中国安储能源集团
China AnChu Energy Storage Group

CHINA ANCHU ENERGY STORAGE GROUP LIMITED
中國安儲能源集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2399)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND RESUMPTION OF TRADING

The board (the "**Board**") of directors (the "**Directors**") of China Anchu Energy Storage Group Limited (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024 (the "**Year**").

ANNUAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024
(Expressed in Renminbi)

	Notes	**2024** **RMB'000**	2023 RMB'000
Revenue	4	**467,010**	645,084
Cost of sales		**(361,319)**	(497,333)
Gross profit		**105,691**	147,751
Other income and other gains or losses	5	**20,805**	17,123
Impairment loss of investment properties		**(11,004)**	–
Impairment loss of right-of-use assets		**(14,238)**	–
Provision for expected credit losses ("**ECL**"), net of reversal		**(211,311)**	(2,920)
Selling and distribution expenses		**(25,493)**	(21,638)
Administrative and other operating expenses		**(156,973)**	(89,584)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Year ended 31 December 2024

(Expressed in Renminbi)

	Notes	2024 RMB'000	2023 RMB'000
(Loss)/profit from operations		**(292,523)**	50,732
Finance costs	*6(a)*	**(24,535)**	(35,860)
(Loss)/profit before tax	*6*	**(317,058)**	14,872
Income tax expense	*7*	**(44,072)**	(19,365)
Loss for the year		**(361,130)**	(4,493)
(Loss)/profit for the year attributable to:			
Equity owners of the Company		**(351,045)**	(52,266)
Non-controlling interests		**(10,085)**	47,773
		(361,130)	(4,493)
Other comprehensive income/(losses) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of the Group entities		**977**	(116)
Other comprehensive income/(losses) for the year		**977**	(116)
Total comprehensive loss for the year		**(360,153)**	(4,609)
Total comprehensive (loss)/income attributable to:			
Equity owners of the Company		**(349,273)**	(52,693)
Non-controlling interests		**(10,880)**	48,084
		(360,153)	(4,609)
Loss per share attributable to equity owners of the Company (RMB cents)	*9*		
Basic and diluted		**(12.52)**	(2.33)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

(Expressed in Renminbi)

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**18,748**	22,706
Investment properties		**355,901**	372,143
Right-of-use assets		**198,646**	222,887
Intangible assets		**35,681**	40,165
Prepayment for acquisition of property, plant and equipment		**54,614**	30,106
Deferred tax assets		**77,137**	100,258
		740,727	788,265
Current assets			
Inventories		**30,578**	30,701
Trade and other receivables	*10*	**592,082**	836,211
Cash and cash equivalents		**45,978**	70,319
		668,638	937,231
Current liabilities			
Trade and other payables	*11*	**419,244**	513,784
Bank and other borrowings		**396,000**	382,000
Lease liabilities		**1,482**	4,194
Convertible bond	*13*	**3,116**	–
Corporate bonds		**3,878**	11,436
Loans from a shareholder		**60,346**	36,744
Tax payable		**38,736**	25,972
		922,802	974,130
Net current liabilities		**(254,164)**	(36,899)
Total assets less current liabilities		**486,563**	751,366

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 December 2024
(Expressed in Renminbi)

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Non-current liabilities			
Bank and other borrowings		**29,990**	–
Deferred tax liabilities		**37,740**	37,740
Lease liabilities		**528**	867
Convertible bond	*13*	**–**	2,647
Corporate bonds		**23,520**	23,692
		91,778	64,946
Net assets		**394,785**	686,420
Capital and reserves			
Equity attributable to equity owners of the Company			
Share capital	*12*	**6,183**	5,629
Reserves		**385,462**	612,655
		391,645	618,284
Non-controlling interests		**3,140**	68,136
Total equity		**394,785**	686,420

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

(Expressed in Renminbi unless otherwise indicated)

1 CORPORATE AND GROUP INFORMATION

China Anchu Energy Storage Group Limited (the "**Company**") was incorporated in the Cayman Islands on 23 December 2013 as an exempted company with limited liability under the Company Law, Cap 22 (Law 3 of 1961 as consolidated and revised) 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 principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing and sales of energy storage battery in the People's Republic of China (the "**PRC**") during the Year.

In preparing these consolidated financial statements, the Directors have considered the future liquidity of the Group. As at 31 December 2024, the Group has net current liabilities of approximately RMB254,164,000 and loss for the Year was approximately RMB361,130,000.

Notwithstanding the aforesaid conditions, these consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. The Directors have prepared the Group's cash flow projections for the period of not less than 12 months from the date of approval of the consolidated financial statements after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

(i) The Group has obtained certain banking facilities with banks of maximum credit amounts of RMB472,800,000 by secured certain asset of the Group and financial guarantee from the shareholders of the Company. As at 31 December 2024, the unutilised facilities amount in respect of bank borrowings as at 31 December 2024 was approximately RMB85,800,000.

(ii) The Group obtained a financial support from the shareholder of the Company for not demand repayment of approximately RMB60,346,000 of loans from a shareholder as at 31 December 2024 for a period of at least 12 months from the date of approval of the consolidated financial statements.

(iii) As at 31 December 2024, the Group has bank and other borrowings of RMB425,990,000 and among which secured bank borrowings of RMB382,990,000 (the "**Secured Bank Borrowings**") were secured by the Group's non-current assets including property, plant and equipment, investment properties and right-of-use assets (the "**Pledged Non-current Assets**") with an aggregate carrying value of RMB386,438,000 as at 31 December 2024. In the opinion of the Directors, should the Group failed to settle the Secured Bank Borrowings when they fall due, after considering that the carrying value of the Pledged Non-current Assets were sufficient to cover the carrying value of Secured Bank Borrowings by realisation of those assets by the Group or the banks, it will result in net current assets.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of 12 months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, providing for provisions that may be further incurred, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Accounting Standards")

2.1 Basis of preparation and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the Group's financial year ended 31 December 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

* As a consequence of the amendments to IAS 1 issued in August 2020 and December 2022, Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion.

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

2.2 New and amendments to IFRSs in issue but not yet effective

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

Amendment to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[4]

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

The Directors anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3 SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable and operating segments are as follows

(a) Manswear apparel;

(b) Industrial products; and

(c) Energy storage battery.

The Group's revenue from external customers from each operating segment is set out in note 3 below.

The following is an analysis of the Group's revenue and results by segment:

Segment revenue and results

Segment revenue represents revenue derived from manswear apparel, industrial products and energy storage battery.

Segment results represent the loss before tax reported by each segment without allocation depreciation and amortisation, impairment losses and head office and corporate expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group for the reportable segments for the years ended 31 December 2024 and 2023 are as follows:

For the year ended 31 December 2024

	Menswear Apparel *RMB'000*	Industrial Products *RMB'000*	Energy Storage Battery *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Revenue	93,124	365,057	8,829	–	467,010
Segment results before the following items	11,213	59,939	(53,401)	–	17,751
Impairment loss on investment properties	(11,004)	–	–	–	(11,004)
Impairment loss on right-of-use assets	(14,238)	–	–	–	(14,238)
Provision for ECL, net of reversal	6,008	(217,118)	(201)	–	(211,311)
Depreciation and amortisation	(24,245)	(102)	(10,974)	–	(35,321)
Segment results	(32,266)	(157,281)	(64,576)	–	(254,123)
Other revenue and unallocated gains				1,296	1,296
Corporate and other unallocated losses				(64,231)	(64,231)
Loss before tax					(317,058)
Tax (expense)/credit	(60,342)	16,270	–	–	(44,072)
					(361,130)

For the year ended 31 December 2023

	Menswear Apparel *RMB'000*	Industrial Products *RMB'000*	Energy Storage Battery *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Revenue	122,506	517,037	5,541	–	645,084
Segment results before the following items	4,613	107,869	(31,635)	–	80,847
Provision for ECL, net of reversal	(11,803)	8,883	–	–	(2,920)
Depreciation and amortisation	(24,240)	–	(11,646)	–	(35,886)
Segment results	(31,430)	116,752	(43,281)	–	42,041
Other revenue and unallocated gains				1,468	1,468
Corporate and other unallocated losses				(28,637)	(28,637)
Profit before tax					14,872
Tax expense	(97)	(19,268)	–	–	(19,365)
					(4,493)

The accounting policies of the operating segments are the same as the Group's accounting policies.

