

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **HANVEY GROUP HOLDINGS LIMITED**

### **恒偉集團控股有限公司**

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

**(Stock Code: 8219)**

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

### **CHARACTERISTICS OF GEM (“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 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.*

*This announcement, for which the directors of HANVEY GROUP HOLDINGS LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board (the “**Board**”) of directors (the “**Directors**”) of Hanvey Group Holdings Limited (the “**Company**”) is pleased to present the audited annual consolidated financial results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the corresponding period of 2023, as follows:

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

*For the year ended 31 December 2024*

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Revenue	5	<b>138,695</b>	185,667
Cost of sales		<b>(97,549)</b>	(142,352)
Gross profit		<b>41,146</b>	43,315
Other income and other gain (loss), net	6	<b>(11,948)</b>	(254)
Selling and distribution expenses		<b>(3,672)</b>	(4,080)
Administrative expenses		<b>(37,059)</b>	(48,595)
Finance costs	7	<b>(7,540)</b>	(9,124)
<b>Loss before tax</b>	8	<b>(19,073)</b>	(18,738)
Income tax expense	9	<b>(160)</b>	(1,194)
<b>Loss for the year</b>		<b>(19,233)</b>	(19,932)
<b>Attributable to:</b>			
Owners of the Company		<b>(19,229)</b>	(19,764)
Non-controlling interests		<b>(4)</b>	(168)
		<b>(19,233)</b>	(19,932)

		2024	2023
	Note	HK\$'000	HK\$'000
<b>Other comprehensive income (expense)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		524	(932)
<i>Item that will not be reclassified to profit or loss:</i>			
Gain on revaluation of property		4,973	—
Other comprehensive income (expense) for the year, net of tax		5,497	(932)
<b>Total comprehensive expense for the year</b>		<b>(13,736)</b>	<b>(20,864)</b>
<b>Attributable to:</b>			
Owners of the Company		(13,732)	(20,696)
Non-controlling interests		(4)	(168)
		<b>(13,736)</b>	<b>(20,864)</b>
<b>Loss per share attributable to owners of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	11	<b>(10.00)</b>	<b>(11.98)</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		12,513	55,794
Right-of-use assets		287	893
Investment properties		9,188	11,375
Financial assets at fair value through profit or loss		460	460
		<u>22,448</u>	<u>68,522</u>
<b>Current assets</b>			
Inventories		11,418	12,582
Trade receivables	13	34,159	17,599
Other receivables, deposits and prepayments		14,113	9,405
Tax recoverable		–	242
Financial assets at fair value through profit or loss		19,783	22,500
Cash and bank balances		16,518	71,744
		<u>95,991</u>	<u>134,072</u>
Assets classified as held for sale	12	34,902	–
		<u>130,893</u>	<u>134,072</u>

		2024	2023
	Notes	HK\$'000	HK\$'000
<b>Current liabilities</b>			
Bank overdrafts	15	2,873	3,738
Trade and bills payables	14	51,415	52,339
Other payables and accrued expenses		4,990	5,957
Contract liabilities		2,701	3,238
Borrowings	15	56,184	62,902
Loan from a related company		–	1,800
Tax payable		48	457
Lease liabilities		331	444
		<u>118,542</u>	<u>130,875</u>
Liabilities classified as held for sale	12	<u>23,205</u>	<u>–</u>
		<u>141,747</u>	<u>130,875</u>
<b>Net current (liabilities) assets</b>		<u>(10,854)</u>	<u>3,197</u>
<b>Total assets less current liabilities</b>		<u>11,594</u>	<u>71,719</u>
<b>Non-current liabilities</b>			
Borrowings	15	–	53,579
Lease liabilities		–	342
		<u>–</u>	<u>53,921</u>
<b>Net assets</b>		<u><u>11,594</u></u>	<u><u>17,798</u></u>
<b>Capital and reserves</b>			
Share capital	16	24,750	16,500
Reserves		(17,350)	2,181
Amounts recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sale		<u>5,081</u>	<u>–</u>
Equity attributable to owners of the Company		<u>12,481</u>	<u>18,681</u>
Non-controlling interests		<u>(887)</u>	<u>(883)</u>
<b>Total equity</b>		<u><u>11,594</u></u>	<u><u>17,798</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 12 June 2017 as an exempted company with limited liability under the Companies Act, Cap.22 (Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 3, 5 and 6, 15th Floor, Tower One, Ever Gain Plaza, No. 88 Container Port Road, Kwai Chung, New Territories, Hong Kong. Its ultimate holding company and immediate holding company are Million Easy Enterprises Limited, a company incorporated in the British Virgin Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in design and development, manufacturing and distribution of watch products on original design manufacturing (“ODM”) basis for watch manufacturers, brand owners and watch importers across the world.

The shares of the Company have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 12 July 2018 (the “**Listing Date**”).

