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雲能國際
YUNNAN ENERGY INTERNATIONAL

Yunnan Energy International Co. Limited

雲能國際股份有限公司*

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1298)

(Singapore Stock Code: T43)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Yunnan Energy International Co. Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	576,615	341,863
Cost of sales		<u>(546,720)</u>	<u>(331,780)</u>
Gross profit		29,895	10,083
Other income and gains and losses, net	5	(5,922)	2,675
Selling and distribution expenses		(4,201)	(902)
Administrative expenses		(12,988)	(13,700)
(Impairment losses)/reversal of impairment losses of financial assets, net		(406)	1,275
Finance costs	6	<u>(3,133)</u>	<u>(4,059)</u>
PROFIT/(LOSS) BEFORE TAX	7	3,245	(4,628)
Income tax	8	<u>(2,754)</u>	<u>(342)</u>
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u><u>491</u></u>	<u><u>(4,970)</u></u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments designated at fair value through other comprehensive income		852	—
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(2,555)</u>	<u>(1,084)</u>
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR		<u>(1,703)</u>	<u>(1,084)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u><u>(1,212)</u></u>	<u><u>(6,054)</u></u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT			
Basic and diluted	10	<u><u>HK0.18 cents</u></u>	<u><u>(HK1.8 cents)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	105	126
Equity investment designated at fair value through other comprehensive income		<u>40,877</u>	<u>—</u>
Total non-current assets		<u>40,982</u>	<u>126</u>
CURRENT ASSETS			
Inventories		72,401	40,614
Trade receivables	<i>12</i>	141,709	93,102
Prepayments, deposits and other receivables	<i>13</i>	93,569	64,297
Cash and bank balances		<u>66,063</u>	<u>120,618</u>
Total current assets		<u>373,742</u>	<u>318,631</u>
CURRENT LIABILITIES			
Trade payables	<i>14</i>	55,549	29,823
Other payables and accruals		38,795	32,159
Loan from an intermediate holding company		—	91,446
Loan from a fellow subsidiary		153,752	—
Tax payable		<u>2,511</u>	<u>—</u>
Total current liabilities		<u>250,607</u>	<u>153,428</u>
NET CURRENT ASSETS		<u>123,135</u>	<u>165,203</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>164,117</u>	<u>165,329</u>
NET ASSETS		<u>164,117</u>	<u>165,329</u>
EQUITY			
Issued capital		107,420	107,420
Reserves		<u>56,697</u>	<u>57,909</u>
TOTAL EQUITY		<u>164,117</u>	<u>165,329</u>

NOTES:

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Principal activities

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

During the year ended 31 December 2024, the Group was involved in the following principal activities:

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

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

Basis of preparation of this announcement

This announcement has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board. They have been prepared under the historical cost convention, except for equity investment at fair value through other comprehensive income, which has been measured at fair value. This announcement is presented in Hong Kong dollar (HK\$) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

3. OPERATING SEGMENT INFORMATION

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

- (a) the Distribution Business segment which is engaged in the provision of distribution and after-sales services for different analytical instruments, life science and general laboratory instruments; and
- (b) the Supply Chain Business segment which is engaged in the trading of commodities, diversified industrial and consumer products.

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

Segment revenue and results

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

Geographical information

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

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

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

Information about major customers

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

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

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

4. REVENUE

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

Disaggregated revenue information

Year ended 31 December 2024

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

Year ended 31 December 2023

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

5. OTHER INCOME AND GAINS AND LOSSES, NET

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

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

6. FINANCE COSTS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on loan from an intermediate holding company	525	4,059
Interest on loan from a fellow subsidiary	2,608	–
	<u>3,133</u>	<u>4,059</u>
	<u><u>3,133</u></u>	<u><u>4,059</u></u>

7. PROFIT/(LOSS) BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	546,720	331,780
Depreciation of property, plant and equipment	53	61
Impairment losses/(reversal of impairment losses) of financial assets, net:		
Write-off of another receivable	–	379
Trade receivables	412	4
Other receivables	(6)	(1,658)
	<u>406</u>	<u>(1,275)</u>

8. INCOME TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current – PRC		
Charge for the year	<u>2,754</u>	<u>342</u>

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

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

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

9. DIVIDENDS

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

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

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

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

11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred HK\$33,000 (2023: HK\$65,000) for the acquisition of property, plant and equipment. No disposal of property, plant and equipment was incurred during the year.

12. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Less than 90 days	97,046	77,712
91 to 120 days	31,850	–
121 to 365 days	9,743	1,956
Over 365 days	3,070	13,434
	<u>141,709</u>	<u>93,102</u>

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

14. TRADE PAYABLES

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 60 days	17,918	28,638
61 to 180 days	18,779	1,152
Over 181 days	18,852	33
	<hr/> 55,549 <hr/>	<hr/> 29,823 <hr/>

15. EVENT AFTER THE REPORTING PERIOD

As of the date of this announcement, there was no significant event affecting the Group which occurred after the end of 31 December 2024.

BUSINESS REVIEW

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

Distribution Business

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

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

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

Supply Chain Business

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

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

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

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss and other Comprehensive Income

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

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

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

Revenue

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

Cost of sales

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

Gross profit and gross profit margin

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

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

Other income and gains and losses, net

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

Selling and distribution expenses

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

Administrative expenses

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

Finance costs

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

Profit for the year

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

Consolidated Statement of Financial Position

Inventories

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

Trade receivables

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

Trade payables

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

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

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

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

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

EXPOSURE TO FLUCTUATIONS ON EXCHANGE RATES

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

PROSPECTS

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

Distribution Business

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

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

- Facing the downward economic environment in the Chinese mainland, the Distribution Business is encountering difficulties in the recovery of receivables. In 2025, the Group will enhance customer credit assessment, establish a scientific credit management system, and implement differentiated credit policies for customers with different credit ratings.
- The Group is actively exploring potential customers in Southwest China and providing a wide range of the Group's products and services based on the customers' procurement plan, so as to meet the needs of potential customers in different industries and expand the distribution trading market in various aspects.

Supply Chain Business

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

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

The Group's Supply Chain Business is currently handled by a seasoned management team of 11 persons of the Group, led by Mr. Ma Can, who is graduated from Yunnan University with a master's degree in business administration. He has the qualifications of customs broker and inspector. He has worked in Cambodia, Laos and other Southeast Asian countries and foreign economic and trade enterprises in Yunnan Province for several years. He has more than 20 years of rich international experience and trade experience and overseas work background, and long been engaged in the import and export trade of coke, coal, machinery and equipment, fertilisers, pesticides, medical and health products. The other management team has an average 7 years of experience in the international supply chain industry. Leveraging on the YEI Group's business network in overseas markets, the Group plans to set up teams

for further development of international Supply Chain Business, including but not limited to construction materials, medical devices and energy. Under the management organisation of Mr. Ma, the Group has formed the seasoned management team with efficient customs declaration advantages and broad trade category advantages, and win new tenders and the accelerate promotion of potential coal, panax notoginseng, rubber, photovoltaic modules and other trading businesses. The Group will continue to expand its business team in response to the increasing level of business activities and market demand in the next 12 months.

International Energy Project Investment

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

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

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

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

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

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

EMPLOYEES AND EMOLUMENT POLICY

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

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

It is proposed that the 2025 annual general meeting of the Company (the “AGM”) will be held on a date to be fixed by the Board. Notice of convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS IN RESPECT OF SHAREHOLDERS' ENTITLEMENT TO ATTEND THE AGM

The Company will make a separate announcement to confirm the dates for the closure of register of members of the Company in respect of shareholders' entitlement to attend the AGM.

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

During FY2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2024, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**"), comprising three independent non-executive Directors, namely Mr. Shi Fazhen, Mr. Liu Zongliu and Ms. Jing Pilin, has reviewed the annual results and the consolidated financial statements of the Group for FY2024, including the review of the accounting principles and practices adopted by the Group, and has also discussed the auditing, internal control and financial reporting matters. The Audit Committee has no disagreement with the accounting principles, treatments and practices adopted by the Group.

CORPORATE GOVERNANCE PRACTICE

The Company recognises the importance of good corporate governance and accountability to shareholders. The Board believes that the Company and all its stakeholders can benefit from such practice and management culture. Therefore, the Company continuously reviews its corporate governance practice to comply, where applicable, with the principles and guidelines of the Corporate Governance Code (the "**Hong Kong Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**").

In the opinion of the Board, the Company has complied with the applicable code provisions of the Hong Kong Code throughout FY2024.

Further information of the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for FY2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiries with all Directors, the Company confirmed that all members of the Board complied with the Model Code during FY2024.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during FY2024.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

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 FY2024 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF 2024 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the SEHK, the SGX-ST and the Company.

The annual report of the Company for FY2024 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the SEHK, SGX-ST and the Company in due course.

By Order of the Board
Yunnan Energy International Co. Limited
HU Xiangwei
Director

Hong Kong, 14 March 2025

As of the date of this announcement, the Board comprises Mr. HU Xiangwei, Ms. ZHU Yingxue, Mr. YANG Jie, Mr. WANG Jin and Mr. SONG Henan as the executive Directors; and Mr. SHI Fazhen, Mr. LIU Zongliu and Ms. JING Pilin as the independent non-executive Directors.