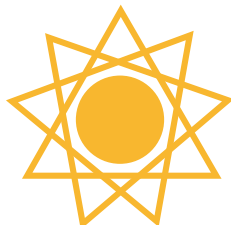


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



**China International Development Corporation Limited**  
**中聯發展控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 264)**

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

The board (the “**Board**”) of directors (the “**Directors**”) of China International Development Corporation Limited (the “**Company**”) is pleased to present the annual results of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as below.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4	21,961	30,298
Cost of sales		(15,360)	(24,617)
Gross profit		6,601	5,681
Other income		288	179
Other losses	5(b)	(1,553)	(8,162)
Selling and distribution costs		(1,910)	(3,002)
Administrative and other operating expenses		(16,516)	(19,359)
(Provision for)/write-back of impairment of trade receivables		(880)	17
Provision for impairment of other receivables		(11)	(64)
Finance costs		(3,091)	(2,931)
<b>Loss before tax</b>	5(a)	(17,072)	(27,641)
Income tax expense	6	–	(268)
<b>Loss for the year</b>		(17,072)	(27,909)
<b>Loss attributable to:</b>			
Owners of the Company		(17,062)	(27,909)
Non-controlling interests		(10)	–
		(17,072)	(27,909)
<b>Other comprehensive income</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising on translation of operations outside Hong Kong		34	177
Other comprehensive income for the year		34	177
<b>Total comprehensive income for the year</b>		(17,038)	(27,732)
<b>Attributable to:</b>			
Owners of the Company		(17,028)	(27,732)
Non-controlling interests		(10)	–
		(17,038)	(27,732)
<b>Loss per share attributable to owners of the Company</b>			
– Basic and diluted	8	HK(4.1) cents	HK(7.2) cents

# 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	9	–	–
Right-of-use assets	16	–	–
Deposits paid		–	781
<b>Total non-current assets</b>		–	781
<b>Current assets</b>			
Inventories		2,010	4,594
Trade receivables	10	5,298	5,528
Prepayments, deposits and other receivables		2,741	2,133
Cash and cash equivalents		829	997
<b>Total current assets</b>		10,878	13,252
<b>Current liabilities</b>			
Trade payables	11	4,766	3,100
Other payables and accruals	12	25,186	23,977
Due to ultimate controlling shareholder	13	11,470	10,897
Due to a director	13	307	–
Due to a related company	13	1,600	1,654
Loan from a director	14	8,000	8,000
Loans from ultimate controlling shareholder	15	4,458	15,604
Lease liabilities		3,957	3,151
<b>Total current liabilities</b>		59,744	66,383
<b>Net current liabilities</b>		(48,866)	(53,131)
<b>Total assets less current liabilities</b>		(48,866)	(52,350)
<b>Non-current liabilities</b>			
Loans from ultimate controlling shareholder	15	12,768	3,913
Lease liabilities		387	3,062
<b>Total non-current liabilities</b>		13,155	6,975
<b>Net liabilities</b>		(62,021)	(59,325)

		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Deficiency in assets</b>			
Attributable to the owners of the Company			
Share capital	17	<b>4,227</b>	4,127
Reserves		<b>(66,238)</b>	(63,452)
		<b>(62,011)</b>	(59,325)
Non-controlling interests		<b>(10)</b>	–
<b>Total deficiency in assets</b>		<b>(62,021)</b>	(59,325)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

## 1. GENERAL

China International Development Corporation Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) was incorporated in the Cayman Islands on 12 April 2002 as an exempted company with limited liability under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in (i) manufacturing and distribution of leather products (the “**Leather Manufacturing Business**”); (ii) retail of fashion apparel, footwear and leather accessories (the “**Leather Retail Business**”); and (iii) the industrial hemp planting and production of hemp fabric products (the “**Industrial Hemp Planting Business**”). During the year, the Group has expanded its business into the provision of automobile services (the “**Automobile Services Business**”).

The directors (the “**Directors**”) of the Company considered that Waterfront Holding Group Co., Ltd. (“**Waterfront**”), a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability, is the holding company of the Company and its ultimate controlling shareholder is Mr. Zhao Jingfei (“**Mr. Zhao**”), an executive Director and the Chairman of the Company. The registered office of Waterfront is located at Sertus Chambers, PO Box 905, Quastisky Building, Road Town, Tortola, BVI.

## 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. They have been prepared under the historical cost convention. These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of a majority number of operating subsidiaries in the Group and all values are rounded to the nearest thousand except when otherwise indicated.

The Group successfully completed the placing of 10,012,000 new shares on 21 November 2024, raising net proceeds of approximately HK\$9,776,000 (the “**2024 Placing**”). However, the Group (i) incurred a substantial loss of approximately HK\$17,072,000 for the year ended 31 December 2024 and had net current liabilities and deficiency in assets of approximately HK\$62,021,000 as at 31 December 2024; and (ii) had cash and cash equivalents of approximately of HK\$829,000 only to meet its financial obligations as at 31 December 2024. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis because the Directors have prepared a cash flow forecast of the Group and are satisfied that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least 12 months from 31 December 2024 after taking into account of the following measures:

- (i) The Company has obtained a letter of undertaking from Mr. Qin Bohan (“**Mr. Qin**”), an executive Director of the Company, pursuant to which Mr. Qin agreed not to demand for repayment of the loan with principal amount of HK\$8,000,000 as at 31 December 2024 until the Company is in a position to do so. The loan is interest-free, unsecured and has no fixed terms of repayment.

- (ii) In addition to the loan provided by Mr. Qin as stated above, the Company and Mr. Qin entered into another loan facility agreement on 28 August 2021, pursuant to which, Mr. Qin further granted an unsecured interest-free loan facility up to HK\$30,000,000 (the “**Director Facility**”) to the Company for a term of two years. Pursuant to a supplemental agreement dated 25 March 2025, the expiry date of the Director Facility has been further extended to 27 August 2027. As at 31 December 2024 and the date of approving the consolidated financial statements, none of the Director Facility has been utilised.
- (iii) Mr. Zhao Jiangfei (“**Mr. Zhao**”), an executive Director, the chairman and the ultimate controlling shareholder of the Company, had provided certain loans to the Group with aggregate principal amounts of RMB7,010,000, HK\$2,226,000 and US\$1,480,000 (equivalent to approximately HK\$21,201,000 in aggregate, collectively the “**Shareholder Loans**”) as at 31 December 2024, out of which, aggregate outstanding loan principal amounts of RMB2,510,000, HK\$2,226,000 and US\$1,480,000 (equivalent to approximately HK\$16,431,000 in aggregate) are repayable in 2026 while the remaining loans of RMB4,500,000 (equivalent to approximately HK\$4,770,000) are due in 2025 (the “**2025 Due Loans**”). Subsequent to the end of the reporting period on 10 March 2025, the Group and Mr. Zhao entered into certain supplemental agreements, agreeing to extend the terms of the 2025 Due Loans for additional two years.
- (iv) In addition to the Shareholder Loans, the Company and Mr. Zhao entered into another loan facility agreement on 27 May 2020, pursuant to which, Mr. Zhao further granted an unsecured interest-free loan facility up to HK\$20,000,000 (the “**Shareholder Facility**”) to the Company for a term of two years. The expiry date of the Shareholder Facility has been extended to 27 May 2026. As at 31 December 2024 and the date of approving the consolidated financial statements, none of the Shareholder Facility has been utilised.
- (v) The Company has obtained a letter of financial support from Mr. Zhao, pursuant to which, Mr. Zhao agreed not to demand for repayment of (a) the Shareholder Loans, and (b) other amount due to him of approximately HK\$11,470,000 as at 31 December 2024 until the Group is in a position to do so. Mr. Zhao has also confirmed his willingness to further provide adequate financial resources as is necessary to enable the Group both to meet its financial obligations as and when they fall due and to carry on its businesses for at least 12 months from 31 December 2024.
- (vi) The Company entered into a loan facility agreement with an independent third party (“**Lender A**”) on 26 March 2024, pursuant to which, Lender A granted a loan facility up to HK\$40,000,000 (the “**2024 External Financing Facility**”) to the Company for a period upto 1 July 2025. Any amounts drawn down under the 2024 External Financing Facility will bear interest at 20% per annum and is unsecured. As at 31 December 2024 and the date of approving the consolidated financial statements, none of the 2024 External Financing Facility has been utilised.
- (vii) The Company entered into another loan facility agreement with another independent third party (“**Lender B**”) subsequent to the end of the reporting period on 28 March 2025, pursuant to which, Lender B granted a loan facility up to HK\$40,000,000 (the “**2025 External Financing Facility**”) to the Company for a term of 18 months. Any amounts drawn down under the 2025 External Financing Facility will bear interest at 28% per annum and unsecured. As at the date of approving the consolidated financial statements, none of the 2025 External Financing Facility has been utilised.