The consolidated financial statements are presented in Hong Kong Dollar (“**HK\$**” or “**HKD**”) which is also the functional currency of the Company. All values are rounded to the nearest thousand (HK\$’000), except where otherwise indicated.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) 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 HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and on the disclosures set out in these consolidated financial statements.

### New and amendments to HKFRSs in issue but not yet effective

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

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

<sup>1</sup> Effective date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

#### Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions 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.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values and assets held for sale that are measured at fair value less cost to sell at the end of each reporting period.

#### Going concern

The Group incurred a loss attributable to owners of the Company of approximately HK\$19,229,000 for the year ended 31 December 2024 and, as of that date, the Group had net current liabilities of approximately HK\$10,854,000. As at 31 December 2024, the Group had bank overdrafts and borrowings of approximately HK\$2,873,000 and approximately HK\$56,184,000 respectively, while the Group had cash and bank balances of approximately HK\$16,518,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given a careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been formulated to mitigate the liquidity pressure and to improve its cash flows which include, but not limited to, the following:

- (i) The Group is in process to implement operational plans to control costs and generate sufficient cash flows to meet its current and future obligations.

- (ii) On 17 December 2024, the Group entered into a sale and purchase agreement with Purchaser A (a connected person of the Company), pursuant to which the Group conditionally agreed to sell, and Purchaser A conditionally agreed to purchase the entire equity interests of Shenzhen Fujing Precision Technology Company Limited\* (深圳福井精密科技有限公司), a wholly-owned subsidiary of the Company and the sale loan, at a consideration of RMB18.20 million (equivalent to approximately HK\$19.66 million) (“Disposal A’s Consideration”), which shall be settled by way of set-off of an amount equivalent to Disposal A’s Consideration against the outstanding principal amount due to Purchaser A (classified as the loan from a related company).

On the same date, the Group entered into a sale and purchase agreement with Purchaser B (a connected person of the Company), pursuant to which the Group conditionally agreed to sell, and Purchaser B conditionally agreed to purchase the Group’s property located in Hong Kong, at a cash consideration of HK\$16.40 million. The fair value of the above property as at 31 December 2024 is HK\$16,100,000.

Details of above disposal transactions could be referred to the Company’s announcement dated 17 December 2024 and the above disposal transactions will be subject to the independent shareholders’ approval at the extraordinary general meeting of the Company. Successful and timely implementation of the above disposal transactions will raise the level of liquid funds and reduction in borrowings.

- (iii) The Group will continue to take active measures to control administrative costs and unnecessary capital expenditures to improve the liquidity to support operations.

The directors of the Company have reviewed the Group’s cash flow forecast covering a period of not less than twelve months from the date of the auditor’s report. They are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

#### **4. SEGMENT INFORMATION**

Information reported to the chief operating decision makers (“CODMs”) for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group currently operates in the manufacturing and trading business of watches, and provision of related assembly services. A single management team reports to the CODMs who comprehensively manages the entire business. The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly reviewed by the CODMs for the purpose of allocating resources to segments and assessing their performance. For the years ended 31 December 2024 and 2023, the Group has only one operating segment in ODM. Accordingly, no segment result, assets and liabilities are presented.

\* For identification purpose only



## Geographical information

The Group's revenue is mainly derived from customers located in the Indonesia, India, Brazil, Hong Kong, Australia and Turkey. The Group's revenue by the geographical location of the customers, determined based on the location to which the Group bills the customers, is detailed below:

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Asia	95,566	146,148
Europe	11,547	11,426
Pacific Regions	6,777	10,759
South America	24,805	17,334
	<u>138,695</u>	<u>185,667</u>

The Group's business activities are conducted predominantly in Hong Kong and the People's Republic of China (the "PRC"). Information about the Group's non-current assets\* by geographical location of the assets is detailed below:

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Hong Kong	20,376	34,800
PRC	1,612	33,262
	<u>21,988</u>	<u>68,062</u>

\* Non-current assets exclude financial assets at fair value through profit or loss ("FVTPL").

## Information about major customers

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

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Customer A	—*	70,173
Customer B	64,134	48,226
Customer C	22,365	—*
	<u>86,500</u>	<u>118,399</u>

\* Customers do not contribute 10% or more of the total revenue.

## 5. REVENUE

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
<b>Sales of goods recognised at a point in time:</b>		
Finished watches	41,522	121,699
SKD kits	83,819	58,758
Watch parts	2,554	5,210
	<u>127,895</u>	<u>185,667</u>
<b>Service income recognised over time:</b>		
Service income	10,800	–
	<u>10,800</u>	<u>–</u>
	<b><u>138,695</u></b>	<b><u>185,667</u></b>

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to the unsatisfied contract is not disclosed.

