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## **Yunhong Guixin Group Holdings Limited**

**運鴻硅鑫集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8349)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the emerging nature of companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the board (the “**Board**”) of directors (the “**Directors**”) of Yunhong Guixin Group Holdings Limited (the “**Company**”) collectively and individually accepts full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## RESULTS

The Board presents the audited consolidated financial 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:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2024*

	<i>Note</i>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue</b>	<i>4</i>	<b>26,994</b>	47,546
Cost of sales		<u>(25,241)</u>	<u>(38,044)</u>
<b>Gross profit</b>		<b>1,753</b>	9,502
Other revenue and other income	<i>5</i>	<b>183</b>	193
Other net gain	<i>5</i>	<b>164</b>	288
Revised of impairment/(impairment loss) on contract assets and trade and other receivables, net	<i>14(b)</i>	<b>10,501</b>	(8,094)
Distribution costs		<b>(3,151)</b>	(2,014)
Administrative expenses		<u>(13,674)</u>	<u>(9,958)</u>
<b>Loss from operations</b>		<b>(4,224)</b>	(10,083)
Finance costs	<i>7(a)</i>	<u>(238)</u>	<u>(305)</u>
<b>Loss before taxation</b>	<i>7</i>	<b>(4,462)</b>	(10,388)
Income tax credit	<i>9</i>	<u>95</u>	<u>1,478</u>
<b>Loss and total comprehensive loss for the year attributable to owners of the Company</b>		<u><b>(4,367)</b></u>	<u>(8,910)</u>
		<i>RMB cents</i>	<i>RMB cents</i>
<b>Loss per share</b>			
Basic and diluted	<i>10</i>	<u><b>(1.09)</b></u>	<u>(2.23)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	11	23,322	26,668
Right-of-use assets	12	2,687	7,261
Deferred tax assets		–	2,836
		<u>26,009</u>	<u>36,765</u>
<b>Current assets</b>			
Inventories		2,045	4,081
Contract assets	13	211	1,203
Trade and other receivables	14	36,354	42,676
Amount due from a shareholder		271	–
Pledged bank deposits		–	1,819
Cash and cash equivalents		15,347	7,263
		<u>54,228</u>	<u>57,042</u>
<b>Current liabilities</b>			
Trade and other payables	15	15,376	18,145
Lease liabilities		3,519	3,687
Income tax payable		1,326	2,229
		<u>20,221</u>	<u>24,061</u>
<b>Net current assets</b>		<u>34,007</u>	<u>32,981</u>
<b>Total assets less current liabilities</b>		<u>60,016</u>	<u>69,746</u>
<b>Non-current liabilities</b>			
Lease liabilities		959	3,759
Deferred tax liabilities		1,473	4,036
		<u>2,432</u>	<u>7,795</u>
<b>NET ASSETS</b>		<u>57,584</u>	<u>61,951</u>
<b>Capital and reserves</b>			
Share capital		3,600	3,600
Reserves		53,984	58,351
<b>TOTAL EQUITY</b>		<u>57,584</u>	<u>61,951</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Reserves							Sub-total	Total equity
	Share capital	Share premium	Capital reserve	Property revaluation reserve	Statutory reserve	Retained profits			
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
<b>At 1 January 2023</b>	3,600	20,900	9,557	–	8,707	28,097	67,261	70,861	
Loss and total comprehensive loss for the year	–	–	–	–	–	(8,910)	(8,910)	(8,910)	
<b>At 31 December 2023</b>	<u>3,600</u>	<u>20,900</u>	<u>9,557</u>	<u>–</u>	<u>8,707</u>	<u>19,187</u>	<u>58,351</u>	<u>61,951</u>	
<b>At 1 January 2024</b>	<b>3,600</b>	<b>20,900</b>	<b>9,557</b>	<b>–</b>	<b>8,707</b>	<b>19,187</b>	<b>58,351</b>	<b>61,951</b>	
Loss and total comprehensive loss for the year	–	–	–	–	–	(4,367)	(4,367)	(4,367)	
<b>At 31 December 2024</b>	<u><b>3,600</b></u>	<u><b>20,900</b></u>	<u><b>9,557</b></u>	<u><b>–</b></u>	<u><b>8,707</b></u>	<u><b>14,820</b></u>	<u><b>53,984</b></u>	<u><b>57,584</b></u>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Year ended 31 December 2024*

## 1. GENERAL INFORMATION

Yunhong Guixin Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 January 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 January 2017. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, the Cayman Islands and its principal place of business is 66 South Oujiang Road, Haimen Economic Development Zone, Nantong City, Jiangsu Province, the People’s Republic of China (the “**PRC**”).

The ultimate parent of the Company is LF INTERNATIONAL PTE. LTD. (“**LFS**”), a company incorporated in Singapore. The ultimate controlling parties of the Company is Mr. Li Yubao who is the chairman and the executive director of the board of directors of the Company.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in (i) the research and development, production and sales of fiberglass reinforced plastic products; and (ii) sales of industrial silica sand material in the PRC.

## 2. MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards (“**HKFRSs**”), the collective term of which includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group, note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

The Group has not applied any new standard, amendments or interpretations that is not yet effective for the current accounting period, details of which are set out in note 3.