Segment assets and liabilities

The following is analysis of the Group's assets and liabilities by reportable and operating segments:

At 31 December 2024

	Menswear Apparel ***RMB'000***	**Industrial Products** ***RMB'000***	**Energy Storage Battery** ***RMB'000***	**Unallocated** ***RMB'000***	**Consolidated** ***RMB'000***
Segment assets	**711,318**	**348,159**	**337,405**	**12,483**	**1,409,365**
Segment liabilities	**543,338**	**277,761**	**118,344**	**75,137**	**1,014,580**

At 31 December 2023

	Menswear Apparel *RMB'000*	Industrial Products *RMB'000*	Energy Storage Battery *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Segment assets	813,961	631,959	255,590	23,986	1,725,496
Segment liabilities	464,094	423,690	20,293	130,999	1,039,076

Amounts included in measure of segment profit or loss and segment assets

For the year ended 31 December 2024

	Menswear Apparel *RMB'000*	Industrial Products *RMB'000*	Energy Storage Battery *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Addition to non-current assets	**9,998**	**1,221**	**2,418**	**–**	**13,637**
Depreciation and amortisation	**(24,245)**	**(102)**	**(10,974)**	**(1,217)**	**(36,538)**
Loss on disposal of property, plant and equipment	**(10)**	**–**	**(9)**	**–**	**(19)**
Impairment loss of investment properties	**(11,004)**	**–**	**–**	**–**	**(11,004)**
Impairment loss of right-of-use assets	**(14,238)**	**–**	**–**	**–**	**(14,238)**
Provision for ECL, net of reversal	**6,008**	**(217,118)**	**(201)**	**–**	**(211,311)**

For the year ended 31 December 2023

	Menswear Apparel *RMB'000*	Industrial Products *RMB'000*	Energy Storage Battery *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Addition to non-current assets	4,030	–	9,164	–	13,194
Depreciation and amortisation	(24,240)	–	(11,646)	(1,305)	(37,191)
Loss on disposal of property, plant and equipment	(55)	–	(5)	–	(60)
Provision for ECL, net of reversal	(11,803)	8,883	–	–	(2,920)

For the purposes of monitoring segment performance and allocating resources between segments:

- segment assets include property, plant and equipment, investment properties, right-of-use assets, intangible assets, prepayment for acquisition of property, plant and equipment, deferred tax assets, inventories, trade and other receivables, cash and cash equivalents. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and

- segment liabilities include trade and other payables, bank and other borrowings, loans from shareholder, tax payable and lease liabilities. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on physical location of the assets, in the case of property, plant and equipment, investment properties, right-of-use assets and; based on the location of the operation, in the case of intangible assets, inventories, trade and other receivables and deferred tax assets.

Geographical information

The following table presents the Group's geographical information in terms of revenue for the years ended 31 December 2024 and 2023:

	2024	2023
	RMB'000	*RMB'000*
The PRC	**101,953**	128,047
Saudi Arabia	**365,057**	517,037
	467,010	645,084

Non-current assets

The principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under IFRS 8, the Group regard the PRC as its country of domicile. Over 90% of the Group's non-current assets are located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's total revenue are as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer A (sale of industrial products)	**116,427**	80,480
Customer B (sale of industrial products)	**102,560**	–*
Customer C (sale of industrial products)	**–***	237,062
Customer D (sale of industrial products)	**–***	172,995
Customer E (sale of industrial products)	**69,262**	–*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4 REVENUE

Revenue by product type is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of industrial products	**365,057**	517,037
Sales of menswear apparel	**80,961**	109,365
Menswear apparel brand licensing	**12,163**	13,141
Sales of energy storage battery	**8,829**	5,541
	467,010	645,084
Timing of revenue recognition		
Over time	**1,887**	2,830
At a point in time	**465,123**	642,254
	467,010	645,084

5 OTHER INCOME AND OTHER GAINS OR LOSSES

	2024	2023
	RMB'000	*RMB'000*
Interest income	**1,334**	1,129
Rental income from investment properties less direct outgoings	**14,577**	13,160
Government grants	**6**	78
Net foreign exchange gain/(loss)	**63**	(1,187)
Net loss on disposal of property, plant and equipment	**(19)**	(60)
Sales of scrap materials	**4,400**	3,407
Others	**444**	596
	20,805	17,123

Government grants were received from several local government authorities, of which the entitlements were under the discretion of the relevant authorities. There was no unfulfilled condition as of 31 December 2024 and 2023, hence, government grants were credited to statement of profit or loss upon receipt.

6 (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

		2024	2023
		RMB'000	*RMB'000*
(a)	Finance costs:		
	Interest on corporate bonds	**2,579**	4,264
	Interest on convertible bonds	**655**	11,014
	Interest on bank and other borrowings	**19,036**	19,411
	Interest on lease liabilities	**106**	229
	Interest on loans from a shareholder	**2,159**	942
		24,535	35,860
(b)	Staff costs (including directors' remuneration):		
	Contributions to defined contribution retirement plans	**3,820**	3,922
	Salaries, wages and other benefits	**35,010**	27,011
		38,830	30,933
(c)	Other items:		
	Amortisation of intangible assets	**4,646**	5,209
	Depreciation of property, plant and equipment	**5,495**	5,861
	Depreciation of investment properties	**15,146**	14,886
	Amortisation of right-of-use assets	**11,251**	11,235
	Auditors' remuneration	**1,277**	1,500
	Research and developments expenses *(note i)*	**15,098**	1,095
	Cost of inventories	**361,319**	495,318
	Equity-settled share-based payment expenses	**48,644**	–
	Provision for ECL, net of reversal	**211,311**	2,920
	Expense related to short-term leases	**147**	593
	Net loss on disposal of property, plant and equipment	**19**	60
	Impairment loss of investment properties	**11,004**	–
	Impairment loss of right-of-use assets	**14,238**	–

Note:

(i) Research and developments expenses include staff costs working in the Group's design and product development department.

7 INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax		
— PRC enterprises income tax (expense)/credit for the year	**(8,548)**	109
— Hong Kong profits tax expense for the year	**(12,403)**	(17,803)
Deferred tax expenses	**(23,121)**	(1,671)
	(44,072)	(19,365)

8 DIVIDENDS

The Board did not recommend the payment of a dividend for the years ended 31 December 2024 and 2023.

9 LOSS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

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

	2024	2023
	RMB'000	*RMB'000*
Loss attributable to equity owners of the Company		
Loss for the year for the purposes of computation of basic loss per share	**(351,045)**	(52,266)

	Number of shares	
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue	**2,803,400**	2,240,507

No adjustment has been made to basic loss per share as there was no dilutive potential ordinary shares of the Company outstanding during the year ended 31 December 2024 (2023: Nil).

10 TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**1,009,244**	1,088,886
Less: Allowance for expected credit loss	**(624,624)**	(413,313)
Written-off	**(1,193)**	(1,946)
Trade receivables	**383,427**	673,627
Prepayments to suppliers	**198,802**	156,939
Other deposits, prepayments and receivables	**9,853**	5,645
	592,082	836,211

Aging analysis

At the end of the reporting period, the aging analysis of trade receivables with net of allowance for expected credit losses, based on invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**145,260**	148,590
More than 3 months but within 6 months	**91,653**	146,731
More than 6 months but within 1 year	**64,133**	296,031
Over 1 year	**82,381**	82,275
	383,427	673,627

Trade receivables are normally due for settlement within 90–180 days from the invoice date.

11 TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**256,908**	420,987
Other payables	**107,792**	39,619
Accruals	**54,544**	53,178
	419,244	513,784

The below is an aging analysis of the trade payables at the end of the reporting period based on relevant invoice dates:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month or on demand	**10,925**	29,582
Over 1 month but within 3 months	**20,095**	54,412
Over 3 months but within 6 months	**26,855**	72,718
Over 6 months but within 1 year	**130,303**	160,402
Over 1 year	**68,730**	103,873
	256,908	420,987

12 SHARE CAPITAL

	Number of ordinary shares of HK$0.0025	Amount
		HK$'000
Authorised:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**4,000,000,000**	**10,000**

	Number of ordinary shares of HK$0.0025	Amount	Amount
		HK$'000	*RMB'000*
Issued and fully paid:			
As at 1 January 2023	2,212,018,000	5,530	4,420
Issuance of share under subscriptions *(note)*	398,856,000	997	904
Issuance of share under conversion of convertible bonds *(note 13)*	134,515,000	336	305
As at 31 December 2023 and 1 January 2024	2,745,389,000	6,863	5,629
Issuance of share under subscription *(note)*	42,000,000	105	96
Issuance of share upon the acquisition of non-controlling interests in a subsidiary *(note)*	200,000,000	500	458
As at 31 December 2024	**2,987,389,000**	**7,468**	**6,183**

Note: On 22 November 2023, the Company entered into the subscription agreements with independent third parties, as the subscribers, pursuant to which the subscribers had conditionally agreed to subscribe for 398,856,000 new shares in aggregate at the subscription price of HK$0.5 per subscription share. The subscriptions were completed and 398,856,000 of new shares in aggregate were issued and allotted on 12 December 2023.

On 29 May 2024, the Company entered into the subscription agreement with an independent third party, as the subscriber, pursuant to which the subscriber had conditionally agreed to subscribe for 42,000,000 new shares at the subscription price of HK$0.5 per subscription share. The subscription was completed and 42,000,000 new shares were issued and allotted on 19 June 2024.