## 6. OTHER INCOME AND OTHER GAIN (LOSS), NET

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Exchange losses, net	(39)	(851)
Government grants ( <i>Note</i> )	14	552
Interest income	1,539	1,322
Rental income (less outgoing expenses of HK\$Nil (2023: HK\$Nil))	563	374
(Allowance for) reversal of expected credit loss (“ECL”) on trade receivables	(832)	271
Allowance for ECL on other receivables, deposits and prepayments	(57)	–
Forfeiture of customer’s deposits	107	–
Net realised loss on disposals of financial assets at FVTPL	(507)	(493)
Net loss arising from change in fair value of financial assets at FVTPL	(928)	(481)
Net loss arising from change in fair value of investment properties	(2,187)	(198)
Impairment loss on disposal group classified as held for sale	(833)	–
Impairment loss on property, plant and equipment	(8,657)	–
Sundry income	83	–
Write-off of trade receivables	(214)	–
Write-off of prepayment for purchases	–	(750)
	<u>(11,948)</u>	<u>(254)</u>

*Note:* In the year 2024, the Group had recognised government subsidies from the PRC local authorities of approximately HK\$14,000, relating to ensuring the Group’s employment stability. There are no unfulfilled conditions or contingencies related to these grants.

## 7. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Interest expenses on:		
Borrowings	7,186	8,986
Bank overdrafts	246	63
Lease liabilities	108	75
	<u>7,540</u>	<u>9,124</u>

## 8. LOSS BEFORE TAX

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

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Directors' emoluments	7,671	8,684
Staff costs (excluded directors' emoluments)	7,893	10,565
Bonus	609	1,073
Retirement benefit scheme contributions	1,531	1,596
Total staff costs	<u>17,704</u>	<u>21,918</u>
Auditor's remuneration		
– audit services	600	600
– non-audit services	205	–
Cost of inventories recognised as expenses	94,955	142,195
Depreciation of right-of-use assets	387	804
Depreciation of property, plant and equipment	4,577	5,653
Commission paid	1,183	1,029
Expenses relating to short-term leases	55	40
Allowance for (reversal of) ECL on trade receivables	832	(271)
Allowance for ECL on other receivables, deposits and prepayments	57	–
Forfeiture of customers' deposits	(107)	–
Net loss arising from change in fair value of investment properties	2,187	198
Impairment loss on disposal group classified as held for sale	833	–
Impairment loss on property, plant and equipment	8,657	–
Write-down of inventories (included in cost of sales)	1,135	1,955
Write-off of trade receivables	214	–
Write-off of prepayment for purchases	–	750

## 9. INCOME TAX EXPENSE

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.

Under the two-tiered profits tax rate regime in Hong Kong, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other subsidiaries of the Company are subjected to Hong Kong Profits Tax at the rate of 16.5% for the years ended 31 December 2024 and 2023.

The subsidiaries of the Group established in the PRC is generally subject to PRC Enterprise Income Tax (“EIT”) on its taxable income at an income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to high and new technology enterprises of 15%, for both years.

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Tax charge comprises:		
Current tax		
Hong Kong Profits Tax		
– Charge for the year	<b>124</b>	104
– Under provision in prior years	<b>3</b>	–
	<b>127</b>	104
PRC EIT		
– Charge for the year	<b>33</b>	1,079
– Under provision in prior years	<b>–</b>	11
	<b>33</b>	1,090
	<b>160</b>	1,194

## 10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

## 11. LOSS PER SHARE

Basic loss per share are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024 HK\$'000	2023 HK\$'000
<b>Loss</b>		
Loss attributable to owners of the Company	<u>(19,229)</u>	<u>(19,764)</u>
<b>Number of shares (thousands)</b>		
Weighted average number of ordinary shares for calculating basic and diluted loss per share	<u>192,275</u>	<u>165,000</u>

For the years ended 31 December 2024 and 2023, diluted loss per share is the same as the basic loss per share as the Company did not have any potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

## 12. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 17 December 2024, the Group entered into a sale and purchase agreement with Purchaser A (a connected person of the Company), pursuant to which the Group conditionally agreed to sell, and Purchaser A conditionally agreed to purchase the entire equity interests of Shenzhen Fujing Precision Technology Company Limited\* (深圳福井精密科技有限公司), a wholly-owned subsidiary of the Company and the sale loan, at a consideration of RMB18.20 million (equivalent to approximately HK\$19.66 million) (“**Disposal A’s Consideration**”), which shall be settled by way of set-off of an amount equivalent to Disposal A’s Consideration against the outstanding principal amount due to Purchaser A (classified as the loan from a related company).

On the same date, the Group entered into a sale and purchase agreement with Purchaser B (a connected person of the Company), pursuant to which the Group conditionally agreed to sell, and Purchaser B conditionally agreed to purchase the Group’s property located in Hong Kong, at a cash consideration of HK\$16.40 million.

Both Purchaser A and Purchaser B are entities incorporated in Hong Kong which are owned by the directors of the Company.