**(b) Basis of preparation of the consolidated financial statements**

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). Renminbi (“**RMB**”) is the functional currency of all entities of the Group. These consolidated financial statements are presented in RMB and the figures are rounded to the nearest thousands of RMB (“**RMB’000**”), except for per share data, because the management evaluates the performance of the Group based on RMB.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Changes in accounting policies**

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year:

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

*Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements*

The amendments add a disclosure objective to HKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, HKFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Group applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments
- the information otherwise required by HKAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

In the current year, the Group has applied a number of amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

*Amendments to HKAS 1: Classification of Liabilities as Current or Non-current*

The Group has adopted the amendments to HKAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

*Amendments to HKAS 1: Non-current Liabilities with Covenants*

The Group has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity’s financial position at the reporting date that is assessed for compliance only after the reporting date).

The HKASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

*Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback*

The Group has adopted the amendments to HKFRS 16 for the first time in the current year.

The amendments to HKFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in HKFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in HKFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the HKASB amended an Illustrative Example in HKFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying HKFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with HKAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied HKFRS 16.

### **3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024**

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new/ revised HKFRSs that are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>1</sup>
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption



#### 4. REVENUE

Revenue represents amount that reflects consideration to which the Group expects to be entitled in exchange for the goods sold.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sales of fiberglass reinforced plastic products		
– fiberglass reinforced plastic grating	18,179	22,255
– epoxy wedge strip	4,222	25,291
	<u>          </u>	<u>          </u>
Sales of silica sand		
– silica sand	4,593	–
	<u>          </u>	<u>          </u>
	<b>26,994</b>	<b>47,546</b>
	<u>          </u>	<u>          </u>
<b>Timing of revenue recognition</b>		
At a point in time	26,994	47,546
	<u>          </u>	<u>          </u>

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 6(b).

#### 5. OTHER REVENUE, OTHER INCOME AND OTHER NET GAIN

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Other revenue</b>		
Interest income on bank deposits	106	106
	<u>          </u>	<u>          </u>
	<b>106</b>	<b>106</b>
	<u>          </u>	<u>          </u>
<b>Other income</b>		
Government grants and other subsidies ( <i>note</i> )	30	–
Others	47	87
	<u>          </u>	<u>          </u>
	<b>77</b>	<b>87</b>
	<u>          </u>	<u>          </u>
	<b>183</b>	<b>193</b>
	<u>          </u>	<u>          </u>
<b>Other net gain</b>		
Net foreign exchange gain	164	288
	<u>          </u>	<u>          </u>
	<b>164</b>	<b>288</b>
	<u>          </u>	<u>          </u>

*Note:* During the year ended 31 December 2024, government grants of approximately RMB30,000 were received a subsidy of market development which does not have other unfulfilled obligations.

## 6. SEGMENT REPORTING

The Group manages its businesses by business operations in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment. The Group's reportable and operating segments are as follows:

- fiberglass business: research and development, production and sales of fiberglass reinforced plastic products in the PRC; and
- silica sand business: sales of industrial silica sand materials in the PRC

### (a) Segment results, assets and liabilities

Segment results represent the profit before taxation from each segment except for the unallocated corporate expenses, being central administrative costs.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	For the year ended 31 December 2024			
	Fiberglass business RMB'000	Silica sand business RMB'000	Unallocated RMB'000	Total RMB'000
Reportable segment revenue	22,401	4,593	–	26,994
Reportable segment gain (loss)	5,733	(1,994)	(8,106)	(4,367)
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	(1,011)	(2,229)	–	(3,240)
Depreciation of right-of-use asset	(2,687)	(45)	(922)	(3,654)
Revised of impairment loss on contract assets	186	–	–	186
Revised of impairment (impairment loss) on trade and bills receivables	10,626	(311)	–	10,315
Research and development costs	(1,024)	–	–	(1,024)
Finance costs	(164)	(14)	(60)	(238)
Interest income on bank deposits	106	–	–	106
<b>Reportable segment assets</b>	<b>56,285</b>	<b>23,220</b>	<b>732</b>	<b>80,237</b>
<b>Reportable segment liabilities</b>	<b>6,930</b>	<b>6,529</b>	<b>9,194</b>	<b>22,653</b>
Additions to non-current segment assets during the year	1,174	–	–	1,174

	For the year ended 31 December 2023			
	Fiberglass business RMB'000	Silica sand business RMB'000	Unallocated RMB'000	Total RMB'000
Reportable segment revenue	<u>47,546</u>	<u>–</u>	<u>–</u>	<u>47,546</u>
Reportable segment loss	<u>(5,384)</u>	<u>(53)</u>	<u>(3,473)</u>	<u>(8,910)</u>
Amounts included in the measure of segment loss:				
Depreciation of property, plant and equipment	(1,019)	–	–	(1,019)
Depreciation of right-of-use asset	(2,687)	(42)	(463)	(3,192)
Impairment loss on contract assets	(79)	–	–	(79)
Impairment loss on trade and bills receivables	(8,015)	–	–	(8,015)
Research and development costs	(1,448)	–	–	(1,448)
Finance costs	(294)	(11)	–	(305)
Interest income on bank deposits	<u>106</u>	<u>–</u>	<u>–</u>	<u>106</u>
Reportable segment assets	<u>68,795</u>	<u>22,752</u>	<u>2,260</u>	<u>93,807</u>
Reportable segment liabilities	<u>17,037</u>	<u>2,918</u>	<u>11,901</u>	<u>31,856</u>
Additions to non-current segment assets during the year	<u>–</u>	<u>2,692</u>	<u>1,906</u>	<u>4,598</u>

**(b) Geographic information**

The following is an analysis of geographical location of the Group's revenue from external customers. The geographical location of customers refers to the location at which the goods were delivered.

