—**	**—**	**30,491**
Cash flows - Interest payments	**(27,089)**	**(3,402)**	**—**	**—**	**—**	**(30,491)**
Foreign exchange adjustments	**123**	**168**	**—**	**(151)**	**—**	**140**
Other non-cash movements	**42,341**	**(42,341)**	**—**	**1,979**	**490**	**2,469**
Total debt as at 31 December 2024	**460,597**	**83,995**	**17,000**	**1,338**	**2,196**	**565,126**
Total debt as at 1 January 2023	491,269	88,615	—	1,605	2,850	584,339
Cash flows - principal	(55,142)	71,503	—	(1,444)	—	14,917
Cash flows - interest	—	—	—	—	—	—
Foreign exchange adjustments	2,514	360	—	28	29	2,931
Other non-cash movements	93,324	(93,324)	—	955	(1,173)	(218)
Total debt as at 31 December 2023	531,965	67,154	—	1,144	1,706	601,969

31 COMMITMENTS

Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is set out below:

	2024 RMB'000	2023 RMB'000
Contracted but not recognised as liabilities:		
Property, plant and equipment	**9,476**	29,563

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions.

Except for those disclosed elsewhere in the financial statements, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year, and significant balances arising from related party transactions as at the end of the reporting period.

(a) Transactions with related parties

Two directors provided personal guarantees for the Group's bank borrowings. Details are set out in note 27(a).

(b) Key management compensation

	2024 RMB'000	2023 RMB'000
Key management compensation		
Salaries and bonus	**8,517**	8,368
Other benefits	**297**	152
Share-based payment expenses	**1,870**	3,506
	10,684	12,026

Key management includes directors (executive and non-executive) of the Company, executive officers and the Company Secretary. The above were compensations paid or payable to key management for services provided to the Group.

33 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of each director of the Company paid/payable by the Group for the year ended 31 December 2024 is set out as follows:

Name of directors	Fees RMB'000	Salaries RMB'000	Bonus RMB'000	Other benefits RMB'000	Total RMB'000
Year ended 31 December 2024					
Chairman and Chief Executive Officer("CEO"):					
Mr. Chan Kam Chung	—	912	—	16	928
Executive directors:					
Mr. Chan Shui Yip	—	917	—	16	933
Mr. Guo Dongxu	—	865	—	34	899
Mr. She Xiaoying	—	145	—	—	145
Ms Chen Yi(i)	—	291	—	280	571
	—	3,130	—	346	3,476
Non-executive directors:					
Mr. Hu Guohua	—	183	—	—	183
Mr. Ho Kwai Ching, Mark	—	183	—	—	183
Mr. Ng Man Kung	—	183	—	—	183
	—	549	—	—	549
Year ended 31 December 2023					
Chairman and CEO:					
Mr. Chan Kam Chung	—	899	—	16	915
Executive directors:					
Mr. Chan Shui Yip	—	904	—	16	920
Mr. Guo Dongxu	—	854	—	21	875
Mr. She Xiaoying	—	145	—	—	145
	—	2,802	—	53	2,855
Non-executive directors:					
Mr. Hu Guohua	—	180	—	—	180
Mr. Ho Kwai Ching, Mark	—	180	—	—	180
Mr. Ng Man Kung	—	180	—	—	180
Mr. Guo Songsen (i)	—	194	—	7	201
	—	734	—	7	741

33 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(i) Mr. Guo Songsen, non-executive director of the Group, resigned on 17 July 2023. Benefits and interests of directors only included the paid/payable benefits and interests during his director appointment period.

Ms Chen Yi, executive director of the Group, appointed on 7 June 2024. Benefits and interests of directors only included the paid/payable benefits and interests during her director appointment period.

Other than the remunerations disclosed above, there were no retirement benefits, termination benefits paid or payable to any director during the year or at any time during the year (2023: nil).

During the year, the Company provided no consideration to third parties for making available director's services (2023: nil).

There were no loans, quasi-loans and other dealings entered into between the Group and the directors and in favour of the directors as at 31 December 2024 or at any time during the year (2023: nil).