\* For identification purpose only

At 31 December 2024, the assets and liabilities classified as held for sale comprised the following assets and liabilities (after inter-company eliminations):

	<b>2024</b> <b>HK\$'000</b>
<b>Non-current asset classified as held for sale</b>	
Investment property	16,100
<b>Assets of disposal group classified as held for sale</b>	
Property, plant and equipment	18,495
Cash and bank balances	<u>307</u>
Total assets of disposal group held for sale	<u>18,802</u>
Total assets classified as held for sale	<u><u>34,902</u></u>
<b>Liabilities directly associated with assets of disposal group classified as held for sale</b>	
Other payables	13
Loan from a related company ( <i>note</i> )	<u>23,192</u>
Total liabilities classified as held for sale	<u><u>23,205</u></u>

Cumulative amount of approximately HK\$5,081,000 relating to the assets classified as held for sale has been recognised in other comprehensive income and included in equity.

*Note:* The amounts are unsecured, interest-free and repayable on demand. The Company and the related company are related under common directors.

### 13. TRADE RECEIVABLES

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables	35,932	18,540
Less: allowance for ECL	<u>(1,773)</u>	<u>(941)</u>
	<u><u>34,159</u></u>	<u><u>17,599</u></u>

The ageing analysis (based on invoice date) of the Group's trade receivables (net of allowance for ECL) as at the end of each of reporting period is as follows:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 to 30 days	<b>10,700</b>	7,198
31 to 60 days	<b>9,043</b>	5,970
61 to 90 days	<b>4,556</b>	1,415
Over 90 days	<b>9,860</b>	3,016
	<b>34,159</b>	<b>17,599</b>

As at 31 December 2024, an amount of approximately HK\$18,060,000 (2023: approximately HK\$6,311,000) included in trade receivables were transferred to banks by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise trade receivables' full carrying amounts at the end of the reporting period and recognise the cash received on the transfer as borrowings. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

#### 14. TRADE AND BILLS PAYABLES

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables	<b>22,715</b>	23,924
Bills payables	<b>28,700</b>	28,415
	<b>51,415</b>	<b>52,339</b>

The credit period on trade payables is generally 30 to 120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 to 30 days	<b>4,742</b>	3,973
31 to 60 days	<b>5,676</b>	5,419
61 to 90 days	<b>7,131</b>	6,827
91 to 120 days	<b>1,442</b>	2,648
Over 120 days	<b>3,724</b>	5,057
	<b>22,715</b>	<b>23,924</b>

Bills payables are all matured within 30 to 120 days. The following is an aged analysis of bills payables presented based on the date of bills at the end of each reporting period:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 to 30 days	7,537	8,717
31 to 60 days	8,939	7,909
61 to 90 days	7,573	8,129
91 to 120 days	4,651	3,660
	<u>28,700</u>	<u>28,415</u>

## 15. BORROWINGS/BANK OVERDRAFTS

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current – secured		
Bank overdrafts	2,873	3,738
Bank loans	56,184	62,902
	<u>59,057</u>	<u>66,640</u>
Non-current – secured		
Bank loans	–	53,579
Total borrowings	<u>59,057</u>	<u>120,219</u>

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Fixed-rate borrowings	5,378	5,563
Variable-rate borrowings	50,806	110,918
Bank overdrafts	2,873	3,738
	<u>59,057</u>	<u>120,219</u>
Less: amount classified as current liabilities secured borrowings due within one year or contain a repayment on demand clause	<u>(59,057)</u>	<u>(66,640)</u>
Non-current liabilities	<u>–</u>	<u>53,579</u>

The Group's variable-rate borrowings carry interest ranging from 3.12% per annum to 8.44% per annum, and fixed-rate borrowings carry interest at 3.10% per annum.



## 16. SHARE CAPITAL

Movements of the share capital of the Company are as follows:

	Number of ordinary share of HK\$0.1 each ‘000	Nominal value HK\$’000
<b>Authorised</b>		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<b>1,000,000</b>	<b>100,000</b>
<b>Issued and fully paid</b>		
At 1 January 2023, 31 December 2023 and 1 January 2024	165,000	16,500
Issue of shares by right issue ( <i>Note</i> )	82,500	8,250
At 31 December 2024	<b>247,500</b>	<b>24,750</b>

*Note:* On 2 September 2024, 82,500,000 ordinary shares were issued by the Company under the right issue on the basis of one right share for every two shares at the subscription price of HK\$0.1 per right share, giving gross proceeds of HK\$8,250,000.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report issued by the Group’s independent auditor, Confucius International CPA Limited, Certified Public Accountants on the consolidated financial statements of the Group for the year ended 31 December 2024:

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material uncertainty related to going concern**

We draw attention to Note 3 to the consolidated financial statements, which indicates that the Group incurred a loss attributable to owners of the Company of approximately HK\$19,229,000 for the year ended 31 December 2024 and, as of that date, the Group had net current liabilities of approximately HK\$10,854,000. As at 31 December 2024, the Group had bank overdrafts and borrowings of approximately HK\$2,873,000 and approximately HK\$56,184,000 respectively, while the Group had cash and bank balances of approximately HK\$16,518,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **OVERVIEW**

The Group is principally engaged in the design and development, manufacturing and distribution of watch products on original design manufacturing (“ODM”) basis for watch manufacturers, brand owners and watch importers across the globe.