	2024 RMB'000	2023 RMB'000
<b>Local customers</b>		
The PRC (excluding Hong Kong) (place of domicile)	<u>16,434</u>	<u>38,658</u>
<b>Foreign customers</b>		
The United States of America	–	454
The United Kingdom	8,808	6,455
France	655	347
Uruguay	289	890
Others	<u>808</u>	<u>742</u>
	<u>10,560</u>	<u>8,888</u>
	<u>26,994</u>	<u>47,546</u>

The geographical locations of non-current assets other than deferred tax assets are based on the physical location of the asset under consideration.

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
The PRC	<b>26,009</b>	32,340
Hong Kong	–	1,589
	<u><b>26,009</b></u>	<u>33,929</u>

**(c) Information about major customers**

Revenue from external customers contributing 10% or more of the total revenue of the Group is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	<b>4,029</b>	6,467
Customer B ( <i>note</i> )	<b>2,607</b>	12,277
Customer C ( <i>note</i> )	<b>1,827</b>	5,954
Customer D ( <i>note</i> )	<b>1,635</b>	5,007
	<u><b>1,635</b></u>	<u>5,007</u>

*Note:* The customer individually did not contribute 10% or more of the total revenue of the Group for the relevant year.

The revenue from the customers is derived from the segment of fiberglass business.

## 7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging (crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>(a) Finance costs</b>		
Interest on lease liabilities	238	305
	<u>238</u>	<u>305</u>
<b>(b) Employee benefits expenses (including directors' remuneration)</b>		
Salaries, wages and other benefits	8,022	8,215
Contributions to defined contribution retirement plans	574	606
	<u>8,596</u>	<u>8,821</u>
<b>(c) Other items</b>		
Auditor's remuneration		
– auditor of the Company	829	1,000
– other auditors ( <i>note (i)</i> )	29	29
Cost of inventories ( <i>note (ii)</i> )	25,241	36,359
Depreciation of property, plant and equipment ( <i>note 11</i> )	3,240	1,019
Depreciation of right-of-use asset ( <i>note 12</i> )	3,654	3,192
Provision of impairment loss on contract assets ( <i>note 13(b)</i> )	–	79
Research and development costs ( <i>note (iii)</i> )	1,024	1,448
Write-down of property, plant and equipment	1,255	–
Gain on disposal of property, plant and equipment	25	–
	<u>25</u>	<u>–</u>

*Notes:*

- (i) The amounts represent remunerations paid to other auditors of Nantong Meigu Composite Materials Company Limited for statutory audit service.
- (ii) Cost of inventories include RMB3,292,000 relating to employee benefits expenses and RMB2,339,000 relating to depreciation of property, plant and equipment (2023: RMB3,531,000 relating to employee benefits expenses, RMB718,000 relating to depreciation property, plant and equipment) for the year ended 31 December 2024, the amounts of which are also included in the respective total amounts disclosed separately above for each of these types of expenses.
- (iii) Included in research and development costs are employee benefits expenses of RMB795,000 (2023: RMB1,135,000) and costs of materials consumed of RMB1,000 (2023: RMB49,000), the amounts of which are also included in the total amount separately disclosed for each of these types of expenses.

## 8. DIVIDENDS

The directors of the Company do not recommend the payment of any final dividend for the years ended 31 December 2024 and 2023.

## 9. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### (a) Income tax recognised in profit or loss:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Current tax</b>		
The PRC Enterprise Income Tax (“EIT”) on profits of a PRC subsidiary of the Group		
– current year	–	1,022
– over-provision in previous year	<u>(368)</u>	<u>–</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences in respect of		
– provision for impairment losses on contract assets and trade and other receivables	2,380	–
– withholding tax on distributed profits of a PRC subsidiary of the Group	(2,563)	(2,500)
– reversal of write-down of inventories	<u>456</u>	<u>–</u>
	<u>273</u>	<u>(2,500)</u>
Income tax credit expenses	<u>(95)</u>	<u>(1,478)</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2024 and 2023, as the Group did not have assessable profits subject to Hong Kong Profits Tax during both years.

The PRC subsidiaries of the Group are subject to the PRC EIT at 25% (2023: 25%).

## 10. LOSS PER SHARE

The calculation of the basic loss per share for each of the years ended 31 December 2024 and 2023 has been based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Loss for the purpose of basic loss per share</b>		
Loss for the year attributable to the owners of the Company	<u>(4,367)</u>	<u>(8,910)</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Number of shares at the beginning and the end of the reporting period and the weighted average number of shares	<u>400,000</u>	<u>400,000</u>

Basic loss per share for the year ended 31 December 2024 amounted to RMB(1.09) cents (2023: basic loss per share of RMB2.23 cents) per share.

