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LITU HOLDINGS LIMITED

力圖控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1008)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Note</i>	2024 HK\$’000	2023 HK\$’000
<i>Continuing operations</i>			
Revenue	3	725,453	716,658
Cost of sales		<u>(548,672)</u>	<u>(589,519)</u>
Gross profit		176,781	127,139
Other income	4	18,825	23,146
Other net gains and losses	5	(6,361)	(167,493)
Selling and distribution expenses		(13,657)	(17,688)
Administrative expenses		(75,748)	(70,258)
Finance costs	6	(4,050)	(4,229)
Share of result of an associate		<u>–</u>	<u>(30,401)</u>
Profit (Loss) before taxation	8	95,790	(139,784)
Taxation	7	<u>(17,319)</u>	<u>(16,359)</u>
Profit (Loss) for the year from continuing operations		<u>78,471</u>	<u>(156,143)</u>

	Note	2024 HK\$'000	2023 HK\$'000
Discontinued operations			
Profit (Loss) for the year from discontinued operations	13(a)	<u>886</u>	<u>(7,556)</u>
Profit (Loss) for the year		<u>79,357</u>	<u>(163,699)</u>
Profit (Loss) for the year attributable to:			
Owners of the Company			
— Continuing operations		<u>78,471</u>	<u>(156,143)</u>
— Discontinued operations		<u>2,118</u>	<u>(7,738)</u>
		<u>80,589</u>	<u>(163,881)</u>
Non-controlling interests			
— Discontinued operations		<u>(1,232)</u>	<u>182</u>
Profit (Loss) for the year		<u>79,357</u>	<u>(163,699)</u>
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
— Exchange differences arising on translation to presentation currency		<u>(43,264)</u>	<u>(75,897)</u>
— Share of other comprehensive loss of an associate		<u>—</u>	<u>(16,171)</u>
Total other comprehensive loss for the year		<u>(43,264)</u>	<u>(92,068)</u>
Total comprehensive income (loss) for the year		<u>36,093</u>	<u>(255,767)</u>
Total comprehensive income (loss) attributable to:			
Owners of the Company		<u>37,868</u>	<u>(255,617)</u>
Non-controlling interests		<u>(1,775)</u>	<u>(150)</u>
		<u>36,093</u>	<u>(255,767)</u>
		HK\$	HK\$
Basic and diluted earnings (losses) per share			
	9		
— Continuing operations		<u>0.050</u>	<u>(0.100)</u>
— Discontinued operations		<u>0.001</u>	<u>(0.005)</u>
Total continuing operations and discontinued operations		<u>0.051</u>	<u>(0.105)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		634,802	735,007
Right-of-use assets		46,612	71,273
Investment properties		231,607	168,599
Goodwill		595,585	615,939
Intangible assets		419	467
Financial assets at FVPL		–	–
Deferred tax assets		6,180	6,457
Prepayments and rental and other deposits paid		16,317	42,608
		<u>1,531,522</u>	<u>1,640,350</u>
Current assets			
Inventories		53,785	72,486
Trade receivables	<i>11</i>	211,236	242,576
Contract assets		13,430	50,836
Other receivables, prepayments and refundable deposits		66,676	32,276
Tax recoverable		83	–
Pledged bank deposits		60,484	21,832
Bank balances and cash		570,949	345,798
		<u>976,643</u>	<u>765,804</u>
Assets classified as held for sale	<i>13</i>	<u>175,360</u>	<u>307,373</u>
		<u>1,152,003</u>	<u>1,073,177</u>

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Current liabilities			
Trade payables	12	189,097	189,418
Other payables and accruals		85,473	92,256
Deposit received for disposal a subsidiary		–	30,748
Lease liabilities		138	138
Bank borrowings		207,213	131,550
Income tax payable		14,653	8,307
		496,574	452,417
Liabilities associated with assets classified as held for sale	13	–	43,044
		496,574	495,461
Net current assets		655,429	577,716
Total assets less current liabilities		2,186,951	2,218,066
Non-current liabilities			
Government grants		17,282	19,652
Lease liabilities		211	361
Deferred tax liabilities		31,393	41,398
		48,886	61,411
NET ASSETS		2,138,065	2,156,655
Capital and reserves			
Share capital		7,839	7,839
Reserves		2,153,500	2,144,504
Amounts recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sale		(23,274)	(20,788)
Equity attributable to owners of the Company		2,138,065	2,131,555
Non-controlling interests		–	25,100
TOTAL EQUITY		2,138,065	2,156,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

Litu Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 11 November 2008 as an exempted company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate controlling party is Mr. Cai Xiao Ming, David (the “**Controlling Shareholder**”). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2024 annual report of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are engaged in provision of the printing of cigarette packages, manufacturing of paper packaging materials, sales of radio frequency identification (“**RFID**”) products, printing of packages and decoration matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services and leasing of investment properties.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is different from the Company’s functional currency of Renminbi (“**RMB**”). The directors of the Company adopted HK\$ as presentation currency. For the convenience of the consolidated financial statements users, the consolidated financial statements are presented in HK\$, as the Company’s shares are listed on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

Adoption of new/revised HKFRS Accounting Standards

The Group has applied, for the first time, the following new/revised HKFRS Accounting Standards that are relevant to the Group:

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HK Interpretation 5	<i>Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments on this Interpretation does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

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

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. REVENUE

An analysis of revenue of the Group is as follows:

	2024 HK\$'000	2023 HK\$'000
<i>Continuing operations</i>		
<i>Revenue from contracts with customers within HKFRS 15</i>		
Sales of goods	675,700	683,557
<i>Revenue from other sources</i>		
Leasing income from investment properties	49,753	33,101
	725,453	716,658
<i>Discontinued operations</i>		
<i>Revenue from contracts with customers within HKFRS 15</i>		
Sales of goods (note 13(a))	23,504	45,664
Total revenue	748,957	762,322

(i) Disaggregation of revenue from contracts with customers within HKFRS 15

	2024 HK\$'000	2023 HK\$'000
Types of goods or services		
<i>Continuing operations</i>		
Printing and manufacturing of paper packages and related materials		
— Printing of cigarette packages	644,724	607,056
— Manufacturing of paper packaging materials	30,740	71,883
Other related products	236	4,618
	675,700	683,557
<i>Discontinued operations</i>		
Sales of RFID products	23,504	45,664
	699,204	729,221

Timing of revenue recognition

	Printing of cigarette packages <i>HK\$'000</i>	Manufacturing of paper packaging materials <i>HK\$'000</i>	Other related products <i>HK\$'000</i>	Sales of RFID products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2024					
<i>Continuing operations</i>					
At a point in time	–	30,740	236	–	30,976
Over time	<u>644,724</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>644,724</u>
Total	644,724	30,740	236	–	675,700
<i>Discontinued operations</i>					
At a point in time	<u>–</u>	<u>–</u>	<u>–</u>	<u>23,504</u>	<u>23,504</u>
Total	<u>644,724</u>	<u>30,740</u>	<u>236</u>	<u>23,504</u>	<u>699,204</u>
Year ended 31 December 2023					
<i>Continuing operations</i>					
At a point in time	–	71,883	4,618	–	76,501
Over time	<u>607,056</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>607,056</u>
Total	607,056	71,883	4,618	–	683,557
<i>Discontinued operations</i>					
At a point in time	<u>–</u>	<u>–</u>	<u>–</u>	<u>45,664</u>	<u>45,664</u>
Total	<u>607,056</u>	<u>71,883</u>	<u>4,618</u>	<u>45,664</u>	<u>729,221</u>

Geographical market

Information about the Group's revenue from external customers is presented based on the location of customers irrespective of the origin of goods/services.

	Printing of cigarette packages <i>HK\$'000</i>	Manufacturing of paper packaging materials <i>HK\$'000</i>	Other related products <i>HK\$'000</i>	Sales of RFID products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2024					
<i>Continuing operations</i>					
The People's Republic of China (the "PRC")	<u>644,724</u>	<u>30,740</u>	<u>236</u>	<u>–</u>	<u>675,700</u>
<i>Discontinued operations</i>					
The PRC	<u>–</u>	<u>–</u>	<u>–</u>	<u>18,258</u>	<u>18,258</u>
Others (<i>note</i>)	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,246</u>	<u>5,246</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>23,504</u>	<u>23,504</u>
Total	<u><u>644,724</u></u>	<u><u>30,740</u></u>	<u><u>236</u></u>	<u><u>23,504</u></u>	<u><u>699,204</u></u>
Year ended 31 December 2023					
<i>Continuing operations</i>					
The PRC	<u>607,056</u>	<u>71,883</u>	<u>4,618</u>	<u>–</u>	<u>683,557</u>
<i>Discontinued operations</i>					
The PRC	<u>–</u>	<u>–</u>	<u>–</u>	<u>34,362</u>	<u>34,362</u>
Others (<i>note</i>)	<u>–</u>	<u>–</u>	<u>–</u>	<u>11,302</u>	<u>11,302</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>45,664</u>	<u>45,664</u>
Total	<u><u>607,056</u></u>	<u><u>71,883</u></u>	<u><u>4,618</u></u>	<u><u>45,664</u></u>	<u><u>729,221</u></u>

Note: Others mainly included Federative Republic of Brazil, India, the Republic of Türkiye, the Portuguese Republic and the Republic of Korea (2023: *Federative Republic of Brazil, India, the Republic of Türkiye, the Portuguese Republic and the Republic of Korea*).

4. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
<i>Continuing operations</i>		
Interest income on bank deposits	6,521	5,648
Sales of scrap materials	4,339	7,563
Processing fee income	86	1,263
Rental income from plant and machineries, net of direct expenses	250	28
Government grants (<i>note</i>)	2,833	4,939
Commission income	1,828	–
Sundry income	2,968	3,705
	<u>18,825</u>	<u>23,146</u>
<i>Discontinued operations</i>		
Interest income on bank deposit	–	35
Sales of scrap materials	205	997
Government grants	–	178
Sundry income	–	2,854
	<u>205</u>	<u>4,064</u>
	<u>19,030</u>	<u>27,210</u>

Note: Government grants were received from the government of the PRC mainly as incentives granted by local authority for encouragement of its business development and innovation which are accounted for as financial support with no future related costs expected to be incurred nor related to any assets and condition, except for an amount of approximately HK\$1,759,000 (2023: HK\$1,792,000) which was granted for the acquisition of property, plant and equipment.