- (viii) Further to the completion of the 2024 Placing, subsequent to the end of the reporting period, on 18 March 2025, the Group further successfully completed another placing of 9,024,000 new shares at a placing price of HK\$1.78 per share, raising net proceeds of approximately HK\$15,620,000. Building on these successful fund raising experiences and connections of the management in the capital market, the Board consider that the Group will and is able to seek for alternative capital and other funding sources on an ongoing basis.
- (ix) The Group has expanded its business into the provision of automobile services by setting up a joint venture with a strategic partner during the year ended 31 December 2024. As announced on 19 March 2025, the Group has formulated certain business strategies and plans in order to improve the Group's principal businesses and thus its financial performance. In addition, the Group remains committed to implement stringent cost management measures with continuous efforts to optimise operational efficiency and minimise the cash outflow of non-essential items. The Directors consider that the business strategies, plans and cost management measures, if materialised, could improve the Group's revenue, financial performance and financial position.

The consolidated financial statements do not include any adjustments that would result from a failure to obtain such financing to the Group under the Director Facility and the Shareholder Facility, undertakings and/or financial support from Mr. Zhao and Mr. Qin and/or the 2024 and 2025 External Financing Facility and to result in favourable outcome from the business strategies, plans and cost management measures devised by the Directors, which indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Should the Group be unable to continue in business as a going concern, adjustments would have been made to restate the value of assets to the recoverable amounts and to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the consolidated financial statements.

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

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2025
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2026
- <sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027
- <sup>4</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these standards, amendments and interpretations on the consolidated financial statements of the Group. The adoption of the above is not expected to have a material impact on the consolidated financial statements of the Group.

### 3. OPERATING SEGMENT INFORMATION

The principal activities of the Group consisted of (i) the Leather Manufacturing Business; (ii) the Leather Retail Business; and (iii) the Industrial Hemp Planting Business. During the year, the Group has expanded its business into the Automobile Services Business. However, the Industrial Hemp Planting Business did not form a separate reportable segment during the years as it has not built its scale and was considered immaterial by the management of the Group.

The Group determines its operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's segments:

Leather Manufacturing Business	–	Manufacturing and distribution of leather products
Leather Retail Business	–	Retail of fashion apparel, footwear and leather accessories
Automobile Services Business	–	Provision of automobile services

The Group's senior executive management, being the chief operating decision maker, monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income as well as corporate expenses are excluded from such measurement.

Segment assets exclude tax recoverable and unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated corporate liabilities as these liabilities are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.



(a) Reportable segments

	Leather Manufacturing Business		Leather Retail Business		Automobile Services Business		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	21,433	29,547	522	751	6	–	21,961	30,298
Inter-segment revenue	–	137	–	–	–	–	–	137
Reportable segment revenue	<u>21,433</u>	<u>29,684</u>	<u>522</u>	<u>751</u>	<u>6</u>	<u>–</u>	<u>21,961</u>	<u>30,435</u>
Reportable segment loss	<u>(5,804)</u>	<u>(17,659)</u>	<u>(2,004)</u>	<u>(2,857)</u>	<u>(20)</u>	<u>–</u>	<u>(7,828)</u>	<u>(20,516)</u>
Depreciation of property, plant and equipment	–	1,373	–	–	–	–	–	1,373
Depreciation of right-of-use assets	128	2,748	–	–	–	–	128	2,748
Finance cost	1,817	716	49	68	–	–	1,866	784
Provision for/(write-back) of impairment of trade and other receivables, net	891	(12)	–	2	–	–	891	(10)
Impairment of property, plant and equipment and right-of-use assets	1,553	7,266	–	896	–	–	1,553	8,162
Additions to non-current assets ( <i>Note</i> )	1,681	71	–	896	–	–	1,681	967
Reportable segment assets	55,856	12,412	480	1,019	7	–	56,343	13,431
Reportable segment liabilities	<u>29,850</u>	<u>27,363</u>	<u>50,303</u>	<u>49,290</u>	<u>26</u>	<u>–</u>	<u>80,179</u>	<u>76,653</u>

*Note:* Including additions to property, plant and equipment and right-of-use assets.

(b) **Reconciliation of reportable segment revenue, loss, assets and liabilities**

	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>		
Reportable segment revenue	21,961	30,435
Elimination of inter-segment revenue	—	(137)
Consolidated revenue	<u>21,961</u>	<u>30,298</u>
<b>Loss before tax</b>		
Reportable segment loss	(7,828)	(20,516)
Elimination of inter-segment losses	—	—
Interest income	1	2
Unallocated corporate expenses ( <i>note (i)</i> )	(9,245)	(7,127)
Consolidated loss before tax	<u>(17,072)</u>	<u>(27,641)</u>
<b>Depreciation of property, plant and equipment</b>		
Reportable segment depreciation	—	1,373
Depreciation of unallocated property, plant and equipment	—	—
Consolidated depreciation of property, plant and equipment	<u>—</u>	<u>1,373</u>
<b>Depreciation of right-of-use assets</b>		
Reportable segment depreciation	128	2,748
Depreciation of unallocated right-of-use assets	—	—
Consolidated depreciation of right-of-use assets	<u>128</u>	<u>2,748</u>

	2024 HK\$'000	2023 HK\$'000
<b>Finance costs</b>		
Reportable segment finance cost	1,866	784
Interest on unallocated lease liabilities	–	46
Imputed interest on loans from ultimate controlling shareholder	1,225	2,101
	<u>1,225</u>	<u>2,101</u>
Consolidated finance costs	<u>3,091</u>	<u>2,931</u>
<b>Impairment of trade and other receivables</b>		
Reportable segment impairment	891	(10)
Unallocated impairment of trade and other receivables	–	57
	<u>–</u>	<u>57</u>
Consolidated impairment of trade and other receivables	<u>891</u>	<u>47</u>
<b>Impairment of property, plant and equipment and right-of-use assets</b>		
Reportable segment impairment	1,553	8,162
Unallocated impairment of property, plant and equipment and right-of-use assets	–	–
	<u>–</u>	<u>–</u>
Consolidated impairment of property, plant and equipment and right-of-use assets	<u>1,553</u>	<u>8,162</u>
<b>Additions to non-current assets (note (ii))</b>		
Reportable segment additions	1,681	967
Unallocated additions to non-current assets	–	–
	<u>–</u>	<u>–</u>
Consolidated additions to non-current assets	<u>1,681</u>	<u>967</u>
<b>Assets</b>		
Reportable segment assets	56,343	58,154
Elimination of inter-segment assets	(46,073)	(44,866)
Unallocated corporate assets	608	745
	<u>608</u>	<u>745</u>
Consolidated total assets	<u>10,878</u>	<u>14,033</u>
<b>Liabilities</b>		
Reportable segment liabilities	80,179	76,653
Elimination of inter-segment liabilities	(65,217)	(59,640)
Unallocated corporate liabilities	57,937	56,345
	<u>57,937</u>	<u>56,345</u>
Consolidated total liabilities	<u>72,899</u>	<u>73,358</u>

*Notes:*

- (i) The amount represented unallocated corporate expenses that are not allocated to operating segments, including professional fees, directors' emoluments, employee costs, foreign exchange loss and other head office expenses as well as the expenses incurred in the Industrial Hemp Planting Business.
- (ii) Including additions to property, plant and equipment and right-of-use assets.