Diluted loss per share is the same as basic loss per share as there were no potential ordinary shares outstanding during the years ended 31 December 2024 and 2023.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Plant and equipment (including moulds) <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost:</b>						
At 1 January 2023	19,908	66	450	19,692	1,092	41,208
Addition	2,546	–	–	–	–	2,546
Transfer	(371)	–	–	371	–	–
At 31 December 2023	<u>22,083</u>	<u>66</u>	<u>450</u>	<u>20,063</u>	<u>1,092</u>	<u>43,754</u>
At 1 January 2024	<b>22,083</b>	<b>66</b>	<b>450</b>	<b>20,063</b>	<b>1,092</b>	<b>43,754</b>
Addition	–	–	–	–	1,173	1,173
Disposal/written off	–	–	–	–	(698)	(698)
Transfer	(22,083)	–	–	22,083	–	–
At 31 December 2024	<u>–</u>	<u>66</u>	<u>450</u>	<u>42,146</u>	<u>1,567</u>	<u>44,229</u>
<b>Accumulated depreciation:</b>						
At 1 January 2023	–	13	408	14,706	940	16,067
Charge for the year	–	13	–	950	56	1,019
At 31 December 2023	<u>–</u>	<u>26</u>	<u>408</u>	<u>15,656</u>	<u>996</u>	<u>17,086</u>
At 1 January 2024	–	26	408	15,656	996	17,086
Charge for the year	–	40	–	3,002	198	3,240
Impairment	–	–	–	1,255	–	1,255
Eliminated on disposal/written off	–	–	–	–	(674)	(674)
At 31 December 2024	<u>–</u>	<u>66</u>	<u>408</u>	<u>19,913</u>	<u>520</u>	<u>20,907</u>
<b>Carrying amounts:</b>						
At 31 December 2024	<u>–</u>	<u>–</u>	<u>42</u>	<u>22,233</u>	<u>1,047</u>	<u>23,322</u>
At 31 December 2023	<u>22,083</u>	<u>40</u>	<u>42</u>	<u>4,407</u>	<u>96</u>	<u>26,668</u>

As at 31 December 2024, included in plant and equipment are moulds amounting to RMB836,000 (2023: RMB970,000), whose costs of RMB8,715,000 (2023: RMB8,484,000) are depreciated on a straight-line basis over their estimated useful lives of 10 years.

## 12. RIGHT-OF-USE ASSETS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Cost</b>		
At 1 January	10,675	8,631
Adjustment upon modification of lease	–	(8)
Additions arising from new leases	1,360	2,052
Write off during the period	(1,906)	–
	<u>10,129</u>	<u>10,675</u>
<b>Accumulated depreciation</b>		
At 1 January	3,414	222
Depreciation charged for the year	3,654	3,192
Write off during the period	(1,183)	–
Impairment	1,557	–
	<u>7,442</u>	<u>3,414</u>
<b>Carrying amount</b>	<u><u>2,687</u></u>	<u><u>7,261</u></u>

The Group's right-of-use assets in respect of leases of land, various offices, manufacturing premise and staff quarter, which are typically made for fixed periods of 2 to 10 years. Lease terms are negotiated on an individual basis and contain similar terms and conditions.

During the years ended 31 December 2024 and 2023, the land was leased from a company which has beneficial interest. Total capital value at the inception of the lease was amounting to approximately RMB139,000 (2023: RMB124,000).

### Restrictions or covenants

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets.

## 13. CONTRACT ASSETS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Contract assets</b>		
Retention monies receivables	211	1,389
Less: allowance for lifetime expected credit losses ( <i>note 14(b)</i> )	–	(186)
	<u>211</u>	<u>1,203</u>
<b>Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (<i>note 14</i>)</b>	<u><u>36,304</u></u>	<u><u>41,638</u></u>



The movements (excluding those arising from increases and decreases both occurred within the same year) of contract assets from contracts with customers within HKFRS 15 during the year are as follows:

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
As at 1 January	<b>1,203</b>	1,102
Transferred to trade receivables	<b>(1,079)</b>	(849)
Recognition of revenue	<b>87</b>	1,029
Impairment loss recognised for contract assets	<b>–</b>	(79)
	<hr/>	<hr/>
As at 31 December	<b><u>211</u></b>	<u>1,203</u>

*Notes:*

- (a) The contract assets primarily relate to the Group's rights to consideration for goods transferred by the Group to the customers for which the rights to consideration are still conditional upon the customers' satisfaction on the quality of the goods sold which is typically at the expiry date of the assurance-type warranty period, as stipulated in the contracts.

The contract assets are transferred to trade receivables when the rights to consideration become unconditional.

At 31 December 2024 and 2023, included in contract assets were retention monies receivable from the contract customers amounting to RMB211,000 and RMB1,389,000 respectively. The terms and conditions for the release of retention monies by the contract customers vary from contract to contract, which are subject to the customers' satisfaction of quality upon the expiry of the assurance-type warranty period. The retention monies receivable from the contract customers generally represents 5% to 10% of the total consideration of the relevant contracts, that are retained by the contract customers as securities for non-performance protection, and the Group's entitlement to payment of retention monies receivable are conditional upon the contract customers' physical inspection of the quality of the goods at the expiry of the assurance-type warranty period. In the opinion of the directors of the Company, the retention monies retained by the contract customers under the contracts are not intended as a financing arrangement by the Group to the contract customers.