5. OTHER NET GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
<i>Continuing operations</i>		
Foreign exchange gains, net	280	340
Gain (Loss) on disposal of property, plant and equipment	814	(11,345)
Impairment loss on goodwill	–	(84,633)
Gain on disposal of leasehold land included in right-of-use assets	860	–
Loss on deregistration of subsidiaries	–	(1,367)
(Loss) Gain from changes in fair value of financial assets at fair value through profit or loss (“FVPL”)	(5,301)	13
Impairment loss on interest in an associate classified as held for sale	–	(66,400)
Impairment loss on property, plant and equipment	–	(3,955)
(Provision for) Reversal of loss allowance on trade and other receivables and contract assets, net	(2,489)	1,135
Others	(525)	(1,281)
	<u>(6,361)</u>	<u>(167,493)</u>
<i>Discontinued operations</i>		
Foreign exchange losses, net	(188)	(584)
Gain on disposal of a subsidiary	4,994	–
Reversal of loss allowance on trade and other receivables, net	–	56
Loss on disposal of property, plant and equipment	–	(300)
Impairment losses on goodwill	–	(8,060)
	<u>4,806</u>	<u>(8,888)</u>
	<u>(1,555)</u>	<u>(176,381)</u>

6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
<i>Continuing operations</i>		
Interest expenses on bank borrowings and overdrafts	4,043	4,222
Imputed interest expenses on lease liabilities	7	7
	<u>4,050</u>	<u>4,229</u>
<i>Discontinued operations</i>		
Interest expenses on bank borrowings and overdrafts (note 13(a))	302	–
	<u>4,352</u>	<u>4,229</u>

7. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Continuing operations</i>		
Current tax		
The PRC		
Enterprise Income Tax ("EIT")	19,201	18,932
Under provision of EIT in prior years	<u>6,821</u>	<u>–</u>
	<u>26,022</u>	<u>18,932</u>
Deferred tax		
Origination and reversal of temporary differences	(8,499)	(9,062)
Utilisation of tax losses	–	6,489
Benefit of tax loss recognised	<u>(204)</u>	<u>–</u>
	<u>(8,703)</u>	<u>(2,573)</u>
Income tax expenses from continuing operations	<u>17,319</u>	<u>16,359</u>
<i>Discontinued operations</i>		
Current tax		
The PRC		
EIT	–	68
Overprovision of EIT in prior years	<u>–</u>	<u>(875)</u>
	<u>–</u>	<u>(807)</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(80)</u>	<u>(135)</u>
Income tax credit from discontinued operations	<u>(80)</u>	<u>(942)</u>
Total tax charge for the year	<u><u>17,239</u></u>	<u><u>15,417</u></u>

Hong Kong Profits Tax has not been provided as the Group's profits neither arose in, nor derived from, Hong Kong.

The PRC EIT is calculated at the applicable prevailing tax rates from 15% to 25% (2023: 15% to 25%) in the PRC. Pursuant to the "Enterprise Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises", some PRC subsidiaries, being a High-Tech Enterprise, were entitled to a reduced EIT rate of 15% for three years from the date of approval.

Upon the New Tax Law and Implementation Regulations coming into effect, the PRC withholding income tax is applicable to dividends payable to investors that are “non-PRC tax resident enterprises”, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to non-PRC tax resident group entities shall be subject to the withholding income tax at 10% or lower tax rate, as applicable. Under the relevant tax treaty, withholding tax rate on distribution to Hong Kong resident companies is 5%. Deferred taxation has been provided on undistributed earnings of all subsidiaries.

8. PROFIT (LOSS) BEFORE TAXATION

This is stated after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Continuing operations</i>		
Staff costs, including directors' remuneration		
Salaries and other benefits	60,873	69,708
Contributions to retirement benefits schemes	4,042	3,911
Contractual termination benefit	3,312	4,734
	<hr/>	<hr/>
Total staff costs	68,227	78,353
	<hr/>	<hr/>
Auditor's remuneration	1,600	1,800
Cost of inventories	388,869	452,558
Amortisation of intangible assets		
(included in cost of sales and administrative expenses)	33	2,143
Depreciation		
— property, plant and equipment	66,805	85,957
— right-of-use assets	1,986	2,471
— investment properties	15,024	13,652
	<hr/>	<hr/>
Total depreciation and amortisation	83,848	104,223
	<hr/>	<hr/>
Lease payments on short-term leases	1,661	—
Research expenses (included in cost of sales)	24,424	25,247
Direct operating expenses arising from investment properties that generated rental income (included in cost of sales)	20,304	15,209
	<hr/> <hr/>	<hr/> <hr/>
<i>Discontinued operations</i>		
Staff costs, including directors' remuneration		
Salaries and other benefits	1,411	5,363
Contributions to retirement benefits schemes	143	1,058
	<hr/>	<hr/>
Total staff costs	1,554	6,421
	<hr/>	<hr/>
Cost of inventories	19,876	21,554
Depreciation on property, plant and equipment	—	7,187
Research expenses (included in cost of sales)	—	5,730
	<hr/> <hr/>	<hr/> <hr/>

9. EARNINGS (LOSSES) PER SHARE

The calculation of the basic and diluted earnings (losses) per share attributable to owners of the Company is based on the following data:

	2024	2023
Earnings (Losses)		
Profit (Loss) for the year attributable to owners of the Company for the purpose of basic earnings per share (<i>HK\$'000</i>)		
— Continuing operations	78,471	(156,143)
— Discontinued operations	2,118	(7,738)
	<u>80,589</u>	<u>(163,881)</u>
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings (losses) per share (<i>'000</i>)	<u>1,567,885</u>	<u>1,567,885</u>

Diluted earnings (losses) per share are same as the basic earnings (losses) per share as there are no dilutive potential ordinary shares in existence during the years ended 31 December 2024 and 2023.

10. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 interim dividend, paid at HK2.00 cents per share	31,358	—
2022 final dividend, paid at HK4.00 cents per share	—	62,715
	<u>31,358</u>	<u>62,715</u>

The directors of the Company have resolved to pay an interim dividend of HK\$2 cents per share in respect of the six months ended 30 June 2024 amounting to approximately HK\$31,358,000, which was paid during the year. The final dividend of HK2 cents per share in respect of the year ended 31 December 2024, amounting to approximately HK\$31,358,000 has been proposed by the directors of the Company and is subject to approval by the shareholders in the annual general meeting.

The directors of the Company did not recommend the payment of a dividend for the year ended 31 December 2023.

11. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables from		
— third parties	194,696	245,037
— a former subsidiary	<u>20,896</u>	<u>—</u>
	215,592	245,037
Less: allowance for credit losses	<u>(4,356)</u>	<u>(2,461)</u>
	<u><u>211,236</u></u>	<u><u>242,576</u></u>

The Group allows a credit period of 60 days to 90 days to its trade customers.

The following is an ageing analysis of trade receivables presented based on the date of goods delivery/invoice at the end of the reporting period, which approximated revenue recognition dates except for receivables arising from printing of cigarette packages which are recognised over time upon application of HKFRS 15.

At the end of the reporting period, the ageing analysis of trade receivables (before allowance for credit losses) by invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 90 days	185,119	220,795
91 to 180 days	3,451	10,092
181 to 365 days	416	9,504
Over 365 days	<u>26,606</u>	<u>4,646</u>
	<u><u>215,592</u></u>	<u><u>245,037</u></u>

12. TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables — third parties	<u>189,097</u>	<u>189,418</u>

The following is an ageing analysis of trade payables presented based on the date of goods receipt/invoice at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	50,814	95,964
31 to 90 days	71,522	71,733
91 to 180 days	61,711	21,633
181 to 365 days	4,912	—
Over 365 days	<u>138</u>	<u>88</u>
	<u>189,097</u>	<u>189,418</u>

The credit period on purchases of goods ranges from 30 days to 180 days. The Group monitors and maintains a level of cash and cash equivalents sufficient to ensure that all payables are within the credit time frame.

As at 31 December 2024, bills payables amounting to HK\$70,954,000 (2023: HK\$46,145,000) were transferred to suppliers for settling trade payables.

13. DISCONTINUED OPERATIONS AND ASSETS (AND DISPOSAL GROUPS) CLASSIFIED AS HELD FOR SALE

13(a) Disposal of a subsidiary

On 29 May 2023, Right Tech (China) Limited, an indirect wholly owned subsidiary of the Company, entered into an agreement with a third party to dispose of 70% equity interest in Jiangsu HY Link Science & Technology Co., Ltd. (江蘇聯恒物宇科技有限公司) (“**Jiangsu HY Link**”) at a consideration of RMB51,100,000 (equivalent to approximately HK\$55,398,000) (the “**Disposal**”). Details of the Disposal have been disclosed in the Company’s announcement and circular dated 29 May 2023 and 26 July 2023 respectively. Upon completion of the Disposal, the Group will cease to have any interest in Jiangsu HY Link. A deposit of approximately RMB28,048,000 (equivalent to approximately HK\$30,748,000) was received as at 31 December 2023. The remaining consideration was received during the year ended 31 December 2024 and subsequent to the end of the reporting period. The Disposal was completed on 1 July 2024.

The results and net cash flows of Jiangsu HY Link for the year ended 31 December 2024 (up to date of completion of the Disposal) and the year ended 31 December 2023 respectively summarised as follows:

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	3	23,504	45,664
Cost of sales		<u>(24,496)</u>	<u>(44,842)</u>
Gross (loss) profit		(992)	822
Other income	4	205	4,064
Other net gains and losses	5	(188)	(8,888)
Selling and distribution expenses		(938)	(1,713)
Administrative expenses		(1,973)	(2,783)
Finance costs	6	<u>(302)</u>	<u>–</u>
Loss before taxation		(4,188)	(8,498)
Taxation	7	<u>80</u>	<u>942</u>
Loss for the year from Jiangsu HY Link		(4,108)	(7,556)
Gain on disposal of the Group’s equity interest in Jiangsu HY Link	5	<u>4,994</u>	<u>–</u>
Profit (Loss) for the year from discontinued operations		<u>886</u>	<u>(7,556)</u>
Net cash inflow (outflow) from:			
— operating activities		4,390	(9,111)
— investing activities		(495)	(465)
— financing activities		<u>(159)</u>	<u>(8,870)</u>
		<u>3,736</u>	<u>(18,446)</u>

As at 31 December 2023, the assets and liabilities of Jiangsu HY Link which were classified as assets held for sale and liabilities associated with assets classified as held for sale respectively in accordance with HKFRS 5 “*Non-current Assets Held for Sales and Discontinued Operations*” were measured at the lower of carrying amount and fair value less costs to sell as follows:

	At 31 December 2023 HK\$'000
Property, plant and equipment	34,291
Deferred tax assets	361
Inventories	66,472
Trade receivables	16,609
Other receivables	4,067
Tax recoverable	2,241
Bank balances	868
	<hr/>
Total assets classified as held for sale of Jiangsu HY Link	124,909
	<hr/> <hr/>
Other payables	39,633
Tax payable	50
Deferred tax liabilities	3,361
	<hr/>
Total liabilities associated with assets classified as held for sale of Jiangsu HY Link	43,044
	<hr/> <hr/>