On 22 July 2024, Novel Star Ventures Limited ("**Novel Star**"), a wholly-owned subsidiary of the Company, and Astute Triumph Holdings Limited ("**Astute Triumph**"), a non-controlling shareholder of Rosy Estate Global Limited ("**Rosy Estate**"), an indirect 51%-owned subsidiary of the Company before the acquisition, entered into a sale and purchase agreement. Pursuant to the agreement, Novel Star agreed to acquired 29% equity interests in Rosy Estate from Astute Triumph at a consideration of HK$100,000,000, which was satisfied by the issuance of 200,000,000 shares of the Company at issue price of HK$0.5 per share. After the completion of the acquisition on 28 October 2024, Rosy Estate became an indirect 80%-owned subsidiary of the Company.

13 CONVERTIBLE BOND

The Company issued approximately HK$26,205,000, 8.0% per annum convertible bonds on 30 May 2023 ("**2023 CB**"). The convertible bonds are denominated in Hong Kong dollars. The convertible bond holders are entitled to convert the convertible bonds into ordinary shares of the Company at any time from the date of issue to the maturity date on 29 May 2025 at an initial conversion price of HK$0.66 per conversion share. The Company has the callable option to redeem all or some of the convertible bonds plus accrued interest from 30 May 2023 and prior to the maturity date on 29 May 2025. If the convertible bonds have not been converted, they will be redeemed on the maturity date on 29 May 2025 at par. During the year ended 31 December 2023, partial 2023 CB with amount of approximately HK$22,780,000 was converted. The Company allotted and issued 34,515,000 shares of the Company to the subscriber on 14 December 2023.

During the year ended 31 December 2022, the Company issued HK$60,000,000, 8.0% per annum convertible bond on 21 June 2022 ("**2022 CB**"). The convertible bond is denominated in Hong Kong dollars. The convertible bond holder is entitled to convert the convertible bond into ordinary shares of the Company at any time from 21 June 2023 to the maturity date on 20 June 2024 at an initial conversion price of HK$0.6 per conversion share. The Company has the callable option to redeem all or some of the convertible bond plus accrued interest from 21 June 2022 and prior to the maturity date on 20 June 2024. If the convertible bond has not been converted, it will be redeemed on the maturity date on 20 June 2024 at par. During the year ended 31 December 2023, 2022 CB was fully converted. The Company allotted and issued 100,000,000 shares of the Company to the subscriber on 14 December 2023.

The convertible bonds contain two components, debt component and equity component. The effective interest rate of the debt component is 20.23% to 25.9%.

The movements of the debt and equity components of the convertible bonds are set out as below:

	Debt component *RMB'000*	Equity component *RMB'000*
As at 1 January 2023	46,945	8,756
Proceeds from the issuance of convertible bonds	17,620	6,063
Effective interest expense	11,014	–
Interest paid	(5,019)	–
Conversion of convertible bonds	(68,424)	(14,026)
Exchange adjustment	511	–
As at 31 December 2023 and 1 January 2024	2,647	793
Effective interest expense	**655**	**–**
Interest paid	**(254)**	**–**
Exchange adjustment	**68**	**–**
As at 31 December 2024	**3,116**	**793**

	2024 *RMB'000*	2023 *RMB'000*
Debt component		
Analysis:		
Current portion	**3,116**	–
Non-current portion	**–**	2,647
	3,116	2,647

14 ACQUISITION OF NON-CONTROLLING INTERESTS OF A SUBSIDIARY

On 22 July 2024, Novel Star, a wholly-owned subsidiary of the Company, and Astute Triumph, a non-controlling shareholder of Rosy Estate, an indirect 51%-owned subsidiary of the Company before the acquisition, entered into a sale and purchase agreement. Pursuant to the agreement, Novel Star agreed to acquired 29% equity interests in Rosy Estate from Astute Triumph at a consideration of HK$100,000,000, which was satisfied by the issuance of 200,000,000 shares of the Company at issue price of HK$0.5 per share. After the completion of the acquisition on 28 October 2024, Rosy Estate became an indirect 80%-owned subsidiary of the Company.

Rosy Estate holds 100% equity interests in Oriental Starway Limited, which is engaged in sales of industrial products.

Since the acquisition is a change in the ownership interest of a subsidiary without change of control, the acquisition should be accounted for as an equity transaction with the difference between the fair value of the net assets value of Rosy Estate at the date of the acquisition and the consideration for the acquisition was recognised in equity.

The fair value of net assets of Rosy Estate at the date of the acquisition:

	RMB'000
Deferred tax assets	**2,287**
Inventories	**784**
Trade and other receivables	**513,967**
Cash and cash equivalents	**20**
Trade and other payables	**(297,695)**
Tax payables	**(32,758)**
Fair value of net assets at the date of acquisition	**186,605**
Consideration, market value of 200,000,000 shares of the Company issued on the date of completion of acquisition	**47,654**
Fair value of 29% equity interests in Rosy Estate at the date of completion of acquisition	**(54,116)**
Credited to other reserves	**6,462**

15 EVENTS AFTER THE REPORTING PERIOD

Issue of 59,574,000 New Shares of the Company

On 23 December 2024, the Company entered into subscription agreements with Mr. Chen Chuzhan and Mr. Chen Hao Jun, pursuant to which (i) Mr. Chen Chuzhan had conditionally agreed to subscribe for 48,936,000 new ordinary shares of the Company at the subscription price of HK$0.50 per subscription share; and (ii) Mr. Chen Hao Jun had conditionally agreed to subscribe for 10,638,000 new ordinary shares of the Company at the subscription price of HK$0.50 per subscription share. The subscriptions were completed on 15 January 2025 and 48,936,000 new shares of the Company were allotted and issued to Mr. Chen Chuzhan and 10,638,000 new shares of the Company were allotted and issued to Mr. Chen Hao Jun.

Deemed disposal of equity interest in Jiangsu HengAn Energy Technology Co., Ltd. without change of control

On 30 December 2024, the Company and three subsidiaries of the Company, Jiangsu HengAn Energy Technology Co., Ltd. (江蘇恒安儲能科技有限公司) ("**Jiangsu HengAn**"), Oriental Richway Limited and Yulin Anchu Richway Energy Technology Co., Ltd. (榆林安儲富利能源科技有限公司), entered into the capital contribution agreements with each of Mr. Teng Tengjun, Mr. Wang Qinggong, Mr. Gu Jun, Mr. He Weijun and Mr. Yang Zhongjun (the "**Investors**") separately (the "**Capital Contribution Agreements**") in respect of the capital contributions in Jiangsu HengAn by each of the Investors (the "**Capital Contributions**"). Pursuant to the Capital Contribution Agreements, the Investors had conditionally agreed to contribute RMB28,000,000 in aggregate into Jiangsu HengAn, of which approximately RMB6,646,692.62 was contributed towards the registered share capital of Jiangsu HengAn, which accounts for approximately 2.34% of the enlarged equity interest in Jiangsu HengAn, and the remaining was contributed towards the capital reserve of Jiangsu HengAn. The Capital Contributions were completed on 14 January 2025.

After the completion of the Capital Contributions, the Company's interest in Jiangsu HengAn was diluted from 100% to approximately 97.66%.

Each of the Investors has the right to require Jiangsu HengAn and/or the Company, to jointly repurchase all or part of its equity interest in Jiangsu HengAn after occurrence of any of the triggering events as set out in the Capital Contribution Agreements.

On 18 February 2025, the Company, Jiangsu HengAn, Oriental Richway and Yulin Anchu entered into supplemental agreements to the Capital Contribution Agreements (the "**Supplemental Agreements**") with each of the Investors, pursuant to which the repurchase price was agreed to be not more than the maximum amount (the "**Maximum Amount(s)**") as set out in the Supplemental Agreements, which was set with reference to the respective capital contributions made by the Investors. The aggregate Maximum Amount of all Investors was HK$39.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing in the PRC and sales of energy storage battery in the PRC during the Year.

BUSINESS REVIEW

A. Industrial Products Segment

The Group sells automotive, motorcycle and other industrial products to customers in Saudi Arabia through an indirect non wholly-owned subsidiary of the Company, Oriental Starway Limited ("**Orient Starway**") with a business partner who owns 20% (2023: 49%) of the equity interest in Oriental Starway. The business partner has over 16 years of extensive experience in selling auto parts with strong network of marketing in Saudi Arabia and supply chain in the PRC.

The demand for such products from customers in Saudi Arabia remained high during the Year as the economy of Saudi Arabia was benefited from the non-oil business economic policy of Saudi Arabia. However, the revenue from this segment for the Year was affected by the Red Sea crisis beginning in late 2023 and decreased by approximately 29% comparing with the year ended 31 December 2023 (the "**Prior Year**"). Vessels sailing in Red Sea have been attacked and this had led to the re-routing of commercial vessels in the region. As a result, the Group had to delay the delivery of the industrial products transported by sea to its customers in Saudi Arabia and thus the recognition of revenue arising from the sales of industrial products. The crisis has not been resolved yet. In addition, customers intended to carry out procurement in a more efficient way and thus further affected the revenue from this segment.

