DIWANG INDUSTRIAL HOLDINGS LIMITED
帝王實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1950)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024 (the "**Year**" or "**Reporting Period**"), the revenue of the Group was approximately RMB566,475,000 (2023: RMB570,572,000), representing an slight decrease of approximately RMB4,097,000 or 0.72% as compared to the year ended 31 December 2023 (the "**Prior Year**").

The gross profit of the Group for the Year was approximately RMB257,299,000 (2023: RMB233,383,000), representing an increase of approximately RMB23,916,000 or 10.3% as compared to the Prior Year.

For the Year, the Group recorded net profit of approximately RMB30,015,000 as compared to the net profit of approximately RMB24,874,000 for the Prior Year. Profit for the year attributable to owners of the Company was approximately RMB30,030,000 (2023: RMB19,451,000).

The basic and diluted earning per share was RMB4.17 cents (2023: basic and diluted earning per share was RMB4.11 cents).

The Board has resolved not to declare the final dividend for the Year.

The board (the "**Board**") of directors (the "**Directors**") of Diwang Industrial Holdings Limited (the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "**Group**", "**We**" and "**Our**") for the year ended 31 December 2024 (the "**Year**" or "**Reporting Period**") prepared in accordance with the International Financial Reporting Standards, together with the comparative information for the year ended 31 December 2023 (the "**Prior Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*5*	**566,475**	570,572
Cost of sales		**(309,176)**	(337,189)
Gross profit		**257,299**	233,383
Other income	*6*	**4,269**	3,418
Other gains and losses, net	*7*	**39**	67
Impairment losses under expected credit loss model, net of reversal		**(6,978)**	(4,061)
(Loss)/gain on disposal of financial assets at fair value though profit or loss ("**FVTPL**")		**(1,018)**	4,032
Loss on fair value change of financial assets at FVTPL		**(969)**	(2,181)
Selling and distribution expenses		**(182,381)**	(163,147)
Administrative and general expenses		**(33,278)**	(35,104)
Share of result of an associate		**(79)**	(82)
Finance costs	*8*	**(1,400)**	(688)
Profit before tax	*9*	**35,504**	35,637
Income tax expenses	*10*	**(5,489)**	(10,763)
Profit for the year		**30,015**	24,874
Profit/(loss) for the year attributable to:			
Owners of the Company		**30,030**	19,451
Non-controlling interests		**(15)**	5,423
		30,015	24,874
Earnings per share (RMB cents)			
Basic and diluted	*12*	**4.17**	4.11

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Profit for the year		**30,030**	24,874
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operation		**143**	(251)
Other comprehensive income/(loss) for the year		**143**	(251)
Total comprehensive income for the year		**30,173**	24,623
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**30,188**	19,200
Non-controlling interests		**(15)**	5,423
		30,173	24,623

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**194,448**	113,851
Right-of-use assets		**59,583**	25,676
Interest in an associate		**5,426**	5,505
Prepayments		**8,116**	42,305
Deferred tax assets		**2,700**	1,617
		270,273	188,954
Current assets			
Inventories		**44,677**	108,312
Trade and bills receivables	*13*	**241,274**	242,037
Prepayments, deposits and other receivables		**207,287**	135,514
Financial assets at FVTPL		**5,972**	9,522
Pledged bank deposits		**3,475**	4,300
Bank balances and cash		**54,726**	48,952
		557,411	548,637
Current liabilities			
Trade and bills payables	*14*	**70,282**	51,538
Other payables and accruals		**18,618**	15,307
Deferred income		**487**	487
Amounts due to related companies		**463**	1,453
Tax payables		**1,303**	1,797
Bank borrowings		**64,500**	25,000
		155,653	95,582
Net current assets		**401,758**	453,055
Total assets less current liabilities		**672,031**	642,009

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Non-current liability			
Deferred income		**3,287**	3,423
Net assets		**668,744**	638,586
Capital and reserves			
Share capital	*15*	**12,705**	12,705
Reserves		**631,389**	601,216
Total equity attributable to owners of the Company		**644,094**	613,921
Non-controlling interest		**24,650**	24,665
Total equity		**668,744**	638,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Diwang Industrial Holdings Limited (the "**Company**") was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability. The registered office address is at 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The principal place of business of the Company is 1101, 11th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (the "**Group**") are principally engaged in the manufacturing and sales of faux leather chemicals and Chinese baijiu. The shares of the Company (the "**Shares**") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the presentation currency of the Company. All values are rounded to the nearest thousands ("**RMB'000**") except otherwise indicated. The consolidated financial statements are presented in RMB, which is different from the Company's functional currency of Hong Kong dollars ("**HK$**"). The directors of the Company adopted RMB as presentation currency as the Group's operating activities are carried out in the PRC.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Amendments to IAS 1 Non-current Liabilities with Covenants

The Group has applied the amendments for the first time in the current year.

The Amendments to IAS 1 Classification of Liabilities as Current or Non-current provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or noncurrent, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the Amendments to IAS 1 Non-current Liabilities with Covenants specifically clarify 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, even if compliance with the covenant is assessed only after the reporting date. The IAS 1 Non-current Liabilities with Covenants also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. 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, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to IAS 7 Statement of Cash Flows 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, IFRS 7 Financial Instruments: Disclosures was 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.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by IAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Group has provided additional disclosures related to the amendments in note 14.