The details of the net assets of Jiangsu HY Link at the date of completion of the Disposal are as follows:

	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	29,655
Deferred tax assets	369
Inventories	67,473
Trade receivables	4,388
Other receivables	1,967
Tax recoverable	2,120
Bank balances	4,692
Other payables	(33,759)
Deferred tax liabilities	(3,176)
	<u>73,729</u>

HK\$'000

Consideration received:	
Cash consideration	50,097
Financial assets at FVPL acquired	5,301
	<u>55,398</u>

Analysis of net inflow of cash and cash equivalents in respect of the Disposal:

	<i>HK\$'000</i>
Cash consideration received in the year ended 31 December 2024	12,398
Cash and cash equivalents disposed	(4,692)
	<u>7,706</u>
Net inflow of cash and cash equivalents	

HK\$'000

Gain on disposal of a subsidiary:	
Consideration received/receivable	55,398
Net assets disposed of	(73,729)
Non-controlling interests	23,325
	<u>4,994</u>

The gain on disposal of a subsidiary is included in other net gains and losses in the consolidated statement of comprehensive income for the year.

13(b) An associate classified as assets held for sale

Litu Investment & Development Limited (“**Litu Investment & Development**”) (formerly known as Brilliant Circle Development Limited), being a wholly owned subsidiary of the Company, entered into a framework agreement (the “**Framework Agreement**”) with a third party (the “**Purchaser**”), being the major shareholder of Changde Gold Roc Printing Co., Ltd. 常德金鵬印務有限公司 (“**Changde Gold Roc**”), effective on 28 December 2023 to dispose of its 31% equity interest in Changde Gold Roc. Details of the disposal have been disclosed in the Company’s announcement dated 28 December 2023. Pursuant to the terms of the Framework Agreement, the consideration of the disposal shall be determined with reference to the valuation to be conducted by an independent valuer to be jointly appointed by the Group and the Purchaser and the cut-off reference date by which the entitlement to the profits or losses of Changde Gold Roc shall be determined is 31 December 2023. Upon completion of the disposal, the Group will cease to have any interest in Changde Gold Roc.

On 4 December 2024, the Purchaser and Litu Investment & Development entered into an agreement to terminate the Framework Agreement (the “**Termination Agreement**”), pursuant to the Termination Agreement, Litu Investment & Development agreed not to entitle to the profits or losses sharing of Changde Gold Roc since 1 January 2024 and to continue the sales of its equity interests in Changde Gold Roc to other third parties. Upon the signing of the Termination Agreement, the Group sourced a few potential new buyers and is currently in discussion with these potential buyers on the disposal of Changde Gold Roc. In the opinion of the directors of the Company, the Group is still committed to sell the interest in Changde Gold Roc through actively locating a buyer and the interest in Changde Gold Roc is intended to be recovered principally through a sale transaction rather than continuing use. Accordingly, the interest in Changde Gold Roc were continued to be classified as assets held for sale in accordance with HKFRS 5 as at 31 December 2024. The directors of the Group are confident that the completion of the disposal of Changde Gold Roc will take place in 2025.

As at 28 December 2023, upon the signing the Framework Agreement, the Group’s interest in Changde Gold Roc was classified as assets held for sale with carrying amount of HK\$182,464,000 (net of accumulated impairment loss of HK\$66,400,000) which was measured at the lower of its carrying amount and fair value less costs to sell upon transfer. An impairment loss on interest in an associate of HK\$66,400,000 have been made upon initial classification as assets held for sale.

The Group has engaged an independent qualified professional valuer, Flagship Appraisals and Consulting Limited (“**Flagship**”) (2023: *Flagship*) to perform appraisals of the amount of fair value less costs to sell for interest in Changde Gold Roc at the end of the reporting period.

As at 31 December 2024 and 31 December 2023, the Group’s interest in Changde Gold Roc was classified as assets held for sale with carrying amount of HK\$175,360,000 (2023: *HK\$182,464,000*) which was measured at the lower of its carrying amount and fair value less costs to sell upon transfer. The fair value less costs to sell has been determined by cost approach based on adjusted net asset value method. The significant inputs are observable market price of the assets mainly including property, plant and equipment and liabilities mainly including trade and other payables and the unobservable adjustments on the fair value of these assets and liabilities.

The fair value less costs to sell of approximately HK\$176,930,000 (2023: *HK\$182,942,000*) were classified as level 3 under fair value hierarchy. Market value of comparable properties held by Changde Gold Roc in term of size, location, accessibility and other relevant factors in close proximity adjusted for differences in key valuation attributes, such as size, location and accessibility were used to value the properties, which were determined based on the management’s expectations for the market performance and consistent with external sources of information. One of the key unobservable inputs used in this valuation approach is depreciated replacement cost per square metre of factory premises held by Changde Gold Roc. A decrease in the depreciated replacement cost per square metre would result in decrease in fair value measurement of the properties by the same percentage and vice versa.

If an adverse change of 5% in depreciated replacement cost per square metre of the factory premise properties held by Changde Gold Roc, while other specific assumption remains constant, an impairment loss on interest in an associate classified as assets held for sale of approximately HK\$11,000 (2023: *HK\$2,566,000*) would be recognised. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

During the year ended 31 December 2024, the management of the Group considers that no impairment loss on impairment loss on interest in Changde Gold Roc classified as held for sale with reference to the fair value less costs to sell amount based on the valuation report issued by Flagship.