Our main customers' shipping ports are located at Jeddah which is a Saudi Arabian port city in the Red Sea. The Group had to delay the delivery of the industrial products and thus the amount of the revenue was adversely affected.

Furthermore, the competition from other suppliers in Southeast Asia engaging in export business to Saudi Arabia was becoming intense and put pressure on the prices of the Group's industrial products during the Year, thus lowering the overall profit margin of this segment.

Automotive Market

The number of vehicles sold in Saudi Arabia kept increasing in the past years, indicating the strong demand for automotive and motorcycle industrial products in the region.

Saudi Vision 2030, initially announced on 25 April 2016, is a strategic framework to reduce Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors. Key goals include reinforcing economic and investment activities, increasing non-oil international trade, and promoting a softer and more secular image of Saudi Arabia. To achieve these goals, the National Industrial Development Center (the "**NIDC**") aims to attract three to four OEMs across the vehicles value chain, with the goal of producing 300,000 vehicles annually with a 40% local content by 2030. (In 2021, there were only four assembly plants in Saudi Arabia for commercial vehicles and hence a low volume output.) The NIDC provides incentives to enable industrialization through loans, tax incentives and tariff exemptions. Vehicle body panels, wheel components, tires, seats, fuel pumps, seat belts, rear indicator light covers, headlights, bumpers and engine covers are in demand and present sustainable market opportunities for the Group in Saudi Arabia.

Saudi Arabia's real gross domestic product (GDP) increased by 1.3% in 2024 comparing to 2023, with non-oil sector activities lifting the overall GDP. Non-oil growth vastly outperformed the overall GDP in 2024, increasing by 4.3% while oil activities declined by 4.5% and government activities grew 2.6%. These shows that Saudi Arabia continues to reduce the dependence on oil and achieve the Saudi Vision 2030. It is beneficial to the industrial products segment.

In December 2022, the President of the PRC, Mr. Xi Jinping, visited Saudi Arabia and signed a strategic partnership agreement with Saudi Arabia's King, Salman bin Abdul Aziz. They agreed to work together to deepen the automotive industry, supply chain, logistics, desalination, infrastructure, processing industry, mining, finance and other fields under the framework of the "Belt and Road Initiative" and "Saudi Vision 2030" to create an opportunity, incentive and supportive investment environment. Therefore, we believe that the demand for other industrial products will be promising in the coming years.

Other Industrial Products Market

Other industrial products mainly comprise the household hardware materials for decoration and renovation. Benefit from the strong non-oil revenue in Saudi Arabia, people were willing to renovate their apartments and thus raised the demand from such industrial products.

Customers

As at 31 December 2024, the Group had three main customers for the industrial products segment. They are engaging in the businesses of wholesale and retail sale of automotive, motorcycle and other industrial products in Saudi Arabia and other Middle East countries. They are mainly located in Jeddah which is the second largest city in Saudi Arabia. Jeddah has long been a seaport city and a trading hub for the region. These merits are beneficial to our customers' business.

The demand of such products from customers in Saudi Arabia remained high during the Year as the economic policy of Saudi Arabia intends to reduce the dependency on oil and non-oil industries benefit from it.

The revenue of the five largest customers during the Year accounted for approximately 98.0% of the total revenue of the industrial products segment.

Suppliers

The Group purchased industrial products from suppliers, mainly factories and distributors in the PRC.

In the post pandemic era, the suppliers in Southeast Asia engaging in export business to Saudi Arabia resumed normal. The competition faced by the industrial products segment was getting intense and put pressure on the prices of the Group's industrial products during the Year, thus lowering the overall profit margin of this segment.

The purchase amounts of the five largest suppliers during the Year for industrial products segment accounted for approximately 90.3% of the total purchase amounts of the industrial products segment.

B. Menswear Apparel Segment

The Group's menswear apparel business in the PRC mainly engages in the sales of its branded menswear apparel and brand licensing. The Group completed the transformation from labour intensive manufacturing industry to outsourcing its branded menswear apparel by leveraging on its own design talent in 2021. The Group currently sources its products on OEM basis only, which is more flexible in meeting the customer demand in the current trend.

Under the current weak retail environment, distributors placed small quantity orders of different product mix, which meant that economies of scale in production could not be achieved. In addition, after experiencing the suspension of social and economic activities in all the years due to the COVID-19 pandemic, outsourcing production process can avoid the sunk cost of production, such as idle labor costs and the fringe benefits.

Distribution Network for the Sales of Menswear Apparel

The Group primarily sells its products on a wholesale basis to its third-party distributors, who then (i) sell the products to end customers through retail outlets or (ii) resell the products to their sub-distributors, who in turn sell the products to end customers through retail outlets operated by those sub-distributors. The Group also sells its products to online distributors which then resell the products to end customers through different third-party online platforms such as Tmall.com and JD.com.

Due to the economic environment in the PRC and the expiry of the leases during 2022, we closed all 15 self-operated retail outlets in Quanzhou, Fujian Province and Beijing in the second half of 2022.

As at 31 December 2024, our distribution network comprised 31 distributors (2023: 41) (including one online distributor) and 21 sub-distributors (2023: 21) which operated 270 retail outlets (2023: 221), representing a net increase of 49 retail outlets. As at 31 December 2024, 90.0% (2023: 87.8%) of the retail outlets were located in department stores or shopping malls whereas 10.0% (2023: 12.2%) of the retail outlets were standalone stores.

Design and Product Development

The Group always puts great emphasis on product design and quality, as we believe our ability and commitment to provide fashionable and comfortable products have been an integral part of to our success. As at 31 December 2024, our product design and development team consisted of 3 (2023: 3) members. The team members, who plan, implement, supervise and manage the design and development efforts, have over 10 years of experiences in the fashion industry. We will continue to invest in our product design and research and development capabilities to capture fashion trends and product designs.

Sales Fairs

We generally organize sales fairs at our headquarters in Quanzhou, the PRC to showcase our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and their sub-distributors. We review our distributors' orders placed at our sales fairs to ensure that they are reasonable and in line with the relevant distributor's capacity and development plans. The sales fair for 2024 autumn/winter collections was held in March 2024, and the sales fair for 2025 spring/summer collections was held in September 2024.

C. Energy Storage Battery Segment

The Company further expanded into the business of energy storage battery segment in 2022. Jiangsu HengAn Energy Technology Co., Ltd. ("**Jiangsu HengAn**"), an indirect non wholly-owned subsidiary of the Company, acquired the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery (鋅溴液流電池).

The main operations of this segment are production and sales of zinc-bromine flow battery. A zinc-bromine flow battery is a rechargeable battery system that uses the chemical reaction between zinc metal and bromine to generate electric current. It is being developed for stationary power applications, ranging from domestic energy usage to grid-scale energy (電網規模能源). It enables power system operators and utility companies to store energy for future use. The Group believes that the energy storage battery market will have promising prospects for development under the support of the global trend and the national policy of "carbon emission reduction".

As the battery production was still under trial production stage during the Year, the revenue for the Year was insignificant.

Zinc-bromine Flow Battery Research and Development Production Base

Jiangsu HengAn has set up a zinc-bromine flow battery research and development production base (the "**Production Base**") in the Jiangning Development Zone* (江寧開發區) and commenced the phase 1 development plan. After completion of the phase 1 development plan in November 2022, Jiangsu HengAn started the production trial run. The time for testing and adjusting the production facilities was longer than expected due to the impact of COVID-19 pandemic in late 2022 and early 2023. As the time for testing was long, the Group needed time to purchase new equipments to compensate for the tools consumed to make the production lines optimal for commercial operation.

Increase in plant production capacity

During 2023, the Company has entered into a letter of intent (the "**LOI**") on collaboration with Nanjing Jiangning Economic and Technological Development Committee* (南京江寧經濟技術開發區管理委員會), to carry out phase 2 development plan to increase the production capacity of the Production Base in order to meet the demands from customers. Pursuant to the phase 2 development plan, to increase the plant production capacity and efficiency, the Group planned to automatise its production lines. The Group needed to re-design its production base, purchase new equipment and also upgrade the existing equipment. The phase 2 development plan is in progress.

Entering agreements with subsidiaries of PRC state-owned enterprises

During the Year, Jiangsu HengAn had entered into equipment procurement agreements with several subsidiaries of PRC state-owned enterprises, pursuant to which, Jiangsu HengAn would sell zinc-bromine flow battery energy storage systems together with the ancillary facilities. Entering into those agreements with the PRC state-owned enterprises strengthens the position and influence of the Group in the energy storage market and those orders demonstrates the confidence of the market towards the energy storage systems offered by the Group.

Exhibition

Jiangsu HengAn had participated in several exhibitions to showcase our products during the Year. We took the chance to meet the customers and potential customers to ensure that we could satisfy their needs and plans. We participated in, among others, CESC2025 The 3rd International Energy Storage Conference (CESC2025 第三屆中國國際儲能中會暨智慧儲能技術及應用展覽會) in March 2024 and The 21st China International Electric Power & Electric Engineering and Smart Grid Exhibition (EPOWER第二十一屆中國全電展) in June 2024.