New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to IFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

The disclosure requirements in IFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

4. SEGMENT INFORMATION

Operating segment information

The Group's most senior executive management has been identified as the chief operating decision maker ("**CODM**") who reviews the Group's internal reporting in order to assess performance and allocate resources. Segment information reported to the Board, being the CODM, for the purposes of resource allocation and assessment of segment performance, focuses on the types of goods or services delivered or provided. This is also the basis upon which the Group is organised and managed.

During the year ended 31 December 2024, the Group was principally engaged in the manufacturing and sales of faux leather chemicals and engaging in sales of Chinese baijiu. The Group's reportable and operating segments for the years ended 31 December 2024 and 2023 are as follows:

(a) Faux leather chemicals – manufacturing and sales of faux leather chemicals ("Faux Leather Chemicals Business")

(b) Chinese liquor business – production and sales of wine products, including Chinese baijiu ("Chinese Liquor Business")

No operating segments have been aggregated in arriving at the above reportable segments of the Group.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Year ended 31 December 2024

	Faux Leather Chemicals Business *RMB'000*	**Chinese Liquor Business** *RMB'000*	**Consolidated** *RMB'000*
SEGMENT REVENUE			
External sales	**262,495**	**303,980**	**566,475**
Segment profit	**14,270**	**29,669**	**43,939**
Other income			**4,269**
Other gains and losses, net			**39**
Share of result of an associate			**(79)**
Loss on disposal of financial assets at FVTPL			**(1,018)**
Loss on fair value change of financial assets at FVTPL			**(969)**
Finance costs			**(1,400)**
Unallocated corporate expenses			**(9,277)**
Group's profit before tax			**35,504**

Year ended 31 December 2023

	Faux Leather Chemicals Business *RMB'000*	Chinese Liquor Business *RMB'000*	Consolidated *RMB'000*
SEGMENT REVENUE			
External sales	262,546	308,026	570,572
Segment profit	21,505	23,407	44,912
Other income			3,418
Other gains and losses, net			67
Share of result of an associate			(82)
Gain on disposal of financial assets at FVTPL			4,032
Loss on fair value change of financial assets at FVTPL			(2,181)
Finance costs			(688)
Unallocated corporate expenses			(13,841)
Group's profit before tax			35,637

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

	2024 *RMB'000*	2023 *RMB'000*
Assets		
Faux Leather Chemicals Business	**400,275**	314,955
Chinese Liquor Business	**361,235**	358,525
Total segment assets	**761,510**	673,480
Unallocated corporate assets	**66,174**	64,111
Consolidated total assets	**827,684**	737,591

	2024 *RMB'000*	2023 *RMB'000*
Liabilities		
Faux Leather Chemicals Business	**141,054**	83,775
Chinese Liquor Business	**2,553**	1,665
Total segment liabilities	**143,607**	85,440
Unallocated corporate liabilities	**15,333**	13,565
Consolidated total liabilities	**158,940**	99,005

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

– The material accounting policies of the operating segments are the same as the Group's material accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, other gains and losses, net, share of result of an associate, (loss)/gain on disposal of financial assets at FVTPL, loss on fair value change of financial assets at FVTPL, finance costs and unallocated corporate expenses.

– all assets are allocated to reportable segments other than interest in an associate, financial assets at FVTPL and corporate assets.

– all liabilities are allocated to reportable segments other than corporate liabilities.

Other segment information

	Faux leather chemicals *RMB'000*	**Chinese liquor business** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2024			
Capital expenditure *(note (a))*	**92,301**	**35,000**	**127,301**
Depreciation of property, plant and equipment	**11,584**	**–**	**11,584**
Depreciation of right-of-use assets	**607**	**486**	**1,093**
Allowance for expected credit losses, net	**6,016**	**962**	**6,978**
Selling and distribution expenses	**15,187**	**167,194**	**182,381**
Research and development expenses	**8,977**	**–**	**8,977**

	Faux leather chemicals *RMB'000*	Chinese liquor business *RMB'000*	Total *RMB'000*
Year ended 31 December 2023			
Capital expenditure *(note (a))*	14,983	–	14,983
Depreciation of property, plant and equipment	9,610	–	9,610
Depreciation of right-of-use assets	606	–	606
Allowance for expected credit losses, net	2,323	1,738	4,061
Selling and distribution expenses	12,920	150,227	163,147
Research and development expenses	9,725	–	9,725

Note:

(a) Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

Geographical information

The Group's operations are principally in the PRC and all its non-current assets are situated in the PRC.

The Group's revenue is derived from the PRC and overseas (i.e. Mexico, Turkey and Vietnam) based on the location of goods delivered, as follows:

	Year ended 31 December	
	2024 *RMB'000*	2023 *RMB'000*
The PRC	**561,737**	563,764
Overseas	**4,738**	6,808
	566,475	570,572

Information about major customer

There is no customer contributing individually over 10% of the Group's revenue during the years ended 31 December 2024 and 2023.

5. REVENUE

(a) Analysis of revenue

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers *(note)*:		
Recognised on a point in time basis		
Sales of faux leather chemicals	**262,495**	262,546
Sales of Chinese baijiu	**303,980**	308,026
	566,475	570,572

Note: All goods are sold to distributors.