(c) **Geographical information**

The following table provides an analysis of the Group's revenue from external customers and non-current assets, i.e. property, plant and equipment and right-of-use assets.

	Revenue from external customers ( <i>note</i> )		Non-current assets	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong, China	8,960	6,122	–	–
The United States	935	12,551	–	–
Europe	9,887	5,854	–	–
Mainland China	461	1,058	–	–
Other countries	1,718	4,713	–	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<b>21,961</b>	30,298	–	–
	<b><u>          </u></b>	<b><u>          </u></b>	<b><u>          </u></b>	<b><u>          </u></b>

*Note:* Revenues are attributed to geographical locations based on the customers' location (place of domicile).

(d) **Information about major customers**

Revenue from a customer that contributing over 10% of the total revenue of the Group is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A*	7,830	–
Customer B*	5,654	–
Customer C*	2,290	4,802
Customer D*	2,276	–
Customer E*	–	16,618
	<u>          </u>	<u>          </u>
	<b>18,050</b>	21,420
	<b><u>          </u></b>	<b><u>          </u></b>

\* Customer arising from the Leather Manufacturing Business segment.

The Group's customer base is highly concentrated. Revenue may significantly decline if the Group loses one or more of its major customers. The Group seeks to diversify the Group's product portfolio and widen the customer base to reduce the concentration risk.

#### 4. REVENUE

The principal activities of the Group are manufacturing and distribution of leather products, retail of fashion apparel, footwear and leather accessories, and the Industrial Hemp Planting Business. During the year, the Group has expanded its business to the Automobile Services Business. However, the Industrial Hemp Planting Business is still in a preliminary development stage and no revenue has been generated during the years.

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Revenue from contracts with external customers</b>		
Manufacturing and distribution of leather products	21,433	29,547
Retail of fashion apparel, footwear and leather accessories	522	751
Provision of automobile services	6	–
	<u>21,961</u>	<u>30,298</u>

#### 5(a). LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration		
– Audit and other assurance related services	1,380	1,160
– Non-audit services	40	30
Cost of inventories*	15,360	24,617
Employee costs*, excluding directors' emoluments		
– Salaries, allowance and other benefits	10,474	14,865
– Retirement scheme contributions	1,093	1,311
	<u>11,567</u>	<u>16,176</u>
Depreciation of property, plant and equipment*	–	1,373
Depreciation of right-of-use assets*	128	2,748
Provision for/(write-back of) impairment of trade receivables	880	(17)
Provision for impairment of other receivables	11	64
Provision for onerous short-term lease contracts	1,755	675
Foreign exchange gains, net	(250)	(23)
Interest income	<u>(1)</u>	<u>(2)</u>

\* Cost of inventories included HK\$4,478,000 (2023: HK\$7,942,000) for the year ended 31 December 2024 relating to employee costs, depreciation of property, plant and equipment and depreciation of right-of-use assets, which amounts are also included in the respective total amounts disclosed above for each of these types of expenses.

## 5(b). OTHER LOSSES

	2024 HK\$'000	2023 HK\$'000
Impairment loss on property, plant and equipment	–	2,964
Impairment loss on right-of-use assets	1,553	5,198
	<u>1,553</u>	<u>8,162</u>

## 6. INCOME TAX EXPENSE

Under the Hong Kong two-tiered profits tax rates regime, the first HK\$2,000,000 of profits arising in Hong Kong of one subsidiary of the Group, which is a qualifying group entity operating in Hong Kong, is taxed at 8.25%, and its remaining assessable profits is taxed at 16.5% during the years ended 31 December 2024 and 2023. Other group entities operating in Hong Kong are taxed at 16.5%.

According to the relevant announcements of income tax relief policy for small low-profit enterprises issued by the State Administration of Taxation, a lower corporate income tax (“CIT”) rate is applicable to small scale enterprises with low profitability that meet certain conditions, pursuant to which, the subsidiaries qualified as small-scale enterprises with assessable profits not over RMB3,000,000 are effectively taxable at 5% (i.e. 20% CIT rate on the 25% of the assessable profits) for the year ended 31 December 2024 and 2023. Other group entities, which are not qualified as small-scale enterprises, operating in Mainland China are taxed at 25%.

No Hong Kong profits tax (the “**Hong Kong Profits Tax**”) has been provided as the Group did not generate any assessable profits arising in Hong Kong or has available tax losses brought forward from prior years to offset the assessable profits generated during the years ended 31 December 2024 and 2023. No provision of CIT is made for the year ended 31 December 2024 as the Group did not generate any assessable profits arising in Mainland China. The provision of CIT in the PRC represents the underprovision of CIT in respect of prior years during the year ended 31 December 2023.

	2024 HK\$'000	2023 HK\$'000
<b>Current – Elsewhere</b>		
Charge for the year	–	–
Underprovision for prior years	–	268
Total	<u>–</u>	<u>268</u>

## 7. DIVIDEND

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

## 8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to ordinary equity holders of the Company of approximately HK\$17,062,000 (2023: approximately HK\$27,909,000) and the weighted average number of ordinary shares of 413,801,205 (2023: 387,306,740) in issue during the year.

No adjustment has been made to the basic loss per share attributable to owners of the Company for the years ended 31 December 2024 and 2023 in respect of a dilution as the Company had no potential dilutive ordinary shares in issue during these years.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, there has been no addition to property, plant and equipment (2023: HK\$71,000).

### Leather Retail Business

As at 31 December 2023 and 2024, the Directors considered that there were impairment indicators on the property, plant and equipment (the “**Retail PPE**”) and the ROA (the “**Retail ROA**”) of the Leather Retail Business because of the substantial loss incurred for the years ended 31 December 2023 and 2024. The relevant items of the Retail PPE and Retail ROA of the Leather Retail Business are grouped together to constitute a cash generating unit (the “**Retail CGU**”) for the purpose of the impairment assessment. The Directors assessed the recoverable amounts of the Retail CGU, which were higher of the value in use (“**VIU**”) and the fair value less costs of disposal (“**FVLCS**”). Since the Directors are of opinion that the Retail PPE and Retail ROA has minimal resell value and the FVLCS is considered as zero, the recoverable amount of Retail CGU is determined based on the VIU.

For the year ended 31 December 2024, the recoverable amounts of the Retail CGU as at 31 December 2024 has been determined by the management by using the discounted cash flow projections for 2025 (the “**2024 Retail Valuation**”). There is no change in valuation method in the 2024 Retail Valuation as compared with prior year. The key assumptions used in the 2024 Retail Valuation included growth rate of 8%, gross profit margin of 40% and discount rate of 14%. The discount rate used in 2024 Retail Valuation is the weighted average cost of capital derived from market data. Based on the 2024 Retail Valuation, the recoverable amounts of the Retail PPE and Retail ROA were zero. No write back of impairment on the Retail PPE and the Retail ROA, which had been fully impaired in prior year, is considered necessary for the year ended 31 December 2024. As at 31 December 2024, the net carrying amounts of the Retail PPE and Retail ROA were Nil, after accumulated impairment of approximately HK\$6,000 and HK\$896,000, respectively. The impairment loss recognised was mainly due to the continuous unsatisfactory performance in the Leather Retail Business and management’s expectation for the market development.

### Leather Manufacturing Business

As at 31 December 2023 and 2024, the Directors considered that there were impairment indicators on the property, plant and equipment (the “**Manufacturing PPE**”) and the ROA (the “**Manufacturing ROA**”) of the Leather Manufacturing Business because of the substantial loss incurred during the years ended 31 December 2023 and 2024. The relevant items of the Manufacturing PPE and Manufacturing ROA of the Leather Manufacturing Business are grouped together to constitute a cash generating unit (the “**Manufacturing CGU**”) for the purpose of the impairment assessment. The Directors assessed the recoverable amounts of the Manufacturing CGU, which were higher of the VIU and the FVLCS. Since the Directors are of opinion that the Manufacturing PPE and Manufacturing ROA has minimal resell value and the FVLCS is considered as zero, the recoverable amount of Manufacturing CGU is determined based on the VIU.