FINANCIAL REVIEW

REVENUE

Revenue by Product Type

	For the year ended 31 December				
	2024		2023		**Change**
	RMB million	***% of revenue***	*RMB million*	*% of revenue*	*%*
Industrial Products					
Automotive Industrial Products	**225.5**	**48.3%**	264.7	41.0%	-14.8%
Other Industrial Products	**139.6**	**29.9%**	252.4	39.1%	-44.7%
Total of Industrial Products	**365.1**	**78.2%**	517.1	80.1%	-29.4%
Menswear Apparel					
Menswear Apparel Products	**80.6**	**17.2%**	109.4	17.0%	-26.3%
Brand licensing	**12.5**	**2.7%**	13.1	2.0%	-4.6%
Total of Menswear Apparel	**93.1**	**19.9%**	122.5	19.0%	-24.0%
Energy Storage Battery					
Energy Storage Battery	**8.8**	**1.9%**	5.5	0.9%	+60.0%
Total	**467.0**	**100%**	645.1	100%	-27.6%

Despite the strong demand for industrial products in Saudi Arabia, the revenue from the industrial products segment decreased by approximately 29.4% comparing with the Prior Year. The decrease was mainly attributable to the shipping crisis in Red Sea amid the warfare in the region which began in late 2023. In addition, customers intended to carry out procurement in a more efficient way to avoid the impact of the Red Sea crisis and thus further affected the revenue from this segment. The crisis has not been resolved yet.

The revenue from menswear apparel segment decreased by approximately 24.0% comparing with the Prior Year. The decrease was mainly attributable to the lower selling price per unit during the Year. As the consumer behaviors changed and live commerce becomes popular, customers are prone to buying more affordable products through online channel. The selling price offered by the Group had to be more competitive and thus the revenue decreased despite the similar number of units sold comparing with those of the Prior Year.

Even though the revenue from the energy storage battery segment increased by approximately 60% comparing to the Prior Year, the increased amount was insignificant.

Revenue by Region

Region	For the year ended 31 December 2024 *RMB million*	 *% of Revenue*	 2023 *RMB million*	 *% of Revenue*	Change *%*
Saudi Arabia					
Industrial Products	**365.1**	**78.2%**	517.1	80.1%	-29.4%
PRC					
Menswear Apparel	**93.1**	**19.9%**	122.5	19.0%	-24.0%
Energy Storage Battery	**8.8**	**1.9%**	5.5	0.9%	+60.0%
Total of PRC	**101.9**	**21.8%**	128.0	19.9%	-20.4%
Total	**467.0**	**100%**	645.1	100%	-27.6%

Saudi Arabia region was the major revenue contributor to the Group, accounting for approximately 78.2% (2023: 80.1%) of the total revenue.

Cost of Sales

	For the year ended 31 December 2024 *RMB million*	 *% of revenue*	 2023 *RMB million*	 *% of revenue*	 Change *RMB million*	 Change *%*
Industrial Products	**289.1**	**61.9%**	402.1	62.3%	-113.0	-28.1%
Menswear Apparel	**67.1**	**14.4%**	92.5	14.3%	-25.4	-27.5%
Energy Storage Battery	**5.1**	**1.1%**	2.7	0.4%	+2.4	+88.9%
Total	**361.3**	**77.4%**	497.3	77.1%	-136.0	-27.3%

Cost of sales decreased by approximately 27.3% to approximately RMB361.3 million for the Year from approximately RMB497.3 million for the Prior Year.

For the industrial products segment, the cost of sales was attributable to the purchases of industrial products from suppliers in the PRC. The decrease in cost of sales from industrial products segment was in line with the decrease in revenue from this segment.

The decrease in cost of sales from menswear apparel segment was in line with the decrease in revenue from this segment.

Gross Profit

	For the year ended 31 December			
	2024	2023	**Change**	**Change**
	RMB million	*RMB million*	*RMB million*	*%*
Industrial Products	**76.0**	115.0	-39.0	-33.9%
Menswear Apparel	**26.0**	30.0	-4.0	-13.3%
Energy Storage Battery	**3.7**	2.8	+0.9	+32.1%
Total	**105.7**	147.8	-42.1	-28.5%

Gross Profit Margin

	For the year ended 31 December		
	2024	2023	**Change**
	%	*%*	
Industrial Products	**20.8**	22.2	-1.4 ppt
Menswear Apparel	**27.9**	24.5	+3.4 ppt
Energy Storage Battery	**42.0**	50.9	-8.9 ppt
Group	**22.6**	22.9	-0.3 ppt

The slight decrease in the profit margin of the Group was mainly due to the combined effect of the decrease in the profit margin of the industrial products segment and the increase in the profit margin of the menswear apparel segment. For the industrial products segment, the selling price per unit was reduced to compensate the longer period of delivery due to the Red Sea crisis impact and to retain the market share. For the menswear apparel segment, the increase was mainly attributable to the decrease in raw materials cost during the Year.

(Loss)/profit for the Year

	For the year ended 31 December			
	2024	2023	**Change**	**Change**
	RMB million	*RMB million*	*RMB million*	*%*
Industrial Products	**(132.5)**	97.5	-230.0	-235.9%
Menswear Apparel	**(92.6)**	(31.5)	-61.1	-194.0%
Energy Storage Battery	**(64.6)**	(43.3)	-21.3	-49.2%
Unallocated	**(71.4)**	(27.2)	-44.2	-162.5%
Total	**(361.1)**	(4.5)	-356.6	-7,924.4%

The Group recorded continuous loss for the Year. Loss for the Year from the energy storage battery segment, which was under trial run production stage, was approximately RMB64.6 million (2023: RMB43.3 million). Significant costs were involved in the trial run production, such as, among others, research and development expenses, testing charges and sample charges.

The management of the Group concluded that there was impairment indication and conducted a review of the recoverable amounts of certain investment properties, right-of-use assets and trade receivables of the Group. Based on the result of the assessment, the management of the Group determined that the recoverable amounts of those assets (2023: trade receivables) were lower than their carrying amounts.

An impairment losses on the investment properties and right-of-use assets in the PRC for the Year were approximately RMB11.0 million and approximately RMB14.2 million respectively. It was mainly due to the decrease in fair values according to the valuation report prepared by an external valuer (the "**Valuer**") engaged by the Company.

A provision for expected credit losses ("**ECL**") on trade receivables under IFRS9 "Financial Instruments" of approximately RMB211.3 million (2023: RMB2.9 million) had been recognised. The increase in provision for expected credit losses on trade receivables was mainly due to the unsatisfactory trade receivables collection of the industrial products segment. The management has been actively negotiating with the customers to collect the receivables and has suspended the delivery of their orders.

The Company granted 170,000,000 share options of the Company (the "**Share Option(s)**") to certain Directors and employees of the Group during the Year. The equity-settled share-based payment expenses in respect of the Share Options granted during the Year was approximately RMB48.6 million (2023: nil).

Other Incomes and Other Gains or Losses

For the Year, other incomes and other gains or losses increased by approximately RMB3.7 million to approximately RMB20.8 million from approximately RMB17.1 million for the Prior Year. The net increase was mainly due to the increase in rental income of approximately RMB1.4 million, the increase in sale of scrap materials of approximately RMB1.0 million and the increase in net foreign exchange gain of approximately RMB1.3 million.

Selling and Distribution Expenses

	For the year ended 31 December					
	2024		2023		**Change**	**Change**
	RMB million	*% of revenue*	*RMB million*	*% of revenue*	*RMB million*	*%*
Industrial Products	**10.6**	**2.3%**	7.0	1.1%	+3.6	+51.4%
Menswear Apparel	**2.6**	**0.6%**	10.7	1.7%	-8.1	-75.7%
Energy Storage Battery	**12.3**	**2.6%**	3.9	0.6%	+8.4	+215.4%
Total	**25.5**	**5.5%**	21.6	3.3%	+3.9	+18.1%

For the industrial products segment, the increase in the selling and distribution expenses was mainly due to the increased shipping cost due to the impact of Red Sea Crisis. Thus, the expenses to the revenue increased by approximately 1.2% from 1.1% in the Prior Year to 2.3% for the Year.

For the menswear apparel segment, the decrease in selling and distribution expenses was primarily due to (i) the significant decrease in advertising and promotional expenses resulting from change in promotion strategy and cost control policy; and (ii) the decrease in packing materials cost.

For the energy storage battery segment, the selling and distribution expenses were approximately RMB12.3 million, accounted for approximately 2.6% of the revenue for the Year. The significant increase in the selling and distribution expenses was mainly due to (i) the increase in staff salaries due to the increased number of salesmen during the Year; (ii) the increase in promotion expenses, including organising exhibition and business entertainment, to promote the products and increase the business opportunity; and (iii) the increase in carriage outwards expenses which was in line with the increase in revenue from this segment.