The Group derives revenue mainly from the sale of: (i) finished watches, (ii) semi-knocked-down kits, and (iii) watch parts, and provision of assembly services relating to sales of finished watches.

For the year ended 31 December 2024, the Group’s revenue amounted to approximately HK\$138.70 million, decreased by approximately 25.30% when compared with that for the corresponding period of 2023.

## **BUSINESS REVIEW**

The Hong Kong Trade Development Council (“**HKTDC**”) used to conduct a survey every quarter, which involves interviewing 500 local exporters from six major industries that include machinery, electronics, jewellery, watches and clocks, toys and clothing to gauge their business confidence on near-term export prospects. According to the HKTDC’s research entitled: “HKTDC Export Confidence Index 4Q24: Heightened Uncertainties Trigger Exporter Caution” dated 12 December 2024, the Current Performance Index (the “**Index**”) increase from 35.0 in the fourth quarter of 2023 (“**4Q23**”) to 50.3 in the fourth quarter of 2024 (“**4Q24**”).

For 4Q24, the findings of the HKTDC Export Confidence Index indicate a significantly improved current performance, as well as a more optimistic business outlook overall. Reassuringly, all of this is underpinned by rising sales, new orders, higher prices and a likely increase in procurement activity. In timepieces sector increased to 49.1 (up 1.6) in 4Q24 from 47.5 in 4Q23.

The Group will adopt a prudent approach, and continue exercising stringent control over operating costs, aiming to enhance operating efficiency and improve profitability.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue of the Group decreased by approximately HK\$46.97 million or approximately 25.30% from approximately HK\$185.67 million for the year ended 31 December 2023 to approximately HK\$138.70 million for the year ended 31 December 2024. The decrease was mainly due to the ongoing uncertainty across the global market.

### **Cost of sales**

Our cost of sales decreased by approximately HK\$44.80 million or 31.47% from approximately HK\$142.35 million for the year ended 31 December 2023 to approximately HK\$97.55 million for the year ended 31 December 2024. The decrease in cost of sales was mainly due to the decrease in revenue.

### **Gross profit and gross profit margin**

As a result of the decrease in revenue, our gross profit decreased by approximately HK\$2.17 million or approximately 5.01% from approximately HK\$43.32 million for the year ended 31 December 2023 to approximately HK\$41.15 million for the year ended 31 December 2024.

## **Selling and distribution expenses**

Our selling and distribution expenses decreased by approximately HK\$0.41 million or approximately 10.05% from approximately HK\$4.08 million for the year ended 31 December 2023 to approximately HK\$3.67 million for the year ended 31 December 2024. The decrease was mainly due to the decrease in freight and transportation charges.

## **Administrative expenses**

Our administrative expenses decreased by approximately HK\$11.54 million or approximately 23.74% from approximately HK\$48.60 million for the year ended 31 December 2023 to approximately HK\$37.06 million for the year ended 31 December 2024. The decrease was primarily due to (i) the decrease in Directors and staff salaries; (ii) the decrease in entertainment expenses; and (iii) the decrease in the Group's charitable donation.

## **Finance costs**

Our finance costs decreased by approximately HK\$1.58 million or approximately 17.32% from approximately HK\$9.12 million for the year ended 31 December 2023 to approximately HK\$7.54 million for the year ended 31 December 2024. The decrease was mainly due to the Group's bank borrowings have been settled.

## **Loss before tax**

As a result of the aforesaid, the Group recorded a loss before income tax of approximately HK\$19.07 million for the year ended 31 December 2024 from approximately HK\$18.74 million for the year ended 31 December 2023, representing an increase of approximately 1.76%.

## **Taxation**

Our income tax expenses decreased by approximately HK\$1.03 million or approximately 86.55% from income tax expense approximately HK\$1.19 million for the year ended 31 December 2023 approximately to income tax expense HK\$0.16 million for the year ended 31 December 2024. The decrease was mainly due to the decrease in PRC Enterprise Income Tax of a PRC subsidiary.