The Directors engaged an independent valuer (the “**Valuer**”) with recognised qualifications and experiences to determine the VIU of the Manufacturing CGU as at 31 December 2023 and 2024.

For the year ended 31 December 2024, the recoverable amounts of the Manufacturing CGU has been determined by using the discounted cash flow projections for 2025 (the “**2024 Manufacturing Valuation**”). There is no change in valuation method in the 2024 Manufacturing Valuation as compared with prior year. The key assumptions used in the 2024 Manufacturing Valuation include growth rate of 17%, gross profit margin of 24% and discount rate of 13%. The discount rate used in 2024 Manufacturing Valuation is the weighted average cost of capital derived from market data. Based on the 2024 Manufacturing Valuation, the recoverable amounts of the Manufacturing PPE and Manufacturing ROA are zero. Impairment losses on the Manufacturing ROA of approximately HK\$1,553,000 (note 5(b)) was recognised in the consolidated statement of profit or loss for the year ended 31 December 2024; and no further impairment on the Manufacturing PPE is considered necessary as they have been fully impaired in prior year. As at 31 December 2024, the net carrying amounts of the Manufacturing PPE and Manufacturing ROA were Nil (after accumulated impairment of approximately HK\$2,927,000 and HK\$5,450,000, respectively). The significant impairment loss recognised was mainly due to the continuous unsatisfactory performance of the Manufacturing CGU and management’s expectation for the economic environment over the forecast period.

The growth rates and gross profit margin within the forecast periods are estimated by the Directors after having taken into consideration of the respective past performance of the Retail CGU and the Manufacturing CGU, industry growth forecasts and future business plan of the Group.

#### 10. TRADE RECEIVABLES

	<b>2024</b> <b>HK\$’000</b>	2023 <b>HK\$’000</b>
Trade receivables	<b>7,349</b>	6,699
Less: Impairment loss	<b>(2,051)</b>	(1,171)
	<hr/>	<hr/>
Net carrying amounts	<b>5,298</b>	5,528
	<hr/> <hr/>	<hr/> <hr/>

No credit term is granted to customers of the Leather Retail Business. Trade receivables are arising from customers of the Leather Manufacturing Business, whose are generally granted with credit terms of 30 to 90 days from the date of invoice. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The aging analysis of trade receivables (net of impairment loss) as at the end of the reporting period, based on invoice date, is as follows:

	<b>2024</b> <b>HK\$’000</b>	2023 <b>HK\$’000</b>
Less than 30 days	<b>5,168</b>	3,288
31 to 60 days	–	2,121
61 to 90 days	–	110
91 to 120 days	–	9
121 to 365 days	<b>130</b>	–
Over 365 days	–	–
	<hr/>	<hr/>
	<b>5,298</b>	5,528
	<hr/> <hr/>	<hr/> <hr/>



## 11. TRADE PAYABLES

The aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Less than 30 days	445	909
31 to 60 days	388	1,164
61 to 90 days	3,155	394
91 to 120 days	25	189
121 to 365 days	305	74
Over 365 days	448	370
	<u>4,766</u>	<u>3,100</u>

## 12. OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Other payables	3,249	4,561
Accrued expenses	8,176	5,655
Due to the former fellow subsidiaries	8,171	8,171
Due to the former intermediate holding company	5,590	5,590
	<u>25,186</u>	<u>23,977</u>

The amounts due to the former fellow subsidiaries and the former intermediate holding company are unsecured, interest-free and have no fixed terms of repayment.

## 13. DUE TO A DIRECTOR, THE ULTIMATE CONTROLLING SHAREHOLDER AND A RELATED COMPANY

The amount due to a director, namely Mr. Qin, amounting to HK\$307,000 (2023: Nil), is unsecured, interest-free and has no fixed terms of repayment.

The amount due to the ultimate controlling shareholder, namely Mr. Zhao, amounting to HK\$11,470,000 (2023: HK\$10,897,000), is unsecured, interest-free and has no fixed terms of repayment. In addition, Mr. Zhao has agreed not to demand for repayment of the amount due to him until the Group is in a position to do so.

The amount due to a related company, namely 北京盛茂坤科技產業發展有限公司, amounting to approximately HK\$1,600,000 (2023: HK\$1,654,000), is unsecured, interest-free and has no fixed terms of repayment.

## 14. LOAN FROM A DIRECTOR

On 28 October 2019, the Company entered into a loan agreement with Mr. Qin, pursuant to which, Mr. Qin granted a loan of HK\$8,000,000 to the Company which is unsecured, interest-free and has no fixed terms of repayment. In addition, Mr. Qin has agreed not to demand for repayment of the loan from him until the Group is in a position to do so.

## 15. LOANS FROM ULTIMATE CONTROLLING SHAREHOLDER

	2024 HK\$'000	2023 HK\$'000
Balance as at 1 January	19,517	19,002
Extension agreements for existing loans entered:		
Notional interest saving arising from the interest-free loans	(4,566)	(1,412)
	14,951	17,590
Imputed interest charged	2,503	2,101
Exchange realignment	(228)	(174)
Balance as at 31 December	17,226	19,517
Less: Current portion	(4,458)	(15,604)
Non-current portion	12,768	3,913
Analysed into:		
	2024 HK\$'000	2023 HK\$'000
Loans from ultimate controlling shareholder repayable:		
Within one year	4,458	15,604
In the second year	12,768	3,913
In the third to fifth years, inclusive	–	–
Beyond five years	–	–
Total	17,226	19,517

Mr. Zhao, the ultimate controlling shareholder, has granted certain interest-free loans to the Group with aggregate principal amounts of RMB7,010,000 (the “**RMB Loans**”), HK\$2,226,000 (the “**HK\$ Loans**”) and US\$1,480,000 (the “**US\$ Loans**”) (equivalent to approximately HK\$21,201,000 in aggregate, collectively the “**Shareholder Loans**”) as at 31 December 2024.

During the year, the HK\$ Loans and the US\$ Loans have been extended to be repayable in January to August 2026 and were accounted for at amortised cost, using an effective interest rate of 16% and 17%, respectively.

Among the RMB Loans, an interest-free loan with an outstanding principal amount of aggregate outstanding principal amounts of RMB4,500,000 (equivalent to approximately HK\$4,770,000) are repayable in 2025 (“**2025 Due RMB Loans**”) and were accounted for at amortised cost, using effective interest rates from 16% to 17%. The remaining RMB Loans with principal amount of RMB2,510,000 (equivalent to approximately HK\$2,661,000) has been extended to be repayable in June 2026 and was accounted for at amortised cost, using an effective interest rate of 15%.

Subsequent to the end of the reporting period on 10 March 2025, the Group and Mr. Zhao entered into certain supplemental agreements, agreeing to extend the terms of the 2025 Due RMB Loans for additional two years. In addition, Mr. Zhao has confirmed that he will not demand for repayment of the Shareholder Loans until the Group is in a position to do so.

## 16. RIGHT-OF-USE ASSETS

During the year ended 31 December 2024, the Group entered into certain lease agreements to extend the lease of the existing retail shop, office premises and lease of a parcel of farmland used in the Industrial Hemp Planting Business for terms ranging from 1 year to 2 years (2023: certain lease agreements for existing retail shop and leather workshop and parcel of farmland used in the Industrial Hemp Planting Business for terms ranging from 1 year to 2 years). The Group applied the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. Right-of-use assets and lease liabilities each amounting to approximately HK\$1,681,000 (2023: HK\$896,000), were initially recognised during the year ended 31 December 2024.