Administrative and Other Operating Expenses

	For the year ended 31 December					
	2024		2023		**Change**	**Change**
	RMB million	***% of revenue***	*RMB million*	*% of revenue*	*RMB million*	*%*
Industrial Products	**5.6**	**1.2%**	–	–	+5.6	+100%
Menswear Apparel	**37.8**	**8.1%**	37.6	5.8%	+0.2	+0.5%
Energy Storage Battery	**54.6**	**11.7%**	41.9	6.5%	+12.7	+30.3%
Unallocated	**59.0**	**12.6%**	10.0	1.6%	+49.0	+490.0%
Total	**157.0**	**33.6%**	89.5	13.9%	+67.5	+75.4%

For the industrial products segment, the administrative and other operating expenses were mainly the staff salaries of approximately RMB2.1 million, financial and accounting services fee of approximately RMB1.1 million, other professional services fee of approximately RMB856,000 and audit fee of approximately RMB1.2 million. As the management of the industrial products segment was centralised and managed by the Company and other subsidiaries of the Group, the administrative and other operating expenses of the industrial products segment were insignificant for the Prior Year.

For the menswear apparel segment, the amount of the administrative and other operating expenses were approximately the same comparing with that of the Prior Year. In particular, the staff salaries and insurance expenses decreased by approximately RMB264,000 and the research and development expenses decreased by approximately RMB308,000. However, the decreases were offset by the increase in the water and electricity expenses of approximately RMB633,000 due to test-running of the restructured factory areas which are planned to be leased out. Further details in relation to the restructured factory areas are set out in the paragraphs under the section headed "Factory Restructuring" on page 39 of this announcement.

For the energy storage battery segment, the increase in administrative and other expenses was mainly due to (i) the increase in staff salaries and insurance expenses of approximately RMB6.7 million, including a termination fee of approximately RMB1.4 million in relation to streamlining the structure during the Year; and (ii) the increase in research and development expenses of approximately RMB5.9 million. The Group strengthened the manpower during the first and second quarters of the Year and optimise the operational structure during the end of the third quarter of the Year and thus the total staff salaries expenses increased during the Year. During the trial run production process, there were numerous expenses being classified as research and development expenses and due to the increase in the number of trial run during the Year to satisfy the needs of the customers, the research and development expenses increased.

The Company granted 170,000,000 Share Options in aggregate to eligible persons of the share option scheme of the Company adopted on 9 June 2014 in the Year. An equity-settled share-based payment expense of approximately RMB48.6 million was recognised in the unallocated segment which led to a significant increase in the administrative and other operating expenses of this segment.

Finance Costs

For the Year, finance cost decreased by approximately 31.8% year-on-year to approximately RMB24.5 million (2023: RMB35.9 million), which was mainly due to the significant decrease in interest expenses of the convertible bonds issued by the Company for the Year because two convertible bonds had been converted in the Prior Year.

Income Tax

For the Year, income tax expenses increased by approximately RMB24.7 million year-on-year from approximately RMB19.4 million in Prior Year to approximately RMB44.7 million. The increase was mainly arising from the reversal of the deferred tax assets recognised for provision for ECL on trade receivables of the menswear apparel segment for the past years and partially offset by the increase in deferred tax assets recognised for provision for ECL on trade receivables of the industrial products segment for the Year.

Dividends

The Board has resolved not to recommend the payment of a final dividend for the Year (2023: Nil).

Liquidity and Financial Resources and Capital Structure

As at 31 December 2024, the total cash and bank balances of the Group were approximately RMB46.0 million (2023: RMB70.3 million), comprising cash and cash equivalents of approximately RMB46.0 million (2023: RMB70.3 million).

As at 31 December 2024, the Group had a total of interest bearing borrowings of approximately RMB516.8 million (2023: RMB456.5 million), comprising bank and other borrowings of approximately RMB426.0 million (2023: RMB382.0 million), corporate bonds of approximately RMB27.4 million (2023: RMB35.1 million), convertible bond of approximately RMB3.1 million (2023: RMB2.7 million) and loans from a shareholder of approximately RMB60.3 million (2023: RMB36.7 million). The Group's borrowings were primarily denominated in RMB and HK$ (2023: in both RMB and HK$) and bear interest at fixed rate (2023: fixed rate) ranging from 0.1% to 5.66% (2023: 0.1% to 13.0%) per annum.

The maturity profile of the borrowings as at 31 December 2024 was as follows:

	2024		2023	
	RMB million	***%***	*RMB million*	*%*
Within 1 year or on demand	**463.3**	**89.6%**	430.1	94.2%
Over 1 but within 2 years	**45.4**	**8.8%**	19.0	4.2%
Over 2 but within 5 years	**8.1**	**1.6%**	7.4	1.6%
Total	**516.8**	**100%**	456.5	100%

As at 31 December 2024, the gearing ratio was approximately 130.9% (2023: 66.5%). The increase was mainly due to the decrease in total equity and increase in borrowings. The Group's gearing ratio is measured by the total interest-bearing borrowings divided by total equity and multiplied by 100%.

As at 31 December 2024, the Group's total equity decreased by approximately RMB291.6 million to approximately RMB394.8 million (2023: RMB686.4 million). The decrease was mainly due to the increase in the loss for the Year and partially offset by the increase of the share capital and related reserves as a result of the issue of new Shares during the Year.

The Group recorded a net debt to equity ratio of approximately 119.3% as at 31 December 2024 (2023: 56.3%).

The Group regularly and actively monitors its capital structure to ensure that there is sufficient working capital to operate its business and to maintain a balanced capital structure between providing steady returns to the Shareholders and benefits to its other stakeholders and having an adequate level of borrowing and security.

Charges of Assets

As at 31 December 2024, secured bank borrowings of RMB383.0 million (2023: RMB335.0 million) were secured by the following assets with the carrying values:

	2024	2023
	RMB million	*RMB million*
Properties	**3.8**	4.4
Investment properties	**186.4**	212.6
Land use right	**196.2**	217.6
Total	**386.4**	434.6

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

Acquisition of the 29% equity interest in Rosy Estate Global Limited involving issue of the consideration shares under a specific mandate

On 22 July 2024, Novel Star Ventures Ltd. (the "**Purchaser**"), a wholly-owned subsidiary of the Company, and Astute Triumph Holdings Limited (the "**Vendor**") entered into a sale and purchase agreement (the "**SPA**"), pursuant to which the Vendor had conditionally agreed to sell, and the Purchaser had conditionally agreed to purchase, 29 ordinary shares (the "**Sale Shares**") in Rosy Estate Global Limited (the "**Target Company**"), an indirect non wholly-owned subsidiary of the Company, representing 29% of the entire equity interest in the Target Company (the "**Acquisition**"), at a consideration of HK$100 million (the "**Consideration**"). The Consideration was satisfied by the Purchaser to procure the Company to allot and issue 200,000,000 Shares (the "**Consideration Share(s)**") to the Vendor under a specific mandate at the issue price of HK$0.5 per Consideration Share upon the completion of the Acquisition.

Immediately before the Acquisition, the Target Company was owned as to 51% by the Purchaser and 49% by the Vendor. At the material time of entering into the SPA, the Vendor was a substantial shareholder of the Target Company and was therefore a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Thus, the Acquisition constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules and including the alternative test accepted by the Stock Exchange) in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition constituted a discloseable and connected transaction for the Company and was subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An extraordinary general meeting of the Company (the "**EGM**") was convened on 25 September 2024 for the purposes of considering and approving (i) the SPA and the transactions contemplated thereunder; (ii) the grant of the specific mandate to allot and issue the Consideration Shares. The SPA and the transactions contemplated thereunder and the grant of the specific mandate were approved by the shareholders of the Company at the EGM.

The Acquisition was completed on 28 October 2024 and pursuant to the SPA, the Company had allotted and issued 200,000,000 Consideration Shares, representing approximately 6.7% of the issued share capital of the Company (as enlarged by the Consideration Shares) on 28 October 2024, to the Vendor at the issue price of HK$0.5 per Consideration Share under the specific mandate. Upon Completion, the Company holds 80% of the entire issued share capital of the Target Company and the Target Company remains an indirect non wholly-owned subsidiary of the Company, and the financial results of the Target Company remains consolidated into the consolidated financial statements of the Group.

For details of the Acquisition, please refer to the announcements of the Company dated 22 July 2024, 24 July 2024, 23 August 2024, 25 September 2024 and 28 October 2024 and the circular of the Company dated 5 September 2024.