## **Total comprehensive expenses attributable to owners of the Company**

The total comprehensive expenses attributable to owners of the Company decreased to approximately HK\$13.73 million for the year ended 31 December 2024 from approximately HK\$20.70 million for the year ended 31 December 2023, representing a decrease of approximately 33.67%. The reduction was mainly due to (i) a reduction in staff cost; and (ii) a reduction in interest expenses after repayment of bank borrowings of the Group by utilising approximately HK\$5.98 million of the net proceeds from a rights issue of the Company effected during the year ended 31 December 2024.

## **OUTLOOK AND FUTURE PROSPECTS**

Looking ahead, the business environment in overseas markets remains uncertain, the risk of an economic slowdown or recession in overseas markets and the economic impact of the Russo-Ukrainian War and the U.S. Tariffs are the biggest challenge to the export performance in the next few months.

The watch industry faces challenges such as technological innovation, diverse consumer demands, and intensified market competition. At the same time, the solid position of traditional mechanical watches in the luxury market present great opportunities for the industry. With the Group continuing to invest in high-tech development and personalized services, the watch industry is expected to maintain steady growth in the future while further solidifying its commercial value.

For overseas markets, economic growth in Europe and the United States is projected to slow down due to the negative market outlook under high inflation. However, in the Southeast Asian market that we focus on, there is still a huge market demand of automatic mechanical watch and quartz watch. The Group will closely observe the market trend and provide designs that suit the customers and market needs.

We intend to continue to focus on the core business, take efforts in strengthening our product design and developing capability to maximise the long term returns of the shareholders of the Company.

## **CAPITAL STRUCTURE**

There has been no change in the Company's capital structure for the year ended 31 December 2024. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2024, the Group had cash and bank balances of approximately HK\$16.52 million (2023: HK\$71.74 million). The current ratios (current assets divided by current liabilities) of the Group were 0.92 times and 1.02 times as at 31 December 2024 and 31 December 2023 respectively.

The Directors are of the view that at the date of this announcement, the Group's financial resources are sufficient to support its business and operations.

As at 31 December 2024, the gearing ratio of the Group calculated by total borrowings (including bills payables, bank overdrafts, bank borrowings, loan from a related company and lease liabilities) less cash and bank balances as a percentage of total equity was approximately 817.34% (2023: 446.54%).

## COMMITMENTS

The Company has entered into a non-legally binding memorandum of understanding (the "MOU") with Yangshuo County Xingyuan Lead-Zinc Mining Co. Ltd.\* (陽朔縣興源鉛鋅礦有限責任公司) in relation to the acquisition of a non-ferrous metal mining business. Please refer to the announcement of the Company dated 3 March 2025 for further details.

## PLEDGE OF ASSETS

As at 31 December 2024, the following assets were pledged to bank to secure the Group's banking facilities:

	<i>HK\$'000</i>
Property, plant and equipment	8,394
Financial assets at fair value through profit or loss	19,131
Investment properties	9,188
Bank deposits	8,487
Asset classified as held for sale	16,100
	<hr/>
	61,300
	<hr/> <hr/>

## FOREIGN EXCHANGE EXPOSURE

The Group's purchases are denominated in Hong Kong Dollars. The sales of the Group are predominantly in US Dollars, Renminbi and Hong Kong Dollars. The Group will continue to review and monitor from time to time the risk relating to foreign exchanges.

During the year ended 31 December 2024, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2024 (2023: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, we had a total of 101 employees (2023: 110). The Company determines employee salaries based on each employee's qualifications, position and seniority. Our Group has established an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions.

The emoluments of the Directors are decided by the Board with the recommendation from the Remuneration Committee of the Company, having considered factors such as the Group's financial performance, the achievement of special targets and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

## SUBSEQUENT EVENTS

The Company and Creative Profit Investment Limited ("**Vendor A**") entered into Sale and Purchase Agreement A with Billion Riches Limited ("**Purchaser A**"), pursuant to which Vendor A conditionally agreed to sell, and Purchaser A conditionally agreed to purchase (i) the Sale Equity Interest (representing the entire equity interest and actual paid-up registered capital of the Disposal Company); and (ii) the Sale Loan, at the Disposal A's Consideration.

In addition, under Sale and Purchase Agreement A, upon Disposal A's Completion, the Company shall (i) enter into a deed of set-off with Purchaser A in relation to the set-off of an amount equivalent to the Disposal A's Consideration against the outstanding principal amount of the Amount Due to Purchaser A as of the date of Disposal A's Completion; and (ii) procure Shenzhen 3 Wells to enter into a deed of assignment with the Disposal Company and Purchaser A in relation to the assignment of the Sale Loan by Shenzhen 3 Wells to Purchaser A.

The Company and Cheer China Group Holdings Limited ("**Vendor B**") entered into Sale and Purchase Agreement B with Multiple Yield Limited ("**Purchaser B**"), pursuant to which Vendor B conditionally agreed to sell, and Purchaser B conditionally agreed to purchase Property B at the Disposal B's Consideration.

Please refer to the announcement of the Company dated 17 December 2024 for further details.