Except for those disclosed in note 32, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at 31 December 2024 or at any time during the year (2023: nil).

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

34 SUBSIDIARIES

The principal subsidiaries of the Group as at 31 December 2024 are as follows:

Company name	Principal country/ place of operation and date of incorporation	Issued/ registered capital	Effective interest held 2024	Effective interest held 2023	Principal activities
Directly held:					
Green Source Limited 綠源有限公司	BVI, 20 July 2015	USD 1	**100%**	100%	Investment holding
Keen Field Limited 啟泰有限公司	BVI, 22 July 2015	USD 1	**100%**	100%	Investment holding
Wealth Creation Limited 恒宇有限公司	BVI, 22 July 2015	USD 1	**100%**	100%	Investment holding
Green Tactics Limited 綠韜有限公司	BVI, 17 August 2020	USD 10,000	**100%**	100%	Investment holding
Indirectly held:					
Hong Kong incorporated:					
Greenwich (China) Technology Development Limited 格林(中國)科技發展有限公司	Hong Kong, 3 September 2007	HK$ 10,000	**100%**	100%	Investment holding and trading company
Green Fresh (H.K) International Co., Limited. 綠新(香港)國際有限公司	Hong Kong, 19 June 2013	HK$ 10,000	**100%**	100%	Investment holding
Lubao Technology Development Limited 綠寶科技發展有限公司	Hong Kong, 11 August 2015	HK$ 1	**100%**	100%	Investment holding
Hung Tai Shun International Trading Limited 鴻泰順國際貿易有限公司	Hong Kong, 16 September 2015	HK$ 1	**82%**	82%	Investment holding
Green Brilliant Limited 綠晟有限公司	Hong Kong, 28 November 2019	HK$ 10,000	**100%**	100%	Investment holding
Green Vision International Limited 綠泓國際有限公司	Hong Kong, 21 September 2020	HK$ 10,000	**100%**	100%	Investment holding

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

34 SUBSIDIARIES (Continued)

The principal subsidiaries of the Group as at 31 December 2024 are as follows (continued):

Company name	Principal country/ place of operation and date of incorporation	Issued/ registered capital	Effective interest held		Principal activities
			2024	2023	
PRC incorporated:					
Lvbao (Quanzhou) Biochemistry Company Ltd. 綠寶(泉州)生化有限公司(Note i)	PRC, 14 May 1999	HK$ 26,880,000	100%	100%	Manufacturing and sales of carrageenan and blended products
Green Fresh (Fujian) Foodstuff Co., Ltd. 綠新(福建)食品有限公司(Note i)	PRC, 8 November 2007	USD 38,380,000	100%	100%	Manufacturing and sales of carrageenan, agar-agar and blended products
Fujian Province Lvqi Food Colloid Company Ltd. 福建省綠麒食品膠體有限公司(Note i)	PRC, 18 March 2009	RMB 50,000,000	100%	100%	Manufacturing and sales of agar-agar and blended products
Longhai City Donghaiwan Seaweed Breeding Comprehensive Development Company Limited 龍海市東海灣海藻養殖綜合開發有限公司(Note i)	PRC, 16 July 2012	RMB 10,000,000	100%	100%	Manufacturing and sales of seaweed
Shiyanhaiyi Konjac Products Company Ltd. 十堰海乙魔芋製品有限公司(Note i)	PRC, 7 September 2012	RMB 20,000,000	100%	100%	Manufacturing and sales of konjac products
Lvqi (Xiamen) Marine Biotechnology Company Ltd. 綠麒(廈門)海洋生物科技有限公司 (Note i)	PRC, 4 June 2013	RMB 5,000,000	100%	100%	Research and development center
Lvqi Trading (Shanghai) Company Ltd. 綠麒商貿(上海)有限公司(Note i)	PRC, 9 February 2018	RMB 10,000,000	100%	100%	Trading company

(ALL AMOUNTS EXPRESSED IN RMB THOUSANDS UNLESS OTHERWISE STATED)