Deemed disposal of equity interest in Jiangsu HengAn and the grant of repurchase rights

Deemed disposal of equity interest in Jiangsu HengAn

On 30 December 2024, the Company and 3 subsidiaries of the Company, Jiangsu HengAn, Oriental Richway Limited ("**Oriental Richway**") and Yulin Anchu Richway Energy Technology Co., Ltd.* (榆林安儲富利能源科技有限公司) ("**Yulin Anchu**"), entered into the capital contribution agreements with each of Mr. Teng Tengjun, Mr. Wang Qinggong, Mr. Gu Jun, Mr. He Weijun and Mr. Yang Zhongjun (the "**Investors**") separately (the "**Capital Contribution Agreements**") in respect of the capital contributions in Jiangsu HengAn by each of the Investors (the "**Capital Contributions**"). Pursuant to the Capital Contribution Agreements, the Investors had conditionally agreed to contribute RMB28,000,000 in aggregate into Jiangsu HengAn, of which approximately RMB6,646,692.62 was contributed towards the registered capital of Jiangsu HengAn, which accounts for approximately 2.34% of the enlarged equity interest in Jiangsu HengAn, and the remaining was contributed towards the capital reserve of Jiangsu HengAn.

Upon completion of the Capital Contributions, the Company's interest in Jiangsu HengAn (holding through Oriental Richway and Yulin Anchu) was diluted from 100% to approximately 97.66%. The Capital Contributions constituted deemed disposal of equity interest in Jiangsu HengAn (the "**Deemed Disposal**") under Rule 14.29 of the Listing Rules.

The proceeds from the Capital Contributions will be strategically allocated to two key areas of development of the production base of Jiangsu HengAn in Nanjing (the "**Nanjing Production Base**") which include expanding the production capacity and upgrading the production facilities from semi-automatic to fully automated systems. By improving its infrastructure and optimising the operations of the Nanjing Production Base, Jiangsu HengAn and its subsidiaries would position themselves to meet the growing demand and could strengthen its competitive edge in the energy storage market in the PRC.

All the applicable percentage ratio (as defined under Rule 14.06 and Rule 14.30 of the Listing Rules) in respect of the Deemed Disposal are less than 5%.

Repurchase rights

Each of the Investors has the right to require Jiangsu HengAn and/or the Company (the "**Repurchase Obligors**"), to jointly repurchase all or part of its equity interest in Jiangsu HengAn (the "**Repurchase Interest**") after occurrence of any of the triggering events as set out in the Capital Contribution Agreements.

The repurchase price (the “**Repurchase Price**”) shall be the higher of (i) the Capital Contribution paid by the Investor with respect to the Repurchase Interest, plus an annual simple interest of 8% calculated from the payment date of the Capital Contribution to the payment date of the Repurchase Price by the Repurchase Obligors, and minus any dividends already paid to the Investor with respect to the Repurchase Interest; (ii) the most recent audited consolidated net book asset value of Jiangsu HengAn attributable to the Repurchase Interest; and (iii) the Capital Contribution plus the increases in shareholders’ equity in the Repurchase Interest, including but not limited to surplus reserves, undistributed profits, and increases in shareholders’ equity caused by other circumstances.

On 18 February 2025, the Company, Jiangsu HengAn, Oriental Richway and Yulin Anchu entered into supplemental agreements to the Capital Contribution Agreements (the “**Supplemental Agreements**”) with each of the Investors, pursuant to which the Repurchase Price was agreed to be not more than the maximum amount (the “**Maximum Amount(s)**”) as set out in the Supplemental Agreements, which was set with reference to the respective Capital Contributions made by the Investors. The aggregate Maximum Amount of all Investors was HK$39.2 million.

Since the exercises of the Repurchase Rights under the Capital Contribution Agreements are not at the discretion of the Company, according to Rule 14.74(1) of the Listing Rules, the transactions were classified as if the Repurchase Rights had been exercised at the time of the grant of the Repurchase Rights. As the highest applicable percentage ratio in respect of the grant of the Repurchase Rights in aggregate exceeded 5% but was less than 25%, the grant of the Repurchase Rights constituted a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Deemed Disposal was completed on 14 January 2025. Upon Completion, the Investors were interested in approximately 2.34% of the enlarged equity interest in Jiangsu HengAn in aggregate, and the Group’s interest in Jiangsu HengAn (holding through Oriental Richway and Yulin Anchu) was diluted from 100% to approximately 97.66%. Accordingly, Jiangsu HengAn remains as a subsidiary of the Company and the financial results of Jiangsu HengAn and its subsidiaries continues to be consolidated in the financial statements of the Group.

For details of the Deemed Disposal and the grant of Repurchase Rights, please refer to the announcements of the Company dated 30 December 2024 and 18 February 2025.

Save as disclosed above, the Group had no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

Factory Restructuring

Since 2020, the Group has started to restructure certain redundant factory areas (the "**Restructuring**") in Quanzhou to change the usage of those areas into developing a one-stop home and commercial furnishing chain business platform (the "**Platform**") in order to increase the income streams.

The Platform will facilitate the matching of suppliers and customers of the furnishing industry. The Restructuring will be separated into different areas such as furnishing materials store, furnishing design centre and supporting facilities such as business centre. We expect to receive rental incomes, promotion and advertisement fees from the Platform.

The Restructuring is principally funded by cash generated from our operations and bank borrowings. According to the initial planned timetable, we originally expected that the Restructuring would be completed by early 2022. However, due to the recurring COVID-19 situation in 2022, the completion was delayed. As at 31 December 2024, the Restructuring was at the final stage and under testing and review. Preparation work of promotion and advertisement of leasing out the restructured factory area was in progress.

Capital Commitments and Contingencies

As at 31 December 2024, the Group had a total capital commitment of approximately RMB215.2 million (2023: RMB197.7 million). It was primarily related to the construction in progress and purchase of equipment. All the capital commitments are expected to be financed by income generated from our operations and bank borrowings.

As at 31 December 2024, the Group had no material contingent liabilities.

Foreign Currency Exposure

The functional currency of the Group is Renminbi and the Company's financial statements are translated into Renminbi for reporting and consolidation purpose. Foreign exchange differences arising from translation of financial statements are directly recognised in equity as a separate reserve. As the Group conducts its business transactions principally in Renminbi and US dollars, other than the Hong Kong dollar corporate bonds, the exchange rate risk at the Group's operational level is not significant. The Group does not employ any financial instruments for hedging purpose.

Employees, Training and Development

The Group had a total of 180 employees as at 31 December 2024 (2023: 196). Total staff costs for the Year amounted to approximately RMB38.8 million (2023: RMB30.9 million).

The Group places strong emphasis on recruiting quality personnel from universities and technical schools and provides on-going training and development opportunities to our staff members. Our training programs cover topics such as sales, customer service, quality control, sales fairs planning and pre-employment training. We also provide training on workplace ethics, fire protection and other areas relevant to the business. We believe that staff training plays an important role in recruiting and retaining talent as well as enhancing employees' loyalty.

The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance, commission/bonuses and share options, based on various factors such as market rates, responsibility, job complexity and the Group's performance.

Issue of New Shares Under General Mandate

Subscription of 42,000,000 Shares

On 29 May 2024, the Company entered into a subscription agreement with Ms. Cheng Cong ("**Ms. Cheng**"), pursuant to which Ms. Cheng had conditionally agreed to subscribe for 42,000,000 new ordinary Shares at the subscription price of HK$0.50 per subscription Share. The net issue price was HK$0.499 per subscription Share. The closing price was HK$0.315 per Share as quoted on the Stock Exchange on the date of the subscription agreement. The aggregate nominal value of the subscription Shares was HK$105,000.

Ms. Cheng, who is an individual investor with extensive experience in equity investment principally engaged in, among others, e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Ms. Cheng was independent of the Company and its connected persons.

The subscription was completed and 42,000,000 new Shares were allotted and issued to Ms. Cheng under general mandate on 19 June 2024. The net proceeds from the subscription amounted to approximately HK$20.9 million (approximately RMB19.1 million), which were intended for general working capital of the Group and were fully utilised for the same. The Directors consider that the subscription represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscription helped to broaden the Company's funding channels.

For details of the subscription, please refer to the announcements of the Company dated 29 May 2024 and 19 June 2024.

Subscriptions of 59,574,000 Shares

On 23 December 2024, the Company entered into subscription agreements with Mr. Chen Chuzhan and Mr. Chen Hao Jun, pursuant to which (i) Mr. Chen Chuzhan had conditionally agreed to subscribe for 48,936,000 new ordinary Shares at the subscription price of HK$0.50 per subscription Share; and (ii) Mr. Chen Hao Jun had conditionally agreed to subscribe for 10,638,000 new ordinary Shares at the subscription price of HK$0.50 per subscription Share. The net issue price was HK$0.499 per subscription share. The closing price was HK$0.20 per Share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate nominal value of the subscriptions Shares was HK$148,935.

Mr. Chen Chuzhan is an individual investor with extensive equity investment experience in new energy, trading and pharmaceutical business. Mr. Chen Hao Jun is an individual investor with extensive experience in equity investment mainly engages in e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, they were independent of the Company and its connected persons.

The subscriptions were completed and 48,936,000 new Shares were allotted and issued to Mr. Chen Chuzhan and 10,638,000 new Shares were allotted and issued to Mr. Chen Hao Jun under general mandate on 15 January 2025. The net proceeds from the subscriptions amounted to approximately HK$29.7 million (approximately RMB27.5 million), which were intended for general working capital of the Group and were fully utilised for the same. The Directors consider that the subscriptions represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscriptions helped to broaden the Company's funding channels.