As detailed in note 9 to this announcement, the Group performed impairment assessments on the right-of-use assets of the manufacturing plant and office premises (i.e. the Manufacturing ROA) and the retail shops and office premises (i.e. the Retail ROA) respectively as the Directors considered that there were impairment indicators resulted by the substantial loss incurred by the Leather Manufacturing Business and the Leather Retail Business. Aggregated impairment losses for the Leather Manufacturing Business of approximately HK\$1,553,000 was recognised in the consolidated statement of profit or loss for the year ended 31 December 2024 and no write back of previously impaired Retail ROA was considered necessary for the year ended 31 December 2024.

As at 31 December 2024, the Group has operating lease commitments of approximately HK\$861,000 (2023: HK\$675,000) relating to short-term leases for retail shop.

## 17. SHARE CAPITAL

### Authorised and issued share capital

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Authorised (2,000,000,000 ordinary shares of HK\$0.01 each)	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
422,716,000 (2023: 412,704,000) ordinary shares of HK\$0.01 each	<u>4,227</u>	<u>4,127</u>

A summary of movements in Company's share capital is as follows:

	Number of shares in issue*	Share capital
At 1 January 2023	382,704,000	3,827
Shares issued during the year <sup>#</sup>	<u>30,000,000</u>	<u>300</u>
At 31 December 2023 and 1 January 2024	412,704,000	4,127
Shares issued during the year <sup>+</sup>	<u>10,012,000</u>	<u>100</u>
At 31 December 2024	<u><u>422,716,000</u></u>	<u><u>4,227</u></u>

\* ordinary shares of HK\$0.01 each

<sup>#</sup> On 6 November 2023, 30,000,000 ordinary shares were issued for cash at a subscription price of HK\$0.45 per share for a total cash consideration, before share issuing expenses, of HK\$13,500,000 in which, as to HK\$13,200,000 was recognised as share premium during the year ended 31 December 2023. The related issuing expenses of approximately HK\$489,000 was reduced from the share premium.

<sup>+</sup> On 21 November 2024, 10,012,000 ordinary shares were issued for cash at a subscription price of HK\$1.02 per share for a total cash consideration, before share issuing expenses, of HK\$10,212,240 in which, as to HK\$10,112,120 was recognised as share premium during the year ended 31 December 2024. The related issuing expenses of approximately HK\$436,000 was reduced from the share premium.

Subsequent to the end of the reporting period, on 18 March 2025, 9,024,000 ordinary shares were issued for cash at a subscription price of HK\$1.78 per share for a total cash consideration, before share issuing expenses, of approximately HK\$16,063,000.

## 18. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in this announcement, the Group had the following transactions with related party during the year:

Compensation of key management personnel of the Group:

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	1,252	1,107
Retirement scheme contributions	<u>—</u>	<u>—</u>
Total compensation paid to key management personnel	<u><u>1,252</u></u>	<u><u>1,107</u></u>

## **19. EVENT AFTER THE REPORTING PERIOD**

Apart from the placement and issue of new shares of the Company, the 2025 External Financing Facility and certain supplemental agreements entered into between the Group, Mr. Zhao and Mr. Qin as disclosed in note 17, note 2.1 and note 15 to this announcement, there was no material event occurring subsequent to the end of the reporting period.

## **20. SCOPE OF WORK OF MESSRS. ASCENDA CACHET CPA LIMITED (“ASCENDA CACHET”)**

The figures in respect of the Group’s consolidated and Company’s statements of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the Annual Results Announcement have been agreed by the Group’s independent auditor, Ascenda Cachet CPA Limited (“**Ascenda Cachet**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Ascenda Cachet 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 Ascenda on the announcement.

## EXTRACT OF INDEPENDENT AUDITOR'S REPORT

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. Without qualifying our opinion, we draw attention to note 2.1 to the consolidated financial statements which indicates that (i) the Group incurred a substantial loss of approximately HK\$17,072,000 for the year and had net current liabilities and deficiency in assets of approximately HK\$62,021,000 as at 31 December 2024; and (ii) the Group had cash and cash equivalents of approximately of HK\$829,000 only to meet its financial obligations as at 31 December 2024. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding the abovementioned, the consolidated financial statements have been prepared by the directors (the “**Directors**”) of the Company on the basis that the Group will continue to operate as a going concern, the validity of which depends upon the implementation of the following measures:

The Group successfully completed the placing of 10,012,000 new shares on 21 November 2024, raising net proceeds of approximately HK\$9,776,000 (the “**2024 Placing**”). However, the Group (i) incurred a substantial loss of approximately HK\$17,072,000 for the year ended 31 December 2024 and had net current liabilities and deficiency in assets of approximately HK\$62,021,000 as at 31 December 2024; and (ii) had cash and cash equivalents of approximately of HK\$829,000 only to meet its financial obligations as at 31 December 2024. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis because the Directors have prepared a cash flow forecast of the Group and are satisfied that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least 12 months from 31 December 2024 after taking into account of the following measures:

- (i) The Company has obtained a letter of undertaking from Mr. Qin Bohan (“**Mr. Qin**”), an executive Director of the Company, pursuant to which Mr. Qin agreed not to demand for repayment of the loan with principal amount of HK\$8,000,000 as at 31 December 2024 until the Company is in a position to do so. The loan is interest-free, unsecured and has no fixed terms of repayment.

- (ii) In addition to the loan provided by Mr. Qin as stated above, the Company and Mr. Qin entered into another loan facility agreement on 28 August 2021, pursuant to which, Mr. Qin further granted an unsecured interest-free loan facility up to HK\$30,000,000 (the “**Director Facility**”) to the Company for a term of two years. Pursuant to a supplemental agreement dated 25 March 2025, the expiry date of the Director Facility has been further extended to 27 August 2027. As at 31 December 2024 and the date of approving the consolidated financial statements, none of the Director Facility has been utilised.
- (iii) Mr. Zhao, an executive Director, the chairman and the ultimate controlling shareholder of the Company, had provided certain loans to the Group with aggregate principal amounts of RMB7,010,000, HK\$2,226,000 and US\$1,480,000 (equivalent to approximately HK\$21,201,000 in aggregate, collectively the “**Shareholder Loans**”) as at 31 December 2024, out of which, aggregate outstanding loan principal amounts of RMB2,510,000, HK\$2,226,000 and US\$1,480,000 (equivalent to approximately HK\$16,431,000 in aggregate) are repayable in 2026 while the remaining loans of RMB4,500,000 (equivalent to approximately HK\$4,770,000) are due in 2025 (the “**2025 Due Loans**”). Subsequent to the end of the reporting period on 10 March 2025, the Group and Mr. Zhao entered into certain supplemental agreements, agreeing to extend the terms of the 2025 Due Loans for additional two years.
- (iv) In addition to the Shareholder Loans, the Company and Mr. Zhao entered into another loan facility agreement on 27 May 2020, pursuant to which, Mr. Zhao further granted an unsecured interest-free loan facility up to HK\$20,000,000 (the “**Shareholder Facility**”) to the Company for a term of two years. The expiry date of the Shareholder Facility has been extended to 27 May 2026. As at 31 December 2024 and the date of approving the consolidated financial statements, none of the Shareholder Facility has been utilised.
- (v) The Company has obtained a letter of financial support from Mr. Zhao, pursuant to which, Mr. Zhao agreed not to demand for repayment of (a) the Shareholder Loans, and (b) other amount due to him of approximately HK\$11,470,000 as at 31 December 2024 until the Group is in a position to do so. Mr. Zhao has also confirmed his willingness to further provide adequate financial resources as is necessary to enable the Group both to meet its financial obligations as and when they fall due and to carry on its businesses for at least 12 months from 31 December 2024.
- (vi) The Company entered into a loan facility agreement with an independent third party (“**Lender A**”) on 26 March 2024, pursuant to which, Lender A granted a loan facility up to HK\$40,000,000 (the “**2024 External Financing Facility**”) to the Company for a period upto 1 July 2025. Any amounts drawn down under the 2024 External Financing Facility will bear interest at 20% per annum and is unsecured. As at 31 December 2024 and the date of approving the consolidated financial statements, none of the 2024 External Financing Facility has been utilised.