34 SUBSIDIARIES (Continued)

Company name	Principal country/ place of operation and date of incorporation	Issued/ registered capital	Effective interest held 2024	Effective interest held 2023	Principal activities
PRC incorporated: (Continued)					
Xiamen Sanji Technology 廈門三冀科技有限公司(Note i)	PRC, 26 August 2021	RMB 10,000,000	**100%**	100%	Technical Research; manufacture and sales of specialized chemical products and bio-based materials
Blue Ocean Algae Membrane (Fujian) Biotechnology Co., Ltd. 藍海藻膜（福建）生物科技有限公司 (Note ii)	PRC, 10 July 2023	RMB 71,620,000	**47.15%**	60%	Research and manufacturing of biology material technology
Xiamen Blue Ocean Algae Membrane Technologies Co., Ltd. 漳州海盈藻物生物科技有限公司 (Note ii)	PRC, 16 August 2024	RMB 1,000,000	**70%**	—	Research and manufacturing of biology material technology
Indonesia incorporated:					
PT Hongxin Algae International	Indonesia, 14 September 2012	IDR 45,172,000,000	**82.03%**	82.03%	Manufacture and sales of semi-refined Carrageenan Products
PT. Greenfresh Biotechnology Indonesia	Indonesia, 12 August 2016	USD 1,200,000	**100%**	100%	Investment holding

Notes:

i. These subsidiaries are Hong Kong, Macao, and Taiwan legal entities owned enterprises established in the PRC and registered as limited liability companies under PRC law.

ii. This subsidiary is Hong Kong, Macao, and Taiwan legal entities and domestic joint owned enterprises established in the PRC and registered as limited liability company under PRC law.

35 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY

(a) Balance sheet of the Company

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Investment in subsidiaries		**133,917**	127,373
Current assets			
Amounts due from subsidiaries		**147,497**	144,344
Other receivables		**9,237**	10,589
Cash and bank balances		**801**	6,610
		157,535	161,543
Total assets		**291,452**	288,916
Equity			
Share capital	22	**7,892**	7,485
Other reserves		**266,488**	228,875
Accumulated losses		**(85,876)**	(77,271)
Total equity		**188,504**	159,089
Liabilities			
Non-current liabilities			
Bank borrowings		**4,781**	9,477
Current liabilities			
Bank borrowings		**14,148**	22,553
Amounts due to subsidiaries		**83,915**	97,693
Other payables		**104**	104
		98,167	120,350
Total liabilities		**102,948**	129,827
Total equity and liabilities		**291,452**	288,916

The balance sheet of the Company was approved by the board of directors of the Company on 31 March 2025 and was signed on its behalf by:

CHAN Kam Chung
Director

CHAN Shui Yip
Director

35 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY (Continued)

(b) Reserve movements of the Company

	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Currency translation differences RMB'000	Total RMB'000	Accumulated losses RMB'000
At 1 January 2024	**57,395**	**102,912**	**68,589**	**(21)**	**228,875**	**(77,271)**
Currency translation differences	**—**	**—**	**—**	**3,542**	**3,542**	—
Investment from shares issued	**29,312**	**—**	**—**	**—**	**29,312**	—
Equity-settled share-based payment	**—**	**—**	**4,759**	**—**	**4,759**	**—**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(8,605)**
At 31 December 2024	**86,707**	**102,912**	**73,348**	**3,521**	**266,488**	**(85,876)**
At 1 January 2023	79,828	102,912	60,849	(2,802)	240,787	(67,610)
Currency translation differences	—	—	—	2,781	2,781	—
Dividend paid	(22,433)	—	—	—	(22,433)	—
Equity-settled share-based payment	—	—	7,740	—	7,740	—
Loss for the year	—	—	—	—	—	(9,661)
At 31 December 2023	57,395	102,912	68,589	(21)	228,875	(77,271)

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

36.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group except for those business combinations under common control (note 36.3).

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, comprehensive income and changes in equity, and consolidated balance sheet respectively.