(b) Performance obligations for contracts with customers and revenue recognition policies

Manufacturing and sales of faux leather chemicals and Chinese baijiu

Revenue from sales of faux leather chemicals and Chinese baijiu are recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

The Group's obligations to provide a refund for faulty products are under the standard warranty terms. Accumulated experience is used to estimate such returns at the time of sale. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no refund liability for goods return was recognised. The validity of this assumption and estimate is reassessed at each reporting date.

(c) Transaction price allocated to the remaining performance obligation for contract with customers

The Group has applied the practical expedient under IFRS 15 so that transaction price allocated to unsatisfied performance obligations under contracts for sales of faux leather chemicals and Chinese baijiu are not disclosed as such contracts have an original expected duration of one year or less.

6. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Bank interest income	**103**	182
Government grants *(note)*	**3,681**	2,772
Sundry income	**485**	464
	4,269	3,418

Note: Government grants represent various forms of subsidies granted to the Group by the local government authorities in the PRC for compensation of expenses incurred by the Group. These grants are generally made for business support and awarded to enterprises on a discretionary basis. The Group also received government grants in respect of its investments in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

7. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
(Loss)/gain on disposal of property, plant and equipment	**(2)**	6
Exchange gain, net	**41**	61
	39	67

8. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest on bank borrowings	**1,400**	688

9. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Auditor's remuneration	**1,008**	810
Cost of materials used in production	**170,178**	175,005
Cost of liquor purchased for resell	**102,381**	130,132
Written off of inventories (included in cost of inventories sold) *(note)*	**–**	13,647
Depreciation:		
– Depreciation of property, plant and equipment included in:		
– Cost of sales	**7,610**	6,584
– Administrative and general expenses	**3,484**	3,019
– Selling and distribution expenses	**490**	7
	11,584	9,610
– Depreciation of right-of-use assets	**1,093**	606
	12,677	10,216
Less: amount included in cost of sales	**(7,610)**	(6,584)
	5,067	3,632

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Directors' remuneration	**1,360**	1,626
Staff costs (excluding directors' remuneration)		
– wages, salaries, allowances and bonus		
Included in:		
– Cost of sales	**12,656**	12,027
– Administrative and general expenses	**13,122**	13,596
– Selling and distribution expenses	**3,740**	3,659
	29,518	29,282
– contributions to retirement benefits schemes, included in:		
– Cost of sales	**1,821**	1,747
– Administrative and general expenses	**1,061**	1,564
– Selling and distribution expenses	**307**	268
	3,189	3,579
	32,707	32,861
Less: amounts included in cost of sales	**(14,477)**	(13,774)
	18,230	19,087
Advertising expenses (included in selling and distribution expenses)	**162,362**	148,099
Research and development expenses (included in administrative and general expenses)	**8,977**	9,725
Expenses for short-term lease	**1,143**	3,160

Note: The inventories of approximately RMB1,578,000 are written off due to obsolescence, and approximately RMB12,069,000 are measured at net realisable value during the year ended 31 December 2023.

10. INCOME TAX EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
– Current income tax	**6,572**	11,599
Deferred tax	**(1,083)**	(836)
Total tax charge for the year	**5,489**	10,763

The PRC

The income tax provision of the Group in respect of its operations in the PRC was calculated at tax rate of 25% on the assessable profits for both years, based on the existing legislation, interpretations and practices in respect thereof, except as described below.

Zhejiang Sunlight Material Technology Co., Ltd. is approved as "high and new technology enterprise" and accordingly, it is subject to a reduced preferential corporate income tax rate of 15% from 8 December 2023 to 7 December 2026 for the reporting period.

Cayman Islands, BVI and Hong Kong

No provision for taxation has been recognised for companies incorporated in the Cayman Islands, BVI and Hong Kong as they are not subject to any tax during the years ended 31 December 2024 and 2023.

Withholding Tax in Mainland China ("WHT")

According to the New Corporate Income Tax Law ("**New EIT Law**"), distribution of profits earned by companies in Mainland China since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors, upon the distribution of profits to overseas incorporated immediate holding companies.

As at 31 December 2024, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding company incorporated outside of the PRC, for which no deferred income tax liability had been provided, were approximately RMB166,104,000 (2023: RMB133,987,000). For this unrecognised amount, the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to a preferential tax rate of 5% when receiving dividend from its investee in the PRC if such investor is the beneficial owner of the PRC entity of over 25% interest. Taylor Investment International Limited ("HK Taylor"), which is incorporated in Hong Kong and owns the entire equity interests of the Group's subsidiaries established in the PRC, enjoys the preferential tax rate aforementioned. Accordingly, the future dividends from the PRC subsidiaries of the Group will be subject to withholding tax at the applicable tax rate of 5%.

11. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 2024, nor has any dividend been proposed since the end of the Reporting Period (2023: RMB Nil).

12. EARNINGS PER SHARE

The calculation of the basic earnings per share during the period is based on the profit for the year attributable to owners of the Company of approximately RMB30,030,000 (2023: profit of RMB19,451,000) and the weighted average number of ordinary shares in issue during the period of 720,000,000 (2023: 473,142,857).