- (b) Impairment assessment of the contract assets

Contract assets are related to the retention monies receivables, which have substantially the same characteristics as the trade receivables for the same types of the contract. The Group's contract customers are mainly with high credit rating and their payment history with the Group are considered to be good. There are no material disputes or claims received from the contract customers of the relevant contracts and the Group considered that there has not been a significant change in credit quality of the contract customers. The Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the rates for contract assets. Since the payment is not due, the expected loss rate of contract assets is assessed to be minimal and accordingly, the net carrying amount of contract assets is still considered fully recoverable at the end of each reporting period. The Group does not hold any collateral as security for the contract assets at the end of each reporting period.

As at 31 December 2024, no allowance for contract assets was recognised (2023: RMB186,000).

#### 14. TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	17,524	36,443
Bills receivables	23,805	21,919
	<u>41,329</u>	<u>58,362</u>
Less: allowance for lifetime expected credit losses	(6,409)	(16,724)
	<u>34,920</u>	<u>41,638</u>
Other receivables	1,184	1,183
Less: allowance for 12-month expected credit losses	(471)	(471)
	<u>713</u>	<u>712</u>
Other receivables, net	713	712
Financial assets measured at amortised cost	35,633	42,350
Prepayments	721	326
	<u>36,354</u>	<u>42,676</u>

The Group has an unconditional right to all of the trade and other receivables which are expected to be recovered and/or recognised as expenses within one year or repayable on demand.

The Group determines the provision for impairment of trade and bills receivables on a forward-looking basis and lifetime expected credit losses are recognised from initial recognition of the assets and remeasured at the end of each reporting period.

The provision matrix is determined based on the Group's historical observed bad debt loss rates over the expected life of the trade and bills receivables with similar credit risk characteristics and is adjusted for forward-looking estimates.

Other receivables are considered for 12-month expected credit losses. No provision for 12-month credit losses on the other receivables has been made for the years ended 31 December 2024 and 2023. There was no significant change in credit risk and the default risk was considered as low for the remaining balance of the other receivables.

In making the judgement, management considers available reasonable and supportive forward-looking information such as actual or expected significant changes in operating results and financial positions of the customers, past payment history of the customers, and actual or adverse changes in business, financial or economic conditions that are expected to cause a significant change in the customers' ability to meet their obligations.

At the end of each reporting period, the historical observed bad debt loss rates are updated and changes in the forward-looking estimates are analysed by the Group's management.

(a) **Ageing analysis**

An ageing analysis of trade and bills receivables (net of allowance for lifetime expected credit losses), based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 – 30 days	1,466	6,471
31 – 90 days	2,801	5,374
91 – 180 days	3,640	5,910
181 – 365 days	900	11,376
Over 365 days	26,113	12,507
	<u>34,920</u>	<u>41,638</u>

The Group generally granted credit terms to its customers for trade and bills receivables ranging from cash on delivery to 180 days (2023: 180 days) after the invoice date.

(b) **Impairment of contract assets and trade and bills receivables**

Impairment loss in respect of contract assets and trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against contract assets and trade and bills receivables directly.

*Allowance for lifetime expected credit losses at the end of the reporting period*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
– Trade and bills receivables	6,409	16,724
– Contract assets ( <i>note 13</i> )	–	186
	<u>6,409</u>	<u>16,910</u>

*Movements in the allowance for lifetime expected credit losses*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At 1 January	16,910	8,816
Impairment loss recognised		
– contract assets	–	79
– trade and bills receivables	311	8,015
	<u>311</u>	<u>8,094</u>
Reversal of impairment losses	<u>(10,812)</u>	–
At 31 December	<u>6,409</u>	<u>16,910</u>

As at 31 December 2024, allowance for contract assets and trade and bills receivables amounting to RMB6,409,000 (2023: RMB16,910,000) was provided according to the lifetime expected credit loss rates and adjusted for forward-looking estimates. Accordingly, provision for lifetime expected credit losses of RMB311,000 (2023: RMB8,094,000) was recognised for the year ended 31 December 2024.

## 15. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	1,475	2,061
Bills payables	–	897
	<u>1,475</u>	<u>2,958</u>
<b>Trade and bills payables (note (a))</b>	<b>1,475</b>	<b>2,958</b>
<b>Other payables</b>		
Amounts due to a director (note (b))	3,489	7,039
Amount due to a shareholder (note (c))	–	637
Employee benefits payables	2,697	1,914
Other tax payables	98	644
Accrual for professional services fee	496	1,600
Contract liabilities (note (d))	270	179
Payables for construction in progress (note (e))	2,546	2,546
Others	4,305	628
	<u>13,901</u>	<u>15,187</u>
	<u><b>15,376</b></u>	<u><b>18,145</b></u>

- (a) The credit period of trade payables normally varies from one to three months from the invoice date.

The credit period of bills payables is normally within 90 to 270 days. As at 31 December 2024 and 2023, the bills payables is expected to be settled within one year.