BUSINESS REVIEW

The cigarette industry in the PRC is closely monitored and controlled by the government and our customers are primarily state-owned cigarette manufacturers. The Group's success depends on the support from key stakeholders which comprise shareholders, regulators, customers, employees, local communities and business partners etc. and we have maintained good and strong business relationships with our customers through joint ventures and other co-operations. During the year ended 31 December 2024 and up to the date of this announcement, we have complied with all the relevant rules, laws and regulations in the PRC that have a significant impact on the Group. Further details about the environmental and social responsibility will be published in separate report to be uploaded on the websites of the Company and the Hong Kong Stock Exchange.

FINANCIAL REVIEW

REVENUE

The Group recorded revenue from continuing operation of approximately HK\$725.5 million in 2024, representing an increase of 1.2% as compared to approximately HK\$716.7 million in 2023. The revenue from continuing operation was generated from two business segments: (i) the printing and manufacturing of paper packages and related materials of approximately HK\$675.7 million (2023: HK\$683.6 million) and (ii) leasing of investment properties of approximately HK\$49.8 million (2023: HK\$33.1 million). The revenue from the printing and manufacturing of paper packages and related materials segment accounted for approximately 93.1% of the total revenue for 2024 (2023: 95.4%). The increase in total revenue from continuing operation was mainly attributable to the increase in leasing income from investment properties as a result of increasing areas of investment properties net off the decrease in business volume of printing and manufacturing of paper packages and related materials as a result of the failure of one of the subsidiaries of the Company to bid its tender for orders from some of its major customers. In addition, the depreciation of average rate of RMB against HKD of roughly 3.4% comparing with the corresponding period of 2023 has increased such effect.

GROSS PROFIT

Gross profit from continuing operation increased by 39.1% from approximately HK\$127.1 million for the year ended 31 December 2023 to approximately HK\$176.8 million for the year ended 31 December 2024. The increase of gross profit margin was mainly due to the decrease of staff costs, depreciation and amortisation and write-down on obsolete inventories included in cost of inventories of approximately HK\$15.5 million, HK\$17.6 million and HK\$2.9 million, respectively and the improvement of cost control and production efficiency through the centralization of production line of the Group.

OTHER INCOME

Other income from continuing operation decreased by 18.6% from approximately HK\$23.1 million for the year ended 31 December 2023 to approximately HK\$18.8 million for the year ended 31 December 2024, which was mainly attributable to the decrease in sales of scrap materials and various government grants by approximately HK\$3.2 million and HK\$2.1 million, respectively.

OTHER NET GAINS AND LOSSES

Other net gains and losses from continuing operations for the year ended 31 December 2024 was other net losses of HK\$6.4 million when compared with other losses of HK\$167.5 million for the corresponding year in 2023. The net losses in 2023 were mainly attributable to the recognition of impairment losses on interest in an associate of approximately HK\$66.4 million and impairment losses on goodwill of approximately HK\$84.6 million for the year ended 31 December 2023. There are no such impairment losses in 2024.

For the year ended 31 December 2023, the Group recognised impairment losses on goodwill of approximately HK\$92.7 million (HK\$84.6 million from continuing operations and HK\$8.1 million from discontinued operations) for various cash-generating units as their recoverable amount was lesser than the carrying amount. The recoverable amount as at 31 December 2023 is decreased due to the downturn and restructuring of business of the related subsidiaries and taking into account the consideration in the disposal agreement entered into by the Group for the disposal of Jiangsu HY Link.

SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses from continuing operations decreased by 22.6% from approximately HK\$17.7 million for the year ended 31 December 2023 to approximately HK\$13.7 million for the year ended 31 December 2024 which was primarily attributable to reduction of transportation expenses.

ADMINISTRATIVE EXPENSES

The administrative expenses from continuing operations increased by 7.7% from approximately HK\$70.3 million for the year ended 31 December 2023 to approximately HK\$75.7 million for the year ended 31 December 2024.

The increase was mainly attributable to the increase in salaries and other benefits and contractual termination benefit.

FINANCE COSTS

The finance costs from continuing operations decreased slightly by 2.4% from approximately HK\$4.2 million for the year ended 31 December 2023 to approximately HK\$4.1 million for the year ended 31 December 2024.

AN ASSOCIATE CLASSIFIED AS ASSETS HELD FOR SALE

Litu Investment & Development (formerly known as Brilliant Circle Development Limited), being a wholly owned subsidiary of the Company, entered into the Framework Agreement with the Purchaser, being the major shareholder of Changde Gold Roc, effective on 28 December 2023 to dispose of its 31% equity interest in Changde Gold Roc. Details of the disposal have been disclosed in the Company's announcement dated 28 December 2023.

On 4 December 2024, the Purchaser and Litu Investment & Development entered into the Termination Agreement to terminate the Framework Agreement. As at the date of this announcement, the Group has sourced a few potential new buyers and is currently in discussion with these potential buyers on the disposal of Changde Gold Roc but have not yet finalised the terms with any of them.

As at the date of this announcement, the operation duration of Changde Gold Roc, which was previously due to expire on 31 December 2024, has been further extended up to 30 June 2025. During the year ended 31 December 2024, no profit or loss of Changde Gold Roc was recorded in the financial results of the Company.

TAXATION

The taxation from continuing operations increased slightly by 5.5% from approximately HK\$16.4 million for the year ended 31 December 2023 to approximately HK\$17.3 million for the year ended 31 December 2024.