	Year ended 31 December	
	2024	2023
Profit for the year attributable to owners of the Company (RMB'000)	**30,030**	19,451
Weighted average number of ordinary shares ('000)	**720,000**	473,143
Basic earnings per share (RMB cents)	**4.17**	4.11

No diluted earnings per share for both 2024 and 2023 were presented as there were no potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

13. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables *(note i)*	**237,089**	232,613
Less: provision for impairment	**(15,923)**	(9,270)
	221,166	223,343
Bills receivables *(note ii)*	**20,108**	18,694
Total trade and bills receivables – net	**241,274**	242,037

The Group allows a credit period of 0 to 90 days to its faux leather chemicals customers while 0 to 30 days to its Chinese Baijiu customers.

Notes:

(i) The following is an ageing analysis of gross amount of trade receivables presented based on the invoice date:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**55,874**	61,475
31 to 90 days	**86,715**	104,083
91 to 180 days	**54,612**	53,421
181 to 365 days	**15,856**	9,906
Over 1 year	**24,032**	3,728
	237,089	232,613

Movements on the provision for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**9,270**	5,209
Provision for impairment	**6,978**	4,592
Written-off	**(325)**	(531)
At the end of the year	**15,923**	9,270

(ii) The following is an ageing analysis of gross amount of bills receivable presented based on the invoice date:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**3,802**	5,615
31 to 90 days	**7,872**	5,323
91 to 180 days	**8,434**	7,756
	20,108	18,694

As at 31 December 2024 and 2023, all bills receivables are with a maturity period of less than 6 months.

The Group manages its bills receivables using the business model whose objective is achieved by both collecting contractual cash flows and selling such financial assets and hence, they are categorised as financial assets measured at fair value through other comprehensive income under IFRS 9.

14. TRADE AND BILLS PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**41,586**	39,176
Bills payables *(note 1)*	**28,696**	12,362
	70,282	51,538

The average credit period from suppliers is up to 30 to 90 days. The following is an ageing analysis of trade payables (including those that are part of supplier finance arrangements) presented based on the invoice date at the end of the reporting period:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**16,108**	19,059
31 to 90 days	**14,367**	11,999
91 to 180 days	**8,463**	6,119
181 to 365 days	**1,348**	1,275
Over 1 year	**1,300**	724
	41,586	39,176

Note 1 These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group is obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

As at 31 December 2024 and 2023, all bills payables are with a maturity period of less than 6 months.

Bills payables of approximately RMB28,696,000 (2023: RMB12,362,000) were pledged by buildings of approximately RMB19,210,000 (2023: RMB20,849,000), right-of-use assets of approximately of RMB15,167,000 (2023: RMB15,558,000) and bank deposit of RMB3,475,000 (2023: RMB4,300,000).

15. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital
		RMB'000
Authorised:		
At 1 January 2023, ordinary share of US$0.0005 each	**2,000,000,000**	**6,700**
Share consolidation *(note (a))*	(1,600,000,000)	–
Increase in authorised share capital *(note (a))*	1,600,000,000	28,327
At 31 December 2023, 1 January 2024 and 31 December 2024, ordinary share of US$0.0025 each	2,000,000,000	35,027
Issued and fully paid:		
At 1 January 2023, ordinary share of US$0.0005 each	1,440,000,000	4,962
Share Consolidation (note (a))	(1,152,000,000)	–
Shares issued under rights issue (note (b))	432,000,000	7,743
At 31 December 2023, 1 January 2024 and 31 December 2024, ordinary share of US$0.0025 each	720,000,000	12,705

Notes:

(a) On 30 May 2023, the Company implemented share consolidation and increase in authorised share capital, which involves the following:

(i) Every five issued and unissued existing share ("Existing Share(s)") of par value of US$0.0005 each will be consolidated into one share of par value of US$0.0025 each (the "**Consolidated Shares**").

(ii) Following the Share Consolidation, in order to increase the issued share capital of the Company the authorised share capital of the Company was increased from US$1,000,000 (divided into 2,000,000,000 Existing Shares) to US$5,000,000 (divided into 10,000,000,000 Existing Shares) (or 2,000,000,000 Consolidated Shares upon the Share Consolidation) ("Increase in Authorised Share Capital").

Details of the Consolidated Shares and Increase in Authorised Share Capital were contained in the Company's announcements dated 5 March 2023, 14 April 2023, 18 April 2023, 5 May 2023, 12 May 2023, 29 May 2023 and 30 May 2023.

(b) On 28 July 2023, the Company issued the rights issue on the basis of three rights shares (the "**Right Shares**") for every two shares amounted to 432,000,000 Right Shares of HK$0.67 to independent parties for the development of the Chinese Liquor Business and support the Faux Leather Chemicals Business. The net proceeds from the rights issue was approximately RMB263,580,000 and RMB255,837,000 was recognised as share premium. Details of the rights issue were contained in the Company's announcements dated 5 March 2023, 18 April 2023, 5 May 2023, 9 June 2023, 3 July 2023 and 27 July 2023.

(c) All the shares issued ranked pari passu in all respects with the existing shares in issue.

16. EVENT AFTER THE REPORTING PERIOD

On 27 December 2024, the Company, as the vendor, and the purchaser (an independent third party) entered into a conditional sale and purchase agreement, pursuant to which the vendor conditionally agreed to sell, and the purchaser conditionally agreed to purchase, the Sale Shares (which represent 25% of the issued share capital of Darkblue Investment Ltd ("**the Target Company**"), a direct wholly-owned subsidiary of the Company) at the Purchase Price.