The following is an analysis of trade and bills payables by age based on the invoice date:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 – 30 days	166	2,303
31 – 90 days	139	106
91 – 180 days	112	33
Over 180 days	1,058	516
	<u>1,475</u>	<u>2,958</u>
	<u><b>1,475</b></u>	<u><b>2,958</b></u>

(b) Amounts due to a director

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Amounts due to Zhang Yaping	<u><b>3,489</b></u>	<u>7,039</u>

The amount due was unsecured, interest-free and repayable on demand.

(c) Amount due from (to) a shareholder

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Amount due from (to) Yunhong Group Co., Limited	<u><b>271</b></u>	<u>(637)</u>

The amount due was unsecured, interest-free and repayable on demand.

(d) Contract liabilities

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Contract liabilities – third parties	<u><b>270</b></u>	<u>179</u>

Contract liabilities primarily consist of the advance from customers for further goods to be provided.

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
As at 1 January	<b>179</b>	992
Recognised as revenue	<b>(179)</b>	(934)
Receipt of advances or recognition of receivables	<u><b>270</b></u>	<u>121</u>
As at 31 December	<u><b>270</b></u>	<u>179</u>

For the year ended 31 December 2024, the increase in contract liabilities was mainly due to increasing the amount arising from the receipt of advances or recognition receivables.

As at 31 December 2024, most of the contract liabilities are expected to be settled within next 12 months.

(e) The amounts payable for construction in progress are expected to settle within one year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL OVERVIEW

The Group is an established and leading manufacturer in the PRC engaged in the research and development, production and sale of a variety of fiberglass reinforced plastic (“FRP”) products. The Group’s major products consist of: (i) FRP grating products; (ii) epoxy wedge strip products; and (iii) silica sand products.

FRP is widely applied in areas including the building and construction, electrical and telecommunications engineering. The product is characterized by its light weight, high strength, toughness, anti-slippery, anti-erosion, flame retardant, insulation and easy to colour as well as its artistic features. It also offers good and comprehensive economic benefits. As a result, FRP is widely applied in industries including petrochemical, electrical, marine engineering, plating, vessel, metallurgy, steel, papermaking, brewing and municipal industries. It is mainly used in operating platform, equipment platform, stair treads, trench covers, filter plates, etc., which indicates that FRP is an ideal component for corrosive environment.

Given that FRP delivers outstanding performance as a relatively new type of material and serves as a substitute for traditional materials such as wood, concrete and metal, along with the potential application of products made of FRP composites in a wide range of fields such as aerospace, energy and transportation industries, the management expects that the overall FRP market in China will grow at a steady pace in the coming years. The growth is anticipated due to the gradual maturity and better understanding of the FRP market.

The Group continues to enhance product recognition by improving production technology in order to maintain effective cost control and strengthen the competitiveness. The Board believes that research and development capabilities are essential to the future growth of the Group. The Group will further enhance its research and development capabilities by controlling material sourcing, purchasing new equipment and engaging professionals and technicians for research and development in order to offer more competitive and high-quality products.

Leveraging on market trend information gathered by the sales and marketing team and participation in drafting the PRC industry standards, the Group constantly keeps track of developments and trends in the FRP industry around the world. Over the past years, the Group has kept abreast of the PRC government’s macroeconomic stimulus when carrying out the research and development works. Moreover, the Group adheres to the policy in promoting its products in countries along the “Belt and Road Initiatives”. With all these efforts, the Group is hopeful that performance of the Group’s FRP products would be further enhanced in the coming years.

It is generally believed that effective marketing is important in capturing the market share and attracting potential customers and as such, for the year ended 31 December 2024, the Group continued to undertake the following marketing activities:

- i. placing advertisements on the Internet such as an online trading platform Made-in-China.com ([www.made-in-china.com](http://www.made-in-china.com)), and entering into promotion agreements with online search engine service provider to attract new customers;
- ii. identifying suitable tender invitation mainly by online advertisements and industry periodicals; and
- iii. contacting existing customers regularly to enhance their knowledge on the Group's products and competitive advantages, to promote new products, to understand their specific needs, to obtain feedbacks on the products and to get a better understanding on the market trends.

With regard to the environmental aspect, the Group is committed to minimizing any negative impact on the environment that may be resulted from the production process. During the year ended 31 December 2024, the Group had no material non-compliance or violation of any relevant laws and regulations of the PRC on environmental protection.

With the extensive experience and market recognition of products that the Group has accumulated for more than a decade, as well as the expanding customer base, the Board is of the view that the Group is more well-positioned than other domestic enterprises in the industry to further develop and expand its markets and products in order to capture the moderate growth of the FRP grating products market in the future.

During the year ended 31 December 2024, the production site located in Inner Mongolia was completed. With the development of domestic glass, building material, petroleum and silicon chemical industries in the PRC over the years, the demand for the silica sand materials in domestic market is growing continuously. The Group has commenced the production and sales of industrial silica sand materials in the second half of 2024, which brought remarkable economic benefits to the Group.