36.2 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

36.3 Separate financial statements

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

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

Impairment testing of the investments in subsidiaries is also required in accordance with note 36.7.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker assesses the financial performance and financial position of the Group and makes strategic decisions. The chief operating decision maker of non-common control Group consists of the executive directors, the chief executive officer, the chief financial officer and the manager for corporate planning.

36.5 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.5 Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

36.6 Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

Impairment testing of goodwill is described in note 36.7.

(ii) Trademarks and licences, patents, relationship with customers and technology

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences, patents, relationship with customers and technology acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.6 Intangible assets (Continued)

(iii) Sea use rights

The Group acquired the rights to use certain sea area. The sea use rights are stated at historical cost less accumulated amortisation.

(iv) Discharge rights

The Group acquired the rights to discharge pollutions within authorised amounts. The discharge rights are stated at historical cost less accumulated amortisation.

(v) Amortisation methods and periods

The Group amortises intangible assets with limited useful lives using the straight-line method over the following periods:

Trademarks and licences	3-10 years
Patents	10-20 years
Relationship with customers	15 years
Sea use rights	5 years
Discharge rights	5 years
Technology	15 years

(vi) Research and development expenditure

An intangible asset arising from development shall be recognised if, and only if, the Group can demonstrate all of the following:

(1) the technical feasibility of completing the intangible asset so that it will be available for use or sale.

(2) its intention to complete the intangible asset and use or sell it.

(3) its ability to use or sell the intangible asset.

(4) how the intangible asset will generate probable future economic benefits.

(5) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(6) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Research expenditure and development expenditure that do not meet the criteria for capitalisation are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.7 Impairment of non-financial assets

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

36.8 Financial assets

(i) Classification

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

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

b) those to be measured at amortised cost.

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

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The Company's and the Group's financial assets comprise of trade and other receivables, amounts due from subsidiaries, cash and bank balances and financial assets at fair value through profit or loss.

(ii) Recognition and derecognition

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

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.8 Financial assets (Continued)

(iii) Measurement

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

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

Debt instruments

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

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

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

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

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.8 Financial assets (Continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default or bankruptcy of the relevant company or the counterparty.

(v) Impairment of financial assets

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Impairment of trade receivables is described in note 26.

36.9 Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are generally due for settlement within 30 to 180 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 36.8 for a description of the Group's impairment policies.

36.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

36.11 Share capital

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

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.12 Shares held for the share award scheme

Where any group company purchases the Company's equity instruments, for example as the result of the on-market purchase of share or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as shares held for the share award scheme until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

36.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

36.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

36.15 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.17 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 10 below. Any other interest income is included in other income.

36.18 Leases

The Group leases various land, properties, equipment and vehicles. Rental contracts for properties, equipment and vehicles are typically made for fixed periods of 1 to 10 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.18 Leases (Continued)

Extension and termination options are included in a number of property leases across the Group. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

The right-of-use assets are presented under land use rights in note 14 and property, plant and equipment in note 15. The lease liabilities are presented separately on the consolidated balance sheet.

36.19 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

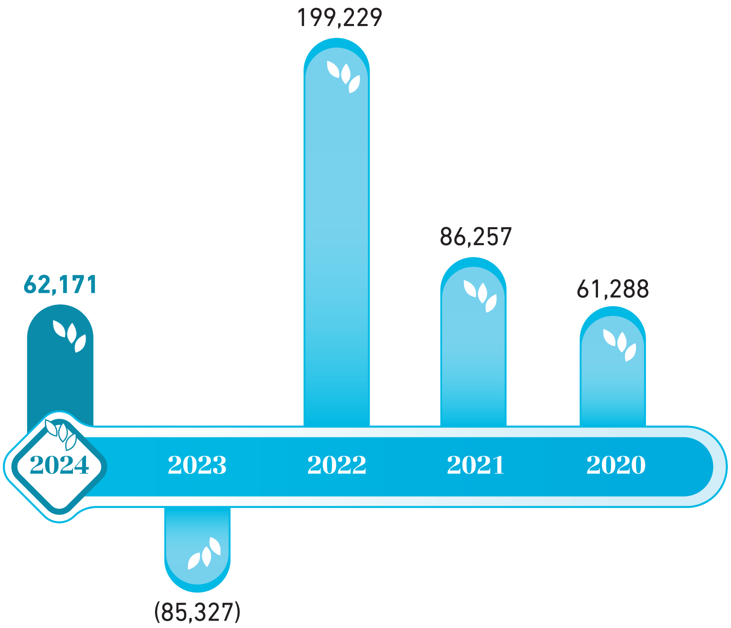
36.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