The purchase price of RMB20,840,000 shall be paid by installments in cash.

The Target Company is directly wholly-owned by the Vendor. Upon the completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the sale and purchase agreement, the Target Company will be held as to 75% by the Vendor and 25% by the purchaser. Therefore, the Target Company will continue to be a subsidiary of the Company following the completion and its financial results will continue to be consolidated with the results of the Group. As the effect of the disposal (upon the completion) is not expected to cause a loss of the Group's control over the Target Company, the disposal (upon the completion) is expected to be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss for the Company.

The completion shall take place on or before 31 May 2025 or any other date as may be agreed between the vendor and the purchaser.

Details are set out in the Company's announcement dated on 27 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW AND PROSPECTS

During the Year, the Group engaged in two primary business activities: the Faux Leather Chemicals Business and the Chinese Liquor Business.

FAUX LEATHER CHEMICALS BUSINESS

Revenue generated from the Faux Leather Chemicals Business amounted to approximately RMB262,495,000 for the Year (2023: RMB262,546,000), which remained stable as compared to the Prior Year. The gross profit of this segment for the Year was approximately RMB55,700,000 (2023: RMB55,489,000).

The gross profit margin remained stable at approximately 21.2% for the Year comparing to approximately 21.1% for the Prior Year.

Selling and distribution expenses for the Year were approximately RMB15,187,000 (2023: RMB12,920,000). The increase in selling and distribution expenses was mainly due to the increase in sales and marketing activities. Selling and distribution expenses for the Year accounted for approximately 5.79% (2023: approximately 4.92%) of the segment revenue. Segment profit was approximately RMB14,270,000 (2023: RMB21,505,000).

CHINESE LIQUOR BUSINESS

The Group began manufacturing and selling of Chinese baijiu products in the PRC with a view to exploring business opportunities in the food and beverage business in the PRC in year 2022.

During the Year, our Chinese Liquor Business was mainly operated a wholly owned subsidiary of the Company by 福建王池帝醬酒業有限公司 (Fujian Wangchidi Sauce And Wine Company Limited*) ("**Fujian Wangchidi**") established under the laws of PRC.

In operating the Chinese Liquor Business, we focus on the development of drinking formula, design and brand-building strategy of the baijiu products and as such, we procure all necessary raw materials via the materials procurement services provided by an independent wine factory in producing the Chinese baijiu products and outsources the manufacturing process to such independent wine factory to produce the Chinese baijiu products via an original equipment manufacturer arrangement.

Our Chinese baijiu products comprise a comprehensive range of aromatic-flavour baijiu products formulated by us with varied packaging, alcohol content, design, taste, etc. with competitive prices targeting the young to middle-aged public to middle class consumer market in the PRC.

* *English translation of the name for identification only*

During the Year, the segment revenue from Chinese Liquor Business slightly decreased for approximately RMB4,060,000 or 1.31% from approximately RMB308,026,000 for the Prior Year to approximately RMB303,980,000 for the Year. The gross profit was approximately RMB201,598,000 (2023: RMB177,894,000) after accounting for the cost of raw materials and production fee. The Company promotes and explores sales channels of its Chinese baijiu products by (i) placing advertisements at airports, train stations and online media platforms; and (ii) hosting wine tasting events and various wine exhibitions and wine trade fairs in the PRC. Segment profit was approximately RMB29,669,000 (2023: RMB23,407,000).

DIVIDENDS

The Board has resolved not to declare the final dividend for the year ended 31 December 2024.

PROSPECT

Our Business Strategies and Future Prospects

The year 2024 was characterized by significant global uncertainty stemming from the ongoing political instability between Russia and Ukraine. This turmoil adversely affected the global economy, influencing the trading landscape, the financial sector, and interest rates, necessitating a period of adjustment and recovery. As a result, we anticipate that challenges such as economic uncertainty, market volatility, and unpredictable geopolitical tensions will persist in their impact on the global economy throughout 2025.

In forecasting China's economic growth for 2025, although the trade conflicts between China and the U.S. represent a complicating factor. Both governments are considering their respective interests in taxation, while their economies are interconnected and mutually influential. They face unique challenges and competitive dynamics that shape their future trajectories, affecting global trade as well. Nevertheless, China's economy is expected to rebound. The domestic economy is anticipated to recover, supported by government stimulus measures and increased domestic consumption, which will benefit consumer confidence. Retail sales are expected to grow as households increase spending on services and goods, particularly in tourism and entertainment. In conclusion, China's economy is projected to grow, bolstered by government policies that support an optimistic macroeconomic outlook for the consumption market.

Our Group is aligning further targets to increase our market share through strategic management, planning, and the expansion of our two core businesses, as well as establishing protective measures from a sustainable perspective. We will continue to enhance our overall competitiveness and market share by improving our premium long-term relationships with existing customers, proactively developing new customers, strengthening our research and development capabilities, and further expanding our product portfolio and geographical coverage.

Given an optimistic forecast of the macroeconomics in China consumption market, the business environment is still expected to be challenging in the future with more entrants of competitors following by economy recovery; thus our Group is preparing to address relevant issues and needs by stronger market campaign in order to increase our market share. We will remain focusing on enhancing the Faux Leather Chemicals and Chinese Liquor Business through maintaining sustainable growth and exploring our product varieties to wider classes of customers.