## SALES PERFORMANCE

The Group recorded a consolidated revenue of approximately RMB27.0 million for the year ended 31 December 2024, representing a decrease of approximately RMB20.5 million or 43.2% compared to the year ended 31 December 2023. The decrease in revenue was mainly due to the decrease in sales of FRP grating products and epoxy wedge strip products. Additionally, sales for the domestic market decreased by approximately 57.5% from approximately RMB38.7 million for the year ended 31 December 2023 to approximately RMB16.4 million for the year ended 31 December 2024. The domestic market contributed approximately 61% of total sales for the year ended 31 December 2024, which represented a decrease of 20.3 percent points compared to approximately 81.3% for the year ended 31 December 2023.

Details of the Group's revenue and gross profit margin by product categories are as follows:

	For the year ended 31 December			
	2024		2023	
	Sales revenue	Gross profit margin	Sales revenue	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
FRP grating products	18,179	23.8	22,255	29.9
Epoxy wedge strip products	4,222	-53.5	25,291	11.2
Silica sand	4,593	-6.7	–	–
	<u>26,994</u>	<u>193</u>	<u>47,546</u>	<u>20.0</u>

FRP grating products were mainly sold to corporate customers in the PRC who are generally end-users of such products, as well as to distributors in the United States of America (“U.S.”) and the United Kingdom (“U.K.”) who purchase the products on per order basis with no distribution arrangement. The revenue generated from sales of FRP grating products decreased by approximately RMB4.1 million or 28.3% from approximately RMB22.3 million for the year ended 31 December 2023 to approximately RMB18.2 million for the year ended 31 December 2024. The decrease was primarily due to the decrease in revenue generated from the overseas and domestic markets. The gross profit margin decreased by 6.1 percent points from 29.9% for the year ended 31 December 2023 to 23.8% for the year ended 31 December 2024, which was mainly attributable to the fact that the production fixed overhead cost per unit has increased during the year ended 31 December 2024.

Epoxy wedge strip products were developed and targeted for manufacturers of wind turbine blades in the PRC. The revenue generated from sales of epoxy wedge strip products decreased by approximately RMB21.1 million from approximately RMB25.3 million for the year ended 31 December 2023 to approximately RMB4.2 million for the year ended 31 December 2024. The decrease was mainly due to receiving fewer construction contracts from manufacturers of wind turbine blades in the PRC during the year ended 31 December 2024, resulting in fewer sales order made to the Group by those manufacturers in the current year. The gross profit margin decreased by approximately 64.7 percent points from approximately 11.2% for the year ended 31 December 2023 to approximately -53.5% for the year ended 31 December 2024. The decrease in gross profit margin was attributable to the decrease in selling price, influenced by the economic downturn and the competitive fiberglass market, and the increase of production fixed overhead cost per unit during the year ended 31 December 2024.



The silica sand products were mainly sold to corporate customers in the PRC. The revenue from the sales of silica sand products amounted to RMB4.6 million as of 31 December 2024.

Details of the average selling price and the sales volume by major product categories are as follows:

	<b>For the year ended 31 December</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Average selling price per unit RMB</b>	<b>Volume</b>	<b>Average selling price per unit RMB</b>	<b>Volume</b>
FRP grating products	<b>326.1</b>	<b>55,739 m<sup>2</sup></b>	386.3	57,617 m <sup>2</sup>
Epoxy wedge strip products	<b>39.5</b>	<b>106,904 m<sup>2</sup></b>	51.7	489,239 m <sup>2</sup>
Silica sand	<b>84.1</b>	<b>54,614 tons</b>	–	–

The average selling price of the FRP grating products per square meter decreased by approximately RMB60.2 per square meter or approximately 16% from RMB386.3 per square meter for the year ended 31 December 2023 to RMB326.1 per square meter for the year ended 31 December 2024, in addition to a decrease in sales volume of approximately 3.2% between the two years. The decrease in average selling price was mainly due to the decrease in selling price of FRP grating products, in order to maintain the competitiveness within the industry.

The average selling price of the epoxy wedge strip products per meter decreased by approximately RMB12.2 per meter from RMB51.7 per meter for the year ended 31 December 2023 to RMB39.5 per meter for the year ended 31 December 2024, with a decrease in sales volume of approximately 78.1% between the two years. The decrease in average selling price, same as the above, was mainly due to the decrease in selling price of epoxy wedge strip products, in order to maintain the competitiveness within the industry.

Details of the Group's sales revenue by geographical area are as follows:

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
The PRC (excluding Hong Kong) (place of domicile)	<b>16,434</b>	38,658
U.S.	–	454
U.K.	<b>8,808</b>	6,455
Others	<b>1,752</b>	1,979
Total	<b>26,994</b>	47,546

Sales to the PRC market decreased by approximately 57.5% from approximately RMB38.7 million for the year ended 31 December 2023 to approximately RMB16.4 million for the year ended 31 December 2024. The decrease was mainly attributable to the reduction in sales of epoxy wedge strip products during the year ended 31 December 2024.

Sales to the U.S. market decreased by approximately 100% from approximately RMB0.5 million for the year ended 31 December 2023 to no sales for the year ended 31 December 2024. The decrease was mainly due to the higher import tariffs imposed by the U.S. government, which suppressed the demands for the Group's products in the U.S. market.