- (vii) The Company entered into another loan facility agreement with another independent third party (“**Lender B**”) subsequent to the end of the reporting period on 28 March 2025, pursuant to which, Lender B granted a loan facility up to HK\$40,000,000 (the “**2025 External Financing Facility**”) to the Company for a term of 18 months. Any amounts drawn down under the 2025 External Financing Facility will bear interest at 28% per annum and unsecured. As at the date of approving the consolidated financial statements, none of the 2025 External Financing Facility has been utilised.
- (viii) Further to the completion of the 2024 Placing, subsequent to the end of the reporting period, on 18 March 2025, the Group further successfully completed another placing of 9,024,000 new shares at a placing price of HK\$1.78 per share, raising net proceeds of approximately HK\$15,620,000. Building on these successful fund raising experiences and connections of the management in the capital market, the Board consider that the Group will and is able to seek for alternative capital and other funding sources on an ongoing basis.
- (ix) The Group has expanded its business into the provision of automobile services by setting up a joint venture with a strategic partner during the year ended 31 December 2024. As announced on 19 March 2025, the Group has formulated certain business strategies and plans in order to improve the Group’s principal businesses and thus its financial performance. In addition, the Group remains committed to implement stringent cost management measures with continuous efforts to optimise operational efficiency and minimise the cash outflow of non-essential items. The Directors consider that the business strategies, plans and cost management measures, if materialised, could improve the Group’s revenue, financial performance and financial position.

The consolidated financial statements do not include any adjustments that would result from a failure to obtain such financing to the Group under the Director Facility and the Shareholder Facility, undertakings and/or financial support from Mr. Zhao and Mr. Qin and/or the 2024 and 2025 External Financing Facility and to result in favourable outcome from the business strategies, plans and cost management measures devised by the Directors, which indicates the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. Should the Group be unable to continue in business as a going concern, adjustments would have been made to restate the value of assets to the recoverable amounts and to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities. We consider that the fundamental uncertainty has been properly disclosed in the consolidated financial statements. Our report is not qualified in respect of the fundamental uncertainty relating to the going concern basis.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL PERFORMANCE

The Group has recorded revenue of approximately HK\$21,961,000 for the year ended 31 December 2024 (2023: approximately HK\$30,298,000), representing a decrease of 27.52% or approximately HK\$8,337,000 as compared with the year ended 31 December 2023. Revenue contributed from the Leather Manufacturing Business and Leather Retail Business (excluding inter-segment revenue) was approximately HK\$21,433,000 (2023: approximately HK\$29,547,000) and approximately HK\$522,000 (2023: approximately HK\$751,000) for the year ended 31 December 2024, respectively. Gross profit was approximately HK\$6,601,000 (2023: approximately HK\$5,681,000) for the year ended 31 December 2024. There was an increase in gross profit margin from approximately 18.8% for the year ended 31 December 2023 to approximately 30.1% for the year ended 31 December 2024. The decreased revenue was primarily attributable to significant decrease in revenue of the Leather Manufacturing Business which in turn is primarily due to the decrease in sales orders from branded customers caused by various factors, including (i) the economic recovery was not as robust as expected; (ii) persistent trade tensions between the Chinese Mainland and the United States of America (the “**United States**”) over the past few years; and (iii) high interest rates and inflation rates posed obstacles to the normalization and recovery of the global economy. Performance of the Group’s business is covered in more detail under the “Business Review” section below.

Other income increased from approximately HK\$179,000 for the year ended 31 December 2023 to approximately HK\$288,000 for the year ended 31 December 2024. The increase was mainly attributable to the net foreign exchange gains increased from approximately HK\$23,000 for the year ended 31 December 2023 to approximately HK\$250,000 for the year ended 31 December 2024.

Other losses decreased from approximately HK\$8,162,000 for the year ended 31 December 2023 to approximately HK\$1,553,000 for the year ended 31 December 2024. The change was mainly due to (i) the impairment loss on right-of-use assets of approximately HK\$5,198,000 (2024: approximately HK\$1,553,000) during the year ended 31 December 2023; and (ii) the impairment loss on property, plant and equipment of approximately HK\$2,964,000 (2024: Nil) during the year ended 31 December 2023.

Selling and distribution costs decreased significantly by approximately HK\$1,092,000 to approximately HK\$1,910,000 for the year ended 31 December 2024 (2023: approximately HK\$3,002,000). The decrease was mainly due to the decrease in revenue.

Administrative and other operating expenses decreased by approximately HK\$2,843,000 to approximately HK\$16,516,000 (2023: approximately HK\$19,359,000) for the year ended 31 December 2024. The decrease was mainly due to the decrease in employee costs for administrative and supporting staff as a result of the strengthened human resources management of the Group.

As a result of the above, the Group recorded a net loss attributable to owners of the Company of approximately HK\$17,062,000 (2023: approximately HK\$27,909,000) for the year ended 31 December 2024. Loss per share attributable to owners of the Company for the year ended 31 December 2024 was HK4.1 cents (2023: HK7.2 cents).

## BUSINESS REVIEW

For the year ended 31 December 2024, the Leather Manufacturing Business and the Leather Retail Business accounted for approximately 97.6% (2023: approximately 97.5%) and approximately 2.4% (2023: approximately 2.5%) of the Group's total revenue, respectively.

### Leather Manufacturing Business

For the year ended 31 December 2024, revenue of the Leather Manufacturing Business from external customers was approximately HK\$21,433,000, representing a decrease of approximately 27.5% in comparison with approximately HK\$29,547,000 for the year ended 31 December 2023. The decrease was mainly due to (i) the structural contraction in the United States market demand, economic uncertainty has substantially eroded consumer purchasing power for non-essential goods, with the Group's premium leather products being particularly affected; and (ii) the fundamental restructuring of global supply chains, geopolitical factors have driven international brand clients to adopt "China+1" procurement strategies. Major competitors have progressively relocated production to Southeast Asia, with Vietnamese and Indonesian manufacturers gaining significant order transfers through labor cost advantages.

Revenue analysis by geographic location:

	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Hong Kong, China	<b>8,432</b>	<b>39.3</b>	5,371	18.2
The United States	<b>935</b>	<b>4.4</b>	12,551	42.5
Europe	<b>9,887</b>	<b>46.1</b>	5,854	19.8
The Mainland China	<b>461</b>	<b>2.2</b>	1,058	3.6
Other countries	<b>1,718</b>	<b>8.0</b>	4,713	15.9
	<b>21,433</b>	<b>100.0</b>	29,547	100.0

Revenue analysis by product category:

	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Belts	13,065	61.0	27,968	94.7
Leather goods and other accessories	8,368	39.0	1,579	5.3
	<u>21,433</u>	<u>100.0</u>	<u>29,547</u>	<u>100.0</u>

### Leather Retail Business

For the Leather Retail Business, owing to the adverse retail environment of Hong Kong largely due to the keen competition from rivals and online sales, the Group recorded revenue of approximately HK\$522,000 (2023: approximately HK\$751,000) from Hong Kong for the year ended 31 December 2024, representing approximately 30.5% decrease in comparison with that for the year ended 31 December 2023. Such decrease in revenue was mainly attributable to the continued slow recovery of the overall economic conditions in Hong Kong and the PRC and the significant surge in outbound travel by Hong Kong residents which affected the revenue in Leather Retail Business.

The Leather Retail Business resulted in a loss of approximately HK\$2,004,000 for the year ended 31 December 2024 as compared to approximately HK\$2,857,000 for the year ended 31 December 2023. The decrease was mainly due to the impairment of right-of-use assets of approximately HK\$896,000 (2024:Nil) for the year ended 31 December 2023. The Group maintained one (2023: one) AREA 0264 store and one (2023: one) Teepee Leather workshop in Hong Kong as at 31 December 2024.