For details of the subscriptions, please refer to the announcements of the Company dated 23 December 2024 and 15 January 2025.

Subscriptions of 398,856,000 Shares in the Prior Year and change in the use of net proceeds

On 22 November 2023, the Company entered into eleven subscription agreements with eleven subscribers (the "**Subscribers**"), pursuant to which the Subscribers had conditionally agreed to subscribe for 398,856,000 new ordinary Shares in aggregate at the subscription price of HK$0.50 per subscription Share. The net issue price was HK$0.499 per subscription Share. The closing price was HK$0.560 per Share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate nominal value of the subscription Shares was HK$997,140.00. The table below sets out the background of the Subscribers:

Subscribers	**Background of the Subscribers**
Subscriber A	Subscriber A is an individual investor with extensive experience in equity investment and is a merchant.
Subscriber B	Subscriber B is an individual investor with extensive experience in equity investment and is a merchant.
Subscriber C	Subscriber C is a company which is principally engaged in investment holding and its ultimate beneficial owner is an individual investor with extensive experience in equity investment and is a merchant.
Subscriber D	Subscriber D is a company which is principally engaged in investment holding and its ultimate beneficial owner is an individual investor with extensive experience in equity investment.
Subscriber E	Subscriber E is an individual investor with extensive experience in business management and equity investment.
Subscriber F	Subscriber F is an individual investor with extensive experience in equity investment and engages in network technology business in the PRC.
Subscriber G	Subscriber G is an individual investor with extensive experience in business management and equity investment.
Subscriber H	Subscriber H is an individual investor with extensive experience in business management and equity investment.
Subscriber I	Subscriber I is an individual investor with extensive experience equity investment and a consultant in educational institute in the PRC.

Subscribers	Background of the Subscribers
Subscriber J	Subscriber J is an individual investor with extensive experience in business management and equity investment.
Subscriber K	Subscriber K is an individual investor with extensive experience in equity investment.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owner(s) (for corporate entities) were independent of the Company and its connected persons.

The subscriptions were completed and 398,856,000 new Shares in aggregate were allotted and issued to the Subscribers under general mandate on 12 December 2023. The net proceeds from the subscriptions amounted to approximately HK$199.1 million (approximately RMB180.4 million), which were intended for future business development, repayment of debts and general working capital as to HK$64.6 million, HK$45.4 million and HK$89.1 million respectively.

For the portion of the net proceeds originally allocated for repayment of the debts, the Company originally planned to use the same to, inter alia, partially repay the convertible bond issued by the Company (the "**Convertible Bond**") due in June 2024. Nevertheless, the bondholder of the Convertible Bond exercised the conversion rights and the same was converted on 14 December 2023 and therefore the Convertible Bond was no longer required to be repaid by the Company. Therefore, the Company has revised the use of the net proceeds, details of which are disclosed in the announcement of the Company dated 23 August 2024. The amounts of approximately HK$103.6 million, approximately HK$5.1 million and approximately HK$90.4 million were fully utilised for future business development, repayment of debts and general working capital, respectively.

The Directors consider that the subscriptions represent a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscriptions helped to broaden the Company's funding channels.

For details of the subscriptions and change in the use of net proceeds, please refer to the announcements of the Company dated 22 November 2023, 12 December 2023 and 23 August 2024.

COMPLIANCE WITH THE MODEL CODE

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

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

Upon specific enquiries, all Directors and the senior management of the Company confirmed that they have complied with the relevant provisions of the Model Code throughout the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE "CG CODE")

After reviewing the Company's corporate governance practices and the CG Code contained in Part 2 of the Appendix C1 to the Listing Rules, the Board is satisfied that the Company has complied with the provisions of the CG Code for the Year.

The Board currently comprises five executive Directors, one non-executive Director and three independent non-executive Directors, with independent non-executive Directors representing one-third of the Board, which fulfills the requirement of the Listing Rules. Such percentage of independent non-executive Directors on the Board can ensure their views would carry sufficient weight and enhance the independence of the Board. On the above basis, the Board considers that the current board structure will not impair the balance of power and the authority of the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

Important events after the reporting period

Issue of 59,574,000 New Shares under General Mandate

On 23 December 2024, the Company entered into the subscription agreements with Mr. Chen Chuzhan and Mr. Chen Hao Jun, pursuant to which (i) Mr. Chen Chuzhan had conditionally agreed to subscribe for 48,936,000 new ordinary Shares at the subscription price of HK$0.50 per subscription Share; and (ii) Mr. Chen Hao Jun had conditionally agreed to subscribe for 10,638,000 new ordinary Shares at the subscription price of HK$0.50 per subscription Share. The subscriptions were completed and 48,936,000 new Shares were allotted and issued to Mr. Chen Chuzhan and 10,638,000 new Shares were allotted and issued to Mr. Chen Hao Jun under General Mandate on 15 January 2025. Details of the subscriptions are set out in the paragraphs headed "Subscriptions of 59,574,000 Shares" under the section headed "Issue of New Shares Under General Mandate" on page 41 of this announcement.

Deemed disposal of equity interest in Jiangsu HengAn Energy Technology Co., Ltd.

On 30 December 2024, the Company and 3 subsidiaries of the Company, Jiangsu HengAn, Oriental Richway and Yulin Anchu, entered into the Capital Contribution Agreements with each of the Investors separately in respect of the Capital Contributions. Pursuant to the Capital Contribution Agreements, the Investors had in aggregate conditionally agreed to contribute RMB28,000,000 into Jiangsu HengAn, of which approximately RMB6,646,692.62 was contributed towards the registered capital of Jiangsu HengAn, which accounts for approximately 2.34% of the enlarged equity interest in Jiangsu HengAn, and the remaining was contributed towards the capital reserve of Jiangsu HengAn.

The Capital Contributions constituted deemed disposal of equity interest in Jiangsu HengAn (the "**Deemed Disposal**") under Rule 14.29 of the Listing Rules. The Deemed Disposal was completed on 14 January 2025.

Details of the Deemed Disposal are set out in the paragraphs headed "Deemed disposal of equity interest in Jiangsu HengAn Energy Technology Co., Ltd. and the grant of repurchase rights" under the section headed "Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies" on page 37 of this announcement.

Save as otherwise disclosed in this announcement, no important events affecting the Company have occurred since 31 December 2024 and up to the date of this announcement.

SCOPE OF WORK OF SUYA WWC CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed with the Company's auditor, Suya WWC CPA Limited, which is consistent with the figures set out in the Group's consolidated financial statements for the year ended 31 December 2024.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the Year:

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 International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements. As at 31 December 2024, the Group had net current liabilities of approximately RMB254,164,000. As stated in note 1, these conditions indicate that material uncertainty exists that cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon evaluated outcome and the results of various financial plans and measures implemented by the Group. Our opinion is not modified in respect of this matter.

REVIEW OF ANNUAL RESULTS

The audit committee (the "**Audit Committee**") of the Company consists of the three independent non-executive Directors, namely Mr. Poon Yick Pang Philip (Chairman of the Audit Committee), Mr. Cheung Chiu Tung and Mr. Ma Yu-heng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, financial reporting, internal control and risk management systems, and has reviewed the audited annual financial results for the year ended 31 December 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DELAY IN DESPATCH OF ANNUAL REPORT

Publication of annual results announcement

This announcement can be accessed on the website of Stock Exchange at www.hkexnews.hk and the website of the Company at www.chinaanchu2399.com.

Delay in despatch of annual report

Pursuant to Rule 13.46(2) of the Listing Rules, the Company is required to despatch its annual report for the year ended 31 December 2024 (the "**2024 Annual Report**") to the shareholders of the Company no later than four months after the end of the financial year of the Company, i.e. on or before 30 April 2025. Due to the delay in the publication of the annual results announcement, there will be delay in the despatch of the 2024 Annual Report. The delay in despatch of the 2024 Annual Report constitutes a non- compliance with Rule 13.46(2) of the Listing Rules. It is expected that the 2024 Annual Report will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company on or around 27 May 2025.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended from 9:00 a.m. on 1 April 2025 pending the release of this announcement. An application has been made to the Stock Exchange to resume the trading in the Shares from 9:00 a.m. on 2 May 2025.

By Order of the Board
China Anchu Energy Storage Group Limited
Kwok Kin Sun
Chairman and Executive Director

Hong Kong, 30 April 2025

As at the date of this announcement, the executive Directors are Mr. Kwok Kin Sun, Mr. Kwok Hon Fung, Mr. Lu Ke, Mr. Duan Huiyuan and Ms. Ma Xiaoling; the non-executive Director is Mr. Wang Yan; and the independent non-executive Directors are Mr. Cheung Chiu Tung, Mr. Poon Yick Pang Philip and Mr. Ma Yu-heng.

Website: www.chinaanchu2399.com