PROFIT/LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company was approximately HK\$80.6 million for the year ended 31 December 2024, as compared to the loss attributable to owners of the Company of approximately HK\$163.9 million for the year ended 31 December 2023.

The turnaround from loss to profit attributable to owners of the Company was primarily attributable to: (i) the decrease in impairment loss on interest in an associate of approximately HK\$66.4 million; (ii) the decrease in impairment loss on goodwill of approximately HK\$92.7 million; and (iii) the increase in gross profits of the Group primarily due to the implementation of new cost control measures.

OTHER PERFORMANCE INDICATORS

The following table sets forth other performance indicators of the Group as at the dates or for the years indicated:

	As at or for the year ended 31 December	
	2024	2023
Current Ratio (<i>Note 1</i>)	2.3 times	2.2 times
Quick Ratio (<i>Note 2</i>)	2.2 times	2.0 times
Return on equity (<i>Note 3</i>)	3.8%	-7.2%
Return on total assets (<i>Note 4</i>)	3.0%	-5.5%

Notes:

- (1) Current ratio is calculated based on total current assets of the Group divided by total current liabilities of the Group as at the end of the respective year.
- (2) Quick ratio is calculated based on total current assets of the Group less inventories of the Group divided by total current liabilities of the Group as at the end of the respective year.
- (3) Return on equity is calculated by dividing profit attributable to owners of the Company for the year by the arithmetic mean of the opening and closing balance of total equity attributable to owners of the Company.
- (4) Return on total assets is calculated by dividing profit attributable to owners of the Company for the year by the arithmetic mean of the opening and closing balance of total assets of the Group.

Current ratio and quick ratio

The Group's current ratio and quick ratio as at 31 December 2024 improved and were at 2.3 times (2023: 2.2 times) and 2.2 times (2023: 2.0 times), respectively.

Return on equity and return on total assets

The Group's return on equity increased from -7.2% in 2023 to 3.8% in 2024. The Group's return on total assets increased from -5.5% in 2023 to 3.0% in 2024. The increase of the Group's return on equity was primarily due to the occurrence of the profit attributable to owners of the Company for 2024 as compared to that of loss attributable to owners of the Company for 2023.

LIQUIDITY AND CAPITAL RESOURCES

The Group's financial position remains solid and the Group possessed sufficient cash to meet its commitments and working capital requirements. As at 31 December 2024, the Group had net current assets of approximately HK\$655.4 million (2023: approximately HK\$577.7 million) of which bank balances and cash were approximately HK\$570.9 million (2023: approximately HK\$345.8 million) and were denominated in RMB, US\$, CAD and HK\$ as at 31 December 2024.

As at 31 December 2024, the Group had outstanding bank borrowings of approximately HK\$207.2 million (2023: approximately HK\$131.6 million). The Group is with net cash of approximately HK\$424.2 million (2023: approximately HK\$236.1 million). The gearing ratio as at 31 December 2024 was -19.8% (2023: -10.9%), which is calculated by dividing the net cash by the total equity. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments during the year.

CHARGES ON ASSETS

As at 31 December 2024, bank deposits with gross carrying amounts of approximately HK\$60.5 million (31 December 2023: HK\$21.8 million) were pledged to banks for bank facilities of bills payables granted to the Group.

As at 31 December 2024, the bank loan facilities granted to the Group were secured by the Group's property, plant and equipment with carrying value of approximately HK\$163.5 million, investment properties with carrying value of approximately HK\$36.2 million and corporate guarantee issued by the Company and certain subsidiaries (2023: property, plant and equipment with carrying value of approximately HK\$169.5 million, investment properties with carrying value of approximately HK\$37.8 million and corporate guarantee issued by the Company).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had provided a corporate guarantee to a bank for banking facilities granted to a third party in the amount of approximately HK\$11.0 million. The Group has no contingent liabilities as at 31 December 2024.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital commitment amounted to approximately HK\$9.6 million (31 December 2023: approximately HK\$39.6 million) in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements and was mainly related to the development of industrial park.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year of 2024. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its existing customers from time to time. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

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

Save for Changde Gold Roc, the particulars of which are disclosed in the above section headed "An Associate Classified as Assets Held for Sale", and as disclosed below, there were no significant investments representing more than 5% of the total assets of the Group held, and no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2024.

On 29 May 2023, Right Tech (China) Limited, being a wholly-owned subsidiary of the Company, as the vendor entered into a disposal agreement with Changsha Yingxin Semitech Limited as the purchaser and Jiangsu HY Link, a company established in the PRC and a 70%-owned subsidiary of the Company prior to completion, in relation to the disposal of the 70% of the equity interest in Jiangsu HY Link at the cash consideration of RMB51.1 million. Upon completion of the disposal, the Company will cease to have any interest in Jiangsu HY Link and Jiangsu HY Link will cease to be a subsidiary of the Company. Details of the disposal are set out in the announcement and the circular of the Company dated 29 May 2023 and 26 July 2023 respectively. The disposal has been completed in the second half of 2024.