Meanwhile, the Group sees the opportunities in expansion of our Chinese Liquor Business in coping with the expected growth in consumption capacity. Our Group's Chinese liquor products were repositioned and renamed with our in-house brands "Dihuangchi"（帝皇池）and "Dilongchi"（帝龍池）to effectively target specific customer segments and replace the brand "Diwang Chi"（帝王池）for the Group's Chinese liquor products since September 2023. From July 2024, the Group's Chinese liquor products under the brands "Dihuangchi" and "Dilongchi" are exclusively produced by 貴州省仁懷市茅台鎮華星酒業有限公司 (Guizhou Province Renhuai City Maotai Town Huaxing Wine Co., Ltd) ("Huaxing Liquor Factory"). Additionally, from November 2024, 貴州省仁懷市茅臺鎮大唐酒業有限公司 (Guizhou Province Renhuai City Maotai Town Datang Liquor Co., Ltd) ("**Datang Liquor**"), a company incorporated on the People's Republic of China, was designated as the bottling base and responsible for producing the Group's alternate brand of Chinese liquor products. Datang Liquor has developed into a comprehensive enterprise integrating Chinese liquor production, storage, packaging, marketing, product research and development, where Datang Liquor produces thousand tons of high quality Maotai flavor Chinese liquor annually with an abundant reserve of base liquor. With the expertise of our company's management team and Fujian Wangchidi, we can ensure the smooth operation of the Chinese baijiu production and facilitate effective communication and collaboration with the outsourced Chinese Liquor processing factories. Our sales channels are also expanding through implementation of various marketing strategies and advertisement. The Company believes that the Chinese Liquor Business will contribute a more significant value to the Company and its shareholders as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group's current assets were approximately RMB557,411,000 (31 December 2023: RMB548,637,000), mainly comprising cash and bank balances (including pledged bank deposits), inventories, trade and bills receivables, prepayments, deposits and other receivables and financial assets at fair value through profit or loss. The Group's current liabilities were approximately RMB155,653,000 (31 December 2023: RMB95,582,000). The current ratio (the ratio of current assets to current liabilities) decreased from approximately 5.74 times as at 31 December 2023 to approximately 3.58 times as at 31 December 2024.

As at 31 December 2024, bank borrowings were approximately RMB64,500,000 (31 December 2023: RMB25,000,000) which of which RMB49,500,000 carried at a fixed rate and RMB15,000,000 curried at a variable rate. The bank borrowings were denominated in RMB.

* *English translation of the name for identification only*

Gearing ratio

The gearing ratio is the ratio of net debt divided by total equity. Net debt is calculated as total debt net of cash and cash equivalents. As at 31 December 2024, the Group recorded gearing ratio at 1.01% cash position (31 December 2023: the Group recorded a net cash position).

Capital expenses

During the Year, the Group's capital expenditure was approximately RMB127,301,000, representing an increase of RMB112,318,000 as compared to that of RMB14,983,000 in the Prior Year. Capital expenditure relates primarily to the purchase of plant and equipment.

Capital Commitments

The capital commitments not provided for in the consolidated financial statements as at 31 December 2024 was RMB1,451,000 (31 December 2023: RMB1,614,000), which represented the purchase of plant and machinery and automated transformation contracts.

Capital structure

The number of issued ordinary shares of the Company (the "**Shares**") as at 31 December 2024 was 720,000,000 Shares (31 December 2023: 720,000,000 Shares).

The authorised share capital of the Company as at 31 December 2024 was US$5,000,000 divided into 2,000,000,000 Shares with par value of US$0.0025 each (31 December 2023: US$5,000,000 divided into 2,000,000,000 Shares of par value of US$0.0025 each).

Share Consolidation

On 5 March 2023, the Company announced a proposed share consolidation on the basis that every five existing Shares of par value of US$0.0005 each into one consolidated share of par value of US$0.0025 each (the "**Consolidated Share**") in the share capital of the Company (the "**Share Consolidation**") and increase in authorised share capital of the Company (the "**Increase in Authorised Share Capital**").

Upon the Share Consolidation became effective on 30 May 2023, the authorised share capital of the Company became US$1,000,000 divided into 400,000,000 Consolidated Shares with par value of US$0.0025 each, of which 288,000,000 Consolidated Shares were in issue and fully paid or credited as fully paid. Immediately following the Share Consolidation, the authorised share capital of the Company increased from US$1,000,000 to US$5,000,000 divided into 2,000,000,000 Consolidated Shares by the creation of an additional 1,600,000,000 Consolidated Shares.

Details of the Share Consolidation and the Increase in Authorised Share Capital were set out in the Company's announcements dated 5 March 2023, 14 April 2023, 18 April 2023, 5 May 2023, 12 May 2023, 29 May 2023 and 30 May 2023.

Rights Issue

On 5 March 2023, the Company announced a proposed rights issue on the basis of three rights shares (the "**Rights Shares**") for every two Shares in issue at a subscription price of HK$0.67 per Rights Share (the "**Rights Issue**") to raise for approximately HK$289.440,000 million by issuing 432,000,000 Rights Shares to the qualifying shareholders. One valid acceptance and application had been received for a total of 1,128,309 Rights Shares. The Company has, pursuant to Rule 7.21(1)(b) of the Listing Rules, made the compensatory arrangements by entering into a placing agreement (the "**Placing Agreement**") with a placing agent (the "**Placing Agent**") pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, placees to subscribe for the 430,871,691 untaken shares ("**Untaken Shares**") in accordance with the terms of the Placing Agreement. As all the 430,871,691 Untaken Shares were successfully placed at the price of HK$0.67 per Share under the placing to more than six placees.