## USE OF PROCEEDS

During the year ended 31 December 2024, a rights issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share was made by the Company (the "**Rights Issue**").

As disclosed in the Announcement dated 30 August 2024, as at 4:00 p.m. on Monday, 12 August 2024, being the Latest Time for Acceptance, seven valid applications had been received for a total of 53,490,250 Rights Shares, representing approximately 64.8% of the total number of Rights Shares offered under the Rights Issue. The remaining 29,009,750 Unsubscribed Rights Shares, representing approximately 35.2% of the total number of Rights Shares offered under the Rights Issue, were subject to the Compensatory Arrangements.

As at 4:00 p.m. on Friday, 23 August 2024, being the latest time of placing of the Unsubscribed Rights Shares by the Placing Agent, all the 29,009,750 Unsubscribed Rights Shares were successfully placed at the price of HK\$0.10 per Share, which is equal to the Subscription Price, under the Placing (the “**Placing**”).

Accordingly, the gross proceeds raised from the Rights Issue (including the Compensatory Arrangements) were approximately HK\$8.25 million and the net proceeds from the Rights Issue after deducting the expenses were approximately HK\$7.47 million. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$5.98 million for repayment of bank borrowings of the Group; and (ii) approximately HK\$1.49 million for general working capital of the Group, as disclosed in the Prospectus.

Details of the Rights Issue are set out in the prospectus of the Company dated 29 July 2024 (the “**Prospectus**”) and the announcements of the Company dated 27 June 2024, 15 July 2024 and 30 August 2024 (the “**Announcements**”).

The net price per Placing Share is estimated to be approximately HK\$0.091. Details of the Placing are set out in the Company’s announcements dated 14 August 2024 and 30 August 2024.

Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

The Group has fully utilised the net proceeds from the Rights Issue and the Placing, details are as follows:

	<b>Allocation</b>	<b>Amount utilised up to 31 December 2024</b>	<b>Amount unutilised as at 31 December 2024</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Repayment of bank loans	5,980	5,980	–
Working capital	1,490	1,490	–
Total	<u>7,470</u>	<u>7,470</u>	<u>–</u>



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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Save as disclosed in this announcement, there was no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures by the Company for the year ended 31 December 2024.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets for the coming year.

## **SHARE OPTION SCHEME**

The Company has a share option scheme (the “**Share Option Scheme**”) which was approved and adopted by the shareholders of the Company (the “**Shareholder(s)**”) by way of written resolutions passed on 20 June 2018. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date it was adopted. The purpose of the Share Option Scheme is to provide incentives or rewards to participants for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group and any entity in which our Group holds any equity interest (“**Invested Entity**”).

Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares in issue at any point in time, without prior approval from the Company's shareholders. The Company may not grant any options if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other schemes exceeds 30% of the Shares in issue from time to time. Options granted to the substantial shareholders or Independent Non-executive Directors of the Company in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders. The option will be offered for acceptance for a period of not less than five trading days from the date on which the option is granted. Upon acceptance of the option, Directors and eligible employees of the Company shall pay HK\$1.00 to the Company by way of consideration for the grant.

Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the Board of Directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share; (ii) the closing price of the Shares on the date of grant; and (iii) the average closing price of the Shares for the five business days immediately preceding the date of grant. No share options have been granted since the adoption of the Scheme on 20 June 2018.

**(1) Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

**(2) Who may join and basis of eligibility**

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with paragraph (3) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, our independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

**(3) Price of shares of the Company (the "Share(s)")**

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

**(4) Grant of options and acceptance of offers**

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

**(5) Maximum number of Shares**

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) must not in aggregate exceed 10% of the total number of Shares in issue as at the listing date. The Company may refresh this limit at any time, subject to the shareholders' approval and the issue of a circular and in accordance with the GEM Listing Rules provided that the total number of Shares which may be allotted and issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for such purpose, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Group) previously granted under the Share Option Scheme and any other share option schemes of the Group will not be counted. The above is subject to the condition that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group shall not exceed 30% of the Share Capital of the Company in issue from time to time.

**(6) Maximum entitlement of each Eligible Person**

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

**(7) Time of exercise of option**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

## **(8) Period of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting. As of the date of this announcement, the Share Option Scheme has a remaining life of approximately four years.

No share options have been granted/exercised/cancelled/lapsed under the Share Option Scheme during the year ended 31 December 2024. As at 31 December 2024, the Company has no outstanding share option under the Share Option Scheme. The total number of shares available for grant under the Share Option Scheme as at 1 January 2024 and 31 December 2024 were 10,000,000 shares. As at the date of this announcement, the total number of shares of the Company available for issue under the Share Option Scheme was 10,000,000 shares, representing 10% of the issued shares of the Company as at 20 June 2018. As at 31 December 2024, the remaining life of the Share Option Scheme is 3 years and 4 months.