Save as disclosed in this announcement, there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

HUMAN RESOURCES

As at 31 December 2024, the Group had 454 employees (2023: 582). The total remuneration cost incurred by the Group for the year ended 31 December 2024 was approximately HK\$69.8 million (2023: approximately HK\$84.8 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group participates in a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' base salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with the applicable laws and regulations in the PRC.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

Acquisition of property

On 24 March 2025 (after trading hours), Gold In Properties Limited, a wholly-owned subsidiary of the Company, entered into a provisional agreement with 3 vendor companies in relation to the acquisition of approximate 86.67% of the undivided shares of a 17-storey commercial building in Hong Kong for an aggregate cash consideration of HK\$388,000,000. Subject to the entering into of a formal agreement and the fulfilment of conditions precedent to be set out therein, it is expected that completion of the Acquisition will take place on or before 31 July 2025. For details of the acquisition, please refer to the announcement of the Company dated 25 March 2025.

Save as the above, there are no other important events affecting the Group have taken place since 31 December 2024 and up to the date of this announcement.

PROSPECTS

With the further relaxation of COVID-19 control policies in the PRC in December 2022 and the subsequent issuance of various policies and measures aimed at stabilizing and recovering the PRC's economy in 2024, the global economy and the PRC's economic outlook remain uncertain due to global inflation, escalating competition between the United States and the PRC on various fronts, the downturn of the property market in the PRC, the ongoing war between Russia and Ukraine and the unpredictable impact of the monetary policies of the U.S. Federal Reserve, all of which may adversely affect the PRC's economy and the Group's operating environment in 2025.

Looking ahead, the Group will continue to rely on paper packaging as a solid foundation for the Group's development and seek to maximising income from investment properties. The Group will continue to increase its participation in tenders, while actively expanding into other packaging markets, and will continue to reduce the pressure of decreasing gross profit through measures such as cost control, efficiency boosting and resource consolidation.

The Group's corporate mission is to continue to develop ways to improve financial performance, provide growth drivers for the Group and broaden revenue streams within acceptable risk levels.

The Group will continue to optimise its asset portfolio and focus on developing core businesses through disposal of non-core assets and businesses. The Group will also continue to explore the possibility of acquisition of new investment, disposal of subsidiary or associate or diversification into other profitable businesses in the interests of the Group and its shareholders as a whole, with a view to achieving sustainable growth, improving profitability and ultimately maximising returns for shareholders.

FINAL DIVIDEND

The Board recommended a final dividend for the year ended 31 December 2024 of HK2 cents per share. The Board did not recommend the payment of a final dividend for the year ended 31 December 2023. Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend will be payable on or about 30 June 2025 to shareholders whose names appear on the register of members of the Company on 17 June 2025.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions for the year ended 31 December 2024.

PURCHASE, SALE OR 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 (including sale of treasury shares) during the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company, the register of members of the Company will be closed from Monday, 2 June 2025 to Friday, 6 June 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer of shares of the Company accompanied by the relevant share certificate(s) and appropriate transfer form(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 30 May 2025.

For determining the entitlement to receive the proposed final dividend (subject to the approval by the shareholders at the annual general meeting), the register of members will be closed from Friday, 13 June 2025 to Tuesday, 17 June 2025 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificate must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 June 2025 for registration.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to high standards of corporate governance and recognises that good corporate governance is important for the long-term success of the Company's business. The Company has adopted the Corporate Governance Code (the "**Code**") contained in Part 2 of Appendix C1 of the Listing Rules. During the year ended 31 December 2024, the Company has complied in general with the Code, except code provisions B.2.4(b) and C.2.1 of the Code.

Under code provision B.2.4(b) of the Code, where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting. Each of Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon has served as an independent non-executive Director for more than 9 years. The Company considers that the diverse background of the existing independent non-executive Directors, their past or current positions and offices at other companies and organisations as well as their ongoing professional development and training would still enable them to bring new independent ideas and perspectives to the Board despite the length of their tenure. At the same time, the Company is using its best endeavours to identify a suitable candidate who have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Dr. Wan Xiaoxia is appointed as an independent non-executive Director with effect from 10 March 2025 and she will retire, and being eligible to offer herself for re-appointment as an independent non-executive Director at the forthcoming annual general meeting.

Under code provision C.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Huang Wanru is the chairman of the Company but the Company has not appointed an individual to take up the vacancy of the chief executive officer. The roles and functions of the chief executive officer have been performed by all the executive Directors collectively. The Board will continue to review its current structure from time to time and will appoint a chief executive officer if the Board considers it appropriate and necessary.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining high standards of corporate governance.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises one non-executive Director, namely Ms. Li Li and four independent non-executive Directors, namely Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang, Mr. Siu Man Ho, Simon and Dr. Wan Xiaoxia. Mr. Lui Tin Nang is the chairman of the Audit Committee, who possesses suitable professional qualifications. The Audit Committee has reviewed the financial statements for the year ended 31 December 2024 in conjunction with the Company's auditors and management and has also discussed auditing, risk management, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Group's auditor, Forvis Mazars CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Forvis Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Forvis Mazars CPA Limited on the preliminary announcement.

PUBLICATION OF 2024 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website (www.lituholdings.com) and the Stock Exchange's website (www.hkexnews.hk). The Company's annual report for the year ended 31 December 2024 and notice of the annual general meeting will be made available on the websites of the Company and the Stock Exchange and will be despatched to the shareholders of the Company in due course.

By Order of the Board
Litu Holdings Limited
Mr. Huang Wanru
Chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Huang Wanru (Chairman) and Ms. Chen Lin Lin Caddie, one non-executive Director, namely, Ms. Li Li, and four independent non-executive Directors, namely, Mr. Lui Tin Nang, Mr. Lam Ying Hung, Andy, Mr. Siu Man Ho, Simon and Dr. Wan Xiaoxia.