On 28 July 2023, the Company allotted and issued 432,000,000 Rights Shares at subscription price of HK$0.67 per Rights Shares, representing 100% of the total number of Rights Shares offered for subscription under the Rights Issue. The subscription price of the Rights Shares was approximately a premium of 1.52% over the theoretical closing price of HK$0.66 per Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK$0.132 per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 March 2023, being the last trading day). The net proceeds from the Rights Issue (after deducting the estimated expenses) were approximately HK$286.55 million, representing a net price of approximately HK$0.663 per Rights Share.

Upon completion of the Rights Issue on 28 July 2023, the number of Shares in issue became 720,000,000 of par value US$0.0025 each thereafter.

Details of the Rights Issue were set out in the Company's announcements dated 5 March 2023, 18 April 2023, 5 May 2023, 30 May 2023, 3 July 2023, 27 July 2023, circular dated 5 May 2023 and prospectus dated 9 June 2023.

The analysis of the intended use and the status of the net proceeds up to the date of this announcement is as below.

Use of Proceeds from the Rights Issue

Intended uses	**Intended uses of proceeds HK$**	**Actual use of proceeds up to the date of this announcement HK$**	**Net proceeds unutilised as at the date of this announcement HK$**
Business development of the Chinese Liquor Business:			
– Setting up ancient-Chinese-style bistros in the PRC	20,000,000	20,000,000	–
– Working capital in operating bistros upon their opening	8,550,000	8,550,000	–
– Launching sizeable advertising campaigns across different districts in the PRC	100,000,000	100,000,000	–
– Payment of manufacturing cost to the wine factory including a) cost of raw materials; b) processing fee and c) packaging fee	100,000,000	100,000,000	–
Business development of the Faux Leather Chemicals Business:			
– Repayment of bank borrowings	11,500,000	11,500,000	–
– Investment in automation system	11,000,000	11,000,000	–
– Addition of production facilities	17,000,000	17,000,000	–
– Improvement in product quality	3,500,000	3,500,000	–
– Procurement of raw materials	15,000,000	15,000,000	–
	286,550,000	286,550,000	–

As at the date of this announcement, all the net proceeds from the Rights Issue have been used in the same manner and proportions as set out in the section headed “Reasons for the Rights Issue, the Placing and the Use of Proceeds” in the prospectus of the Company dated 9 June 2023.

Share Scheme

The Company has adopted a share option scheme on 10 February 2020 pursuant to which the total number of Shares in respect of which options may be granted under the Share Option Scheme shall not exceed 100,000,000 Shares. Following the effect of the Share Consolidation on 30 May 2023, the options may be granted under the Share Option Scheme shall not exceed 20,000,000 Shares.

The scheme mandate limit had not been refreshed and no options were granted since the date of adoption of the Share Option Scheme.

INVESTMENTS

As at 31 December 2024, the Group had invested in the shares of companies listed on the Stock Exchange with a total carrying amount of approximately RMB5,972,000 (equivalent to approximately HK$6,449,000) (31 December 2023: RMB9,522,000 (equivalent to approximately HK$10,508,000)). The Board considers any single investment with fair value accounting for more than 5% of the total assets of the Group as a significant investment. As the Group did not have any single investment accounting for 5% or more of the total assets of the Group as at 31 December 2024, the Group did not have any significant investments as at 31 December 2024.

The portfolio of equity investments as at 31 December 2024 are set out as follows.

	Investment cost	**Unrealised fair value loss as at 31 December 2024**	**Fair value of the investment in listed securities as at 31 December 2024**	**Percentage of fair value of the investment in listed securities/ total assets of the Group as at 31 December 2024**
	RMB'000	*RMB'000*	*RMB'000*	
Financial assets at fair value through profit or loss	10,026	(4,054)	5,972	0.72%

During the Reporting Period, details of the performance of financial assets at fair value through profit or loss during the year ended 31 December 2024 are as follows:

Description of investments	**Realised fair value (loss)/gain for the year ended 31 December 2024**	**Unrealised fair value gain/ (loss) for the year ended 31 December 2024**	**Dividend received during the year ended 31 December 2024**
	RMB'000	*RMB'000*	*RMB'000*
Listed securities in Hong Kong	(1,018)	(969)	–

In view of the recent volatility in the securities market, the Directors expect the stock market will remain volatile in the coming year and the Group will continue to adopt the cautious approach in making investment decision in securities trading so as to obtain a balance between risk and return.

Save as disclosed above, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates, joint ventures and capital assets during the year ended 31 December 2023.

CONTINGENT LIABILITIES

As at 31 December 2024, we did not record any material hire purchase commitments, contingent liabilities, guarantees or litigations against us.

FOREIGN CURRENCY RISK AND MANAGEMENT

The Group's sales and purchases are mainly denominated in RMB. The Group retains some of its foreign currency denominated funds, which are mainly denominated in Hong Kong dollars. Fluctuations in exchange rates have an impact on the foreign currency reserve and the Company is exploring and discussing measures to cope with the foreign exchange risk. As at 31 December 2024, the Group did not enter into any financial instruments to hedge foreign exchange.