## **COMPETING INTERESTS**

The Directors are not aware of any business or interest of the Directors, the Controlling Shareholder and/or their respective associates (as defined under the GEM Listing Rules) that competed or might compete with the business of the Group and any other conflict of interest which any such person had or might have with the Group during the year ended 31 December 2024.

## **NON-COMPETITION UNDERTAKING**

Each of the Controlling Shareholders (as defined in the GEM Listing Rules) has made an annual declaration to the Company that during the year ended 31 December 2024, he/she/it has complied with the terms of non-competition undertakings (“**Non-Competition Undertakings**”) given in favour of the Company. The Independent Non-executive Directors have also reviewed the status of compliance by each of the Controlling Shareholders with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the Independent Non-executive Directors can ascertain, there is no breach of any of such undertaking.

In order to protect the Group’s interest in its business activities, on 12 July 2018, each of Million Easy Enterprises Limited and Mr. Cheuk Sin Cheong, Clement and Ms. Au Corona Ching Mei M.H., the controlling shareholders of the Company (the “**Controlling Shareholders**”) as covenantors (each of them, a “**Covenantor**” and collectively, the “**Covenantors**”) executed a Deed of Non-competition in favour of our Company (for itself and as trustee for each of its subsidiaries).

In accordance with the Deed of Non-competition, each of the Covenantors undertakes that, from the Listing Date and ending on the occurrence of the earlier of (i) the date on which the Shares cease to be listed on the GEM; or (ii) the date on which the Covenantors and his/her/its close associates ceases to be entitled to exercise or control the exercise of 30% in aggregate of the voting power at general meetings of the Company:

He/she/it will not, and will use his/her/its best endeavours to procure any Covenantor, his/her/its close associates and any company directly or indirectly controlled by the Covenantor not to, either on his/her/its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or is likely to compete with the business of our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the Business.

The Company has received a confirmation from the Controlling Shareholders on their compliance with the Deed of Non-competition from the Listing Date to the date of this announcement (“**Confirmation**”). The Independent Non- executive Directors have reviewed the Confirmations and confirmed that they are not aware of any non-compliance of the Deed of Non-competition by the Controlling Shareholders from the Listing Date to the date of this announcement.

Details of the undertaking has been set out in the section headed “Relationship with our Controlling Shareholders” of the Prospectus of the Company dated 28 June 2018.

## **DIVIDEND**

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

## **CORPORATE GOVERNANCE CODE**

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the GEM Listing Rules during the year ended 31 December 2024, except for the deviation as specified and explained below with considered reasons for such deviations.

Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheuk Sin Cheong Clement is currently both the Chairman of our Board and the Chief Executive Officer of our Company. In view of the fact that Mr. Cheuk has been assuming the day-to-day responsibilities in operating and managing our Group since 1986 and the rapid development of our Group, the Board believes that with the support of Mr. Cheuk's extensive experience and knowledge in the business of the Group, vesting the roles of both chairman of our Board and chief executive officer of our Company in Mr. Cheuk strengthens the solid and consistent leadership and thereby allows for efficient business planning and decision which is in the best interest to our Group.

The Directors consider that the deviation from provision C.2.1 of the CG Code is appropriate in such circumstances. Notwithstanding the above, the Board is of the view that this management structure is effective for our Group's operations, and sufficient checks and balances are in place.

Except for code provision C.2.1 of the CG Code, our Company's corporate governance practices have complied with the CG Code during the year ended 31 December 2024.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, the Company confirms that the Directors complied with required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 December 2024.

## **ANNUAL GENERAL MEETING**

The notice of the annual general meeting ("AGM") will be published on the Company's website and the Stock Exchange's website and sent to the Shareholders in due course once the date of the forthcoming AGM has been determined.

## **REVIEW OF FINANCIAL INFORMATION**

The financial information has been reviewed by the Audit Committee of the Company, approved by the Board and agreed by the Group's external auditor, Confucius International CPA Limited ("CICPA"), to the amounts set out in the audited financial statements.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, CICPA to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CICPA 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 HKICPA and consequently no assurance has been expressed by CICPA on this annual results announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The annual results announcement of the Company is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.hanveygroup.com.hk](http://www.hanveygroup.com.hk)). The annual report of the Company for the financial year ended 31 December 2024 containing all the relevant information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and posted on the websites of the Stock Exchange and the Company in due course.

By order of the Board

**HANVEY GROUP HOLDINGS LIMITED**

**Cheuk Sin Cheong Clement**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 31 March 2025

*As at the date of this announcement, the Executive Directors are Mr. Cheuk Sin Cheong Clement and Ms. Au Corona Ching Mei M.H. and the Independent Non-executive Directors are Mr. Yu Sau Ning Homer M.H., Ms. Yee Wai Fong Wendy and Mr. Yip Yat Lam.*

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