### Automobile Services Business

The Group has expanded its new business into the Automobile Services Business by setting up a joint venture with a strategic partner in December 2024. The Group has recorded revenue of approximately HK\$6,000 for the year ended 31 December 2024 (2023: Nil). The Automobile Services Business resulted in a loss of approximately HK\$20,000 for the year ended 31 December 2024 (2023: Nil). However, in order to adapt to market changes and realise the Group's long-term development goals, the Group is of the view that engaging in the Automobile Services Business will provide the Group with a stable source of income in the future.

## PROSPECTS

2024 was a year of challenges and transformation for our company. As a business primarily focused on the Leather Manufacturing Business and the Leather Retail Business, the Group continued to face multiple pressures post-pandemic, including weak market demand, rising raw material costs, and intensified industry competition. This led to a continued decline in sales performance and a net loss for the year ended 31 December 2024. Although the global economy gradually recovered after the pandemic, the pace of recovery fell short of expectations, and significant changes in consumer behavior have had a profound impact on our industry.

In 2025, the Group's Leather Manufacturing Business will realize a two-pronged approach. The traditional leather belt products will be strengthened through the co-design of classic models and supply chain upgrading to enhance the product line, thereby increasing the order rate of customers; on the other hand, the new leather business, with the core of "High-end Craftsmanship" and "Sustainable Fashion", will launch a separate line of products covering customized services for handbags, accessories and other areas such as automobiles, with new materials and e-commerce virtual trial, and is expected to achieve growth and expansion of orders in China. With the adoption of new materials and the virtual trial of e-commerce, we expect domestic orders to grow and expand. We expect to deepen synergies and innovations in the future to further expand the global market and strengthen our digital operations to consolidate our leading position in the leather manufacturing industry. The Group will remain cautious for its business development and expect the business to remain challenging. In view of this continuing dynamic situation, the management will closely monitor and evaluate the recovery status of the markets and allocate marketing resources to markets with a faster recovery pace.

The Group is also actively exploring innovations and new business opportunities to enhance product development and diversify revenue streams. A joint venture named Flex Fuel Eco Company Limited (法氫環保潔淨有限公司) was established to engage in the Automobile Services Business in December 2024, to collaborate on the research and development, production and sales of the hydrogen injection cleaning system for motor vehicle's engine. Revenue has been generated and it is expected to be a steady stream of income for the Group. The Company is of the view that the Group may have more business opportunities in respect of hydrogen in the future. For details, please refer to the announcements of the Company dated 4 November 2024, 28 November 2024 and 19 March 2025.

Furthermore, the Group has also undertaken plans to diversify into the businesses of industrial hemp planting and hemp fabric product production (the "**Business Plan**"). Hemp fabric is made of fibres from industrial hemp, and is a type of textile which is antibacterial, strong and versatile, and fill in as a characteristic environment-adjusting framework that makes it desirable for both summer and winter. The Group has obtained the relevant permit to plant industrial hemp and rented a parcel of land in Yunnan for the trial cultivation of industrial hemp. The Group has resumed experimental cultivation of industrial hemp "Yunma No. 8" since late May of 2024, however, the result of the trial planting was not satisfied. The Group

will continue to work on the experimental cultivation of industrial hemp and looks forward to successful trial planting and the ability to manufacture and produce hemp fabrics in the future.

Looking ahead, the Group remains committed to continuously improving its products, maintaining and further expanding its key customer base in Europe and Hong Kong, and focus on several key initiatives that would help to achieve profitability and sustainable growth, including measures that improve the operational efficiency and reduce costs wherever possible. By streamlining the Group's processes and optimizing the supply chain, the management believe that the Group can achieve greater profitability and position itself for long-term success. At the same time, the management will also actively undertake measures to control operating costs and inventory levels, and maintain healthier cash flow and liquidity. The Board will pay close attention to economic conditions and market trends and may adjust the above measures accordingly and keep exploring new business opportunities.

The Group will continue to work with its customers, shareholders and business partners for the sustainable social development and will regularly review its strategic business directions and operations with a vision to further mitigate loss and to maximise its shareholders' value.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2024, the Group's cash and bank deposits were approximately HK\$829,000 as compared to approximately HK\$997,000 as at 31 December 2023.

The Group recorded total current assets of approximately HK\$10,878,000 as at 31 December 2024 (31 December 2023: approximately HK\$13,252,000) and total current liabilities of approximately HK\$59,744,000 as at 31 December 2024 (31 December 2023: approximately HK\$66,383,000). The decrease in total current assets was mainly due to the decrease in inventories, trade receivables and bank balances. The current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 0.18 times as at 31 December 2024 (31 December 2023: approximately 0.20 times).

As at 31 December 2024, the Group had total assets amounting to approximately HK\$10,878,000 (2023: approximately HK\$14,033,000) and total liabilities of approximately HK\$72,899,000 (2023: approximately HK\$73,358,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 670.2% (31 December 2023: approximately 522.8%) as at 31 December 2024.

The drop in current ratio and the increase in gearing ratio was mainly due to the losses incurred and the increase in advances and loans provided by the ultimate controlling shareholder provided during the year for supporting the Group's operating needs during the year ended 31 December 2024.

The Group recorded deficiency in assets of approximately HK\$62,021,000 (31 December 2023: HK\$59,325,000) as at 31 December 2024, which was mainly attributable to the operating loss and the impairment loss of the year.

As detailed in note 2.1 to the consolidated financial statements, the Company has undertaken various measures to improve its liquidity. The Directors are of the view that the Group will have sufficient working capital to finance its obligations as and when they fall due for at least 12 months from 31 December 2024.

### **Inventories and trade receivables**

The Group recorded total inventories of approximately HK\$2,010,000 (31 December 2023: approximately HK\$4,594,000) as at 31 December 2024 and the inventory turnover days decreased to 48 days as at 31 December 2024 from 68 days as at 31 December 2023. The Group had trade receivables of approximately HK\$5,298,000 (31 December 2023: approximately HK\$5,528,000) as at 31 December 2024 and the debtor turnover days increased from 67 days to 88 days.

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 4 November 2024 (after trading hours), the Company and VC Brokerage Limited (the “**Placing Agent**”) (as placing agent) entered into a placing agreement (the “**Placing Agreement**”) in relation to the placing of up to 40,000,000 new ordinary Shares of the Company (the “**Placing Share(s)**”) to not less than six placees, who and whose ultimate beneficial owners shall be independent third parties, at the placing price (the “**Placing Price**”) of HK\$1.02 per Placing Share (the “**Placing**”). The net issue price per Placing Share (after deduction of the placing commission, professional fees and all related expenses) is approximately HK\$0.97 per Placing Share. The Directors consider that the Placing represents a good opportunity to raise additional funds through the equity market and will strengthen the Group’s financial position.

The Placing was completed on 21 November 2024, where a total of 10,012,000 Placing Shares, representing approximately 2.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares after the completion of the Placing, have been successfully placed to not less than six placees at the Placing Price of HK\$1.02 per Placing Share. The aggregate nominal value of the 10,012,000 Placing Shares was HK\$100,120. The market price of the 10,012,000 Placing Shares was HK\$12,615,120 on 4 November 2024 (being the date on which the terms of the Placing were fixed). The Placing Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 4 June 2024. For details, please refer to the announcements of the Company dated 4 November 2024 and 21 November 2024.

The gross proceeds from the Placing was approximately HK\$10.2 million, and the actual net proceeds, after deducting the placing commission, professional fees and all related expenses which were borne by the Company, were approximately HK\$9.7 million (the “**Placing Net Proceeds**”). The Company has allocated (i) approximately HK\$3.0 million for the purchase of materials for production and the payment of overhead for the manufacturing plant of the Group; (ii) approximately HK\$3.7 million for the general working capital of the Group including rental payments, staff cost, professional fees and other general administrative and



operating expenses; and (iii) approximately HK\$3.0 million for the settlement of outstanding payables. Up to 31 December 2024, the Placing Net Proceeds have been fully utilised, the Placing Net Proceeds were used according to the intentions previously disclosed in the announcement of the Company dated 21 November 2024.