HUMAN RESOURCES

As at 31 December 2024, the Group had a total of 217 (2023: 208) employees. The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonuses may be granted to reward and motivate those well-performed employees.

The Group provides employee benefits in accordance with the relevant laws and regulations. As required by the PRC laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. The Group believes that it maintains a good working relationship with its employees. The employees in Hong Kong are members of the Mandatory Provident Fund Scheme of Hong Kong.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own corporate governance code. The Company is committed to the establishment of good corporate governance practices and procedures with a view to becoming a transparent and responsible organisation which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Group. The Company believes that effective corporate governance is essential for creating greater value to its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for Shareholders.

During the Reporting Period and up to the date of this announcement, the Group has strictly complied with the CG Code with the exception of the following deviations:

1. Code Provision C.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate. Code Provisions C.2.2 to C.2.9 further stipulate the various roles and responsibilities of the chairman. The Company's chairman of the Board (the "**Chairman**") Ms. Liu Jing resigned with effect from 25 May 2022. No replacement appointment of the Chairman was made after Ms. Liu Jing's resignation and the Company has not had a Chairman since 25 May 2022. The Company will publish an announcement once an appointment has been made in accordance with the Listing Rules.

2. Code Provision C.6.3 of the CG Code stipulates that the company secretary should report to the board chairman and/or the chief executive. As the Company did not have a Chairman or chief executive following the resignation of Ms. Liu Jing, the joint company secretaries or company secretary of the Company have reported to the executive Directors since 25 May 2022.

3. Code Provision F.2.2 of the CG Code stipulates that the chairman should attend the annual general meeting and should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, the chairman should invite another member of the committee or failing this their duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. Since the company does not have a Chairman, Mr. Lam Kam Kong Nathaniel, an executive Director, took the chair of the annual general meeting held on 31 May 2024. Mr. Lee Cheung Yuet Hoarce, who was the chairman of the audit committee, the nomination committee and the remuneration committee of the Company, attended the meeting and were available to answer any questions and ensure effective communication with the Shareholders.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix C3 as the required standard for securities transactions by the Directors. Saved as our Independent Non-executive Director, Mr. Huang Zhenming ("**Mr. Huang**") failed to inform the Company about his dealing and disclose his equity interest in the Company, despite the Company has made specific enquiries of all Directors and all Directors confirmed that during the year ended 31 December 2024, they had complied with the required standards set out in the Model Code and the code of conduct regarding Directors' securities transactions during the Reporting Period.

For details and the remedial steps taken by the Company, please refer to the corporate governance section of our annual report.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules and at least 25% of the Company's entire issued share capital were held by the public from the Listing Date and up to the date of this annual report.

EVENTS SUBSEQUENT TO REPORTING PERIOD

The disposal of 25% of the issued share capital of Darkblue Investment Ltd. (the "Disposal")

On 27 December 2024, the Company (the "**Vendor**"), entered into a Sale and Purchase Agreement with BlueOcean Investment (Global) Ltd (the "**Purchaser**"), an Independent Third Party, agreeing to sell 25% of the issued share capital of Darkblue Investment Ltd. (the "**Target Company**") for a consideration of RMB20,840,000, payable in cash installments (the "**Disposal**"). Currently, the Vendor wholly owns the Target Company, but upon completion of the transaction, ownership will be divided, with the Vendor holding 75% and the Purchaser holding 25% (the "**Completion**"). The transaction will be completed by 31 May 2025. Following the Completion, the Target Company will continue to be a subsidiary of the Company, and its financial results will remain consolidated with the Group. The Disposal is expected to be treated as an equity transaction, meaning it will not result in any gain or loss recognized in the Company's profit or loss, as the Group will maintain control over the Target Company. As the highest percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement thereunder.

Details of the Disposal were set out in the announcement dated 27 December 2024.

SCOPE OF WORK OF KTC PARTNERS CPA LIMITED

The figures set out in the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto disclosed in this annual results announcement of the Group for the year ended 31 December 2024 have been agreed by the Company's auditors, KTC Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KTC Partners 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA Limited.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules to fulfil the functions of reviewing and monitoring the financial reporting and internal control of the Company. The Audit Committee currently consists of four independent non-executive Directors, namely, Mr. Au Hei Ching, Mr. Lee Cheung Yuet Horace, Mr. Huang Zhenming and Ms. Zhou Xiaochun, and Mr. Lee Cheung Yuet Horace is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company this annual results and the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial statements matters, including the review of the consolidated financial statements of the Group for the year ended 31 December 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual results announcement has been published on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.dwhl1950.com). The annual report of the Company for the Reporting Period, which contains all information required by the Listing Rules, will be despatched to the Company's shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Diwang Industrial Holdings Limited
Lam Kam Kong Nathaniel
Executive Director and Joint Company Secretary

Hong Kong
28 March 2025

As at the date of this announcement, the Board comprises Mr. Chen Hua, Mr. Lam Kam Kong Nathaniel, Mr. Cheung Ka Wai and Mr. Sun Jingang as executive Directors; Mr. Au Hei Ching, Mr. Lee Cheung Yuet Horace, Mr. Huang Zhenming and Ms. Zhou Xiaochun as independent non-executive Directors.