FIVE YEARS FINANCIAL SUMMARY

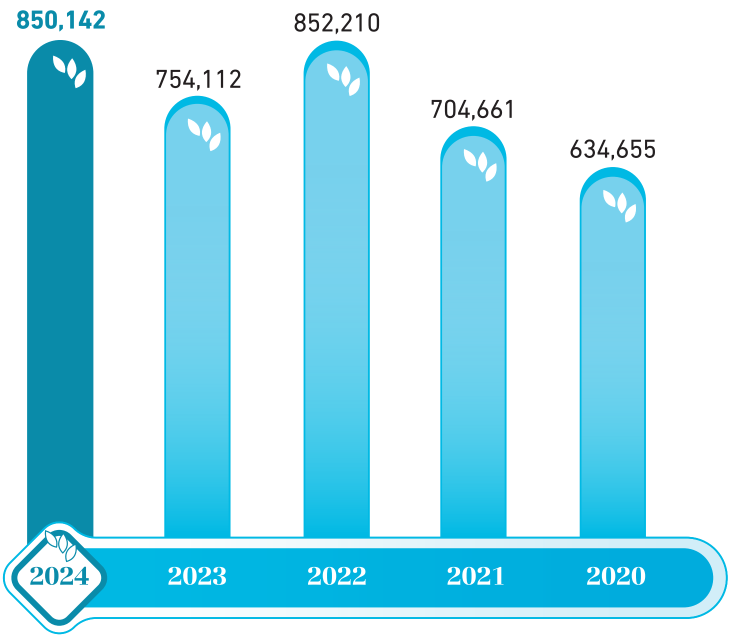
RESULTS (YEAR ENDED 31 DECEMBER)

Profit/(Loss) for the year attributable to owners of the Company (RMB'000) (Restated)



NET ASSETS (AS OF 31 DECEMBER)

Net assets (RMB'000) (Restated)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. CHAN Kam Chung
(Chairman and Chief Executive Officer)
Mr. GUO Dongxu (Vice Chairman and Vice President)
Mr. CHAN Shui Yip (Vice Chairman and Vice President)
Mr. SHE Xiaoying
Ms. CHEN Yi

Independent non-executive Directors

Mr. HO Kwai Ching, Mark
Mr. NG Man Kung
Mr. HU Guohua

COMPANY SECRETARY

Mr. SO Chi Man

AUTHORISED REPRESENTATIVES

Mr. CHAN Kam Chung
Mr. SO Chi Man

AUDIT COMMITTEE

Mr. HO Kwai Ching, Mark *(Chairman)*
Mr. NG Man Kung
Mr. HU Guohua

REMUNERATION COMMITTEE

Mr. NG Man Kung *(Chairman)*
Mr. HO Kwai Ching, Mark
Mr. CHAN Kam Chung

NOMINATION COMMITTEE

Mr. CHAN Kam Chung *(Chairman)*
Mr. HO Kwai Ching, Mark
Mr. NG Man Kung

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong

LEGAL ADVISER

DEACONS

PRINCIPAL BANKERS

In Hong Kong
Bank of China (Hong Kong) Limited
29-31 Lee Chung Street
Chai Wan
Hong Kong

In the PRC
Industrial Bank Co., Ltd.
Block 3, Jiaxin Garden
Zi Guang Road
Shima Town
Longhai City
Zhangzhou
Fujian Province
China

CORPORATE INFORMATION

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A, 16th Floor
169 Electric Road
North Point
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Anshan Industrial Park
Zini Town
Longhai, Zhangzhou City
Fujian Province
PRC

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

COMPANY'S WEBSITE

http://www.greenfreshfood.com

STOCK CODE

01084