## **SIGNIFICANT INVESTMENTS HELD**

There were no significant investments held as at and during the year ended 31 December 2024 (2023: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS**

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

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

Same as disclosed in the section “Prospects” above, the Group does not have any other plans for material investments and capital assets as at the date of this announcement.

## **TREASURY POLICY**

The Group generally finances its operation with internally generated resources and advances and loans from Directors and the ultimate controlling shareholder of the Company. Cash and bank deposits of the Group are mainly denominated in HK\$, US\$ and RMB. Transactions of the Group are mainly denominated in HK\$, US\$ and RMB. As HK\$ is pegged to US\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rate. In this regard, the Group is not exposed to significant currency risk arising from US\$. The fluctuations in the RMB’s value against other currencies will create foreign currency translation gains or losses and may have a significant impact on the Group’s business, financial condition and results. The Group currently does not have any foreign currency hedging policy. However, the management of the Company will continue to monitor foreign exchange exposure and will consider taking measures to mitigate significant foreign currency exposure should the need arise.

## **CHARGES ON ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 December 2024, the Group did not have any charges on assets (31 December 2023: Nil).

Other than the operating lease commitments disclosed in note 16 to this announcement, the Group had no significant commitments and contingent liabilities as at 31 December 2024 and 31 December 2023.

## EVENTS AFTER THE REPORTING PERIOD

On 21 February 2025, the Company entered into the placing agreement with a placing agent pursuant to which the placing agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 30,000,000 placing shares at the placing price of HK\$1.78 per Placing Share (the “**2025 Placing**”). The placing shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 4 June 2024.

All the conditions set out in the placing agreement have been fulfilled and completion of the placing took place on 18 March 2025. An aggregate of 9,024,000 placing shares, representing (i) approximately 2.13% of the existing issued share capital of the Company of 422,716,000 Shares immediately before the completion of the 2025 Placing; and (ii) approximately 2.09% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares, have been successfully placed to not less than six placees, at the placing price of HK\$1.78 per placing share pursuant to the terms of the placing agreement. The net issue price per placing share (after deduction of the placing commission, professional fees and all related expenses) is approximately HK\$1.73 per placing share.

As the placing shares were not fully placed, the actual gross proceeds from the 2025 Placing are approximately HK\$16.06 million, and the actual net proceeds from the 2025 Placing, after deducting the placing commission, professional fees and other related expenses incurred in relation to the 2025 Placing, amount to approximately HK\$15.62 million, which are intended to be applied as to (i) approximately HK\$6 million, equivalent to approximately 38.41% of the net proceeds from the 2025 Placing for the purchase of materials, equipment, and overhead costs related to the leather manufacturing and extended cleaning services for leather and motor vehicle’s engine; and (ii) approximately HK\$6 million, equivalent to approximately 38.41% of the net proceeds from the 2025 Placing, for the general working capital of the Group including rental payments, staff costs, professional fees and other general administrative and operating expenses; and (iii) approximately HK\$3.62 million, equivalent to approximately 23.18% of the net proceeds from the 2025 Placing, for settlement of outstanding payables.

For details, please refer to the announcements of the Company dated 21 February, 26 February 2025 and 18 March 2025.

Apart from disclosed above, (a) the 2025 External Financing Facility (detailed in paragraph (vi) under Note 2.1 to the consolidated financial statements below); and (b) certain supplemental agreements entered into between the Group and Mr. Zhao Jingfei, an executive Director, Chairman and ultimate controlling shareholder of the Company and Mr. Qin Bohan, an executive Director of the Company, each as disclosed in note 2.1 to the consolidated financial statements, there was no material event occurring subsequent to 31 December 2024.



## HUMAN RESOURCES

As at 31 December 2024, the Group employed 109 (2023: 126) employees. The salaries of employees largely depend on their job nature, performance and length of service with the Group. The Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of the Group. Discretionary bonuses are also available to the Group's employees depending on the overall performance of the Group. In addition to the basic remuneration, the Group also provides employees with employees benefits, including defined contribution plans, medical scheme and other applicable social insurance as required by the applicable laws and regulations. Apart from regular on-the-job training, the Group provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of individual within the workshop.

## FINAL DIVIDEND

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

## CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is important to the success of the Company. The Company is committed to attaining good standard of corporate governance practices in order to enhance shareholders' value and safeguard the interests of shareholders.

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Company has complied with the Code Provisions as set out in the CG Code during the year ended 31 December 2024 except for the following deviations.

Under Code Provision D.2.5 of the CG Code, the Group should have an internal audit function. The Group has reviewed the need for an internal audit department annually. Given the Group's simple operating structure, the management is of the opinion that instead of setting up an internal audit department, it would be more cost effective to engage an independent external professional party to review on annual basis the internal control systems and measures of the Group and report to the audit committee (the "**Audit Committee**") members. The review covered analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, encompassing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting function, as well as those relating to the Company's Environmental, Social and Governance ("**ESG**") performance and reporting. The Board is of the view that appropriate measures have been put in place to manage the risks and no major issue was raised for improvement during the review.

The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

Under the Code Provision F.2.2 of the CG Code, the Chairman should attend the annual general meeting and should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Mr. Zhao Jingfei (chairman of the Board at the time of annual general meeting) was unable to attend the annual general meeting of the Company held on 4 June 2024 due to his personal health reason. All other chairmans and members of the audit, remuneration and nomination committee who attended the annual general meeting and were of sufficient calibre for answering question at the annual general meeting.

Following the passing away of Mr. Rong Yi (being an independent non-executive Director) on 28 December 2024, the Board comprised six Directors, including four executive Directors and two independent non-executive Directors. The Company did not meet the minimum number of independent non-executive directors as required under Rule 3.10(1) of the Listing Rules. Such non-compliance was remedied after the appointment of Ms. Chen Mengsi as an independent non-executive Director on 21 January 2025.

Under Rule 3.21 of the Listing Rules, the Audit Committee must comprise a minimum of three members. Following the passing away of Mr. Rong Yi on 28 December 2024, the composition of the Audit Committee did not meet the requirement of Rule 3.21 of the Listing Rules. Such non-compliance was remedied after the appointment of Ms. Chen Mengsi as a member of the Audit Committee on 21 January 2025.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2024.

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

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

## **AUDIT COMMITTEE**

The Company established an Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, internal controls and risk management systems of the Group. The Audit Committee currently comprises Ms. Han Yu (Committee Chairlady), Ms. Jia Lixin and Ms. Cheng Mengsi. The Audit Committee has reviewed and discussed with the management and the external auditor the financial reporting matters including the annual results for the year ended 31 December 2024.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the Directors or substantial shareholders of the Company or their respective close associates (as defined in the Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, during the year ended 31 December 2024 and up to the date of this announcement.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the shareholders of the Company (the "AGM") will be held after despatch of the annual report for the year ended 31 December 2024. The notice of the AGM will be published and despatched to the shareholders of the Company in due course.

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

This results announcement is published on the websites of the Company ([www.irasia.com/listco/hk/cidc/index.htm](http://www.irasia.com/listco/hk/cidc/index.htm)) and the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). An annual report for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

## APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to the management team and all our staff for their hard work, commitment, dedication and contribution, and all of our shareholders, valuable customers, banks and business partners for their ongoing support.

By order of the Board

**China International Development Corporation Limited**

**Zhao Jingfei**

*Chairman and Executive Director*

Hong Kong, 31 March 2025

*As at the date of this announcement, the executive Directors are Mr. Zhao Jingfei, Mr. Fan Xin, Mr. Qin Bohan, Mr. Leung Wai Kit, Mr. Chiang Chien Chih and Mr. Ying Yong; and the independent non-executive Directors are Ms. Han Yu, Ms. Jia Lixin and Ms. Chen Mengsi.*

\* *For identification purposes only*