Sales to the U.K. market increased by approximately 36% from approximately RMB6.5 million for the year ended 31 December 2023 to approximately RMB8.8 million for the year ended 31 December 2024. The increase was mainly due to the increase in sales orders from the major customers in the U.K. market.

## **OPERATING COSTS AND EXPENSES**

Distribution costs increased by approximately RMB1.2 million or 56% from approximately RMB2.0 million for the year ended 31 December 2023 to approximately RMB3.2 million for the year ended 31 December 2024.

Administrative expenses decreased by approximately RMB16.5 million or 91% from approximately RMB18.1 million for the year ended 31 December 2023 to approximately RMB1.6 million for the year ended 31 December 2024. The decrease was mainly attributable to the reversal of the provision for bad debts.

## **OPERATING RESULTS**

The Group recorded a net loss of approximately RMB1.3 million for the year ended 31 December 2024, increased by RMB7.6 million from net loss of approximately RMB8.9 million for the year ended 31 December 2023.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group financed its operations primarily through cash generated from operating activities. As at 31 December 2024, the Group did not have any bank borrowings.

## **CONTINGENT LIABILITIES**

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

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. foreign exchange risk arose from future commercial transactions, recognised assets and liabilities which are denominated in non-RMB. The management of the Group has set up a policy to require the Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to control the exposure of the foreign exchange risk during the business operation. The exposure of foreign exchange risk is mainly due to the purchase of the equipment from other countries and the management controls on the payment schedule to reduce the foreign exchange risk. Save for certain accounts receivables in the U.S., the impact of foreign exchange risk on the Group was minimal and there was no significant adverse effect on normal operations. During the year ended 31 December 2024, the Group did not commit to any financial instruments to hedge its exposure to foreign exchange risk. However, the management of the Group monitors foreign exchange exposure of the Group and will consider hedging significant foreign currency exposure should the need arise.

## **CHARGES ON GROUP ASSETS**

As at 31 December 2024, the Group did not pledge any of its assets.

## **CAPITAL STRUCTURE**

As at 31 December 2024, the share capital and total equity attributable to equity holders of the Company amounted to approximately RMB3,600,000 (2023: RMB3,600,000) and RMB57,584,000 (2023: RMB61,951,000) respectively.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2024, the Group had 60 employees (2023: 60). The total staff costs including Directors' remuneration for the year were approximately RMB8.6 million (2023: approximately RMB8.8 million). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses were offered with reference to our Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, the Group offers other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. The Group also adopts an annual review system to assess the performance of staff, which forms the basis of decisions with respect to salary rises and promotions.

## **DIVIDEND**

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

## **SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL**

There were no significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 31 December 2024.

The Group did not have other plans for significant investments, acquisitions and disposal of subsidiaries and affiliated companies as at 31 December 2024.

## **EVENT AFTER THE REPORTING PERIOD**

Subsequent to the year ended 31 December 2024, the Company has been informed by Mr. Huang Xuechao (“**Mr. Huang**”), a substantial shareholder of the Company on 14 March 2025 that his intention to dispose of his partial or entire shareholding interest in the Company (the “**Disposal**”). Mr. Huang through Aristo Securities Limited has preliminary discussion with Mr. Li Yubao, the controlling shareholder of the Company of the Disposal. Mr. Huang notified the Company that no legally binding agreement has been entered into between himself and Mr. Li Yubao or any potential buyer in respect of the Disposal. Details of the Disposal are disclosed in the Company’s announcements dated 14 March 2025 and 21 March 2025 respectively. Save as disclosed, there were no significant events after the year ended 31 December 2024 and up to the date of this announcement.

## **SCOPE OF WORK OF THE AUDITOR**

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 preliminary results announcement have been agreed by the Group’s auditor, CCTH CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2024. The work performed by CCTH CPA Limited 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 CCTH CPA Limited on this preliminary results announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix C1 to the GEM Listing Rules as its own code of corporate governance. Throughout the year ended 31 December 2024, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2024 (including sale of treasury shares, if any).

## COMPETING INTERESTS

The Directors confirm that none of the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the year ended 31 December 2024.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' dealing in securities of the Company. All Directors confirmed that they complied with the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 December 2024.

## AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 16 December 2016 in accordance with the requirements of the GEM Listing Rules. The Audit Committee currently comprises of all three independent non-executive Directors, Mr. Ng Sai Leung, as the chairman, Mr. Wen Peng and Ms. Long Mei as the members. The Audit Committee examined the accounting principles and practices adopted by the Group and discussed with the management its internal controls. The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2024.

## PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.nantongrate.com](http://www.nantongrate.com)). The annual report of our Company for the year ended 31 December 2024 will be sent to our Company's shareholders and published on the aforesaid websites in due course.

By order of the Board  
**Yunhong Guixin Group Holdings Limited**  
**Li Yubao**  
*Chairman*

Hong Kong, 25 March 2025

*As at the date of this announcement, the executive Directors are Mr. Li Yubao, Ms. Zhang Yaping, Ms. Shi Dongying and Ms. Jin Dan; and the independent non-executive Directors are Ms. Long Mei, Mr. Wen Peng and Mr. Ng Sai Leung.*

*This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Listed Company Information" page for 7 days from the date of its publication and on the website of the Company at [www.nantongrate.com](http://www.nantongrate.com).*